



General Assembly

Amendment

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LCO No. 4567

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Offered by:

REP. WIDLITZ, 98th Dist.

SEN. FONFARA, 1st Dist.

To: Subst. House Bill No. 5466

File No. 660

Cal. No. 435

"AN ACT CONCERNING DEPARTMENT OF REVENUE SERVICES' PROCEDURES FOR BACKGROUND CHECKS FOR JOB APPLICANTS AND TAXATION OF COMPRESSED NATURAL GAS UNDER THE MOTOR VEHICLE FUELS TAX."

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Section 4-28h of the general statutes is repealed and the
4 following is substituted in lieu thereof (*Effective January 1, 2015*):

5 As used in sections 4-28h to 4-28j, inclusive, as amended by this act:

6 (1) "Adjusted for inflation" means increased in accordance with the
7 formula for inflation adjustment set forth in Exhibit C to the Master
8 Settlement Agreement;

9 (2) "Affiliate" means a person who directly or indirectly owns or
10 controls, is owned or controlled by, or is under common ownership or
11 control with, another person. The terms "owns", "is owned" and

12 "ownership" mean ownership of an equity interest, or the equivalent
13 thereof, of ten per cent or more. The term "person" means an
14 individual, partnership, committee, association, corporation or any
15 other organization or group of persons;

16 (3) "Allocable share" means allocable share as that term is defined in
17 the Master Settlement Agreement;

18 (4) "Cigarette" means any product that contains nicotine, is intended
19 to be burned or heated under ordinary conditions of use, and consists
20 of or contains (A) any roll of tobacco wrapped in paper or in any
21 substance not containing tobacco; or (B) tobacco, in any form, that is
22 functional in the product, which, because of its appearance, the type of
23 tobacco used in the filler, or its packaging and labeling, is likely to be
24 offered to, or purchased by, consumers as a cigarette; and (C) any roll
25 of tobacco wrapped in any substance containing tobacco which,
26 because of its appearance, the type of tobacco used in the filler, or its
27 packaging and labeling, is likely to be offered to, or purchased by,
28 consumers as a cigarette described in subparagraph (A) of this
29 subdivision. The term "cigarette" includes roll-your-own tobacco,
30 meaning any tobacco which, because of its appearance, type,
31 packaging or labeling is suitable for use and likely to be offered to, or
32 purchased by, consumers as tobacco for making cigarettes. For
33 purposes of this definition of "cigarette", 0.09 ounces of roll-your-own
34 tobacco shall constitute one individual "cigarette";

35 (5) "Importer" means any person in the United States to whom
36 cigarettes manufactured in a foreign country are shipped or consigned,
37 any person who removes cigarettes for sale or consumption in the
38 United States from a customs bonded manufacturing warehouse, or
39 any person who unlawfully brings cigarettes into the United States;

40 [(5)] (6) "Master Settlement Agreement" means the settlement
41 agreement executed November 23, 1998, by the state of Connecticut
42 and leading tobacco product manufacturers, entitled "State of
43 Connecticut v. Philip Morris, et al.";

44 (7) "Nonparticipating Manufacturer Adjustment Settlement
45 Agreement" means the settlement agreement between the state of
46 Connecticut and the participating manufacturers, as preliminarily set
47 forth in the term sheet executed by the state of Connecticut and the
48 participating manufacturers on May 24, 2013;

49 ~~[(6)]~~ (8) "Qualified escrow fund" means an escrow arrangement with
50 a federally or state-chartered financial institution having no affiliation
51 with any tobacco product manufacturer and having assets of at least
52 one billion dollars where such arrangement requires that such financial
53 institution hold the escrowed funds' principal for the benefit of
54 releasing parties and prohibits the tobacco product manufacturer
55 placing the funds into escrow from using, accessing or directing the
56 use of the funds' principal except as consistent with the provisions of
57 subsection (b) of section 4-28i;

58 ~~[(7)]~~ (9) "Released claims" means released claims as that term is
59 defined in the Master Settlement Agreement;

60 ~~[(8)]~~ (10) "Releasing parties" means releasing parties as that term is
61 defined in the Master Settlement Agreement;

62 ~~[(9)]~~ (11) "Tobacco product manufacturer" means an entity, or its
63 successor, that, after July 1, 2000, directly and not exclusively through
64 an affiliate (A) manufactures cigarettes anywhere which the
65 manufacturer intends to be sold in the United States, including
66 cigarettes intended to be sold in the United States through an importer,
67 provided that an entity that manufactures cigarettes that it intends to
68 be sold in the United States shall not be considered to be a tobacco
69 product manufacturer under this subparagraph (A) if (i) such
70 cigarettes are sold in the United States exclusively through an importer
71 that is an original participating manufacturer, as that term is defined in
72 the Master Settlement Agreement, that will be responsible for
73 payments under the Master Settlement Agreement with respect to such
74 cigarettes as a result of the provisions of subsection II(mm) of the
75 Master Settlement Agreement and that pays the taxes specified in

76 subsection II(z) of the Master Settlement Agreement, and (ii) the
77 manufacturer of such cigarettes does not market or advertise such
78 cigarettes in the United States; or (B) is the first purchaser anywhere
79 for resale in the United States of cigarettes manufactured anywhere
80 that the manufacturer does not intend to be sold in the United States.
81 A tobacco product manufacturer shall not include an affiliate of a
82 tobacco product manufacturer unless such affiliate itself meets the
83 criteria specified in subparagraph (A) or (B) of this subdivision;

84 [(10)] (12) "Units sold" means the number of individual cigarettes
85 sold in this state by the applicable tobacco product manufacturer,
86 whether directly or through a distributor, dealer or similar
87 intermediary or intermediaries during the year in question, [as
88 measured by excise taxes collected by this state on packs, or on "roll-
89 your-own" tobacco containers, bearing the excise tax stamp of the
90 state] in packs required to bear a stamp pursuant to chapter 214 or, in
91 the case of roll-your-own tobacco, on which a tax is due pursuant to
92 chapter 214a. "Units sold" shall not include cigarettes sold on federal
93 military installations, sold by a Native American tribe to a member of
94 such tribe on such tribe's land, or that are otherwise exempt from state
95 excise tax pursuant to federal law. The Department of Revenue
96 Services shall adopt such regulations, in accordance with the
97 provisions of chapter 54, as are necessary to ascertain the amount of
98 state excise tax paid or required to be paid on the cigarettes of such
99 tobacco product manufacturer for each year.

100 Sec. 502. Subsection (a) of section 4-28i of the general statutes is
101 repealed and the following is substituted in lieu thereof (*Effective*
102 *January 1, 2015*):

103 (a) (1) Any tobacco product manufacturer selling cigarettes to
104 consumers within this state, whether directly or through a distributor,
105 dealer or similar intermediary or intermediaries, after July 1, 2000,
106 shall [(1)] (A) become a participating manufacturer, as the term is
107 defined in section II(jj) of the Master Settlement Agreement, and
108 generally perform its financial obligations under the Master Settlement

109 Agreement; or [(2)] (B) place into a qualified escrow fund not later than
110 April fifteenth of the year following the year in question the following
111 amounts, as adjusted for inflation: For calendar year 2000, \$.0104712
112 per unit sold after July 1, 2000; for each of calendar years 2001 and
113 2002, \$.0136125 per unit sold; for each of calendar years 2003 through
114 2006, \$.0167539 per unit sold; for calendar year 2007 and for each
115 calendar year thereafter, \$.0188482 per unit sold.

116 (2) For calendar years ending on or before December 31, 2014, a
117 tobacco product manufacturer electing to place funds into escrow shall
118 place the amount required pursuant to subparagraph (B) of
119 subdivision (1) of this subsection into a qualified escrow fund on an
120 annual basis not later than April fifteenth of the year following the
121 year in which the sales covered by such deposit are made.

