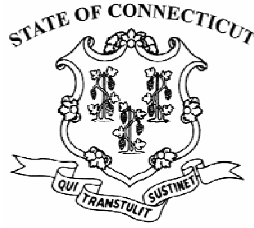

Senate Bill No. 1601

December Special Session, Public Act No. 15-1

AN ACT MAKING CERTAIN STRUCTURAL CHANGES TO THE STATE BUDGET AND ADJUSTMENTS TO THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2017.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (*Effective from passage*) (a) The Secretary of the Office of Policy and Management may make reductions in allotments for the fiscal years ending June 30, 2016, and June 30, 2017, in the following accounts of the GENERAL FUND in the following amounts in order to achieve budget savings in said fiscal years:

GENERAL FUND			
		2015-2016	2016-2017
AGRICULTURAL EXPERIMENT STATION	Personal Services	63,853	63,853
AGRICULTURAL EXPERIMENT STATION	Other Expenses	156,700	156,700
AGRICULTURAL EXPERIMENT STATION	Equipment	874	874
AGRICULTURAL EXPERIMENT STATION	Mosquito Control	25,199	25,199
AGRICULTURAL EXPERIMENT STATION	Wildlife Disease Prevention	3,941	3,941
BOARD OF REGENTS FOR HIGHER EDUCATION	Charter Oak State College	27,334	27,334
BOARD OF REGENTS FOR HIGHER EDUCATION	Board of Regents	22,642	22,642

BOARD OF REGENTS FOR HIGHER EDUCATION	Transform CSCU	582,173	582,173
COUNCIL ON ENVIRONMENTAL QUALITY	Other Expenses	1,000	1,000
OFFICE OF THE CHIEF MEDICAL EXAMINER	Equipment	961	961
OFFICE OF THE CHIEF MEDICAL EXAMINER	Medicolegal Investigations	1,285	1,285
STATE LIBRARY	Other Expenses	25,765	25,765
STATE LIBRARY	State-Wide Digital Library	164,163	164,163
STATE LIBRARY	Legal/Legislative Library Materials	64,893	64,893
STATE LIBRARY	Computer Access	14,890	14,890
STATE LIBRARY	Support Cooperating Library Service Units	7,434	7,434
STATE LIBRARY	Grants To Public Libraries	9,542	9,542
STATE LIBRARY	Connecticard Payments	45,000	45,000
STATE LIBRARY	Connecticut Humanities Council	76,865	76,865
DEPARTMENT OF AGRICULTURE	Personal Services	10,000	10,000
DEPARTMENT OF AGRICULTURE	Other Expenses	50,000	50,000
DEPARTMENT OF AGRICULTURE	Tuberculosis and Brucellosis Indemnity	5	5
DEPARTMENT OF ADMINISTRATIVE SERVICES	Personal Services	500,000	500,000
DEPARTMENT OF ADMINISTRATIVE SERVICES	Other Expenses	100,000	100,000
DEPARTMENT OF ADMINISTRATIVE SERVICES	Management Services	100,000	100,000
DEPARTMENT OF ADMINISTRATIVE SERVICES	Employees' Review Board	833	833
DEPARTMENT OF ADMINISTRATIVE SERVICES	Refunds Of Collections	1,029	1,029
DEPARTMENT OF ADMINISTRATIVE SERVICES	Rents and Moving	250,000	250,000
DEPARTMENT OF ADMINISTRATIVE SERVICES	Connecticut Education Network	127,760	127,760
DEPARTMENT OF ADMINISTRATIVE SERVICES	State Insurance and Risk Mgmt Operations	200,000	200,000
DEPARTMENT OF CHILDREN AND FAMILIES	Personal Services	250,000	250,000

DEPARTMENT OF CHILDREN AND FAMILIES	Other Expenses	372,500	372,500
DEPARTMENT OF CHILDREN AND FAMILIES	Juvenile Justice Outreach Services	144,974	144,974
DEPARTMENT OF CHILDREN AND FAMILIES	No Nexus Special Education	77,334	77,334
DEPARTMENT OF CHILDREN AND FAMILIES	Covenant to Care	7,990	7,990
DEPARTMENT OF CHILDREN AND FAMILIES	Neighborhood Center	10,017	10,017
DIVISION OF CRIMINAL JUSTICE	Personal Services	500,000	500,000
DIVISION OF CRIMINAL JUSTICE	Other Expenses	102,454	102,454
DIVISION OF CRIMINAL JUSTICE	Witness Protection	9,000	9,000
DIVISION OF CRIMINAL JUSTICE	Training And Education	4,590	4,590
DIVISION OF CRIMINAL JUSTICE	Expert Witnesses	22,645	22,645
DIVISION OF CRIMINAL JUSTICE	Criminal Justice Commission	24	24
DIVISION OF CRIMINAL JUSTICE	Cold Case Unit	24,200	24,200
DEPARTMENT OF CONSUMER PROTECTION	Personal Services	47,511	47,511
DEPARTMENT OF DEVELOPMENTAL SERVICES	Personal Services	3,045,968	3,045,968
DEPARTMENT OF DEVELOPMENTAL SERVICES	Other Expenses	412,389	412,389
DEPARTMENT OF DEVELOPMENTAL SERVICES	Cooperative Placements Program	300,000	300,000
DEPARTMENT OF DEVELOPMENTAL SERVICES	Clinical Services	7,132	7,132
DEPARTMENT OF DEVELOPMENTAL SERVICES	Behavioral Services Program	297,312	297,312
DEPARTMENT OF DEVELOPMENTAL SERVICES	Supplemental Payments for Medical Services	250,000	250,000

DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION	Personal Services	70,848	70,848
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION	Other Expenses	200,000	200,000
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION	Mosquito Control	10,904	10,904
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION	State Superfund Site Maintenance	39,552	39,552
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION	Laboratory Fees	7,584	7,584
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION	Dam Maintenance	5,719	5,719
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION	Emergency Spill Response	150,000	150,000
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION	Underground Storage Tank	41,612	41,612
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION	Clean Air	50,000	50,000
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION	Environmental Conservation	145,419	145,419
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION	Environmental Quality	100,000	100,000
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION	Conservation Districts & Soil and Water Councils	10,650	10,650
OFFICE OF HIGHER EDUCATION	Other Expenses	8,699	8,699
OFFICE OF HIGHER EDUCATION	Minority Advancement Program	87,541	87,541
OFFICE OF HIGHER EDUCATION	Alternate Route to Certification	48,860	48,860
DEPARTMENT OF CORRECTION	Personal Services	4,450,796	4,450,796
DEPARTMENT OF CORRECTION	Other Expenses	1,000,000	1,000,000

DEPARTMENT OF CORRECTION	Inmate Medical Services	3,000,000	3,000,000
DEPARTMENT OF CORRECTION	Program Evaluation	25,501	25,501
DEPARTMENT OF CORRECTION	Aid to Paroled and Discharged Inmates	423	423
DEPARTMENT OF CORRECTION	Volunteer Services	13,588	13,588
DEPARTMENT OF CORRECTION	Community Support Services	100,000	100,000
DEPARTMENT OF HOUSING	Personal Services	44,693	44,693
DEPARTMENT OF HOUSING	Elderly Rental Registry and Counselors	47,846	47,846
DEPARTMENT OF HOUSING	Housing Assistance and Counseling Program	20,554	20,554
LABOR DEPARTMENT	Personal Services	50,000	50,000
LABOR DEPARTMENT	Other Expenses	25,372	25,372
LABOR DEPARTMENT	CETC Workforce	27,478	27,478
LABOR DEPARTMENT	Jobs First Employment Services	901,831	901,831
LABOR DEPARTMENT	STRIDE	20,724	20,724
LABOR DEPARTMENT	Apprenticeship Program	23,356	23,356
LABOR DEPARTMENT	Spanish-American Merchants Association	20,021	20,021
LABOR DEPARTMENT	Connecticut Career Resource Network	6,642	6,642
LABOR DEPARTMENT	Incumbent Worker Training	36,284	36,284
LABOR DEPARTMENT	STRIVE	9,484	9,484
LABOR DEPARTMENT	Customized Services	17,562	17,562
LABOR DEPARTMENT	Opportunities for Long Term Unemployed	31,613	31,613
LABOR DEPARTMENT	Veterans' Opportunity Pilot	21,075	21,075
LABOR DEPARTMENT	2Gen - TANF	60,000	60,000
LABOR DEPARTMENT	New Haven Jobs Funnel	21,000	21,000
LABOR DEPARTMENT	ConnectiCorps	25,000	25,000
DEPARTMENT OF PUBLIC HEALTH	Personal Services	192,322	192,322
DEPARTMENT OF PUBLIC HEALTH	Other Expenses	286,513	286,513
DEPARTMENT OF PUBLIC HEALTH	Children's Health Initiatives	77,719	77,719

DEPARTMENT OF PUBLIC HEALTH	Childhood Lead Poisoning	3,391	3,391
DEPARTMENT OF PUBLIC HEALTH	AIDS Services	3,400	3,400
DEPARTMENT OF PUBLIC HEALTH	Children with Special Health Care Needs	40,887	40,887
DEPARTMENT OF PUBLIC HEALTH	Community Health Services	100,974	100,974
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION	Personal Services	1,338,856	1,338,856
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION	Other Expenses	50,000	50,000
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION	Equipment	3,760	3,760
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION	Fleet Purchase	247,335	247,335
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION	Fire Training School - Willimantic	3,923	3,923
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION	Maintenance of County Base Fire Radio Network	957	957
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION	Maintenance of State-Wide Fire Radio Network	637	637
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION	Fire Training School - Torrington	2,361	2,361
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION	Fire Training School - New Haven	1,577	1,577
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION	Fire Training School - Derby	1,182	1,182
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION	Fire Training School - Wolcott	2,752	2,752
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION	Fire Training School - Fairfield	1,967	1,967

DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION	Fire Training School - Hartford	3,920	3,920
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION	Fire Training School - Middletown	1,172	1,172
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION	Fire Training School - Stamford	1,174	1,174
DEPARTMENT OF REVENUE SERVICES	Personal Services	150,000	150,000
DEPARTMENT OF REVENUE SERVICES	Other Expenses	133,953	133,953
DEPARTMENT OF SOCIAL SERVICES	Personal Services	672,637	672,637
DEPARTMENT OF SOCIAL SERVICES	Other Expenses	2,000,000	2,000,000
DEPARTMENT OF SOCIAL SERVICES	HUSKY Performance Monitoring	7,282	7,282
DEPARTMENT OF SOCIAL SERVICES	Genetic Tests in Paternity Actions	31,011	31,011
DEPARTMENT OF SOCIAL SERVICES	Medicaid	34,161,186	34,161,186
DEPARTMENT OF SOCIAL SERVICES	Food Stamp Training Expenses	450	450
DEPARTMENT OF SOCIAL SERVICES	Healthy Start	50,061	50,061
DEPARTMENT OF SOCIAL SERVICES	Human Resource Development-Hispanic Programs	35,465	35,465
DEPARTMENT OF SOCIAL SERVICES	Refunds Of Collections	5,531	5,531
DEPARTMENT OF SOCIAL SERVICES	Services for Persons With Disabilities	26,338	26,338
DEPARTMENT OF SOCIAL SERVICES	Nutrition Assistance	22,484	22,484
DEPARTMENT OF SOCIAL SERVICES	Connecticut Children's Medical Center	146,055	146,055
DEPARTMENT OF SOCIAL SERVICES	Community Services	44,029	44,029
DEPARTMENT OF SOCIAL SERVICES	Human Service Infrastructure Community Action Program	151,083	151,083
DEPARTMENT OF SOCIAL SERVICES	Teen Pregnancy Prevention	80,385	80,385

DEPARTMENT OF SOCIAL SERVICES	Family Programs - TANF	21,664	21,664
DEPARTMENT OF SOCIAL SERVICES	Community Services - Municipality	3,141	3,141
DEPARTMENT OF VETERANS' AFFAIRS	Personal Services	143,496	143,496
DEPARTMENT OF VETERANS' AFFAIRS	Other Expenses	151,782	151,782
DEPARTMENT OF VETERANS' AFFAIRS	SSMF Administration	23,732	23,732
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Other Expenses	250,000	250,000
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Statewide Marketing	1,000,000	1,000,000
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Small Business Incubator Program	13,597	13,597
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Hartford Urban Arts Grant	15,800	15,800
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	New Britain Arts Council	2,527	2,527
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Main Street Initiatives	6,092	6,092
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Office of Military Affairs	8,664	8,664
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Hydrogen/Fuel Cell Economy	6,147	6,147
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	CCAT-CT Manufacturing Supply Chain	33,721	33,721

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Capital Region Development Authority	393,218	393,218
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Neighborhood Music School	5,055	5,055
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Nutmeg Games	2,563	2,563
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Discovery Museum	12,637	12,637
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	National Theatre of the Deaf	5,055	5,055
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	CONNSTEP	19,828	19,828
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Development Research and Economic Assistance	10,656	10,656
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Connecticut Science Center	21,700	21,700
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	CT Flagship Producing Theaters Grant	16,684	16,684
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Women's Business Center	15,750	15,750
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Performing Arts Centers	50,549	50,549

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Performing Theaters Grant	19,717	19,717
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Arts Commission	63,149	63,149
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Art Museum Consortium	18,441	18,441
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	CT Invention Convention	787	787
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Litchfield Jazz Festival	1,875	1,875
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Connecticut River Museum	1,000	1,000
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Arte Inc.	1,000	1,000
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	CT Virtuosi Orchestra	1,000	1,000
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Barnum Museum	1,000	1,000
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Greater Hartford Arts Council	3,559	3,559
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Stepping Stones Museum for Children	1,478	1,478

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Maritime Center Authority	19,493	19,493
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Tourism Districts	80,690	80,690
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Amistad Committee for the Freedom Trail	1,581	1,581
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Amistad Vessel	12,637	12,637
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	New Haven Festival of Arts and Ideas	26,604	26,604
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	New Haven Arts Council	3,159	3,159
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Beardsley Zoo	13,085	13,085
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Mystic Aquarium	20,692	20,692
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Quinebaug Tourism	1,386	1,386
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Northwestern Tourism	1,386	1,386
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Eastern Tourism	1,386	1,386

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Central Tourism	1,386	1,386
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Twain/Stowe Homes	3,955	3,955
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	Cultural Alliance of Fairfield	3,159	3,159
GOVERNOR'S OFFICE	Other Expenses	10,029	10,029
GOVERNOR'S OFFICE	New England Governors' Conference	5,310	5,310
GOVERNOR'S OFFICE	National Governors' Association	6,323	6,323
COMMISSION ON HUMAN RIGHTS AND OPPORTUNITIES	Other Expenses	7,385	7,385
LIEUTENANT GOVERNOR'S OFFICE	Personal Services	31,999	31,999
LIEUTENANT GOVERNOR'S OFFICE	Other Expenses	3,432	3,432
DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES	Personal Services	662,466	662,466
DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES	Managed Service System	50,000	50,000
DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES	Medicaid Adult Rehabilitation Option	48,163	48,163
DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES	Nursing Home Contract	19,400	19,400
DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES	Grants for Substance Abuse Services	222,679	222,679
DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES	Employment Opportunities	520,860	520,860
MILITARY DEPARTMENT	Other Expenses	51,904	51,904
ATTORNEY GENERAL	Other Expenses	53,118	53,118

