

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 14-227—sHB 5546

Finance, Revenue and Bonding Committee

AN ACT CONCERNING CERTAIN RECOMMENDATIONS OF THE AUDITORS OF PUBLIC ACCOUNTS, AN EXPANSION OF THE NEIGHBORHOOD ASSISTANCE ACT, CERTIFICATION OF MINORITY BUSINESS ENTERPRISES AND AN ALLOCATION TO THE LEGACY FOUNDATION OF HARTFORD

SUMMARY: This act makes several unrelated changes concerning a tax credit program, the small and minority business set-aside program, the Auditors of Public Accounts, and an appropriation.

The act:

1. makes business investments in certain college loan forgiveness programs located in designated areas eligible for a 100% Neighborhood Assistance Act (NAA) tax credit;
2. requires the Department of Administrative Services (DAS) commissioner to provide businesses denied an initial or renewal certificate to participate in the state's small and minority business set-aside program written notice of the denial and the reasons for it;
3. allows a person aggrieved by such a denial to appeal to the Superior Court;
4. authorizes the Department of Revenue Services (DRS) commissioner to disclose certain tax information to the Auditors of Public Accounts for purposes of reviewing whistleblower complaints;
5. requires the state auditors to conduct biennial compliance audits, rather than annual financial audits, of the Capital Region Development Authority (CRDA) and Stadium Facility Enterprise Fund; and
6. for FY 15, transfers a \$225,000 grant, funded through the Judicial Department's appropriation for Children of Incarcerated Parents, from the Greater Hartford Male Youth Leadership Program to the Legacy Foundation of Hartford (§ 6).

EFFECTIVE DATE: July 1, 2014, unless otherwise noted below.

§ 4 — NAA CREDITS FOR COLLEGE LOAN FORGIVENESS PROGRAMS

The act makes businesses investing in certain comprehensive college access loan forgiveness programs eligible for a NAA tax credit of 100% of the invested amount. Businesses qualify for the credit if the programs (1) are located in an "educational reform district" (i.e., the 10 districts with the lowest educational performance based on district performance indices) and (2) have minimum eligibility criteria, including years of enrollment in the district, grade point

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average, attendance records, and a loan forgiveness prerequisite. Other types of educational instruction and scholarship programs continue to qualify for a NAA credit of up to 60% of the invested amount. As with other NAA-eligible projects, a business qualifies for a NAA tax credit if the host municipality approves the loan forgiveness program and the business invests at least \$250 in it.

Under prior law, NAA credits were generally up to 60% of the investment, although businesses making certain energy conservation investments could qualify for up to 100% credits. By law, the annual limits on NAA credits are (1) \$150,000 per business (\$50,000 for investments in child care facilities) and (2) \$10 million for all businesses (CGS §§ 12-632(f), (i), & 12-634).

§ 5 — SMALL AND MINORITY BUSINESS SET-ASIDE PROGRAM

The law requires businesses to be certified by DAS to participate in the state's small and minority business set-aside program (also called the supplier diversity program). The act requires the DAS commissioner, when denying a business' application for an initial or renewal certificate under the program, to provide the applicant written notice of the denial and the reasons for it. A person aggrieved by a denial may appeal to the Superior Court in accordance with the Uniform Administrative Procedure Act.

By law, the set-aside program requires state contracting agencies and other state entities and political subdivisions, other than municipalities, to annually set aside at least 25% of the value of their contracts for exclusive bidding by qualified small contractors. They must also set aside 25% of that amount (6.25% of the total) for exclusive bidding by qualified minority business enterprises.

EFFECTIVE DATE: October 1, 2014

§ 1 — DISCLOSURE OF CERTAIN TAX INFORMATION TO THE AUDITORS OF PUBLIC ACCOUNTS

The act authorizes the DRS commissioner to disclose tax returns and return information (see BACKGROUND) to the state auditors, upon a written request for the information, for purposes of reviewing whistleblower complaints. It bars the auditors from publishing the tax information in any report they prepare on the whistleblower complaint or subsequently disclosing the information, unless the disclosure is to the attorney general for purposes of investigating the complaint. Violators are subject to existing law's penalties for unauthorized disclosures of tax information (i.e., a fine of up to \$1,000, up to one year in prison, or both (CGS § 12-15(g)).

EFFECTIVE DATE: Upon passage

§§ 2 & 3 — CRDA AND STADIUM FUND AUDIT REQUIREMENT

The act requires the state auditors to conduct biennial compliance audits, rather than annual financial audits, of CRDA and the Stadium Facility Enterprise Fund. It also eliminates a requirement that the auditors pay for the stadium audit and notify the Office of Policy and Management secretary in advance.

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Existing law requires CRDA to contract with an independent auditing firm to conduct an annual financial audit in accordance with generally accepted auditing standards.

EFFECTIVE DATE: October 1, 2014

BACKGROUND

Tax Returns and Return Information

By law, a “return” is any of the following filed with the DRS commissioner by, on behalf of, or with respect to, anyone: (1) a tax or information return; (2) an estimated tax declaration; (3) a refund claim; or (4) any license, permit, registration, or other application. The term also covers amendments or supplements, including supporting schedules, attachments, or lists that supplement or are part of a filed return.

“Return information” includes:

1. a taxpayer’s identity;
2. the nature, source, or amount of the taxpayer’s income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax collected or withheld, tax under- or over-reportings, or tax payments; and
3. any other data received, recorded, prepared, or collected by or furnished to the DRS commissioner regarding a return or regarding any determination of liability for a tax, penalty, interest, fine, forfeiture, or other imposition or offense (CGS § 12-15(h)(1) & (2)).

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