122 (3) For calendar years commencing on and after January 1, 2015, a
123 tobacco product manufacturer electing to place funds into escrow shall
124 place an amount equal to the per unit amount determined pursuant to
125 subdivision (1) of this subsection, into a qualified escrow fund on a
126 quarterly basis not later than thirty days after the end of the quarter in
127 which the sales covered by such deposit are made.

128 Sec. 503. Section 4-28j of the general statutes is repealed and the
129 following is substituted in lieu thereof (*Effective January 1, 2015*):

130 (a) Each tobacco product manufacturer that elects to place funds
131 into escrow pursuant to section 4-28i, as amended by this act, shall
132 [annually] certify to the Attorney General that it is in compliance with
133 said section 4-28i. Such certification shall be made annually for
134 calendar years prior to calendar year 2014, and quarterly for calendar
135 years commencing on and after January 1, 2015.

136 (b) The Attorney General may bring a civil action on behalf of the
137 state against any tobacco product manufacturer that fails to place into
138 escrow the funds required under section 4-28i, as amended by this act.
139 Any tobacco product manufacturer that fails [in any year] to place into

140 escrow the funds required under section 4-28i, as amended by this act,
141 shall (1) be required within fifteen days to place such funds into
142 escrow as shall bring it into compliance with section 4-28i, as amended
143 by this act. The court, upon a finding of a violation of this subsection,
144 may impose a civil penalty in an amount not to exceed five per cent of
145 the amount improperly withheld from escrow per day of the violation
146 and in a total amount not to exceed one hundred per cent of the
147 original amount improperly withheld from escrow; (2) in the case of a
148 knowing violation, be required within fifteen days to place such funds
149 into escrow as shall bring it into compliance with section 4-28i, as
150 amended by this act. The court, upon a finding of a knowing violation
151 of this subsection, may impose a civil penalty in an amount not to
152 exceed fifteen per cent of the amount improperly withheld from
153 escrow per day of the violation and in a total amount not to exceed
154 three hundred per cent of the original amount improperly withheld
155 from escrow; and (3) in the case of a second knowing violation, be
156 prohibited from selling cigarettes to consumers within the state,
157 whether directly or through a distributor, dealer or similar
158 intermediary, for a period not to exceed two years. All costs, fees and
159 expenses in connection with such action shall be assessed as damages
160 against the tobacco product manufacturer together with reasonable
161 attorney's fees.

162 (c) Each failure to make [an annual] a deposit required under
163 section 4-28i, as amended by this act, shall constitute a separate
164 violation.

165 (d) For any tobacco product manufacturer that elects to place funds
166 into escrow pursuant to section 4-28i, as amended by this act, and that
167 is located outside the United States, each importer of such
168 nonparticipating manufacturer's cigarettes shall have joint and several
169 liability with such manufacturer for the deposit of all escrow amounts
170 due under section 4-28i, as amended by this act, and the payment of all
171 penalties imposed under subsection (b) of this section for the units sold
172 in this state.

173 Sec. 504. Section 4-28k of the general statutes is repealed and the
174 following is substituted in lieu thereof (*Effective January 1, 2015*):

175 As used in sections 4-28k to 4-28r, inclusive:

176 (1) "Brand family" means all styles of cigarettes sold under the same
177 trade mark and differentiated from one another by means of additional
178 modifiers or descriptors, including, but not limited to, menthol, lights,
179 kings and 100's, and includes any use of a brand name, alone or in
180 conjunction with any other word, trademark, logo, symbol, motto,
181 selling message, recognizable pattern of colors, or any other indicia of
182 product identification identical or similar to, or identifiable with, a
183 previously known brand of cigarettes;

184 (2) "Cigarette" has the same meaning as provided in section 4-28h,
185 as amended by this act;

186 (3) "Commissioner" means the Commissioner of Revenue Services;

187 (4) "Importer" has the same meaning as provided in section 4-28h, as
188 amended by this act;

189 (5) "Master Settlement Agreement" has the same meaning as
190 provided in section 4-28h, as amended by this act;

191 [(4)] (6) "Nonparticipating manufacturer" means any tobacco
192 product manufacturer that is not a participating manufacturer;

193 (7) "Nonparticipating Manufacturer Adjustment Settlement
194 Agreement" has the same meaning as provided in section 4-28h, as
195 amended by this act;

196 [(5)] (8) "Participating manufacturer" has the meaning as provided
197 in section II(jj) of the Master Settlement Agreement [, as defined in
198 section 4-28h,] and all amendments thereto;

199 [(6)] (9) "Qualified escrow fund" has the same meaning as provided
200 in section 4-28h, as amended by this act;

201 [(7)] (10) "Stamper" means, in the case of cigarettes other than roll-
202 your-own tobacco, a person that under chapter 214 may lawfully
203 purchase unstamped packages of cigarettes and affix Connecticut
204 cigarette tax stamps to such packages, and, in the case of roll-your-own
205 tobacco, a person licensed as a distributor under chapter 214a and
206 required to pay the tax due on such tobacco under said chapter 214a;

207 [(8)] (11) "Tobacco product manufacturer" has the same meaning as
208 provided in section 4-28h, as amended by this act; and

209 [(9)] (12) "Units sold" has the same meaning as provided in section
210 4-28h, as amended by this act.

211 Sec. 505. Section 4-28l of the general statutes is repealed and the
212 following is substituted in lieu thereof (*Effective January 1, 2015*):

213 (a) Any tobacco product manufacturer whose cigarettes are sold in
214 this state, whether directly or through a distributor, retailer or similar
215 intermediary or intermediaries, shall execute a certification annually
216 on a form prescribed by the commissioner, certifying under penalty of
217 law for false statement that, as of the date of such certification, such
218 tobacco product manufacturer is either a participating manufacturer in
219 full compliance with subdivision (1) of subsection (a) of section 4-28i,
220 as amended by this act, or is a nonparticipating manufacturer in full
221 compliance with the provisions of sections 4-28h to 4-28j, inclusive, as
222 amended by this act. Such tobacco product manufacturer shall deliver
223 such certificate to the commissioner and Attorney General no later
224 than April thirtieth of each year. Each tobacco product manufacturer
225 shall maintain all invoices and documentation of sales and other such
226 information relied upon for such certification for a period of five years
227 unless otherwise required by law to maintain them for a longer period
228 of time.

229 (b) If a tobacco product manufacturer is a participating
230 manufacturer, such manufacturer shall include in its certification a list
231 of its brand families. The participating manufacturer shall update such

232 list thirty days prior to any addition to, or modification of, its brand
233 families by executing and delivering a supplemental certification to the
234 Attorney General and the commissioner.

235 (c) If the tobacco product manufacturer is a nonparticipating
236 manufacturer, such manufacturer shall include in its certification: (1) A
237 list of all of its brand families and the number of units of each brand
238 family that were sold in the state during the preceding calendar year;
239 (2) a list of all of its brand families that have been sold in the state at
240 any time during the current calendar year; (3) an indication, by an
241 asterisk, of any brand family sold in the state during the preceding
242 calendar year that is no longer being sold in the state as of the date of
243 such certification; and (4) the name and address of any other
244 manufacturer of such brand families in the preceding or current
245 calendar year. Each nonparticipating manufacturer shall update such
246 list thirty days prior to any addition to, or modification of, its brand
247 families by executing and delivering a supplemental certification to the
248 Attorney General and the commissioner.