OFFICE OF EARLY CHILDHOOD	Personal Services	100,000	100,000
OFFICE OF EARLY CHILDHOOD	Other Expenses	6,999	6,999
OFFICE OF EARLY CHILDHOOD	Children's Trust Fund	60,000	60,000
OFFICE OF EARLY CHILDHOOD	Early Childhood Program	108,401	108,401
OFFICE OF EARLY CHILDHOOD	Community Plans for Early Childhood	35,156	35,156
OFFICE OF EARLY CHILDHOOD	Improving Early Literacy	5,625	5,625
OFFICE OF EARLY CHILDHOOD	Child Care Quality Enhancements	124,299	124,299
OFFICE OF EARLY CHILDHOOD	Head Start - Early Childhood Link	34,693	34,693
OFFICE OF EARLY CHILDHOOD	School Readiness Quality Enhancement	205,556	205,556
OFFICE OF GOVERNMENTAL ACCOUNTABILITY	Other Expenses	2,861	2,861
OFFICE OF GOVERNMENTAL ACCOUNTABILITY	Child Fatality Review Panel	4,307	4,307
OFFICE OF GOVERNMENTAL ACCOUNTABILITY	Information Technology Initiatives	4,339	4,339
OFFICE OF GOVERNMENTAL ACCOUNTABILITY	Elections Enforcement Commission	144,969	144,969
OFFICE OF GOVERNMENTAL ACCOUNTABILITY	Office of State Ethics	63,226	63,226
OFFICE OF GOVERNMENTAL ACCOUNTABILITY	Freedom of Information Commission	69,053	69,053
OFFICE OF GOVERNMENTAL ACCOUNTABILITY	Contracting Standards Board	12,575	12,575
OFFICE OF GOVERNMENTAL ACCOUNTABILITY	Judicial Review Council	5,851	5,851
OFFICE OF GOVERNMENTAL ACCOUNTABILITY	Judicial Selection Commission	3,724	3,724

OFFICE OF GOVERNMENTAL ACCOUNTABILITY	Board of Firearms Permit Examiners	5,118	5,118
PROTECTION AND ADVOCACY FOR PERSONS WITH DISABILITIES	Other Expenses	9,732	9,732
OFFICE OF POLICY AND MANAGEMENT	Personal Services	75,000	75,000
OFFICE OF POLICY AND MANAGEMENT	Other Expenses	100,000	100,000
OFFICE OF POLICY AND MANAGEMENT	Automated Budget System and Data Base Link	2,330	2,330
OFFICE OF POLICY AND MANAGEMENT	Justice Assistance Grants	40,350	40,350
RESERVE FOR SALARY ADJUSTMENTS	Reserve For Salary Adjustments	2,000,000	2,000,000
STATE COMPTROLLER	Personal Services	100,000	100,000
STATE COMPTROLLER	Other Expenses	100,000	100,000
STATE COMPTROLLER - MISCELLANEOUS	Nonfunctional - Change to Accruals	3,000,000	3,000,000
STATE COMPTROLLER - FRINGE BENEFITS	Employers Social Security Tax	264,800	264,800
STATE COMPTROLLER - FRINGE BENEFITS	State Employees Health Service Cost	183,900	183,900
STATE TREASURER	Personal Services	16,277	16,277
STATE TREASURER	Other Expenses	7,697	7,697
STATE DEPARTMENT ON AGING	Personal Services	12,136	12,136
STATE DEPARTMENT ON AGING	Other Expenses	10,964	10,964
STATE DEPARTMENT ON AGING	Programs for Senior Citizens	22,227	22,227
DEPARTMENT OF EDUCATION	Personal Services	203,979	203,979
DEPARTMENT OF EDUCATION	Development of Mastery Exams Grades 4, 6, and 8	200,000	200,000
DEPARTMENT OF EDUCATION	Primary Mental Health	21,360	21,360
DEPARTMENT OF EDUCATION	Leadership, Education, Athletics in Partnership (LEAP)	27,253	27,253
DEPARTMENT OF EDUCATION	Adult Education Action	9,627	9,627
DEPARTMENT OF EDUCATION	Connecticut Pre-Engineering Program	9,844	9,844

DEPARTMENT OF EDUCATION	Connecticut Writing Project	2,775	2,775
DEPARTMENT OF EDUCATION	Resource Equity Assessments	6,302	6,302
DEPARTMENT OF EDUCATION	Neighborhood Youth Centers	45,177	45,177
DEPARTMENT OF EDUCATION	Longitudinal Data Systems	47,628	47,628
DEPARTMENT OF EDUCATION	School Accountability	75,000	75,000
DEPARTMENT OF EDUCATION	Sheff Settlement	200,000	200,000
DEPARTMENT OF EDUCATION	CommPACT Schools	14,000	14,000
DEPARTMENT OF EDUCATION	Parent Trust Fund Program	41,250	41,250
DEPARTMENT OF EDUCATION	Regional Vocational-Technical School System	1,350,000	1,350,000
DEPARTMENT OF EDUCATION	Wrap Around Services	19,375	19,375
DEPARTMENT OF EDUCATION	New or Replicated Schools	13,560	13,560
DEPARTMENT OF EDUCATION	Bridges to Success	50,000	50,000
DEPARTMENT OF EDUCATION	K-3 Reading Assessment Pilot	114,798	114,798
DEPARTMENT OF EDUCATION	Talent Development	465,109	465,109
DEPARTMENT OF EDUCATION	Common Core	295,312	295,312
DEPARTMENT OF EDUCATION	Alternative High School and Adult Reading Incentive Program	7,400	7,400
DEPARTMENT OF EDUCATION	Special Master	74,195	74,195
DEPARTMENT OF EDUCATION	Regional Education Services	54,657	54,657
DEPARTMENT OF EDUCATION	Youth Service Bureau Enhancement	28,612	28,612
DEPARTMENT OF EDUCATION	Health Foods Initiative	24,000	24,000
DEPARTMENT OF EDUCATION	Transportation of School Children	1,000,000	1,000,000
DEPARTMENT OF EDUCATION	Health and Welfare Services Pupils Private Schools	152,389	152,389

DEPARTMENT OF EDUCATION	Education Equalization Grants	2,321,000	2,321,000
DEPARTMENT OF EDUCATION	Young Parents Program	9,173	9,173
DEPARTMENT OF EDUCATION	Interdistrict Cooperation	250,000	250,000
DEPARTMENT OF EDUCATION	Open Choice Program	1,450,000	1,450,000
DEPARTMENT OF EDUCATION	Magnet Schools	6,000,000	6,000,000
DEPARTMENT OF REHABILITATION SERVICES	Other Expenses	31,524	31,524
DEPARTMENT OF REHABILITATION SERVICES	Part-Time Interpreters	61	61
DEPARTMENT OF REHABILITATION SERVICES	Employment Opportunities – Blind & Disabled	53,629	53,629
DEPARTMENT OF REHABILITATION SERVICES	Supplementary Relief and Services	8,229	8,229
DEPARTMENT OF REHABILITATION SERVICES	Connecticut Radio Information Service	6,868	6,868
SECRETARY OF THE STATE	Personal Services	14,619	14,619
SECRETARY OF THE STATE	Other Expenses	36,409	36,409
SECRETARY OF THE STATE	Commercial Recording Division	175,000	175,000
SECRETARY OF THE STATE	Board of Accountancy	65,000	65,000
UNIVERSITY OF CONNECTICUT HEALTH CENTER	AHEC	21,378	21,378

(b) In implementing reductions in allotments pursuant to subsection (a) of this section, the Secretary of the Office of Policy and Management shall achieve such reductions proportionally across programs, except as necessary to achieve the budgeted level of savings.

Sec. 2. (*Effective from passage*) The Secretary of the Office of Policy and Management may make reductions in allotments for the fiscal year ending June 30, 2016, in order to achieve $35,200,000 in budget savings in the Special Transportation Fund during said fiscal year.

Sec. 3. (*Effective from passage*) (a) (1) The Secretary of the Office of

Policy and Management may make reductions in allotments for the executive branch for the fiscal years ending June 30, 2016, and June 30, 2017, in order to achieve budget savings of $93,076,192 in the General Fund during each such fiscal year.

(2) The provisions of subdivision (1) of this subsection shall not be construed to authorize the reduction of any allotment concerning aid to municipalities. No reduction made in accordance with subdivision (1) of this subsection shall result in a reduction of more than one per cent of any appropriation.

(b) The Secretary of the Office of Policy and Management may make reductions in allotments for the legislative branch for the fiscal years ending June 30, 2016, and June 30, 2017, in order to achieve budget savings of $2,000,000 in the General Fund during each such fiscal year. Such reductions shall be achieved as determined by the president pro tempore and majority leader of the Senate, the speaker and majority leader of the House of Representatives, the minority leader of the Senate and the minority leader of the House of Representatives.

(c) The Secretary of the Office of Policy and Management may make reductions in allotments for the judicial branch for the fiscal years ending June 30, 2016, and June 30, 2017, in order to achieve budget savings of $15,000,000 in the General Fund during each such fiscal year. Such reductions shall be achieved as determined by the Chief Justice and Chief Public Defender.

Sec. 4. (*Effective from passage*) Notwithstanding the provisions of subsection (e) of section 4-89 of the general statutes, $1,000,000 of the amount appropriated in section 1 of public act 15-244, as amended by section 155 of public act 15-5 of the June special session, to the Department of Economic and Community Development, for Statewide Marketing, for the fiscal year ending June 30, 2016, shall lapse on June 30, 2016.

Sec. 5. (*Effective from passage*) Notwithstanding the provisions of subsection (f) of section 4-89 of the general statutes, $87,541 of the amount appropriated in section 1 of public act 15-244, as amended by section 155 of public act 15-5 of the June special session, to the Office of Higher Education, for Minority Advancement Program, for the fiscal year ending June 30, 2016, shall lapse on June 30, 2016.

Sec. 6. (*Effective from passage*) Notwithstanding the provisions of section 32-356 of the general statutes, $13,597 of the amount appropriated in section 1 of public act 15-244, as amended by section 155 of public act 15-5 of the June special session, to the Department of Economic and Community Development, for Small Business Incubator Program, for the fiscal year ending June 30, 2016, shall lapse on June 30, 2016.

Sec. 7. (*Effective from passage*) Notwithstanding the provisions of subsection (g) of section 4-89 of the general statutes, $61 of the amount appropriated in section 1 of public act 15-244, as amended by section 155 of public act 15-5 of the June special session, to the Department of Rehabilitation Services, for Part-Time Interpreters, for the fiscal year ending June 30, 2016, shall lapse on June 30, 2016.

Sec. 8. Subsection (b) of section 2-35 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) The state budget act passed by the legislature for funding the expenses of operations of the state government in the ensuing biennium shall contain a statement of estimated revenue, based upon the most recent consensus revenue estimate or the revised consensus revenue estimate issued pursuant to section 2-36c, itemized by major source, for each appropriated fund. The statement of estimated revenue applicable to each such fund shall include, for any fiscal year, an estimate of total revenue with respect to such fund, which amount

shall be reduced by (1) an estimate of total refunds of taxes to be paid from such revenue in accordance with the authorization in section 12-39f, and (2) an estimate of total refunds of payments to be paid from such revenue in accordance with the provisions of sections 3-70a and 4-37. Such statement of estimated revenue, including the estimated refunds of taxes to be offset against such revenue, shall be supplied by the joint standing committee of the General Assembly having cognizance of matters relating to state finance, revenue and bonding. The total estimated revenue for each fund, as adjusted in accordance with this section, shall not be less than the total net appropriations made from each fund plus, for the fiscal year ending June 30, 2014, and each fiscal year thereafter, the amount necessary to extinguish any unassigned negative balance in each budgeted fund as **[**reported**]** addressed in the most recently **[**audited comprehensive annual financial report issued by the Comptroller prior to the start of the fiscal year, reduced, in the case of the General Fund, by (A) the negative unassigned fund balance, as reported by the Comptroller for the fiscal year ending June 30, 2013, then unamortized pursuant to section 3-115b, and (B) any funds from other resources deposited in the General Fund for the purpose of reducing the negative unassigned balance of the fund**]** issued annual report of the Comptroller published in accordance with section 3-115. On or before July first of each fiscal year said committee shall, if any revisions in such estimates are required by virtue of legislative amendments to the revenue measures proposed by said committee, changes in conditions or receipt of new information since the original estimate was supplied, meet and revise such estimates and, through its cochairpersons, report to the Comptroller any such revisions.

Sec. 9. Subsection (b) of section 2-35 of the general statutes, as amended by section 167 of public act 15-244, is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019*):

(b) The state budget act passed by the legislature for funding the expenses of operations of the state government in the ensuing biennium shall contain a statement of estimated revenue, based upon the most recent consensus revenue estimate or the revised consensus revenue estimate issued pursuant to section 2-36c, as amended by **[**this act**]** public act 15-244, itemized by major source, for each appropriated fund. Commencing in the fiscal year ending June 30, 2020, such itemization shall include the estimate for each major component of the personal income tax imposed pursuant to chapter 229 as follows: Withholding payments, estimated payments and final payments. The statement of estimated revenue applicable to each such fund shall include, for any fiscal year, an estimate of total revenue with respect to such fund, which amount shall be reduced by (1) an estimate of total refunds of taxes to be paid from such revenue in accordance with the authorization in section 12-39f, and (2) an estimate of total refunds of payments to be paid from such revenue in accordance with the provisions of sections 3-70a and 4-37. Such statement of estimated revenue, including the estimated refunds of taxes to be offset against such revenue, shall be supplied by the joint standing committee of the General Assembly having cognizance of matters relating to state finance, revenue and bonding. The total estimated revenue for each fund, as adjusted in accordance with this section, shall not be less than the total net appropriations made from each fund plus, for the fiscal year ending June 30, 2014, and each fiscal year thereafter, the amount necessary to extinguish any unassigned negative balance in each budgeted fund as **[**reported**]** addressed in the most recently **[**audited comprehensive annual financial report issued by the Comptroller prior to the start of the fiscal year, reduced, in the case of the General Fund, by (A) the negative unassigned fund balance, as reported by the Comptroller for the fiscal year ending June 30, 2013, then unamortized pursuant to section 3-115b, and (B) any funds from other resources deposited in the General Fund for the purpose of reducing the negative unassigned balance of the fund**]** issued annual report of the

Comptroller published in accordance with section 3-115. On or before July first of each fiscal year said committee shall, if any revisions in such estimates are required by virtue of legislative amendments to the revenue measures proposed by said committee, changes in conditions or receipt of new information since the original estimate was supplied, meet and revise such estimates and, through its cochairpersons, report to the Comptroller any such revisions.