249 (d) If the tobacco product manufacturer is a nonparticipating
250 manufacturer, such manufacturer shall further (1) certify that such
251 nonparticipating manufacturer is registered to do business in this state
252 pursuant to title 33 or 34 as a foreign corporation or business entity or
253 has appointed an agent for service of process and provided notice
254 thereof as required by section 4-28n, as amended by this act, (2) certify
255 that such nonparticipating manufacturer has established and continues
256 to maintain a qualified escrow fund and has executed a qualified
257 escrow agreement that governs the qualified escrow fund, (3) certify
258 that such nonparticipating manufacturer is in full compliance with the
259 provisions of sections 4-28h to 4-28r, inclusive, as amended by this act,
260 and any regulations adopted under sections 4-28h to 4-28r, inclusive,
261 as amended by this act, [and] (4) provide (A) the name, address and
262 telephone number of the financial institution where the
263 nonparticipating manufacturer has established such qualified escrow
264 fund required pursuant to the provisions of sections 4-28h to 4-28j,

265 inclusive, as amended by this act, and all regulations adopted under
266 sections 4-28h to 4-28j, inclusive, as amended by this act; (B) the
267 account number of such qualified escrow fund and subaccount
268 number for the state of Connecticut; (C) the amount that such
269 nonparticipating manufacturer placed in such fund for cigarettes sold
270 in the state during the preceding calendar year, the date and amount of
271 each such deposit, and such evidence or verification as may be deemed
272 necessary by the commissioner or the Attorney General, to confirm the
273 foregoing; and (D) the amounts of and dates of any withdrawal or
274 transfer of funds the nonparticipating manufacturer made at any time
275 from such fund or from any other qualified escrow fund into which it
276 ever made escrow payments pursuant to the provisions of sections 4-
277 28h to 4-28j, inclusive, as amended by this act, and all regulations
278 adopted under sections 4-28h to 4-28j, inclusive, as amended by this
279 act, and (5) provide proof that such nonparticipating manufacturer has
280 posted the bond required under subsection (e) of section 4-28n, as
281 amended by this act.

282 (e) A tobacco product manufacturer may not include in its
283 certification a brand family unless (1) in the case of a participating
284 manufacturer, the participating manufacturer affirms that the brand
285 family is to be deemed to be its cigarettes for purposes of calculating
286 its payments under the Master Settlement Agreement for the relevant
287 year, in the volume and shares determined pursuant to the Master
288 Settlement Agreement; and (2) in the case of a nonparticipating
289 manufacturer, such nonparticipating manufacturer affirms that the
290 brand family is to be deemed to be its cigarettes for purposes of
291 sections 4-28h to 4-28j, inclusive, as amended by this act. Nothing in
292 this section shall be construed as limiting or otherwise affecting the
293 state's right to maintain that a brand family constitutes cigarettes of a
294 different tobacco product manufacturer for purposes of calculating
295 payments under the Master Settlement Agreement or for purposes of
296 sections 4-28h to 4-28j, inclusive, as amended by this act.

297 (f) A tobacco product manufacturer shall also (1) certify annually

298 that such manufacturer or its importer holds a valid permit under 26
299 USC 5713, as from time to time amended, and provide a copy of such
300 permit to the commissioner, and (2) certify that it is in compliance with
301 all reporting and registration requirements of 15 USC 375 et seq., as
302 from time to time amended.

303 (g) No tobacco product manufacturer shall submit a certification
304 required by this section that contains any material representation that
305 the manufacturer knows to be false or inaccurate.

306 Sec. 506. Subdivision (3) of subsection (a) of section 4-28m of the
307 general statutes is repealed and the following is substituted in lieu
308 thereof (*Effective January 1, 2015*):

309 (3) The commissioner shall not include or retain in the directory any
310 brand family of a nonparticipating manufacturer if the commissioner
311 concludes: (A) All escrow payments required pursuant to the
312 provisions of sections 4-28h to 4-28j, inclusive, as amended by this act,
313 for any period for any brand family, whether or not listed by such
314 nonparticipating manufacturer, have not been fully paid into a
315 qualified escrow fund governed by a qualified escrow agreement that
316 has been approved by the Attorney General; [, or] (B) any outstanding
317 final judgment, including interest thereon, for a violation of sections 4-
318 28h to 4-28j, inclusive, as amended by this act, has not been fully
319 satisfied for such brand family and such manufacturer; or (C) a
320 nonparticipating manufacturer's total nation-wide reported sales of
321 cigarettes on which federal excise tax is paid exceeds the sum of (i) its
322 nation-wide reports under 15 USC 375 et seq., as from time to time
323 amended, or those made by its importer, and (ii) any intrastate sales
324 reports under 15 USC 375 et seq., as from time to time amended, by
325 more than five per cent of its total nation-wide sales or one million
326 cigarettes, whichever is less, during any calendar year, unless the
327 nonparticipating manufacturer cures or satisfactorily explains the
328 discrepancy not later than ten days after receiving notice of the
329 discrepancy.

330 Sec. 507. Section 4-28n of the general statutes is repealed and the
331 following is substituted in lieu thereof (*Effective January 1, 2015*):

332 (a) Any nonparticipating manufacturer that has not registered to do
333 business in this state, pursuant to title 33 or 34, as a foreign corporation
334 or business entity shall, as a condition precedent to having its brand
335 families listed or retained in the directory maintained pursuant to
336 section 4-28m, as amended by this act, appoint and continually engage
337 without interruption the services of an agent in this state to act as
338 agent for the service of process on whom all process and any action or
339 proceeding against it concerning or arising out of the enforcement of
340 the provisions of sections 4-28h to 4-28r, inclusive, as amended by this
341 act, may be served in any manner authorized by law. Such service
342 shall constitute legal and valid service of process on the
343 nonparticipating manufacturer. The nonparticipating manufacturer
344 shall provide the name, address, telephone number and proof of the
345 appointment and availability of such agent to, and to the satisfaction
346 of, the commissioner and the Attorney General.

347 (b) A nonparticipating manufacturer shall provide notice to the
348 commissioner and the Attorney General at least thirty calendar days
349 prior to termination of the authority of an agent and shall further
350 provide proof, to the satisfaction of the commissioner and the Attorney
351 General, of the appointment of a new agent no less than five calendar
352 days prior to the termination of an existing agent appointment. In the
353 event an agent terminates an agency, the nonparticipating
354 manufacturer shall notify the commissioner and the Attorney General
355 of such termination not later than five calendar days after such
356 termination and shall include proof, to the satisfaction of the
357 commissioner and the Attorney General, of the appointment of a new
358 agent.

359 (c) Any nonparticipating manufacturer whose products are sold in
360 this state without appointing or designating an agent as required in
361 this section shall be deemed to have appointed the Secretary of the
362 State as such agent and may be proceeded against in courts of this state

363 by service of process upon the Secretary of the State, except that the
364 appointment of the Secretary of the State as such agent shall not satisfy
365 the condition precedent to having the brand families of the
366 nonparticipating manufacturer listed or retained in the directory.

367 (d) A nonparticipating manufacturer located outside of the United
368 States shall cause each of its importers into the United States of each of
369 its brand families to be sold in the state to appoint and maintain the
370 services of an agent in the state, and shall provide notification to the
371 commissioner and the Attorney General regarding the agents of its
372 importers in the manner prescribed in subsections (a) and (b) of this
373 section. Each importer of a nonparticipating manufacturer's cigarettes
374 that are sold in the state who does not appoint or designate an agent as
375 required in this section shall be deemed to have appointed the
376 Secretary of the State as such agent and may be proceeded against in
377 courts of this state by service of process upon the Secretary of the State,
378 except that the appointment of the Secretary of the State as such agent
379 shall not satisfy the condition precedent to having the brand families of
380 the nonparticipating manufacturer listed or retained in the directory.

381 (e) (1) At least ten days prior to the first day of each calendar
382 quarter, as a condition precedent to having its brand families listed or
383 retained in the directory, each nonparticipating manufacturer shall file
384 with the commissioner a surety bond, the form of which shall be
385 approved by the Attorney General, that is issued by a bonding
386 company or insurance company authorized to do business in this state.
387 The bond shall be in favor of the commissioner and be in the principal
388 sum of the greater of (A) twenty-five thousand dollars, or (B) the
389 greatest amount of the total escrow payments owed in any of the five
390 calendar years preceding the filing of such bond.

391 (2) If the nonparticipating manufacturer that posted a bond has
392 failed to make, or have made on its behalf, escrow deposits equal to
393 the full amount owed for a quarter not later than fifteen days following
394 the due date for the quarter under section 4-28i, as amended by this
395 act, the commissioner may execute on the bond, to (A) recover the

396 delinquent escrow, which amount shall be deposited into a qualified
397 escrow account as defined in section 4-28h, as amended by this act, or
398 a reasonable alternative account as determined by the commissioner,
399 and (B) recover civil penalties and costs authorized under section 4-28j,
400 as amended by this act. Escrow amounts above the amount collected
401 on the bond shall remain due from the nonparticipating manufacturer
402 and, as provided in subsection (d) of section 4-28j, as amended by this
403 act, from the importers that sold such nonparticipating manufacturer's
404 cigarettes in this state during such calendar quarter.

405 Sec. 508. Section 4-28o of the general statutes is repealed and the
406 following is substituted in lieu thereof (*Effective January 1, 2015*):

407 (a) Not later than twenty-five days after the end of each month, and
408 more frequently if so directed by the commissioner, each stamper shall
409 submit such information as the commissioner requires to facilitate
410 compliance with sections 4-28k to 4-28r, inclusive, as amended by this
411 act, including, but not limited to, a list by brand family of the total
412 number of cigarettes, or in the case of roll-your-own tobacco, the
413 equivalent stick count, for which the stamper affixed stamps during
414 the previous month. The stamper shall maintain, and make available to
415 the commissioner for a period of five years, all invoices and
416 documentation of purchases and sales of all nonparticipating
417 manufacturer cigarettes and any other information relied upon in
418 reporting to the commissioner. Each stamper shall provide and update
419 as necessary an electronic mail address to the commissioner.

420 (b) (1) The commissioner may disclose to the Attorney General any
421 information received under sections 4-28k to 4-28r, inclusive, as
422 amended by this act, and requested by the Attorney General for
423 purposes of determining compliance with and enforcing the provisions
424 of sections 4-28k to 4-28r, inclusive, as amended by this act. The
425 commissioner and the Attorney General shall share with each other the
426 information received under sections 4-28k to 4-28r, inclusive, as
427 amended by this act, and may share such information with other
428 federal, state or local agencies [only] for purposes of law enforcement.

429 [of the provisions of sections 4-28h to 4-28r, inclusive, or
430 corresponding laws of other states.]

431 (2) Notwithstanding the provisions of section 12-15, the
432 commissioner may disclose to the Attorney General any returns or
433 return information, as defined in section 12-15, received pursuant to
434 this chapter or chapter 214 or 214a, when such returns or return
435 information is relevant to any arbitration or other dispute resolution
436 proceeding to which the state is a party, created or authorized under
437 the terms of the Master Settlement Agreement, as defined in section 4-
438 28h, as amended by this act, or any amendments to said agreement.
439 The Attorney General may further disclose such returns or return
440 information in such arbitration or other dispute resolution proceeding.

441 (3) Notwithstanding the provisions of section 12-15, the
442 commissioner may disclose to the Attorney General any returns or
443 return information, as defined in section 12-15, received pursuant to
444 this chapter or chapter 214 or 214a, when such returns or return
445 information is directly related to the state's implementation of the
446 Master Settlement Agreement or the Nonparticipating Manufacturer
447 Adjustment Settlement Agreement. The Attorney General may further
448 disclose (A) such returns or return information pursuant to an
449 agreement with an entity designated to serve as a data clearinghouse
450 in accordance with the terms of the Nonparticipating Manufacturer
451 Adjustment Settlement Agreement, or (B) returns or return
452 information of a distributor licensed under the provisions of chapter
453 214 or chapter 214a, to a nonparticipating manufacturer subject to the
454 provisions of subsection (a) of section 4-28i, as amended by this act,
455 provided the information disclosed is limited to information relating to
456 such manufacturer's sales to consumers within this state, whether
457 directly or through a distributor, dealer or similar intermediary or
458 intermediaries, of cigarettes, as defined in section 4-28h, as amended
459 by this act.

460 (c) The Attorney General may require at any time from a
461 nonparticipating manufacturer proof of the amount of money in the

462 qualified escrow fund maintained by such manufacturer for the
463 purpose of compliance with provisions of sections 4-28h to 4-28j,
464 inclusive, as amended by this act. Such proof shall be provided to such
465 manufacturer by the financial institution in which such manufacturer
466 has established such fund. Such proof shall include the amount of
467 money in such fund, exclusive of interest, the amount and date of each
468 deposit to such fund and the amount and date of each withdrawal
469 from such fund.

470 (d) In addition to the information requested to be submitted
471 pursuant to subsection (a) of this section and section 4-28l, as amended
472 by this act, the commissioner may require a stamper or tobacco
473 product manufacturer to submit any additional information including,
474 but not limited to, samples of the packaging or labeling of each brand
475 family, as is necessary to enable the Attorney General to determine
476 whether a tobacco product manufacturer is in compliance with the
477 provisions of sections 4-28k to 4-28r, inclusive, as amended by this act.

478 (e) [To promote compliance with the provisions of sections 4-28k to
479 4-28r, inclusive, the commissioner may adopt regulations, in
480 accordance with the provisions of chapter 54, requiring a tobacco
481 product manufacturer subject to the requirements of subsection (c) of
482 section 4-28l to make the escrow deposits required in quarterly
483 installments during the year in which the sales covered by such
484 deposits are made.] The commissioner may require production of
485 information from a nonparticipating manufacturer, importer or
486 stamper sufficient to enable the [commissioner] Attorney General to
487 determine the adequacy of the amount of [the installment deposit] a
488 quarterly escrow deposit under subsection (a) of section 4-28i, as
489 amended by this act.

490 (f) (1) Each tobacco product manufacturer and importer that sells
491 cigarettes in or into the state shall, not later than fifteen days after the
492 end of the month, file a report on a form and in the manner prescribed
493 by the commissioner and certify that the report is complete and
494 accurate.

495 (2) The report shall contain the following information: The total
496 number of cigarettes sold by such manufacturer or importer in or into
497 the state during that month and identifying by name and number of
498 cigarettes, (A) the manufacturers of such cigarettes, (B) the brand
499 families of such cigarettes, and (C) the purchasers of such cigarettes. A
500 manufacturer's or importer's report shall include cigarettes sold in or
501 into the state through an affiliate.

502 (3) The requirements of subdivisions (1) and (2) of this subsection
503 shall be satisfied and no further report shall be required under
504 subdivisions (1) and (2) of this subsection with respect to cigarettes if
505 the manufacturer or importer timely submits to the commissioner the
506 report or reports required to be submitted by it with respect to
507 cigarettes under 15 USC 375 et seq., as from time to time amended, and
508 certifies that the reports are complete and accurate.

509 (4) Upon request by the commissioner or Attorney General, a
510 manufacturer or importer shall provide copies of all sales reports
511 required to be submitted under 15 USC 375 et seq., as from time to
512 time amended, that such manufacturer or importer filed in other states.

513 (5) Each manufacturer or importer that sells cigarettes in or into the
514 state shall either (A) submit its federal excise tax returns and all
515 monthly operational reports on Alcohol and Tobacco Tax and Trade
516 Bureau Form 5210.5 or any subsequent corresponding form, and all
517 adjustments, changes and amendments to such reports to the
518 commissioner not later than thirty days after the returns are filed, or
519 (B) submit to the United States Treasury a valid request or consent
520 under Section 6103(c) of the Internal Revenue Code of 1986, or any
521 subsequent corresponding internal revenue code of the United States,
522 as from time to time amended, authorizing the federal Alcohol and
523 Tobacco Tax and Trade Bureau and, in the case of a foreign
524 manufacturer or importer, the United States Customs and Border
525 Protection, to disclose the manufacturer's or importer's federal excise
526 tax returns to the commissioner.