Sec. 10. Section 3-115b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Commencing with the fiscal year ending June 30, 2014, the Comptroller, in the Comptroller's sole discretion, may initiate a process intended to result in the implementation of the use of generally accepted accounting principles, as prescribed by the Governmental Accounting Standards Board, with respect to the preparation and maintenance of the annual financial statements of the state pursuant to section 3-115.

(b) Commencing with the fiscal year ending June 30, 2014, the Secretary of the Office of Policy and Management shall initiate a process intended to result in the implementation of generally accepted accounting principles, as prescribed by the Governmental Accounting Standards Board, with respect to the preparation of the biennial budget of the state.

(c) The Comptroller shall establish an opening combined balance sheet for each appropriated fund as of July 1, 2013, on the basis of generally accepted accounting principles. The accumulated deficit in the General Fund on June 30, 2013, as determined on the basis of generally accepted accounting principles and identified in the comprehensive annual financial report of the state as the unassigned negative balance of the General Fund on said date, reduced by any funds deposited in the General Fund from other resources for the

purpose of reducing the negative unassigned balance of the fund, shall be amortized in equal increments in each fiscal year of each biennial budget, commencing with the fiscal year ending June 30, 2016, and for the succeeding twelve fiscal years. The Comptroller shall, to the extent necessary to report the fiscal position of the state in accordance with generally accepted accounting principles, reconcile the unassigned balance in the General Fund at the end of each fiscal year to the unassigned balance in the General Fund on June 30, 2013, the portion already amortized and any unassigned balance created after June 30, 2013.

(d) The unreserved negative balance in the General Fund reported in the comprehensive annual financial report issued by the Comptroller for the fiscal year ending June 30, 2014, reduced by (1) the negative unassigned balance in the General Fund for the fiscal year ending June 30, 2013, and (2) any funds from other resources deposited in the General Fund for the purpose of reducing the negative unassigned balance of the fund shall be amortized in equal increments in each fiscal year of each biennial budget, commencing with the fiscal year ending June 30, 2017, and for the succeeding eleven fiscal years.

Sec. 11. Section 4-72 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

The budget document shall consist of the Governor's budget message in which he or she shall set forth as follows: (1) The Governor's program for meeting all the expenditure needs of the government for each fiscal year of the biennium to which the budget relates, indicating the classes of funds, general or special, from which such appropriations are to be made and the means through which such expenditure shall be financed; and (2) financial statements giving in summary form: (A) The financial position of all major state operating funds including revolving funds at the end of the last-completed fiscal year in a form consistent with accepted accounting practice. The

Governor shall also set forth in similar form the estimated position of each such fund at the end of the year in progress and the estimated position of each such fund at the end of each fiscal year of the biennium to which the budget relates if the Governor's proposals are put into effect; (B) a statement showing as of the close of the last-completed fiscal year, a year by year summary of all outstanding general obligation and special tax obligation debt of the state and a statement showing the yearly interest requirements on such outstanding debt; (C) a summary of appropriations recommended for each fiscal year of the biennium to which the budget relates for each budgeted agency and for the state as a whole in comparison with actual expenditures of the last-completed fiscal year and appropriations and estimated expenditures for the year in progress; (D) for the biennium commencing July 1, 1999, and each biennium thereafter, a summary of estimated expenditures for certain fringe benefits for each fiscal year of the biennium to which the budget relates for each budgeted agency; (E) a summary of permanent full-time positions setting forth the number filled and the number vacant as of the end of the last-completed fiscal year, the total number intended to be funded by appropriations without reduction for turnover for the fiscal year in progress, the total number requested and the total number recommended for each fiscal year of the biennium to which the budget relates; (F) a statement of expenditures for the last-completed and current fiscal years, the agency request and the Governor's recommendation for each fiscal year of the ensuing biennium and, for any new or expanded program, estimated expenditure requirements for the fiscal year next succeeding the biennium to which the budget relates; (G) an explanation of any significant program changes requested by the agency or recommended by the Governor; (H) a summary of the revenue estimated to be received by the state during each fiscal year of the biennium to which the budget relates classified according to sources in comparison with the actual revenue received by the state during the last-completed

fiscal year and estimated revenue during the year in progress; and (I) such other financial statements, data and comments as in the Governor's opinion are necessary or desirable in order to make known in all practicable detail the financial condition and operations of the government and the effect that the budget as proposed by the Governor will have on such condition and operations. If the estimated revenue of the state for the ensuing biennium as set forth in the budget on the basis of existing statutes is less than the sum of net appropriations recommended for the ensuing biennium as contained in the budget, plus, for the fiscal year ending June 30, 2014, and each fiscal year thereafter, the projected amount necessary to extinguish any unreserved negative balance in such fund as reported in the most recently audited comprehensive annual financial report issued by the Comptroller prior to the start of the biennium, the Governor shall make recommendations to the General Assembly in respect to the manner in which such deficit shall be met, whether by an increase in the indebtedness of the state, by the imposition of new taxes, by increased rates on existing taxes or otherwise. If the aggregate of such estimated revenue is greater than the sum of such recommended appropriations for the ensuing biennium plus, for the fiscal year ending June 30, 2014, and each fiscal year thereafter, the projected amount necessary to extinguish any unreserved negative balance in such fund as reported in the most recently **[**audited comprehensive annual financial report issued by the Comptroller prior to the start of the biennium**]** issued annual report of the Comptroller published in accordance with section 3-115, the Governor shall make such recommendations for the use of such surplus for the reduction of indebtedness, for the reduction in taxation or for other purposes as in the Governor's opinion are in the best interest of the public welfare.

Sec. 12. Subsection (c) of section 4-28e of the general statutes, as amended by section 10 of public act 15-227 and section 90 of public act 15-244, is repealed and the following is substituted in lieu thereof

(*Effective from passage*):

(c) (1) For the fiscal year ending June 30, 2001, disbursements from the Tobacco Settlement Fund shall be made as follows: (A) To the General Fund in the amount identified as "Transfer from Tobacco Settlement Fund" in the General Fund revenue schedule adopted by the General Assembly; (B) to the Department of Mental Health and Addiction Services for a grant to the regional action councils in the amount of five hundred thousand dollars; and (C) to the Tobacco and Health Trust Fund in an amount equal to nineteen million five hundred thousand dollars.

(2) For each of the fiscal years ending June 30, 2002, to June 30, 2015, inclusive, disbursements from the Tobacco Settlement Fund shall be made as follows: (A) To the Tobacco and Health Trust Fund in an amount equal to twelve million dollars, except in the fiscal years ending June 30, 2014, and June 30, 2015, said disbursement shall be in an amount equal to six million dollars; (B) to the Biomedical Research Trust Fund in an amount equal to four million dollars; (C) to the General Fund in the amount identified as "Transfer from Tobacco Settlement Fund" in the General Fund revenue schedule adopted by the General Assembly; and (D) any remainder to the Tobacco and Health Trust Fund.

(3) For the fiscal **[**years**]** year ending June 30, 2016, **[**and June 30, 2017,**]** disbursements from the Tobacco Settlement Fund shall be made as follows: (A) To the General Fund (i) in the amount identified as "Transfer from Tobacco Settlement Fund" in the General Fund revenue schedule adopted by the General Assembly, and (ii) in an amount equal to two million dollars; (B) to the Biomedical Research Trust Fund in an amount equal to **[**four**]** two million dollars; and (C) any remainder to the Tobacco and Health Trust Fund.

(4) For the fiscal year ending June 30, 2017, disbursements from the

Tobacco Settlement Fund shall be made as follows: (A) To the General Fund in the amount identified as "Transfer from Tobacco Settlement Fund" in the General Fund revenue schedule adopted by the General Assembly; (B) to the Biomedical Research Trust Fund in an amount equal to four million dollars; and (C) any remainder to the Tobacco and Health Trust Fund.

[(4)**]** (5) For the fiscal year ending June 30, 2018, and each fiscal year thereafter, disbursements from the Tobacco Settlement Fund shall be made as follows: (A) To the Tobacco and Health Trust Fund in an amount equal to six million dollars; (B) to the Biomedical Research Trust Fund in an amount equal to four million dollars; (C) to the General Fund in the amount identified as "Transfer from Tobacco Settlement Fund" in the General Fund revenue schedule adopted by the General Assembly; and (D) any remainder to the Tobacco and Health Trust Fund.

[(5)**]** (6) For each of the fiscal years ending June 30, 2008, to June 30, 2012, inclusive, the sum of ten million dollars shall be disbursed from the Tobacco Settlement Fund to the Regenerative Medicine Research Fund established by section 32-41kk for grants-in-aid to eligible institutions for the purpose of conducting embryonic or human adult stem cell research.

[(6)**]** (7) For each of the fiscal years ending June 30, 2016, to June 30, 2025, inclusive, the sum of ten million dollars shall be disbursed from the Tobacco Settlement Fund to the smart start competitive operating grant account established by section 10-507 for grants-in-aid to towns for the purpose of establishing or expanding a preschool program under the jurisdiction of the board of education for the town, except that in the fiscal years ending June 30, 2016, and June 30, 2017, said disbursement shall be in an amount equal to five million dollars.

Sec. 13. (*Effective from passage*) Notwithstanding any provision of the

general statutes, on or before June 30, 2016, the sum of $2,000,000 shall be transferred from the school bus seat belt account, established in section 14-50b of the general statutes, and credited to the resources of the General Fund for the fiscal year ending June 30, 2016.

Sec. 14. (*Effective from passage*) Notwithstanding any provision of the general statutes, on or before June 30, 2016, the sum of $1,000,000 shall be transferred from the lottery assessment account, established in section 12-806b of the general statutes, and credited to the resources of the General Fund for the fiscal year ending June 30, 2016.

Sec. 15. (*Effective from passage*) Notwithstanding any provision of the general statutes, on or before June 30, 2016, the sum of $400,000 shall be transferred from the drug asset forfeiture account, established in section 54-36i of the general statutes, and credited to the resources of the General Fund for the fiscal year ending June 30, 2016.

Sec. 16. (*Effective from passage*) Notwithstanding any provision of the general statutes, on or before June 30, 2016, the sum of $300,000 shall be transferred from the nonlapsing fund, established in section 17a-451d of the general statutes, and credited to the resources of the General Fund for the fiscal year ending June 30, 2016.

Sec. 17. (*Effective from passage*) Notwithstanding any provision of the general statutes, on or before June 30, 2016, the sum of $2,000,000 shall be transferred from the private occupational school student protection account, established in section 10a-22u of the general statutes, and credited to the resources of the General Fund for the fiscal year ending June 30, 2016.

Sec. 18. Section 173 of public act 15-244 is repealed and the following is substituted in lieu thereof (*Effective from passage*):

Not later than June 30, 2016, the Comptroller may designate an amount, to be specified by the Secretary of the Office of Policy and

Management, up to $25,000,000 of the resources of the General Fund for the fiscal year ending June 30, 2016, to be accounted for as revenue of the General Fund for the fiscal year ending June 30, 2017.

Sec. 19. (*Effective from passage*) (a) The sum of $8,500,000 shall be transferred from The University of Connecticut Operating Fund and credited to the resources of the General Fund for the fiscal year ending June 30, 2016.

(b) The transfer in subsection (a) of this section includes $4,400,000 of net excess in-kind fringe benefits constituting full repayment of all funds owed by the university and satisfies any obligation of the university to the General Fund for fringe benefit assessment overcharges for the fiscal years ending June 30, 2003, to June 30, 2015, inclusive, pursuant to the contingencies in the notes to financial statements contained in The University of Connecticut's Financial Statement for the fiscal year ending June 30, 2014.

(c) The sum of $1,800,000 shall be transferred from the Connecticut State University Operating Fund and credited to the resources of the General Fund for the fiscal year ending June 30, 2016.

(d) The sum of $1,800,000 shall be transferred from the Regional Community College Operating Fund and credited to the resources of the General Fund for the fiscal year ending June 30, 2016.

(e) The sum of $3,000,000 shall be transferred from the University of Connecticut Health Center Operating Fund and credited to the resources of the General Fund for the fiscal year ending June 30, 2016.

Sec. 20. (*Effective from passage*) The Commissioner of Correction and the Secretary of the Office of Policy and Management shall issue a request for information regarding options available to the state for the provision of inmate medical services and the costs associated with such options.

Sec. 21. (NEW) (*Effective from passage*) For purposes of this section, "state agency" has the same meaning as provided in section 4-212 of the general statutes. On or before January 1, 2016, and quarterly thereafter, the Office of Fiscal Analysis shall issue a report on the overtime granted by each state agency to its employees. Such report shall include an analysis of (1) how much overtime is granted by each state agency, and (2) how many employees received overtime pay. The Office of Fiscal Analysis shall submit such report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies.

Sec. 22. (*Effective from passage*) Not later than March 15, 2016, and not later than March 15, 2017, the Secretary of the Office of Policy and Management shall report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies on efforts to reduce overtime in the executive branch during the fiscal years ending June 30, 2016, and June 30, 2017, respectively.

Sec. 23. (*Effective from passage*) Not later than December 31, 2016, the Secretary of the Office of Policy and Management, in consultation with the Commissioner of Developmental Services, shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies and public health on a plan to implement the closure of facilities operated by the Department of Developmental Services, including, but not limited to, Southbury Training School and regional centers, in order to achieve targeted savings.

Sec. 24. (*Effective from passage*) (a) There is established a spending cap commission to create proposed definitions of "increase in personal

income", "increase in inflation" and "general budget expenditures" for purposes of the general budget expenditures requirement pursuant to section 18 of article third of the Constitution of the state.

(b) The commission shall consist of the following members:

(1) Two appointed by the speaker of the House of Representatives;

(2) Two appointed by the president pro tempore of the Senate;

(3) One appointed by the majority leader of the House of Representatives;

(4) One appointed by the majority leader of the Senate;

(5) One appointed by the minority leader of the House of Representatives;

(6) One appointed by the minority leader of the Senate;

(7) Three persons appointed by the Governor;

(8) The chairpersons and ranking members of the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies, finance, revenue and bonding, and government administration and elections, or each chairperson's or ranking member's designee; and

(9) The Secretary of the Office of Policy and Management, or the secretary's designee.

(c) Any member of the commission appointed under subdivision (1), (2), (3), (4), (5), (6) or (8) of subsection (b) of this section may be a member of the General Assembly.

(d) All appointments to the commission shall be made not later than thirty days after the effective date of this section. Any vacancy shall be

filled by the appointing authority.

(e) The speaker of the House of Representatives and the president pro tempore of the Senate shall select the chairpersons of the commission from among the members of the commission. Such chairpersons shall schedule the first meeting of the commission, which shall be held not later than sixty days after the effective date of this section.