527 Sec. 509. Subsections (c) and (d) of section 12-391 of the 2014
528 supplement to the general statutes are repealed and the following is
529 substituted in lieu thereof (*Effective from passage*):

530 (c) For purposes of this section:

531 (1) (A) "Connecticut taxable estate" means, with respect to the
532 estates of decedents dying on or after January 1, 2005, but prior to
533 January 1, 2010, (i) the gross estate less allowable deductions, as
534 determined under Chapter 11 of the Internal Revenue Code, plus (ii)
535 the aggregate amount of all Connecticut taxable gifts, as defined in
536 section 12-643, made by the decedent for all calendar years beginning
537 on or after January 1, 2005, but prior to January 1, 2010. The deduction
538 for state death taxes paid under Section 2058 of said code shall be
539 disregarded.

540 (B) "Connecticut taxable estate" means, with respect to the estates of
541 decedents dying on or after January 1, 2010, but prior to January 1,
542 2015, (i) the gross estate less allowable deductions, as determined
543 under Chapter 11 of the Internal Revenue Code, plus (ii) the aggregate
544 amount of all Connecticut taxable gifts, as defined in section 12-643,
545 made by the decedent for all calendar years beginning on or after
546 January 1, 2005. The deduction for state death taxes paid under Section
547 2058 of said code shall be disregarded.

548 (C) "Connecticut taxable estate" means, with respect to the estates of
549 decedents dying on or after January 1, 2015, (i) the gross estate less
550 allowable deductions, as determined under Chapter 11 of the Internal
551 Revenue Code, plus (ii) the aggregate amount of all Connecticut
552 taxable gifts, as defined in section 12-643, made by the decedent for all
553 calendar years beginning on or after January 1, 2005, other than
554 Connecticut taxable gifts that are includable in the gross estate for
555 federal estate tax purposes of the decedent, plus (iii) the amount of any
556 tax paid to this state pursuant to section 12-642 by the decedent or the
557 decedent's estate on any gift made by the decedent or the decedent's
558 spouse during the three-year period preceding the date of the

559 decedent's death. The deduction for state death taxes paid under
560 Section 2058 of the Internal Revenue Code shall be disregarded.

561 (2) "Internal Revenue Code" means the Internal Revenue Code of
562 1986, or any subsequent corresponding internal revenue code of the
563 United States, as from time to time amended, except in the event of
564 repeal of the federal estate tax, then all references to the Internal
565 Revenue Code in this section shall mean the Internal Revenue Code as
566 in force on the day prior to the effective date of such repeal.

567 (3) "Gross estate" means the gross estate, for federal estate tax
568 purposes.

569 (d) (1) (A) With respect to the estates of decedents who die on or
570 after January 1, 2005, but prior to January 1, 2010, a tax is imposed
571 upon the transfer of the estate of each person who at the time of death
572 was a resident of this state. The amount of the tax shall be determined
573 using the schedule in subsection (g) of this section. A credit shall be
574 allowed against such tax for any taxes paid to this state pursuant to
575 section 12-642 for Connecticut taxable gifts made on or after January 1,
576 2005, but prior to January 1, 2010.

577 (B) With respect to the estates of decedents who die on or after
578 January 1, 2010, but prior to January 1, 2015, a tax is imposed upon the
579 transfer of the estate of each person who at the time of death was a
580 resident of this state. The amount of the tax shall be determined using
581 the schedule in subsection (g) of this section. A credit shall be allowed
582 against such tax for any taxes paid to this state pursuant to section 12-
583 642 for Connecticut taxable gifts made on or after January 1, 2005,
584 provided such credit shall not exceed the amount of tax imposed by
585 this section.

586 (C) With respect to the estates of decedents who die on or after
587 January 1, 2015, a tax is imposed upon the transfer of the estate of each
588 person who at the time of death was a resident of this state. The
589 amount of the tax shall be determined using the schedule in subsection

590 (g) of this section. A credit shall be allowed against such tax for (i) any
591 taxes paid to this state pursuant to section 12-642 for Connecticut
592 taxable gifts made on or after January 1, 2005, and (ii) any taxes paid
593 by the decedent's spouse to this state pursuant to section 12-642 for
594 Connecticut taxable gifts made by the decedent on or after January 1,
595 2005, that are includable in the gross estate of the decedent, provided
596 such credit shall not exceed the amount of tax imposed by this section.

597 (2) If real or tangible personal property of such decedent is located
598 outside of this state, the amount of tax due under this section shall be
599 reduced by an amount computed by multiplying the tax otherwise due
600 pursuant to subdivision (1) of this subsection, without regard to the
601 credit allowed for any taxes paid to this state pursuant to section 12-
602 642, by a fraction, [(i)] (A) the numerator of which is the value of that
603 part of the decedent's gross estate attributable to real or tangible
604 personal property located outside of the state, and [(ii)] (B) the
605 denominator of which is the value of the decedent's gross estate.

606 (3) For a resident estate, the state shall have the power to levy the
607 estate tax upon real property situated in this state, tangible personal
608 property having an actual situs in this state and intangible personal
609 property included in the gross estate of the decedent, regardless of
610 where it is located. The state is permitted to calculate the estate tax and
611 levy said tax to the fullest extent permitted by the Constitution of the
612 United States.

613 Sec. 510. (*Effective from passage*) Section 120 of public act 13-247, shall
614 take effect June 19, 2013. It is the intent of the General Assembly that
615 the amendments made by section 120 of public act 13-247 to
616 subsections (d) and (e) of section 12-391 of the general statutes, as
617 amended by this act, are clarifying in nature and apply to all open
618 estates.

619 Sec. 511. Section 12-7a of the general statutes is repealed and the
620 following is substituted in lieu thereof (*Effective July 1, 2014*):

621 (a) (1) The annual report prepared by the Commissioner of Revenue
622 Services for submission to the Governor and publication as provided
623 in section 4-60 shall not be required to include the name of any person
624 liable for payment of any tax which is unpaid. The commissioner shall
625 prepare and maintain a list related to each type of tax levied by the
626 state, containing the name and address of any person or corporation
627 liable for payment of any such tax and the amount thereof, including
628 any applicable interest or penalties, which tax, as of the end of the
629 fiscal year with respect to which such report is prepared, is unpaid and
630 a period in excess of ninety days has elapsed following the date on
631 which such tax was due, exclusive of any tax determined to be
632 uncollectible in accordance with section 12-37, any tax on which an
633 appeal is pending and any tax which has been abated by said
634 commissioner as provided in section 12-39. Such lists shall be available
635 to the public for inspection by any person.

636 (2) The commissioner shall, prior to eliminating any person or
637 corporation from the list prepared and maintained as provided in
638 subdivision (1) of this subsection, indicate on such list whether such
639 person or corporation is being eliminated from such list due to (A)
640 payment in full of the tax, including applicable interest or penalties, (B)
641 a negotiated settlement of the amount of tax due, or (C) a
642 determination by the commissioner that such tax is uncollectable.

643 (b) The commissioner shall annually prepare, from the list prepared
644 pursuant to subsection (a) of this section, a list of taxpayers who are
645 delinquent in the payment of the corporation business tax under
646 chapter 208. The list shall be arranged in sequential order by the
647 taxpayer identification number assigned by the commissioner and
648 shall be provided to the Secretary of the Office of Policy and
649 Management not later than July fifteenth annually, commencing July
650 15, 1998.

651 (c) The commissioner may make available for public inspection a list
652 of those persons who have applied to the commissioner for a license,
653 permit or certificate and whose application has been denied, and those

654 persons who were issued a license, permit or certificate by the
655 commissioner and whose license, permit or certificate has been
656 revoked, suspended or not renewed by the commissioner. The list shall
657 be arranged by tax type and may include the date on which an
658 application was denied or the date on which the license, permit or
659 certificate was revoked, suspended or not renewed, and may include
660 the reason for each such action.