(f) The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies shall serve as administrative staff of the commission.

(g) The commission shall hold a public hearing relating to the proposed definitions in each congressional district in the state.

(h) Not later than December 1, 2016, the commission shall submit its proposed definitions to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies, finance, revenue and bonding, and government administration and elections, in accordance with the provisions of section 11-4a of the general statutes. The commission shall terminate on the date that the commission submits its proposed definitions or December 1, 2016, whichever is later.

Sec. 25. (*Effective from passage*) (a) There is established an efficiency planning task force to (1) identify and evaluate the efficiency of state services that on average cost the state more than two hundred fifty thousand dollars per recipient annually to provide, and (2) make recommendations for any legislation necessary for more efficient provision of such services.

(b) The task force shall consist of the following members:

(1) One legislator appointed by the speaker of the House of Representatives;

(2) One legislator appointed by the president pro tempore of the Senate;

(3) One legislator appointed by the majority leader of the House of Representatives;

(4) One legislator appointed by the majority leader of the Senate;

(5) Two legislators appointed by the minority leader of the House of Representatives; and

(6) Two legislators appointed by the minority leader of the Senate.

(c) All members of the task force shall be members of the General Assembly. The task force shall be composed of an equal number of Democrat and Republican members.

(d) All appointments to the task force shall be made not later than thirty days after the effective date of this section. Any vacancy shall be filled by the appointing authority.

(e) The speaker of the House of Representatives and the president pro tempore of the Senate shall jointly select one chairperson of the task force from among the members of the task force. The minority leader of the House of Representatives and the minority leader of the Senate shall select a second chairperson of the task force from among the members of the task force. Such chairpersons shall schedule the first meeting of the task force, which shall be held not later than sixty days after the effective date of this section.

(f) The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to government administration shall serve as administrative staff of the

task force.

(g) Not later than December 8, 2016, the task force shall submit a report on its findings and recommendations to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and government administration, in accordance with the provisions of section 11-4a of the general statutes. The task force shall terminate on the date that it submits such report or December 8, 2016, whichever is later.

Sec. 26. Section 12-711 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1, 2016*):

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

(b) (1) Items of income, gain, loss and deduction derived from or connected with sources within this state shall be those items attributable to: (A) The ownership or disposition of any interest in real property in this state or tangible personal property in this state, as determined pursuant to subdivision **[**(5)**]** <u>(6)</u> of this subsection; (B) a

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

(2) (A) Before, on and after the effective date of this section, income from a business, trade, profession or occupation carried on in this state includes, but is not limited to, compensation paid to a nonresident natural person for rendering personal services as an employee in this state. For taxable years commencing on or after January 1, 2016, compensation for personal services rendered in this state by such nonresident employee who is present in this state for not more than fifteen days during a taxable year shall not constitute income derived from sources within this state. If a nonresident employee is present in this state for more than fifteen days during a taxable year, all compensation the employee receives for the rendering of all personal services in this state during the taxable year shall constitute income derived from sources within this state during the taxable year.

(B) For purposes of determining whether a nonresident employee is "present in this state" under subparagraph (A) of this subdivision, presence in this state for any part of a day constitutes being present in this state for that entire day unless such presence is solely for the purpose of transit through this state. The provisions of this subparagraph shall not apply to subsection (c) of this section or to any other provision of law unless expressly provided.

(C) The provisions of this subdivision shall not apply to sources of income from a business, trade, profession, or occupation carried on in this state other than compensation for personal services rendered by a

nonresident employee, and shall not apply to sources of income derived by an athlete, entertainer or performing artist, including, but not limited to, a member of an athletic team.

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

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

[(4)] (5) Income directly or indirectly derived by an athlete, entertainer or performing artist, including, but not limited to, a member of an athletic team, from closed-circuit and cable television transmissions of an event, other than events occurring on a regularly scheduled basis, taking place within this state as a result of the rendition of services by such athlete, entertainer or performing artist shall constitute income derived from or connected with sources within this state only to the extent that such transmissions were received or exhibited within this state.

[(5)] (6) For purposes of subparagraph (A) of subdivision (1) of this subsection, "real property in this state" includes an interest in an entity,

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

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

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

whether earned within or without this state. Gross receipts from sales of property are considered to be earned within this state when the property is delivered or shipped to a purchaser within this state, regardless of the F.O.B. point or other conditions of the sale. Gross receipts from sales of services are considered to be earned within **[**the**]** <u>this</u> state when the services are performed by an employee, agent, agency or independent contractor chiefly situated at, connected by contract or otherwise, with or sent out from, offices or branches of the business, trade, profession or occupation or other agencies or locations situated within this state.

(d) Compensation paid by the United States for active service in the armed forces of the United States, performed by an individual not domiciled in this state, shall not constitute income derived from sources within this state.

(e) If a husband and wife determine their federal income tax on a joint return but are required to determine their Connecticut income taxes separately, they shall determine their incomes derived from or connected with sources within this state separately as if their federal adjusted gross incomes had been determined separately.

(f) Any nonresident, other than a dealer holding property primarily for sale to customers in the ordinary course of his trade or business, shall not be deemed to carry on a trade, business, profession or occupation in this state solely by reason of the purchase or sale of intangible property or the purchase, sale or writing of stock option contracts, or both, for his own account.

Sec. 27. Subdivision (2) of subsection (b) of section 12-587 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to first sales made on or after December 1, 2015*):

(2) Gross earnings derived from the first sale of the following petroleum products within this state shall be exempt from tax: (A) Any petroleum products sold for exportation from this state for sale or use outside this state; (B) the product designated by the American Society for Testing and Materials as "Specification for Heating Oil D396-69", commonly known as number 2 heating oil, to be used exclusively for heating purposes or to be used in a commercial fishing vessel, which vessel qualifies for an exemption pursuant to section 12-412; (C) kerosene, commonly known as number 1 oil, to be used exclusively for heating purposes, provided delivery is of both number 1 and number 2 oil, and via a truck with a metered delivery ticket to a residential dwelling or to a centrally metered system serving a group of residential dwellings; (D) the product identified as propane gas, to be used **[**exclusively**]** primarily for heating purposes; (E) bunker fuel oil, intermediate fuel, marine diesel oil and marine gas oil to be used in any vessel (i) having a displacement exceeding four thousand dead weight tons, or (ii) primarily engaged in interstate commerce; (F) for any first sale occurring prior to July 1, 2008, propane gas to be used as a fuel for a motor vehicle; (G) for any first sale occurring on or after July 1, 2002, grade number 6 fuel oil, as defined in regulations adopted pursuant to section 16a-22c, to be used exclusively by a company which, in accordance with census data contained in the Standard Industrial Classification Manual, United States Office of Management and Budget, 1987 edition, is included in code classifications 2000 to 3999, inclusive, or in Sector 31, 32 or 33 in the North American Industrial Classification System United States Manual, United States Office of Management and Budget, 1997 edition; (H) for any first sale occurring on or after July 1, 2002, number 2 heating oil to be used exclusively in a vessel primarily engaged in interstate commerce, which vessel qualifies for an exemption under section 12-412; (I) for any first sale occurring on or after July 1, 2000, paraffin or microcrystalline waxes; (J) for any first sale occurring prior to July 1, 2008, petroleum products to be used as a fuel for a fuel cell, as defined

in subdivision (113) of section 12-412; (K) a commercial heating oil blend containing not less than ten per cent of alternative fuels derived from agricultural produce, food waste, waste vegetable oil or municipal solid waste, including, but not limited to, biodiesel or low sulfur dyed diesel fuel; (L) for any first sale occurring on or after July 1, 2007, diesel fuel other than diesel fuel to be used in an electric generating facility to generate electricity; (M) for any first sale occurring on or after July 1, 2013, cosmetic grade mineral oil; or (N) propane gas to be used as a fuel for a school bus.

Sec. 28. Subsection (a) of section 12-217g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016, and applicable to taxable and income years commencing on or after January 1, 2016*):

(a) (1) There shall be allowed a credit for any taxpayer against the tax imposed under this chapter for any income year with respect to each apprenticeship in the manufacturing trades commenced by such taxpayer in such year under a qualified apprenticeship training program as described in this section, certified in accordance with regulations adopted by the Labor Commissioner and registered with the Connecticut State Apprenticeship Council established under section 31-22n, in an amount equal to six dollars per hour multiplied by the total number of hours worked during the income year by apprentices in the first half of a two-year term of apprenticeship and the first three-quarters of a four-year term of apprenticeship, provided the amount of credit allowed for any income year with respect to each such apprenticeship may not exceed seven thousand five hundred dollars or fifty per cent of actual wages paid in such income year to an apprentice in the first half of a two-year term of apprenticeship or in the first three-quarters of a four-year term of apprenticeship, whichever is less.

(2) Effective for income years commencing on and after January 1,

2015, for purposes of this subsection, "taxpayer" includes an affected business entity, as defined in section 12-284b. Any affected business entity allowed a credit under this subsection may sell, assign or otherwise transfer such credit, in whole or in part, to one or more taxpayers to offset any state tax due or otherwise payable by such taxpayers under chapter 208, or, with respect to income years commencing on or after January 1, 2016, chapter 212 or 227, provided such credit may be sold, assigned or otherwise transferred, in whole or in part, not more than three times.

Sec. 29. Section 12-217zz of the general statutes, as amended by section 88 of public act 15-244, is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Notwithstanding any other provision of law, and except as otherwise provided in subsection (b) of this section, the amount of tax credit or credits otherwise allowable against the tax imposed under this chapter shall be as follows:

(1) For any income year commencing on or after January 1, 2002, and prior to January 1, 2015, the amount of tax credit or credits otherwise allowable shall not exceed seventy per cent of the amount of tax due from such taxpayer under this chapter with respect to any such income year of the taxpayer prior to the application of such credit or credits;

(2) For any income year commencing on or after January 1, 2015, the amount of tax credit or credits otherwise allowable shall not exceed fifty and one one-hundredths per cent of the amount of tax due from such taxpayer under this chapter with respect to any such income year of the taxpayer prior to the application of such credit or credits; **[.]**

(3) Notwithstanding the provisions of subdivision (2) of this subsection, any taxpayer that possesses excess credits may utilize the

excess credits as follows:

(A) For income years commencing on or after January 1, 2016, and prior to January 1, 2017, the aggregate amount of tax credits and excess credits allowable shall not exceed fifty-five per cent of the amount of tax due from such taxpayer under this chapter with respect to any such income year of the taxpayer prior to the application of such credit or credits;

(B) For income years commencing on or after January 1, 2017, and prior to January 1, 2018, the aggregate amount of tax credits and excess credits allowable shall not exceed sixty per cent of the amount of tax due from such taxpayer under this chapter with respect to any such income year of the taxpayer prior to the application of such credit or credits;

(C) For income years commencing on or after January 1, 2018, and prior to January 1, 2019, the aggregate amount of tax credits and excess credits allowable shall not exceed sixty-five per cent of the amount of tax due from such taxpayer under this chapter with respect to any such income year of the taxpayer prior to the application of such credit or credits;

(D) For income years commencing on or after January 1, 2019, the aggregate amount of tax credits and excess credits allowable shall not exceed seventy per cent of the amount of tax due from such taxpayer under this chapter with respect to any such income year of the taxpayer prior to the application of such credit or credits;

(4) For purposes of this subsection, "excess credits" means any remaining credits available under section 12-217j, 12-217n or 32-9t after tax credits are utilized in accordance with subdivision (2) of this subsection.

(b) (1) For an income year commencing on or after January 1, 2011,

and prior to January 1, 2013, the amount of tax credit or credits otherwise allowable against the tax imposed under this chapter for such income year may exceed the amount specified in subsection (a) of this section only by the amount computed under subparagraph (A) of subdivision (2) of this subsection, provided in no event may the amount of tax credit or credits otherwise allowable against the tax imposed under this chapter for such income year exceed one hundred per cent of the amount of tax due from such taxpayer under this chapter with respect to such income year of the taxpayer prior to the application of such credit or credits.

(2) (A) The taxpayer's average monthly net employee gain for an income year shall be multiplied by six thousand dollars.

(B) The taxpayer's average monthly net employee gain for an income year shall be computed as follows: For each month in the taxpayer's income year, the taxpayer shall subtract from the number of its employees in this state on the last day of such month the number of its employees in this state on the first day of its income year. The taxpayer shall total the differences for the twelve months in such income year, and such total, when divided by twelve, shall be the taxpayer's average monthly net employee gain for the income year. For purposes of this computation, only employees who are required to work at least thirty-five hours per week and only employees who were not employed in this state by a related person, as defined in section 12-217ii, within the twelve months prior to the first day of the income year may be taken into account in computing the number of employees.

(C) If the taxpayer's average monthly net employee gain is zero or less than zero, the taxpayer may not exceed the seventy per cent limit imposed under subsection (a) of this section.

Sec. 30. Subsection (c) of section 12-263b of the general statutes, as

amended by section 89 of public act 15-244, is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to calendar quarters commencing on or after January 1, 2016*):

(c) Notwithstanding any other provision of law, for each calendar quarter commencing on or after July 1, 2015, and prior to January 1, 2016, the amount of tax credit or credits otherwise allowable against the [tax imposed under this chapter] taxes imposed under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, shall not exceed fifty and one one-hundredths per cent of the amount of tax due [from such hospital under this chapter] under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, with respect to such calendar quarter prior to the application of such credit or credits. For each calendar quarter commencing on or after January 1, 2016, and prior to January 1, 2017, the amount of tax credit or credits otherwise allowable against the taxes imposed under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, shall not exceed fifty-five per cent of the amount of tax due under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, with respect to such calendar quarter prior to the application of such credit or credits. For each calendar quarter commencing on or after January 1, 2017, and prior to January 1, 2018, the amount of tax credit or credits otherwise allowable against the taxes imposed under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, shall not exceed sixty per cent of the amount of tax due under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, with respect to such calendar quarter prior to the application of such credit or credits. For each calendar quarter commencing on or after

January 1, 2018, and prior to January 1, 2019, the amount of tax credit or credits otherwise allowable against the taxes imposed under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, shall not exceed sixty-five per cent of the amount of tax due under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, with respect to such calendar quarter prior to the application of such credit or credits. For each calendar quarter commencing on or after January 1, 2019, the amount of tax credit or credits otherwise allowable against the taxes imposed under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, shall not exceed seventy per cent of the amount of tax due under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, with respect to such calendar quarter prior to the application of such credit or credits.

Sec. 31. Section 4-66*l* of the general statutes, as amended by section 207 of public act 15-244 and sections 110, 111 and 494 of public act 15-5 of the June special session, is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For the purposes of this section:

(1) "FY 15 mill rate" means the mill rate a municipality uses during the fiscal year ending June 30, 2015;

(2) "Mill rate" means the mill rate a municipality uses to calculate tax bills for motor vehicles;

(3) "Municipality" means any town, city, consolidated town and city or consolidated town and borough;

(4) "Municipal spending" means:

$$\frac{\text{Municipal spending for the fiscal year prior to the current fiscal year} - \text{Municipal spending for the fiscal year two years prior to the current year}}{\text{Municipal spending for the fiscal year two years prior to the current year}} \times 100 = \text{Municipal spending;}$$

(5) "Per capita distribution" means:

$$\frac{\text{Town population}}{\text{Total state population}} \times \text{Sales tax revenue} = \text{Per capita distribution;}$$

(6) "Pro rata distribution" means:

$$\frac{\text{Municipal weighted mill rate calculation}}{\text{Sum of all municipal weighted mill rate calculations combined}} \times \text{Sales tax revenue} = \text{Pro rata distribution;}$$

(7) "Regional council of governments" means any such council organized under the provisions of sections 4-124i to 4-124p, inclusive;

(8) "Town population" means the number of persons in a municipality according to the most recent estimate of the Department of Public Health;

(9) "Total state population" means the number of persons in this

state according to the most recent estimate published by the Department of Public Health;

(10) "Weighted mill rate" means a municipality's FY 15 mill rate divided by the average of all municipalities' FY 15 mill rate;

(11) "Weighted mill rate calculation" means per capita distribution multiplied by a municipality's weighted mill rate;

(12) "Sales tax revenue" means the moneys in the account remaining for distribution pursuant to subdivision **[**(6)**]** (7) of subsection (b) of this section; **[**and**]**

(13) "District" means any district, as defined in section 7-324; **[**.**]** and

(14) "Secretary" means the Secretary of the Office of Policy and Management.

(b) There is established an account to be known as the "municipal revenue sharing account" which shall be a separate, nonlapsing account within the General Fund. The account shall contain any moneys required by law to be deposited in the account. **[**Moneys in the account shall be transferred or disbursed in the following order:**]** The secretary shall set aside and ensure availability of moneys in the account in the following order of priority and shall transfer or disburse such moneys as follows:

(1) Ten million dollars for the fiscal year ending June 30, 2016, **[**and ten million dollars for the fiscal year ending June 30, 2017,**]** shall be transferred not later than April fifteenth for the purposes of grants under section 10-262h, as amended by **[**this act**]** public act 15-244 and public act 15-5 of the June special session;

[(2) For the fiscal year ending June 30, 2017, and each fiscal year thereafter, moneys sufficient to make the grants payable from the

select payment in lieu of taxes grant account established pursuant to section 184 of this act shall annually be transferred to the select payment in lieu of taxes account in the Office of Policy and Management;**]**

[(3)**]** (2) For the fiscal year ending June 30, 2017, and each fiscal year thereafter, moneys sufficient to make motor vehicle property tax grants payable to municipalities pursuant to subsection (c) of this section shall be expended not later than August first annually by the secretary;

(3) For the fiscal year ending June 30, 2017, and each fiscal year thereafter, moneys sufficient to make the grants payable from the select payment in lieu of taxes grant account established pursuant to section 184 of public act 15-244 shall annually be transferred to the select payment in lieu of taxes account in the Office of Policy and Management;

(4) For the fiscal years ending June 30, 2017, **[**and**]** June 30, 2018, and June 30, 2019, moneys sufficient to make the municipal revenue sharing grants payable to municipalities pursuant to subsection (d) of this section shall be expended not later than October thirty-first annually by the secretary;

(5) Ten million dollars for the fiscal year ending June 30, 2017, shall be transferred not later than April fifteenth for the purposes of grants under section 10-262h, as amended by public act 15-244 and public act 15-5 of the June special session;

[(5)**]** (6) (A) For the fiscal year ending June 30, 2017, three million dollars shall be expended by the secretary for the purposes of the regional services grants pursuant to subsection (e) of this section to the regional councils of governments, and (B) for the fiscal year ending June 30, 2018, and each fiscal year thereafter, seven million dollars

shall be expended for the purposes of the regional services grants pursuant to subsection (e) of this section to the regional councils of governments; and

[(6)] (7) For the fiscal year ending June 30, [2019] 2020, and each fiscal year thereafter, moneys in the account remaining shall be expended annually by the [Secretary of the Office of Policy and Management] secretary for the purposes of the municipal revenue sharing grants established pursuant to subsection (f) of this section. Any such moneys deposited in the account for municipal revenue sharing grants between October first and June thirtieth shall be distributed to municipalities on the following October first and any such moneys deposited in the account between July first and September thirtieth shall be distributed to municipalities on the following January thirty-first. Any town may apply to the Office of Policy and Management on or after July first for early disbursement of a portion of such grant. The Office of Policy and Management may approve such an application if it finds that early disbursement is required in order for a town to meet its cash flow needs. No early disbursement approved by said office may be issued later than September thirtieth.

(c) (1) For the fiscal year ending June 30, 2017, motor vehicle property tax grants to municipalities that impose mill rates greater than 32 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 32 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year commencing October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for said assessment year was 32 mills; and (2) for the fiscal year ending June 30, 2018, and each fiscal year thereafter, motor vehicle property tax grants to

municipalities that impose mill rates greater than 29.36 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 29.36 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year commencing October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for said assessment year was 29.36 mills. Not later than fifteen calendar days after receiving a property tax grant pursuant to this section, the municipality shall disburse to any district located within the municipality the amount of any such property tax grant that is attributable to the district.

(d) For the fiscal years ending June 30, 2017, [and] June 30, 2018, and June 30, 2019, each municipality shall receive a municipal revenue sharing grant. The total amount of the grant payable is as follows:

Municipality	Grant Amounts
Andover	96,020
Ansonia	643,519
Ashford	125,591
Avon	539,387
Barkhamsted	109,867
Beacon Falls	177,547
Berlin	1,213,548
Bethany	164,574
Bethel	565,146
Bethlehem	61,554
Bloomfield	631,150
Bolton	153,231
Bozrah	77,420
Branford	821,080

Bridgeport	9,758,441
Bridgewater	22,557
Bristol	1,836,944
Brookfield	494,620
Brooklyn	149,576
Burlington	278,524
Canaan	21,294
Canterbury	84,475
Canton	303,842
Chaplin	69,906
Cheshire	855,170
Chester	83,109
Clinton	386,660
Colchester	475,551
Colebrook	42,744
Columbia	160,179
Cornwall	16,221
Coventry	364,100
Cromwell	415,938
Danbury	2,993,644
Darien	246,849
Deep River	134,627
Derby	400,912
Durham	215,949
East Granby	152,904
East Haddam	268,344
East Hampton	378,798
East Hartford	2,036,894
East Haven	854,319
East Lyme	350,852
East Windsor	334,616
Eastford	33,194

Easton	223,430
Ellington	463,112
Enfield	1,312,766
Essex	107,345
Fairfield	1,144,842
Farmington	482,637
Franklin	37,871
Glastonbury	1,086,151
Goshen	43,596
Granby	352,440
Greenwich	527,695
Griswold	350,840
Groton	623,548
Guilford	657,644
Haddam	245,344
Hamden	2,155,661
Hampton	54,801
Hartford	1,498,643
Hartland	40,254
Harwinton	164,081
Hebron	300,369
Kent	38,590
Killingly	505,562
Killingworth	122,744
Lebanon	214,717
Ledyard	442,811
Lisbon	65,371
Litchfield	244,464
Lyme	31,470
Madison	536,777
Manchester	1,971,540
Mansfield	756,128

Marlborough	188,665
Meriden	1,893,412
Middlebury	222,109
Middlefield	131,529
Middletown	1,388,602
Milford	2,707,412
Monroe	581,867
Montville	578,318
Morris	40,463
Naugatuck	1,251,980
New Britain	3,131,893
New Canaan	241,985
New Fairfield	414,970
New Hartford	202,014
New Haven	114,863
New London	917,228
New Milford	814,597
Newington	937,100
Newtown	824,747
Norfolk	28,993
North Branford	421,072
North Canaan	95,081
North Haven	702,295
North Stonington	155,222
Norwalk	4,896,511
Norwich	1,362,971
Old Lyme	115,080
Old Saybrook	146,146
Orange	409,337
Oxford	246,859
Plainfield	446,742
Plainville	522,783

Plymouth	367,902
Pomfret	78,101
Portland	277,409
Preston	84,835
Prospect	283,717
Putnam	109,975
Redding	273,185
Ridgefield	738,233
Rocky Hill	584,244
Roxbury	23,029
Salem	123,244
Salisbury	29,897
Scotland	52,109
Seymour	494,298
Sharon	28,022
Shelton	1,016,326
Sherman	56,139
Simsbury	775,368
Somers	203,969
South Windsor	804,258
Southbury	582,601
Southington	1,280,877
Sprague	128,769
Stafford	349,930
Stamford	3,414,955
Sterling	110,893
Stonington	292,053
Stratford	1,627,064
Suffield	463,170
Thomaston	228,716
Thompson	164,939
Tolland	437,559

Torrington	1,133,394
Trumbull	1,072,878
Union	24,878
Vernon	922,743
Voluntown	48,818
Wallingford	1,324,296
Warren	15,842
Washington	36,701
Waterbury	5,595,448
Waterford	372,956
Watertown	652,100
West Hartford	2,075,223
West Haven	1,614,877
Westbrook	116,023
Weston	304,282
Westport	377,722
Wethersfield	1,353,493
Willington	174,995
Wilton	547,338
Winchester	323,087
Windham	739,671
Windsor	854,935
Windsor Locks	368,853
Wolcott	490,659
Woodbridge	274,418
Woodbury	288,147
Woodstock	140,648

(e) For the fiscal year ending June 30, 2017, and each fiscal year thereafter, each regional council of governments shall receive a regional services grant, the amount of which will be based on a formula to be determined by the secretary. No such council shall receive a grant for the fiscal year ending June 30, 2018, or any fiscal

year thereafter, unless the secretary approves a spending plan for such grant moneys submitted by such council to the secretary on or before July 1, 2017, and annually thereafter. The regional councils of governments shall use such grants for planning purposes and to achieve efficiencies in the delivery of municipal services by regionalizing such services, including, but not limited to, region-wide consolidation of such services. Such efficiencies shall not diminish the quality of such services. A unanimous vote of the representatives of such council shall be required for approval of any expenditure from such grant. On or before October 1, 2017, and biennially thereafter, each such council shall submit a report, in accordance with section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to planning and development and finance, revenue and bonding. Such report shall summarize expenditure of such grants and provide recommendations concerning the expansion, reduction or modification of such grants.

(f) For the fiscal year ending June 30, **[**2019**]** <u>2020</u>, and each fiscal year thereafter, each municipality shall receive a municipal revenue sharing grant as follows:

(1) (A) A municipality having a mill rate at or above twenty-five shall receive the per capita distribution or pro rata distribution, whichever is higher for such municipality.

(B) Such grants shall be increased by a percentage calculated as follows:

Sum of per capita distribution amount
for all municipalities having a mill rate
below twenty-five – pro rata distribution
amount for all municipalities
having a mill rate below twenty-five

Sum of all grants to municipalities
calculated pursuant to subparagraph (A)
of subdivision (1) of this subsection.

(C) Notwithstanding the provisions of subparagraphs (A) and (B) of this subdivision, Hartford shall receive not more than 5.2 per cent of the municipal revenue sharing grants distributed pursuant to this subsection; Bridgeport shall receive not more than 4.5 per cent of the municipal revenue sharing grants distributed pursuant to this subsection; New Haven shall receive not more than 2.0 per cent of the municipal revenue sharing grants distributed pursuant to this subsection and Stamford shall receive not more than 2.8 per cent of the equalization grants distributed pursuant to this subsection. Any excess funds remaining after such reductions in payments to Hartford, Bridgeport, New Haven and Stamford shall be distributed to all other municipalities having a mill rate at or above twenty-five on a pro rata basis according to the payment they receive pursuant to this subdivision; and

(2) A municipality having a mill rate below twenty-five shall receive the per capita distribution or pro rata distribution, whichever is less for such municipality.

(g) Except as provided in subsection (c) of this section, a municipality may disburse any municipal revenue sharing grant funds to a district within such municipality.

(h) For the fiscal year ending June 30, 2018, and each fiscal year thereafter, the amount of the grant payable to a municipality in any year in accordance with subsection (d) or (f) of this section shall be reduced if such municipality increases its general budget expenditures for such fiscal year above a cap equal to the amount of general budget expenditures authorized for the previous fiscal year by 2.5 per cent or more or the rate of inflation, whichever is greater. Such reduction shall

be in an amount equal to fifty cents for every dollar expended over the cap set forth in this subsection. For the purposes of this section, "municipal spending" does not include expenditures for debt service, special education, implementation of court orders or arbitration awards, expenditures associated with a major disaster or emergency declaration by the President of the United States or a disaster emergency declaration issued by the Governor pursuant to chapter 517 or any disbursement made to a district pursuant to subsection (c) or (g) of this section. Each municipality shall annually certify to the **[**Secretary of the Office of Policy and Management**]** secretary, on a form prescribed by said secretary, whether such municipality has exceeded the cap set forth in this subsection and if so the amount by which the cap was exceeded.

(i) **[**The**]** For the fiscal year ending June 30, 2020, and each fiscal year thereafter, the amount of the grant payable to a municipality in any year in accordance with subsection **[**(d) or**]** (f) of this section shall be reduced proportionately in the event that the total of such grants in such year exceeds the amount available for such grants in the municipal revenue sharing account established pursuant to subsection (b) of this section.