661 Sec. 512. Section 12-414 of the general statutes is repealed and the
662 following is substituted thereof (*Effective October 1, 2014*):

663 [(1)] (a) The taxes imposed by this chapter are due and payable to
664 the commissioner monthly on or before the [last] twentieth day of the
665 month next succeeding each monthly period except that (1) every
666 person whose total tax liability for the twelve-month period [ended]
667 ending on the preceding June thirtieth was less than four thousand
668 dollars shall [file returns] remit tax on a quarterly basis, and (2) every
669 person described in subdivision (2) of subsection (e) of this section
670 shall remit tax as prescribed by the commissioner under said
671 subdivision (2). "Quarterly" means a period of three calendar months
672 commencing on the first day of January, April, July or October of each
673 year or, if any seller commences business on a date other than the first
674 day of January, April, July or October, a period beginning on the date
675 of commencement of business and ending on March thirty-first, June
676 thirtieth, September thirtieth or December thirty-first, respectively.

677 [(2)] (b) On or before the [last] twentieth day of the month following
678 each monthly or quarterly period, as the case may be, or on the date or
679 dates prescribed by the commissioner under subsection (e) of this
680 section, a return for the preceding period shall be filed with the
681 commissioner in such form as the commissioner may prescribe. For
682 purposes of the sales tax a return shall be filed by every seller. For
683 purposes of the use tax a return shall be filed by every retailer engaged
684 in business in the state and by every person purchasing services or
685 tangible personal property, the storage, acceptance, consumption or
686 other use of which is subject to the use tax, who has not paid the use

687 tax due a retailer required to collect the tax, except that every person
688 making such purchases for personal use or consumption in this state,
689 and not for use or consumption in carrying on a trade, occupation,
690 business or profession, need file only one use tax return covering
691 purchases during a calendar year. Such return shall be filed and the tax
692 due thereon paid on or before the fifteenth day of the fourth month
693 succeeding the end of the calendar year for which such return is filed.
694 Returns shall be signed by the person required to file the return or by
695 his or her authorized agent but need not be verified by oath, provided
696 a return required to be filed by a corporation shall be signed by an
697 officer of such corporation.

698 [(3)] (c) For purposes of the sales tax, the return shall show the gross
699 receipts of the seller during the preceding reporting period. For
700 purposes of the use tax, in case of a return filed by a retailer, the return
701 shall show the total sales price of the services or property sold by [him]
702 the retailer, the storage, acceptance, consumption or other use of which
703 became subject to the use tax during the preceding reporting period; in
704 case of a return filed by a purchaser, the return shall show the total
705 sales price of the service or property purchased by [him] the purchaser,
706 the storage, acceptance, consumption or other use of which became
707 subject to the use tax during the preceding reporting period. The
708 return shall also show the amount of the taxes for the period covered
709 by the return in such manner as the commissioner may require and
710 such other information as the commissioner deems necessary for the
711 proper administration of this chapter. The Commissioner of Revenue
712 Services is authorized in his or her discretion, for purposes of
713 expediency, to permit returns to be filed in an alternative form wherein
714 the person filing the return may elect to report his or her gross receipts,
715 including the tax reimbursement to be collected as provided for
716 [herein] in this section, as a part of such gross receipts or to report his
717 or her gross receipts exclusive of the tax collected in such cases where
718 the gross receipts from sales have been segregated from tax collections.
719 In the case of the former, the percentage of such tax-included gross
720 receipts that may be considered to be the gross receipts from sales

721 exclusive of the taxes collected thereon shall be computed by dividing
722 the numeral one by the sum of the rate of tax provided in section 12-
723 408, expressed as a decimal, and the numeral one.

724 [(4)] (d) Returns, together with the amount of the tax due thereon,
725 shall be filed with the Commissioner of Revenue Services.

726 [(5)] (e) (1) The commissioner, if he or she deems it necessary in
727 order to insure payment to or facilitate the collection by the state of the
728 amount of taxes, may permit or require returns and payment of the
729 amount of taxes for other than monthly or quarterly periods.

730 (2) (A) For purposes of this subdivision, "weekly period" means the
731 seven-day period beginning on a Saturday and ending the following
732 Friday. The commissioner may require any person who is delinquent,
733 as described in section 12-7a, as amended by this act, to remit the tax
734 collected during a weekly period on a weekly basis. Any person who is
735 required to remit tax for a weekly period shall remit such tax to the
736 commissioner on or before the Wednesday next succeeding the weekly
737 period and shall do so in the manner and method prescribed by the
738 commissioner. The requirement to remit tax on a weekly basis shall not
739 alter a person's obligation to file monthly or quarterly returns, as the
740 case may be, as provided in subsection (b) of this section. To the extent
741 that the end of one month and the beginning of the following month
742 may fall within the same weekly period, each person required by the
743 commissioner to remit tax under this subparagraph shall report all of
744 the tax collected and remitted during such weekly period, regardless
745 of the month, along with the corresponding gross receipts, on the
746 return covering the monthly period that ended during such weekly
747 period.

748 (B) The commissioner shall send a written notice, in accordance
749 with the provisions of section 12-2f, informing each person required to
750 remit tax on a weekly basis pursuant to this subdivision of such
751 requirement. Any person so required shall remit tax on a weekly basis
752 for a period of one year commencing from the date set forth in such

753 notice. Such notice shall also contain information regarding the
754 manner and method of such remittal.

755 (C) Any person who fails to remit tax as provided in this
756 subdivision shall be subject to all penalties imposed under this chapter,
757 including revocation of such person's permit.

758 [(6) The] (f) Except for returns and payments required to be made
759 under subdivision (2) of subsection (e) of this section, the
760 commissioner for good cause may extend the time for making any
761 return and paying any amount required to be paid under this chapter,
762 if a written request therefor is filed with the commissioner together
763 with a tentative return which must be accompanied by a payment of
764 the tax, which shall be estimated in such tentative return, on or before
765 the last day for filing the return. Any person to whom an extension is
766 granted shall pay, in addition to the tax, interest at the rate of one per
767 cent per month or fraction thereof from the date on which the tax
768 would have been due without the extension until the date of payment.

769 Sec. 513. (NEW) (*Effective from passage*) (a) The Commissioner of
770 Revenue Services shall enter into agreements with financial
771 institutions, as defined in Section 469A(d)(1) of the Social Security Act,
772 as amended from time to time, doing business in this state, to develop
773 and operate a data match system using automated data exchanges to
774 the maximum extent feasible. Notwithstanding the provisions of
775 section 12-15 of the general statutes, the commissioner shall provide to
776 each financial institution a list of taxpayers who owe taxes to the state,
777 which taxes are finally due and payable and with respect to which
778 every administrative or judicial remedy, or both, has been exhausted
779 or has lapsed. Such list shall include each taxpayer's address, Social
780 Security number or other taxpayer identification number. Not later
781 than ninety days after receipt of such list from the commissioner, each
782 financial institution shall provide the commissioner with the names of
783 those taxpayers who appear on the commissioner's list who maintain
784 an account with such financial institution, the address and Social
785 Security number or other taxpayer identification number associated

786 with each such account and a statement as to whether the balance of
787 each such account exceeds one thousand dollars. For the purposes of
788 this section, "account" means a demand deposit account, checking or
789 negotiable order of withdrawal account, savings account, time deposit
790 account or money market mutual fund account.

791 (b) A financial institution shall not be liable to any person for (1)
792 disclosing information to the Commissioner of Revenue Services
793 pursuant to this section, or (2) any other action taken in good faith to
794 comply with the requirements of subsection (a) of this section.