Sec. 32. Subdivision (1) of section 12-408 of the general statutes, as amended by sections 72 and 74 of public act 15-244 and section 132 of public act 15-5 of the June special session, is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to sales occurring on or after October 1, 2015*):

(1) (A) For the privilege of making any sales, as defined in subdivision (2) of subsection (a) of section 12-407, at retail, in this state for a consideration, a tax is hereby imposed on all retailers at the rate of six and thirty-five-hundredths per cent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail or from the rendering of any services constituting a sale in accordance

with subdivision (2) of subsection (a) of section 12-407, except, in lieu of said rate of six and thirty-five-hundredths per cent, the rates provided in subparagraphs (B) to (H), inclusive, of this subdivision;

(B) At a rate of fifteen per cent with respect to each transfer of occupancy, from the total amount of rent received for such occupancy of any room or rooms in a hotel or lodging house for the first period not exceeding thirty consecutive calendar days;

(C) With respect to the sale of a motor vehicle to any individual who is a member of the armed forces of the United States and is on full-time active duty in Connecticut and who is considered, under 50 App USC 574, a resident of another state, or to any such individual and the spouse thereof, at a rate of four and one-half per cent of the gross receipts of any retailer from such sales, provided such retailer requires and maintains a declaration by such individual, prescribed as to form by the commissioner and bearing notice to the effect that false statements made in such declaration are punishable, or other evidence, satisfactory to the commissioner, concerning the purchaser's state of residence under 50 App USC 574;

(D) (i) With respect to the sales of computer and data processing services occurring on or after July 1, 1997, and prior to July 1, 1998, at the rate of five per cent, on or after July 1, 1998, and prior to July 1, 1999, at the rate of four per cent, on or after July 1, 1999, and prior to July 1, 2000, at the rate of three per cent, on or after July 1, 2000, and prior to July 1, 2001, at the rate of two per cent, on or after July 1, 2001, at the rate of one per cent, and (ii) with respect to sales of Internet access services, on and after July 1, 2001, such services shall be exempt from such tax;

(E) (i) With respect to the sales of labor that is otherwise taxable under subparagraph (C) or (G) of subdivision (2) of subsection (a) of section 12-407 on existing vessels and repair or maintenance services

on vessels occurring on and after July 1, 1999, such services shall be exempt from such tax;

(ii) With respect to the sale of a vessel, such sale shall be exempt from such tax provided such vessel is docked in this state for sixty or fewer days in a calendar year;

(F) With respect to patient care services for which payment is received by the hospital on or after July 1, 1999, and prior to July 1, 2001, at the rate of five and three-fourths per cent and on and after July 1, 2001, such services shall be exempt from such tax;

(G) With respect to the rental or leasing of a passenger motor vehicle for a period of thirty consecutive calendar days or less, at a rate of nine and thirty-five-hundredths per cent;

(H) With respect to the sale of (i) a motor vehicle for a sales price exceeding fifty thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price, (ii) jewelry, whether real or imitation, for a sales price exceeding five thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price, and (iii) an article of clothing or footwear intended to be worn on or about the human body, a handbag, luggage, umbrella, wallet or watch for a sales price exceeding one thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price. For purposes of this subparagraph, "motor vehicle" has the meaning provided in section 14-1, but does not include a motor vehicle subject to the provisions of subparagraph (C) of this subdivision, a motor vehicle having a gross vehicle weight rating over twelve thousand five hundred pounds, or a motor vehicle having a gross vehicle weight rating of twelve thousand five hundred pounds or less that is not used for private passenger purposes, but is designed or used to transport merchandise, freight or persons in connection with any business enterprise and issued a commercial registration or more specific type of registration by the Department of

Motor Vehicles;

(I) The rate of tax imposed by this chapter shall be applicable to all retail sales upon the effective date of such rate, except that a new rate which represents an increase in the rate applicable to the sale shall not apply to any sales transaction wherein a binding sales contract without an escalator clause has been entered into prior to the effective date of the new rate and delivery is made within ninety days after the effective date of the new rate. For the purposes of payment of the tax imposed under this section, any retailer of services taxable under subparagraph (I) of subdivision (2) of subsection (a) of section 12-407, who computes taxable income, for purposes of taxation under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, on an accounting basis which recognizes only cash or other valuable consideration actually received as income and who is liable for such tax only due to the rendering of such services may make payments related to such tax for the period during which such income is received, without penalty or interest, without regard to when such service is rendered;

(J) For calendar quarters ending on or after September 30, 2011, except for calendar quarters ending on or after July 1, 2016, but prior to July 1, 2017, the commissioner shall deposit into the regional planning incentive account, established pursuant to section 4-66k, six and seven-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (B) of this subdivision and ten and seven-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (G) of this subdivision;

(K) (i) Notwithstanding the provisions of this section, for calendar months commencing on or after **[**January**]** <u>May</u> 1, 2016, but prior to May 1, 2017, the commissioner shall deposit into the municipal revenue sharing account established pursuant to section 4-66*l*, as amended by **[**this act**]** <u>public act 15-244 and public act 15-5 of the June</u>

special session, four and seven-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision;

(ii) For calendar months commencing on or after May 1, 2017, but prior to July 1, 2017, the commissioner shall deposit into the municipal revenue sharing account established pursuant to section 4-66*l*, as amended by **[**this act**]** public act 15-244 and public act 15-5 of the June special session, six and three-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision;

(iii) For calendar months commencing on or after July 1, 2017, the commissioner shall deposit into the municipal revenue sharing account established pursuant to section 4-66*l*, as amended by **[**this act**]** public act 15-244 and public act 15-5 of the June special session, seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision; and

(L) (i) Notwithstanding the provisions of this section, for calendar months commencing on or after **[**October**]** December 1, 2015, but prior to October 1, 2016, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 four and seven-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision;

(ii) For calendar months commencing on or after October 1, 2016, but prior to July 1, 2017, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 six and three-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision; and

(iii) For calendar months commencing on or after July 1, 2017, the commissioner shall deposit into the Special Transportation Fund

established under section 13b-68 seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision.

Sec. 33. (NEW) (*Effective from passage*) The Secretary of the Office of Policy and Management may establish receivables for the revenue anticipated pursuant to subparagraph (K) of subdivision (1) of section 12-408 of the general statutes, as amended by this act, and section 4-66*l* of the general statutes, as amended by this act.

Sec. 34. (NEW) (*Effective from passage and applicable to assessment years commencing on or after October 1, 2015*) (a) As used in this section:

(1) "Average increase in assessed value" means, for the assessment years commencing October 1, 2012, October 1, 2013, and October 1, 2014, the average of the increase in assessed value of commercial and industrial property, and personal property used exclusively for commercial or industrial purposes;

(2) "Base year" means the assessment year commencing October 1, 2014;

(3) "Increase from the base year" means the assessed value of commercial or industrial property for the current assessment year plus the current assessment year assessed value of any personal property acquired after the base year to be used exclusively for commercial or industrial purposes, less the assessed value of the commercial or industrial property for the base year; and

(4) "Improvement to commercial or industrial property" or "improvement" includes, but is not limited to, any personal property acquired after the base year and used exclusively for commercial or industrial purposes.

(b) (1) Notwithstanding any provision of the general statutes or any

special act, charter or home rule ordinance, a municipality that contains an enterprise zone designated pursuant to section 32-70 of the general statutes may, by vote of its legislative body, or in a municipality where the legislative body is a town meeting, by vote of the board of selectmen, provide that, for improvements to commercial or industrial property that result in an increase from the base year, (A) the assessment of such improvement shall be reduced as provided in subparagraph (B) of subdivision (2) of this subsection, and (B) the increase in tax revenue attributable to such improvement shall be allocated to reduce the assessments and total tax imposed on commercial and industrial properties located within the municipality as provided in subparagraph (C) of subdivision (2) of this subsection. The reduced assessments and allocations shall continue until the earlier of (i) the assessment year in which the mill rate for the municipality is not more than ten per cent greater than the average regional mill rate calculated pursuant to subdivision (2) of this subsection, or (ii) a date determined by such vote of the legislative body or the board of selectmen.

(2) (A) The tax collector of any municipality that has voted to reduce assessments pursuant to subdivision (1) of this subsection shall annually calculate the average regional mill rate based on the average mill rate of the planning region of the state, as designated under the provisions of section 16a-4a of the general statutes, in which the municipality is located.

(B) With respect to an improvement to commercial or industrial property that results in an increase from the base year of at least ten thousand dollars, the assessor of such municipality shall annually (i) determine the amount of the current assessment year increase in assessed value of the property that exceeds the average increase in assessed value with respect to the property, and (ii) reduce the assessment of the amount determined under clause (i) of this

subparagraph to an amount that yields a total tax on such amount equal to the tax that would be imposed at the applicable average regional mill rate.

(C) Each such municipality shall allocate tax revenue attributable to such improvements to reduce the assessments and total tax imposed on each commercial and industrial property located within the municipality, or located within the neighborhood revitalization zone in which the improved property is located, that is not subject to any other form of property tax relief and that has a total assessment of less than fifteen million dollars, except that such municipality may retain the amount equal to the average increase in assessed value on such commercial and industrial properties, and may retain an additional twenty per cent of the current assessment year increase in assessed value that is in excess of the average increase in assessed value.

(c) The assessor of any municipality that has voted to reduce assessments pursuant to subdivision (1) of subsection (b) of this section shall calculate assessed values under this section without regard to any revaluation of real property that takes place on or after the date of such vote.

Sec. 35. Section 12-217v of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1, 2017*):

(a) As used in this section: **[**, "qualifying corporation" means a corporation which is created**]**

(1) "Qualifying corporation" means a corporation which is:

(A) Created on or after January 1, 1997, in an enterprise zone and which either **[**(1)**]** (i) has at least three hundred seventy-five employees, at least forty per cent of whom **[**(A)**]** (I) are residents of the enterprise zone or the municipality in which the enterprise zone is located, and

[(B)**]** (II) qualify under the Job Training Partnership Act, or **[**(2)**]** (ii) has less than three hundred seventy-five employees, at least one hundred fifty employees of whom **[**(A)**]** (I) are residents of the enterprise zone or the municipality in which the enterprise zone is located, and **[**(B)**]** (II) qualify under the Job Training Partnership Act; or

(B) Created on or after July 1, 2015, in an enterprise zone, and which is primarily engaged in bioscience, clean technology or cybersecurity technology, which either (i) has at least one hundred eighty-eight employees, at least forty per cent of whom (I) are residents of the enterprise zone or the municipality in which the enterprise zone is located, and (II) qualify under the Job Training Partnership Act, or (ii) has less than one hundred eighty-eight employees, at least seventy-five employees of whom (I) are residents of the enterprise zone or the municipality in which the enterprise zone is located, and (II) qualify under the Job Training Partnership Act;

(2) "Bioscience" means (A) the manufacture of pharmaceuticals, medicines, medical equipment, medical devices and analytical laboratory instruments, (B) the operation of medical or diagnostic testing laboratories, or (C) the conducting of pure research and development in life sciences;

(3) "Clean technology" means the production, manufacture, design, research or development of clean energy, green buildings, smart grid, high-efficiency transportation vehicles and alternative fuels, environmental products, environmental remediation and pollution prevention; and

(4) "Cybersecurity technology" means information technology products or goods intended to detect or prevent activity intended to result in unauthorized access to, exfiltration of, manipulation of, or impairment to the integrity, confidentiality or availability of an information technology system or information stored on, or transiting,

an information technology system.

(b) There shall be allowed as a credit against the tax imposed [on any corporation] under this chapter on any corporation described in subparagraph (A) of subdivision (1) of subsection (a) of this section which is created on or after January 1, 1997, in an enterprise zone, or any corporation described in subparagraph (B) of subdivision (1) of subsection (a) of this section which is created on or after July 1, 2015, in an enterprise zone in an amount equal to (1) one hundred per cent of the tax liability of the corporation under said chapter with respect to the first three taxable years of the corporation, and (2) fifty per cent of the tax liability of the corporation under this chapter with respect to the next seven taxable years of the corporation.

Sec. 36. Section 139 of public act 15-244, as amended by sections 139, 142 and 143 of public act 15-5 of the June special session, is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016, and applicable to income years commencing on or after said date*):

(a) For purposes of this section, section 140 of [this act] public act 15-244 and chapter 208 of the general statutes, the combined group's net income shall be the aggregate net income or loss of each taxable member and nontaxable member of the combined group derived from a unitary business, which shall be determined as follows:

(1) For any member incorporated in the United States, included in a consolidated federal corporate income tax return and filing a federal corporate income tax return, the income to be included in calculating the combined group's net income shall be such member's gross income, less the deductions provided under section 12-217 of the general statutes, as amended by [this act] public act 15-244, as if the member were not consolidated for federal tax purposes.

(2) For any member not included in a consolidated federal corporate

income tax return but required to file its own federal corporate income tax return, the income to be included in calculating the combined group's net income shall be such member's gross income, less the deductions provided under section 12-217 of the general statutes, as amended by **[**this act**]** <u>public act 15-244, public act 15-5 of June special session and this act</u>.

(3) For any member not incorporated in the United States, not included in a consolidated federal corporate income tax return and not required to file its own federal corporate income tax return, the income to be included in the combined group's net income shall be determined from a profit and loss statement that shall be prepared for each foreign branch or corporation in the currency in which the books of account of the branch or corporation are regularly maintained, adjusted to conform it to the accounting principles generally accepted in the United States for the presentation of such statements and further adjusted to take into account any book-tax differences required by federal or Connecticut law. The profit and loss statement of each such member of the combined group and the apportionment factors related thereto, whether United States or foreign, shall be translated into or from the currency in which the parent company maintains its books and records on any reasonable basis consistently applied on a year-to-year or entity-by-entity basis. Income shall be expressed in United States dollars. In lieu of these procedures and subject to the determination of the commissioner that the income to be reported reasonably approximates income as determined under chapter 208 of the general statutes <u>and sections 139 to 141, inclusive, of public act 15-244, as amended by public act 15-5 of the June special session</u>, income may be determined on any reasonable basis consistently applied on a year-to-year or entity-by-entity basis.

(4) <u>(A)</u> If the unitary business has income from an entity that is treated as a pass-through entity, the combined group's net income

shall include its member's direct and indirect distributive share of the pass-through entity's unitary business income.

(B) The distributive share of income received by a limited partner from an investment partnership shall not be considered to be derived from a unitary business unless the general partner of such investment partnership and such limited partner have common ownership. To the extent that the limited partner is otherwise carrying on or doing business in Connecticut, it shall apportion its distributive share of income from an investment partnership in accordance with subdivision (2) of subsection (g) of section 12-218 of the general statutes, as amended by this act. If the limited partner is not otherwise carrying on or doing business in Connecticut, its distributive share of income from an investment partnership is not subject to tax under this chapter.

(5) All dividends paid by one member to another member of the combined group shall be eliminated from the income of the recipient.

(6) **[**Except as otherwise provided by regulation, business income from an intercompany transaction among members of the same combined group shall be deferred in a manner similar to the deferral under 26 CFR 1.1502-13.**]** The principles set forth in the Treasury regulations promulgated under Section 1502 of the Internal Revenue Code, including the principles relating to deferrals, eliminations, and exclusions, shall apply to the extent consistent with the Connecticut combined group membership and combined unitary reporting principles. Upon the occurrence of either of the following events, deferred business income resulting from an intercompany transaction among members of a combined group shall be restored to the income of the seller and shall be included in the combined group's net income as if the seller had earned the income immediately before the event:

(A) The object of a deferred intercompany transaction is: (i) Resold

by the buyer to an entity that is not a member of the combined group, (ii) resold by the buyer to an entity that is a member of the combined group for use outside the unitary business in which the buyer and seller are engaged, or (iii) converted by the buyer to a use outside the unitary business in which the buyer and seller are engaged; or

(B) The buyer and seller are no longer members of the same combined group, regardless of whether the members remain unitary.

(7) A charitable expense incurred by a member of a combined group shall, to the extent allowable as a deduction pursuant to Section 170 of the Internal Revenue Code, be subtracted first from the combined group's net income, subject to the income limitations of said section applied to the entire business income of the group. Any charitable deduction disallowed under the foregoing rule, but allowed as a carryover deduction in a subsequent year, shall be treated as originally incurred in the subsequent year by the same member and the rules of this section shall apply in the subsequent year in determining the allowable deduction for that year.