795 Sec. 514. Subdivision (10) of subsection (a) of section 12-701 of the
796 general statutes is repealed and the following is substituted in lieu
797 thereof (*Effective from passage and applicable to taxable years commencing*
798 *on or after January 1, 2014*):

799 (10) "Connecticut fiduciary adjustment" means the net positive or
800 negative total of the following items relating to income, gain, loss or
801 deduction of a trust or estate: (A) There shall be added together (i) any
802 interest income from obligations issued by or on behalf of any state,
803 political subdivision thereof, or public instrumentality, state or local
804 authority, district or similar public entity, exclusive of such income
805 from obligations issued by or on behalf of the state of Connecticut, any
806 political subdivision thereof, or public instrumentality, state or local
807 authority, district or similar public entity created under the laws of the
808 state of Connecticut and exclusive of any such income with respect to
809 which taxation by any state is prohibited by federal law, (ii) any
810 exempt-interest dividends, as defined in Section 852(b)(5) of the
811 Internal Revenue Code, exclusive of such exempt-interest dividends
812 derived from obligations issued by or on behalf of the state of
813 Connecticut, any political subdivision thereof, or public
814 instrumentality, state or local authority, district or similar public entity
815 created under the laws of the state of Connecticut and exclusive of
816 such exempt-interest dividends derived from obligations, the income
817 with respect to which taxation by any state is prohibited by federal
818 law, (iii) any interest or dividend income on obligations or securities of

819 any authority, commission or instrumentality of the United States
820 which federal law exempts from federal income tax but does not
821 exempt from state income taxes, (iv) to the extent properly includable
822 in determining the net gain or loss from the sale or other disposition of
823 capital assets for federal income tax purposes, any loss from the sale or
824 exchange of obligations issued by or on behalf of the state of
825 Connecticut, any political subdivision thereof, or public
826 instrumentality, state or local authority, district or similar public entity
827 created under the laws of the state of Connecticut, in the income year
828 such loss was recognized, (v) to the extent deductible in determining
829 federal taxable income prior to deductions relating to distributions to
830 beneficiaries, any income taxes imposed by this state, (vi) to the extent
831 deductible in determining federal taxable income prior to deductions
832 relating to distributions to beneficiaries, any interest on indebtedness
833 incurred or continued to purchase or carry obligations or securities the
834 interest on which is exempt from tax under this chapter, (vii) expenses
835 paid or incurred during the taxable year for the production or
836 collection of income which is exempt from tax under this chapter, or
837 the management, conservation or maintenance of property held for the
838 production of such income, and the amortizable bond premium for the
839 taxable year on any bond the interest on which is exempt from taxation
840 under this chapter, to the extent that such expenses and premiums are
841 deductible in determining federal taxable income prior to deductions
842 relating to distributions to beneficiaries, [and] (viii) to the extent
843 deductible in determining federal taxable income prior to deductions
844 relating to distributions to beneficiaries, the deduction allowable as
845 qualified domestic production activities income, pursuant to Section
846 199 of the Internal Revenue Code, and (ix) to the extent not includable
847 in federal taxable income prior to deductions relating to distributions
848 to beneficiaries, the total amount of a lump sum distribution for the
849 taxable year. (B) There shall be subtracted from the sum of such items
850 (i) to the extent properly includable in gross income for federal income
851 tax purposes, any income with respect to which taxation by any state is
852 prohibited by federal law, (ii) to the extent allowable under section 12-
853 718, exempt dividends paid by a regulated investment company, (iii)

854 with respect to any trust or estate which is a shareholder of an S
855 corporation which is carrying on, or which has the right to carry on,
856 business in this state, as said term is used in section 12-214, the amount
857 of such shareholder's pro rata share of such corporation's
858 nonseparately computed items, as defined in Section 1366 of the
859 Internal Revenue Code, that is subject to tax under chapter 208, in
860 accordance with subsection (c) of section 12-217 multiplied by such
861 corporation's apportionment fraction, if any, as determined in
862 accordance with section 12-218, (iv) to the extent properly includable
863 in gross income for federal income tax purposes, any interest income
864 from obligations issued by or on behalf of the state of Connecticut, any
865 political subdivision thereof, or public instrumentality, state or local
866 authority, district or similar public entity created under the laws of the
867 state of Connecticut, (v) to the extent properly includable in
868 determining the net gain or loss from the sale or other disposition of
869 capital assets for federal income tax purposes, any gain from the sale
870 or exchange of obligations issued by or on behalf of the state of
871 Connecticut, any political subdivision thereof, or public
872 instrumentality, state or local authority, district or similar public entity
873 created under the laws of the state of Connecticut, in the income year
874 such gain was recognized, (vi) any interest on indebtedness incurred
875 or continued to purchase or carry obligations or securities the interest
876 on which is subject to tax under this chapter, but exempt from federal
877 income tax, to the extent that such interest on indebtedness is not
878 deductible in determining federal taxable income prior to deductions
879 relating to distributions to beneficiaries, (vii) ordinary and necessary
880 expenses paid or incurred during the taxable year for the production
881 or collection of income which is subject to taxation under this chapter,
882 but exempt from federal income tax, or the management, conservation
883 or maintenance of property held for the production of such income,
884 and the amortizable bond premium for the taxable year on any bond
885 the interest on which is subject to tax under this chapter, but exempt
886 from federal income tax, to the extent that such expenses and
887 premiums are not deductible in determining federal taxable income
888 prior to deductions relating to distributions to beneficiaries, and (viii)

889 the amount of any refund or credit for overpayment of income taxes
890 imposed by this state, to the extent properly includable in gross
891 income for federal income tax purposes for the taxable year and to the
892 extent deductible in determining federal taxable income prior to
893 deductions relating to distributions to beneficiaries for the preceding
894 taxable year.

895 Sec. 515. Subsection (a) of section 12-711 of the general statutes is
896 repealed and the following is substituted in lieu thereof (*Effective from*
897 *passage*):

898 (a) The income of a nonresident natural person derived from or
899 connected with sources within this state shall be the sum of the net
900 amount of items of income, gain, loss and deduction entering into his
901 or her Connecticut adjusted gross income for the taxable year, derived
902 from or connected with sources within this state, including: (1) His or
903 her distributive share of partnership income, gain, loss and deduction,
904 determined under section 12-712; [, and] (2) his or her pro rata share of
905 S corporation income, gain, loss and deduction, determined under
906 section 12-712; [, and] (3) his or her share of estate or trust income,
907 gain, loss and deduction, determined under section 12-714; and (4) his
908 or her compensation from nonqualified deferred compensation plans
909 attributable to services performed within the state, including, but not
910 limited to, compensation required to be included in federal gross
911 income under Section 457A of the Internal Revenue Code.

912 Sec. 516. Subsections (b) and (c) of section 12-711 of the general
913 statutes are repealed and the following is substituted in lieu thereof
914 (*Effective from passage and applicable to taxable years commencing on or after*
915 *January 1, 2014*):

916 (b) (1) Items of income, gain, loss and deduction derived from or
917 connected with sources within this state shall be those items
918 attributable to: (A) The ownership or disposition of any interest in real
919 property in this state or tangible personal property in this state, as
920 determined pursuant to subdivision (5) of this subsection; (B) a

921 business, trade, profession or occupation carried on in this state; (C) in
922 the case of a shareholder of an S corporation, the ownership of shares
923 issued by such corporation, to the extent determined under section 12-
924 712; or (D) winnings from a wager placed in a lottery conducted by the
925 Connecticut Lottery Corporation, if the proceeds from such wager are
926 required, under the Internal Revenue Code or regulations adopted
927 thereunder, to be reported by the Connecticut Lottery Corporation to
928 the Internal Revenue Service.

929 (2) Income from intangible personal property, including annuities,
930 dividends, interest and gains from the disposition of intangible
931 personal property, shall constitute income derived from sources within
932 this state only to the extent that such income is from (A) property
933 employed in a business, trade, profession or occupation carried on in
934 this state, or (B) winnings from a wager placed in a lottery conducted
935 by the Connecticut Lottery Corporation, if the proceeds from such
936 wager are required, under the Internal Revenue Code or regulations
937 adopted thereunder, to be reported by the Connecticut Lottery
938 Corporation to the Internal Revenue Service.