(8) Gain or loss from the sale or exchange of capital assets, property described by Section 1231(a)(3) of the Internal Revenue Code and property subject to an involuntary conversion shall be removed from the net income of each member of a combined group and shall be included in the combined group's net income as follows:

(A) For each class of gain or loss, whether short-term capital, long-term capital, Section 1231 of the Internal Revenue Code gain or loss, or gain or loss from involuntary conversions, all members' business gain and loss for the class shall be combined, without netting among such classes, and each class of net business gain or loss shall be apportioned to each member under subsection (b) of this section; and

(B) Any resulting income or loss apportioned to this state, as long as

the loss is not subject to the limitations of Section 1211 of the Internal Revenue Code, of a taxable member produced by the application of subparagraph (A) of this subdivision shall then be applied to all other income or loss of that member apportioned to this state. Any resulting loss of a member apportioned to this state that is subject to the limitations of said Section 1211 shall be carried forward by that member and shall be treated as short-term capital loss apportioned to this state and incurred by that member for the year for which the carryover applies.

(9) Any expense of any member of the combined group that is directly or indirectly attributable to the income of any member of the combined group, which income this state is prohibited from taxing pursuant to the laws or Constitution of the United States, shall be disallowed as a deduction for purposes of determining the combined group's net income.

(b) A taxable member of a combined group shall determine its apportionment percentage as follows:

(1) Each taxable member shall determine its apportionment percentage based on the otherwise applicable apportionment formula provided in chapter 208 of the general statutes and sections 139 to 141, inclusive, of public act 15-244, as amended by public act 15-5 of the June special session. In computing its denominators for all factors, the taxable member shall use the combined group's denominator for that factor. In computing the numerator of its receipts factor, each taxable member shall add to such numerator its share of receipts of nontaxable members assignable to this state, as provided in subdivision (3) of this subsection.

(2) The combined group shall determine its property and payroll factor denominators using the factors from all members, whether or not a member would otherwise apportion its income using such

property and payroll factors.

(3) Receipts assignable to this state of each nontaxable member shall be determined based upon the apportionment formula that would be applicable to such member if it were a taxable member and shall be aggregated. Each taxable member of the combined group shall include in the numerator of its receipts factor a portion of the aggregate receipts assignable to this state of nontaxable members based on a ratio, the numerator of which is such taxable member's receipts assignable to this state, without regard to this subsection, and the denominator of which is the aggregate receipts assignable to this state of all the taxable members of the combined group, without regard to this subsection.

(4) In determining the numerator and denominator of the apportionment factors of taxable members, transactions between or among members of such combined group shall be eliminated.

(5) If any member of a combined group required to file a combined unitary tax return pursuant to section 12-222 of the general statutes, as amended by **[**this act**]** public act 15-244, is taxable without this state, or is a financial service company, as defined in section 12-218b of the general statutes, as amended by this act, each taxable member shall be entitled to apportion its net income in accordance with this section.

(c) To calculate each taxable member's net income or loss apportioned to this state, each taxable member shall apply its apportionment percentage, as determined pursuant to subsection (b) of this section, to the combined group's net income.

(d) After calculating its net income or loss apportioned to this state, pursuant to subsection (c) of this section, each taxable member of a combined group required to file a combined unitary tax return pursuant to section 12-222 of the general statutes, as amended by

public act 15-244 and **[**this act**]** public act 15-5 of the June special session, may deduct a net operating loss from its net income apportioned to this state as follows:

(1) For income years beginning on or after January 1, 2016, if the computation of a combined group's net income results in a net operating loss, a taxable member of such group may carry over its net loss apportioned to this state, as calculated under subsection (c) of this section, derived from the unitary business in a future income year to the extent that the carryover and deduction is otherwise consistent with subparagraph (A) of subdivision (4) of subsection (a) of section 12-217 of the general statutes, as amended by public act 15-244 and this act. Any taxable member that has more than one operating loss carryover shall apply the carryovers in the order that the operating loss was incurred, with the oldest carryover to be deducted first.

(2) Where a taxable member of a combined group has an operating loss carryover derived from a loss incurred by a combined group in an income year beginning on or after January 1, 2016, then the taxable member may share the operating loss carryover with other taxable members of the combined group if such other taxable members were members of the combined group in the income year that the loss was incurred. Any amount of operating loss carryover that is deducted by another taxable member of the combined group shall reduce the amount of operating loss carryover that may be carried over by the taxable member that originally incurred the loss.

(3) Where a taxable member of a combined group has an operating loss carryover derived from a loss incurred in an income year beginning prior to January 1, 2016, or derived from an income year during which the taxable member was not a member of such combined group, the carryover shall remain available to be deducted by that taxable member or other group members that, in the year the loss was incurred, were part of the same combined group as such taxable

member under section 12-223a of the general statutes, as amended by public act 15-244 and **[**this act**]** public act 15-5 of the June special session, or same unitary group as such taxable member under subsection (d) of section 12-218d of the general statutes, revision of 1958, revised to January 1, 2015. Such carryover shall not be deductible by any other members of the combined group.

(e) Each taxable member shall multiply its income or loss apportioned to this state, as calculated under subsection (c) of this section and as further modified by subsection (d) of this section, by the tax rate set forth in section 12-214 of the general statutes, as amended by **[**this act**]** public act 15-244.

(f) The additional tax base of taxable and nontaxable members of a combined group required to file a combined unitary tax return pursuant to section 12-222 of the general statutes, as amended by **[**this act**]** public act 15-244, shall be calculated as follows:

(1) Except as otherwise provided in subdivision (2) of this subsection, members of the combined group shall calculate the combined group's additional tax base by aggregating their separate additional tax bases under subsection (a) of section 12-219 of the general statutes, provided (A) intercorporate stockholdings in the combined group shall be eliminated, **[**and provided**]** (B) no deduction shall be allowed under subparagraph (B)(ii) of subdivision (1) of subsection (a) of section 12-219 of the general statutes, for such intercorporate stockholdings, and (C) assets and liabilities attributable to transactions with another member of the combined group, including, but not limited to, a financial service company, as defined in section 12-218b of the general statutes, as amended by this act, shall be eliminated. In calculating the combined group's additional tax base, the separate additional tax bases of nontaxable members shall be included, as if those nontaxable members were taxable members. The amount calculated under this subdivision shall be apportioned to those

members pursuant to subdivision (1) of subsection (g) of this section.

(2) **[**Taxable members**]** Members of the combined group that are financial service companies, as defined in section 12-218b of the general statutes, as amended by **[**this act**]** public act 15-244 and this act, **[**shall calculate their additional tax liability under subsection (d) of section 12-219 of the general statutes and**]** shall not be included in the calculation of the combined group's additional tax base set forth in subdivision (1) of this subsection. Financial service companies that are taxable members shall calculate their additional tax liability under subsection (d) of section 12-219 of the general statutes.

(g) A taxable member of a combined group required to file a combined unitary tax return pursuant to section 12-222 of the general statutes, as amended by **[**this act**]** public act 15-244, shall determine its apportionment percentage under section 12-219a of the general statutes, as amended by **[**this act**]** public act 15-244, as follows:

(1) A taxable member whose separate additional tax base is included in the calculation of the combined group's additional tax base under subdivision (1) of subsection (f) of this section shall apportion the combined group's additional tax base using the otherwise applicable apportionment formula provided in section 12-219a of the general statutes, as amended by **[**this act**]** public act 15-244. However, the denominator of such apportionment fraction shall be the sum of subdivisions (1) and (2) of subsection (a) of said section 12-219a for all members whose separate additional tax bases are included in the calculation of the combined group's additional tax base under subdivision (1) of subsection (f) of this section. The numerator of such apportionment fraction shall be the sum of subparagraph (A) of subdivision (1) of subsection (a) of said section 12-219a and subparagraph (A) of subdivision (2) of subsection (a) of said section 12-219a for such taxable member.

(2) Taxable members of the combined group that are financial service companies, as defined in section 12-218b of the general statutes, as amended by **[**this act**]** public act 15-244 and this act, shall each have an additional tax liability as described in subdivision (2) of subsection (h) of this section.

(h) (1) A taxable member whose separate additional tax base is included in the calculation of the combined group's additional tax base under subdivision (1) of subsection (f) of this section shall multiply the combined group's additional tax base, as calculated under subdivision (1) of subsection (f) of this section, by such member's apportionment fraction determined in subdivision (1) of subsection (g) of this section, by the tax rate set forth in subsection (a) of section 12-219 of the general statutes. In no event shall the aggregate tax so calculated for all members of the combined group exceed one million dollars, nor shall a tax credit allowed against the tax imposed by **[**this**]** chapter 208 of the general statutes and sections 139 to 141, inclusive, of public act 15-244 reduce a taxable member's tax calculated under this subsection to an amount less than two hundred fifty dollars.

(2) Taxable members of the combined group that are financial service companies, as defined in section 12-218b of the general statutes, as amended by **[**this act**]** public act 15-244 and this act, shall each have an additional tax liability of two hundred fifty dollars. In no event shall a tax credit allowed against the tax imposed by chapter 208 of the general statutes and sections 139 to 141, inclusive, of public act 15-244 reduce a financial service company's tax calculated under this subsection to an amount less than two hundred fifty dollars.

(3) To the extent that the aggregate amount of tax calculated on each taxable member's additional tax base exceeds one million dollars, each taxable member will prorate its tax, in proportion to the group's tax calculated without regard to the one-million-dollar cap, such that the group's aggregate additional tax equals one million dollars.

(i) If the aggregate amount of tax calculated on each taxable member's apportioned net income under subsection (e) of this section equals or exceeds the aggregate amount of tax calculated on each taxable member's apportioned additional tax base under subsection (h) of this section, each taxable member shall be subject to tax on its net income. If the aggregate amount of tax calculated on each taxable member's apportioned additional tax base under subsection (h) of this section exceeds the aggregate amount of tax calculated on each taxable member's apportioned net income under subsection (e) of this section, each taxable member shall be subject to tax on its additional tax base.

(j) (1) Each taxable member of a combined group required to file a combined unitary tax return pursuant to section 12-222 of the general statutes, as amended by public act 15-244 and **[**this act**]** public act 15-5 of the June special session, shall separately apply the provisions of sections 12-217ee and 12-217zz of the general statutes, as amended by public act 15-244 and this act, in determining the amount of tax credit available to such member.

(2) If a taxable member of a combined group earns a tax credit in an income year beginning on or after January 1, 2016, then the taxable member may share the credit with other taxable members of the combined group. Any amount of credit that is utilized by another taxable member of the combined group shall reduce the amount of credit carryover that may be carried over by the taxable member that originally earned the credit. If a taxable member of a combined group has a tax credit carryover derived from an income year beginning on or after January 1, 2016, then the taxable member may share the carryover credit with other taxable members of the combined group, if such other taxable members were members of the combined group in the income year in which the credit was earned.

(3) If a taxable member of a combined group has a tax credit carryover derived from an income year beginning prior to January 1,

2016, or derived from an income year during which the taxable member was not a member of such combined group, the credit carryover shall remain available to be utilized by such taxable member or other group members which, in the year the credit was earned, were part of the same combined group as such taxable member under section 12-223a of the general statutes, as amended by public act 15-244 and [this act] public act 15-5 of the June special session, or the same unitary group as such taxable member under subsection (d) of section 12-218d of the general statutes, revision of 1958, revised to January 1, 2015.

(4) To the extent a taxable member has more than one corporation business tax credit that it may utilize in an income year, whether such credits were earned by said member or are available to said member in accordance with subdivisions (2) and (3) of this subsection, the credits shall be claimed in the same order as provided in section 12-217aa of the general statutes.

(k) (1) In no event shall the tax calculated for a combined group on a combined unitary basis, prior to surtax and application of credits, exceed the nexus combined base tax described in subdivision (2) of this subsection by more than two million five hundred thousand dollars.

(2) (A) The nexus combined base tax equals the tax measured on the sum of the separate net income or loss of each taxable member or the minimum tax base of each taxable member as if such members were not required to file a combined unitary tax return, but only to the extent that such income, loss or minimum tax base of any taxable member is separately apportioned to Connecticut in accordance with the applicable provisions of section 12-218 of the general statutes, as amended by this act, 12-218b of the general statutes, as amended by this act, 12-219a of the general statutes or 12-244 of the general statutes. In computing such net income or loss, intercorporate dividends shall be eliminated, and in computing the combined additional tax base,

intercorporate stockholdings shall be eliminated.

(B) In computing such net income or loss, any intangible expenses and costs, as defined in section 12-218c of the general statutes, any interest expenses and costs, as defined in section 12-218c of the general statutes, and any income attributable to such intangible expenses and costs or to such interest expenses and costs shall be eliminated, provided the corporation that is required to make adjustments under section 12-218c of the general statutes for such intangible expenses and costs or for such interest expenses and costs, and the related member or members, as defined in section 12-218c of the general statutes, are both taxable members of the combined group. If any such income and any such expenses and costs are eliminated as provided in this subparagraph, the intangible property, as defined in section 12-218c of the general statutes, of the corporation eliminating such income shall not be taken into account in apportioning under the provisions of section 12-219a of the general statutes the tax calculated under subsection (a) of section 12-219 of the general statutes of such corporation.

(C) In computing the apportionment fraction under this subdivision:

(i) Intercompany rents shall not be included in the computation of the value of property rented if the lessor and lessee are both taxable members in the combined unitary tax return; and

(ii) Intercompany business receipts, receipts by a taxable member included in a combined unitary tax return from any other taxable member included in such return, shall not be included.

Sec. 37. Subsections (a) and (b) of section 140 of public act 15-244, as amended by sections 139 and 144 of public act 15-5 of the June special session, are repealed and the following is substituted in lieu thereof

(*Effective January 1, 2016, and applicable to income years commencing on or after said date*):

(a) For purposes of this section, "affiliated group" means an affiliated group as defined in Section 1504 of the Internal Revenue Code, except such affiliated group shall include all domestic corporations that are commonly owned, directly or indirectly, by any member of such affiliated group, without regard to whether the affiliated group includes (1) corporations included in more than one federal consolidated return, (2) corporations engaged in one or more unitary businesses, or (3) corporations that are not engaged in a unitary business with any other member of the affiliated group. Such affiliated group shall also include any member of the combined group, determined on a world-wide basis, incorporated in a tax haven as determined by the commissioner in accordance with subdivision **[**(5)**]** (4) of subsection (b) of this section, unless it is proven to the satisfaction of the commissioner that such member is incorporated in a tax haven for a legitimate business purpose.