939 (3) Deductions with respect to capital losses and net operating losses
940 shall be based solely on income, gain, loss and deduction derived from
941 or connected with sources within this state, under regulations adopted
942 by the commissioner, but otherwise shall be determined in the same
943 manner as the corresponding federal deductions.

944 (4) Income directly or indirectly derived by an athlete, entertainer or
945 performing artist from closed-circuit and cable television transmissions
946 of an event, other than events occurring on a regularly scheduled basis,
947 taking place within this state as a result of the rendition of services by
948 such athlete, entertainer or performing artist shall constitute income
949 derived from or connected with sources within this state only to the
950 extent that such transmissions were received or exhibited within this
951 state.

952 (5) For purposes of subparagraph (A) of subdivision (1) of this

953 subsection, "interest in real property in this state" includes an interest
954 in an entity, and "entity" means a partnership, limited liability
955 company or S corporation that owns real property that is located
956 within this state and has a fair market value that equals or exceeds fifty
957 per cent of all the assets of the entity on the date of sale or disposition
958 by a nonresident natural person of such person's interest in the entity.
959 Only those assets that the entity owned for at least two years prior to
960 the date of the sale or disposition of the person's interest in the entity
961 shall be used in determining the fair market value of all the assets of
962 the entity on the date of such sale or disposition. The gain or loss
963 derived from Connecticut sources from such person's sale or
964 disposition of an interest in such entity is the total gain or loss for
965 federal income tax purposes from such sale or disposition multiplied
966 by a fraction, the numerator of which is the fair market value of all real
967 property located in this state owned by the entity on the date of such
968 sale or disposition, and the denominator of which is the fair market
969 value of all the assets of the entity on the date of such sale or
970 disposition.

971 (c) (1) If a business, trade, profession or occupation is carried on
972 partly within and partly without this state, as determined under rules
973 or regulations of the commissioner, the items of income, gain, loss and
974 deduction derived from or connected with sources within this state
975 shall be determined by apportionment under such rules or regulations
976 and the provisions of this subsection.

977 (2) The proportion of the net amount of the items of income, gain,
978 loss and deduction attributable to the activities of the business, trade,
979 profession or occupation carried on in this state shall be determined by
980 multiplying the net amount of the items of income, gain, loss and
981 deduction of the business, trade, profession or occupation by the
982 average of the percentages of property, payroll and gross income in
983 this state. The gross income percentage shall be computed by dividing
984 the gross receipts from sales of property or services earned within this
985 state by the total gross receipts from sales of property or services,

986 whether earned within or without this state. Gross receipts from sales
987 of property are considered to be earned within this state when the
988 property is delivered or shipped to a purchaser within this state,
989 regardless of the F.O.B. point or other conditions of the sale. Gross
990 receipts from sales of services are considered to be earned within the
991 state when the services are performed by an employee, agent, agency
992 or independent contractor chiefly situated at, connected by contract or
993 otherwise, with or sent out from, offices or branches of the business,
994 trade, profession or occupation or other agencies or locations situated
995 within this state.

996 Sec. 517. Section 12-432c of the general statutes is repealed and the
997 following is substituted in lieu thereof (*Effective October 1, 2014*):

998 (a) If any cumulative monthly financial statement issued by the
999 Comptroller pursuant to section 3-115 after September 9, 2009, and
1000 before January 1, 2010, indicates that the estimated gross tax revenue
1001 to the General Fund, to the end of the fiscal year ending June 30, 2010,
1002 is at least one per cent less than the estimated gross tax revenue to the
1003 General Fund for said fiscal year, included in public act 09-3 of the
1004 June special session pursuant to section 2-35, the amendments made to
1005 the provisions of subdivisions (1) and (3) of section 12-408, subdivision
1006 (1) of section 12-411, subsection (c) of section 12-411b and [subdivision
1007 (3)] subsection (c) of section 12-414, as amended by this act, pursuant
1008 to sections 108 to 112, inclusive, of public act 09-3 of the June special
1009 session, shall not take effect.

1010 (b) If any cumulative monthly financial statement issued by the
1011 Comptroller pursuant to section 3-115 after January 1, 2010, and on or
1012 before June 30, 2010, indicates that the estimated gross tax revenue to
1013 the General Fund, to the end of the fiscal year ending June 30, 2010, is
1014 at least one per cent less than the estimated gross tax revenue to the
1015 General Fund for said fiscal year, included in public act 09-3 of the
1016 June special session pursuant to section 2-35, (1) the amendments
1017 made to the provisions of subdivisions (1) and (3) of section 12-408,
1018 subdivision (1) of section 12-411, subsection (c) of section 12-411b and

1019 [subdivision (3)] subsection (c) of section 12-414, as amended by this
1020 act, pursuant to sections 108 to 112, inclusive, of public act 09-3 of the
1021 June special session, shall, on and after July 1, 2010, be inoperative and
1022 have no effect, and (2) the provisions of said subdivisions and
1023 subsection of said sections of the general statutes, revision of 1958,
1024 revised to December 31, 2009, shall be effective on and after July 1,
1025 2010.

1026 Sec. 518. Section 36a-42 of the general statutes is repealed and the
1027 following is substituted in lieu thereof (*Effective from passage*):

1028 A financial institution may not disclose to any person, except to the
1029 customer or the customer's duly authorized agent, any financial
1030 records relating to such customer unless the customer has authorized
1031 disclosure to such person or the financial records are disclosed in
1032 response to (1) a certificate signed by the Commissioner of
1033 Administrative Services or the Commissioner of Social Services
1034 pursuant to the provisions of section 17b-137, (2) a lawful subpoena,
1035 summons, warrant or court order as provided in section 36a-43, (3)
1036 interrogatories by a judgment creditor or a demand by a levying
1037 officer as provided in sections 52-351b and 52-356a, (4) a certificate
1038 issued by a medical provider or its attorney under subsection (b) of
1039 section 17b-124, provided nothing in this subsection shall require the
1040 provider or its attorney to furnish to the financial institution any
1041 application for medical assistance filed pursuant to an agreement with
1042 the IV-D agency under subsection (c) of section 17b-137, (5) a certificate
1043 signed by the Commissioner of Veterans' Affairs pursuant to section
1044 27-117, (6) the consent of an elderly person or the representative of
1045 such elderly person provided to a person, department, agency or
1046 commission pursuant to section 17b-454, provided the financial
1047 institution shall have no obligation to determine the capacity of such
1048 elderly person or the representative of such elderly person to provide
1049 such consent, [or] (7) a request for information served upon a financial
1050 institution in accordance with subsection (e) of section 12-162, or (8) a
1051 request for information made by the Commissioner of Revenue

1052 Services pursuant to section 513 of this act."

This act shall take effect as follows and shall amend the following sections:		
Sec. 501	<i>January 1, 2015</i>	4-28h
Sec. 502	<i>January 1, 2015</i>	4-28i(a)
Sec. 503	<i>January 1, 2015</i>	4-28j
Sec. 504	<i>January 1, 2015</i>	4-28k
Sec. 505	<i>January 1, 2015</i>	4-28l
Sec. 506	<i>January 1, 2015</i>	4-28m(a)(3)
Sec. 507	<i>January 1, 2015</i>	4-28n
Sec. 508	<i>January 1, 2015</i>	4-28o
Sec. 509	<i>from passage</i>	12-391(c) and (d)
Sec. 510	<i>from passage</i>	New section
Sec. 511	<i>July 1, 2014</i>	12-7a
Sec. 512	<i>October 1, 2014</i>	12-414
Sec. 513	<i>from passage</i>	New section
Sec. 514	<i>from passage and applicable to taxable years commencing on or after January 1, 2014</i>	12-701(a)(10)
Sec. 515	<i>from passage</i>	12-711(a)
Sec. 516	<i>from passage and applicable to taxable years commencing on or after January 1, 2014</i>	12-711(b) and (c)
Sec. 517	<i>October 1, 2014</i>	12-432c
Sec. 518	<i>from passage</i>	36a-42