(b) The designated taxable member of a combined group may elect to have the combined group determined on a world-wide basis or an affiliated group basis. If no such election is made, the combined group shall be determined on a water's-edge basis and will include only taxable members and those nontaxable members described in any one or more of the categories set forth in subdivisions (1) to **[**(4)**]** (3), inclusive, of this subsection:

(1) Any member incorporated in the United States, or formed under the laws of the United States, any state, the District of Columbia, or any territory or possession of the United States, excluding such a member if eighty per cent or more of both its property and payroll during the income year are located outside the United States, the District of Columbia, and any territory or possession of the United States;

(2) Any member, wherever incorporated or formed, if twenty per cent or more of both its property and payroll during the income year are located in the United States, the District of Columbia, or any territory or possession of the United States;

[(3) Any member that earns more than twenty per cent of its gross income, directly or indirectly, from intangible property or service-related activities, the costs of which generally are deductible for federal income tax purposes, whether currently or over a period of time, against the income of other members of the group, but only to the extent of that income and the apportionment factors related thereto; or**]**

[(4)**]** (3) Any member that is incorporated in a jurisdiction that is determined by the commissioner to be a tax haven as that term is defined in subdivision **[**(5)**]** (4) of this subsection, unless it is proven to the satisfaction of the commissioner that such member is incorporated in a tax haven for a legitimate business purpose; **[**.**]** or

[(5)**]** (4) For purposes of subsection (a) of this section and subdivision **[**(4)**]** (3) of this subsection, "tax haven" means a jurisdiction that (A) has laws or practices that prevent effective exchange of information for tax purposes with other governments on taxpayers benefiting from the tax regime; (B) has a tax regime which lacks transparency; (C) facilitates the establishment of foreign-owned entities without the need for a local substantive presence or prohibits these entities from having any commercial impact on the local economy; (D) explicitly or implicitly excludes the jurisdiction's resident taxpayers from taking advantage of the tax regime benefits or prohibits enterprises that benefit from the regime from operating in the jurisdiction's domestic market; or (E) has created a tax regime which is favorable for tax avoidance, based upon an overall assessment of relevant factors, including whether the jurisdiction has a significant untaxed offshore financial or services sector relative to its overall economy. **[**Not later than September 30, 2016, the commissioner shall

publish a list of jurisdictions that the commissioner determines to be tax havens. The list shall be applicable to income years commencing on or after January 1, 2016, and shall remain in effect until superseded by the publication of a revised list by the commissioner.] "Tax haven" does not include a jurisdiction that has entered into a comprehensive income tax treaty with the United States, which the Secretary of the Treasury has determined is satisfactory for purposes of Section 1(h)(11)(C)(i)(II) of the Internal Revenue Code.

Sec. 38. Subdivision (4) of subsection (a) of section 12-217 of the general statutes, as amended by section 87 of public act 15-244 and section 482 of public act 15-5 of the June special session, is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(4) Notwithstanding any provision of this section to the contrary, (A) any excess of the deductions provided in this section for any income year commencing on or after January 1, 1973, over the gross income for such year or the amount of such excess apportioned to this state under the provisions of [section 12-218, as amended by this act] this chapter and sections 139 to 141, inclusive, of public act 15-244, as amended by public act 15-5 of the June special session, shall be an operating loss of such income year and shall be deductible as an operating loss carry-over for operating losses incurred prior to income years commencing January 1, 2000, in each of the five income years following such loss year, and for operating losses incurred in income years commencing on or after January 1, 2000, in each of the twenty income years following such loss year, except that (i) for income years commencing prior to January 1, 2015, the portion of such operating loss which may be deducted as an operating loss carry-over in any income year following such loss year shall be limited to the lesser of (I) any net income greater than zero of such income year following such loss year, or in the case of a company entitled to apportion its net income under the provisions of [section 12-218, as amended by this act]

this chapter and sections 139 to 141, inclusive, of public act 15-244, as amended by public act 15-5 of the June special session, the amount of such net income which is apportioned to this state pursuant thereto, or (II) the excess, if any, of such operating loss over the total of such net income for each of any prior income years following such loss year, such net income of each of such prior income years following such loss year for such purposes being computed without regard to any operating loss carry-over from such loss year allowed under this subparagraph and being regarded as not less than zero, and provided further the operating loss of any income year shall be deducted in any subsequent year, to the extent available for such deduction, before the operating loss of any subsequent income year is deducted, (ii) for income years commencing on or after January 1, 2015, the portion of such operating loss which may be deducted as an operating loss carry-over in any income year following such loss year shall be limited to the lesser of (I) fifty per cent of net income of such income year following such loss year, or in the case of a company entitled to apportion its net income under the provisions of **[**section 12-218, as amended by this act**]** this chapter and sections 139 to 141, inclusive, of public act 15-244, as amended by public act 15-5 of the June special session, fifty per cent of such net income which is apportioned to this state pursuant thereto, or (II) the excess, if any, of such operating loss over the operating loss deductions allowable with respect to such operating loss under this subparagraph for each of any prior income years following such loss year, such net income of each of such prior income years following such loss year for such purposes being computed without regard to any operating loss carry-over from such loss year allowed under this subparagraph and being regarded as not less than zero, and provided further the operating loss of any income year shall be deducted in any subsequent year, to the extent available for such deduction, before the operating loss of any subsequent income year is deducted, and (iii) if a combined group so elects, **[**the operating loss carry-over of said combined group, shall be limited to**]** the combined group shall

relinquish fifty per cent of its unused operating losses incurred prior to the income year commencing on or after January 1, 2015, and before January 1, 2016, and may utilize the remaining operating loss carry-over without regard to the limitations prescribed in subparagraph (A)(ii) of this subdivision. The portion of such operating loss carry-over that may be deducted shall be limited to **[**net income greater than zero**]** the amount required to reduce a combined group's tax under this chapter and sections 139 to 141, inclusive, of public act 15-244, as amended by public act 15-5 of the June special session, prior to surtax and prior to the application of credits, to two million five hundred thousand dollars in any income year commencing on or after January 1, **[**2017**]** 2015. Only after the combined group's remaining operating loss carry-over for operating losses incurred prior to income years commencing January 1, 2015, has been fully utilized, will the limitations prescribed in subparagraph (A)(ii) of this subdivision apply. The combined group, or any member thereof, shall make such election on its return for the income year beginning on or after January 1, 2015, and before January 1, 2016, by the due date for such return, including any extensions. Only combined groups with unused operating losses in excess of six billion dollars from income years beginning prior to January 1, 2013, may make the election prescribed in this clause, and (B) any net capital loss, as defined in the Internal Revenue Code effective and in force on the last day of the income year, for any income year commencing on or after January 1, 1973, shall be allowed as a capital loss carry-over to reduce, but not below zero, any net capital gain, as so defined, in each of the five following income years, in order of sequence, to the extent not exhausted by the net capital gain of any of the preceding of such five following income years, and (C) any net capital losses allowed and carried forward from prior years to income years beginning on or after January 1, 1973, for federal income tax purposes by companies entitled to a deduction for dividends paid under the Internal Revenue Code other than companies subject to the gross earnings taxes imposed under chapters

211 and 212, shall be allowed as a capital loss carry-over.

Sec. 39. Section 12-216a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Any company that derives income from sources within this state and that has a substantial economic presence within this state, evidenced by a purposeful direction of business toward this state, examined in light of the frequency, quantity and systematic nature of a company's economic contacts with this state, without regard to physical presence, and to the extent permitted by the Constitution of the United States, shall be liable for the tax imposed under this chapter. Such company shall apportion its net income under the provisions of this chapter.

(b) (1) The provisions of subsection (a) of this section shall not apply to any company that is treated as a foreign corporation under the Internal Revenue Code and has no income effectively connected with a United States trade or business.

(2) To the extent that a company that is treated as a foreign corporation under the Internal Revenue Code has income effectively connected with a United States trade or business, such company's gross income, notwithstanding any provision of this chapter and sections 139 to 141, inclusive, of public act 15-244, as amended by public act 15-5 of the June special session and this act, shall be its income effectively connected with its United States trade or business. For net income tax apportionment purposes, only property used in, payroll attributable to and receipts effectively connected with such company's United States trade or business shall be considered for purposes of calculating such company's apportionment fraction. "Income effectively connected with a United States trade or business" shall be determined in accordance with the provisions of the Internal Revenue Code. The provisions of this subdivision shall not apply to a

foreign corporation that is included in a combined group that files a combined unitary tax return.

Sec. 40. Section 12-218 of the general statutes, as amended by section 149 of public act 15-244 and section 139 of public act 15-5 of the June special session, is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016, and applicable to income years commencing on or after January 1, 2016*):

(a) Any taxpayer which is taxable both within and without this state shall apportion its net income as provided in this section. For purposes of apportionment of income under this section, a taxpayer is taxable in another state if in such state such taxpayer conducts business and is subject to a net income tax, a franchise tax for the privilege of doing business, or a corporate stock tax, or if such state has jurisdiction to subject such taxpayer to such a tax, regardless of whether such state does, in fact, impose such a tax.

[(b) The net income of the taxpayer, when derived from business other than the manufacture, sale or use of tangible personal or real property, shall be apportioned within and without the state by means of an apportionment fraction, the numerator of which shall represent the gross receipts from business carried on within Connecticut and the denominator shall represent the gross receipts from business carried on everywhere, except that any gross receipts attributable to an international banking facility, as defined in section 12-217, shall not be included in the numerator or the denominator. Gross receipts as used in this subsection has the same meaning as used in subdivision (3) of subsection (c) of this section.**]**

[(c)**]** (b) Except as otherwise provided in **[**subsection (k) or (l) of this section**]** this chapter and sections 139 to 141, inclusive, of public act 15-244, on and after January 1, 2016, the net income of the taxpayer **[**when derived from the manufacture, sale or use of tangible personal or real

property,] shall be apportioned within and without the state by means of an apportionment fraction. [, to be computed as the sum of the property factor, the payroll factor and twice the receipts factor, divided by four. (1) The first of these fractions, the property factor, shall represent that part of the average monthly net book value of the total tangible property held and owned by the taxpayer during the income year which is held within the state, without deduction on account of any encumbrance thereon, and the value of tangible property rented to the taxpayer computed by multiplying the gross rents payable during the income year or period by eight. For the purpose of this section, gross rents shall be the actual sum of money or other consideration payable, directly or indirectly, by the taxpayer or for its benefit for the use or possession of the property, excluding royalties, but including interest, taxes, insurance, repairs or any other amount required to be paid by the terms of a lease or other arrangement and a proportionate part of the cost of any improvement to the real property made by or on behalf of the taxpayer which reverts to the owner or lessor upon termination of a lease or other arrangement, based on the unexpired term of the lease commencing with the date the improvement is completed, provided, where a building is erected on leased land by or on behalf of the taxpayer, the value of the land is determined by multiplying the gross rent by eight, and the value of the building is determined in the same manner as if owned by the taxpayer. (2) The second fraction, the payroll factor, shall represent the part of the total wages, salaries and other compensation to employees paid by the taxpayer during the income year which was paid in this state, excluding any such wages, salaries or other compensation attributable to the production of gross income of an international banking facility as defined in section 12-217. Compensation is paid in this state if (A) the individual's service is performed entirely within the state; or (B) the individual's service is performed both within and without the state, but the service performed without the state is incidental to the individual's service within the state; or (C) some of the service is

performed in the state and (i) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the state, or (ii) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state. (3) The third fraction, the receipts factor,**]** The apportionment fraction shall represent the part of the taxpayer's gross receipts from sales or other sources during the income year, computed according to the method of accounting used in the computation of its entire net income, which is assignable to the state, and excluding any gross receipts attributable to an international banking facility as defined in section 12-217, as amended by **[**this act**]** public act 15-244 and this act, but including receipts from sales of tangible property if the property is delivered or shipped to a purchaser within this state, other than a company which qualifies as a Domestic International Sales Corporation (DISC) as defined in Section 992 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, and as to which a valid election under Subsection (b) of said Section 992 to be treated as a DISC is effective, regardless of the f.o.b. point or other conditions of the sale, receipts from services performed within the state, rentals and royalties from properties situated within the state, royalties from the use of patents or copyrights within the state, interest managed or controlled within the state, net gains from the sale or other disposition of intangible assets managed or controlled within the state, net gains from the sale or other disposition of tangible assets situated within the state and all other receipts earned within the state.

[(d)**]** (c) Any motor bus company which is taxable both within and without this state shall apportion its net income derived from carrying of passengers for hire by means of an apportionment fraction, the numerator of which shall represent the total number of miles operated within this state and the denominator of which shall represent the total

number of miles operated everywhere, but income derived by motor bus companies from sources other than the carrying of passengers for hire shall be apportioned as herein otherwise provided.

[(e)**]** (d) Any motor carrier which transports property for hire and which is taxable both within and without this state shall apportion its net income derived from carrying of property for hire by means of an apportionment fraction, the numerator of which shall represent the total number of miles operated within this state and the denominator of which shall represent the total number of miles operated everywhere, but income derived by motor carriers from sources other than the carrying of property for hire shall be apportioned as herein otherwise provided.

[(f)**]** (e) (1) Each taxpayer that provides management, distribution or administrative services, as defined in this subsection, to or on behalf of a regulated investment company, as defined in Section 851 of the Internal Revenue Code shall apportion its net income derived, directly or indirectly, from providing management, distribution or administrative services to or on behalf of a regulated investment company, including net income received directly or indirectly from trustees, and sponsors or participants of employee benefit plans which have accounts in a regulated investment company, in the manner provided in this subsection. Income derived by such taxpayer from sources other than the providing of management, distribution or administrative services to or on behalf of a regulated investment company shall be apportioned as provided in this chapter.

(2) The numerator of the apportionment fraction shall consist of the sum of the Connecticut receipts, as described in subdivision (3) of this subsection. The denominator of the apportionment fraction shall consist of the total receipts from the sale of management, distribution or administrative services to or on behalf of all the regulated investment companies. For purposes of this subsection, "receipts"

means receipts computed according to the method of accounting used by the taxpayer in the computation of net income.

(3) For purposes of this subsection, Connecticut receipts shall be determined by multiplying receipts from the rendering of management, distribution or administrative services to or on behalf of each separate regulated investment company by a fraction (A) the numerator of which shall be the average of (i) the number of shares on the first day of such regulated investment company's taxable year, for federal income tax purposes, which ends within or at the same time as the taxable year of the taxpayer, that are owned by shareholders of such regulated investment company then domiciled in this state and (ii) the number of shares on the last day of such regulated investment company's taxable year, for federal income tax purposes, which ends within or at the same time as the taxable year of the taxpayer, that are owned by shareholders of such regulated investment company then domiciled in this state; and (B) the denominator of which shall be the average of the number of shares that are owned by shareholders of such regulated investment company on such dates.

(4) (A) For purposes of this subsection, "management services" includes, but is not limited to, the rendering of investment advice directly or indirectly to a regulated investment company, making determinations as to when sales and purchases of securities are to be made on behalf of the regulated investment company, or the selling or purchasing of securities constituting assets of a regulated investment company, and related activities, but only where such activity or activities are performed (i) pursuant to a contract with the regulated investment company entered into pursuant to 15 USC 80a-15(a), as from time to time amended, (ii) for a person that has entered into such contract with the regulated investment company, or (iii) for a person that is affiliated with a person that has entered into such contract with a regulated investment company.

(B) For purposes of this subsection, "distribution services" includes, but is not limited to, the services of advertising, servicing, marketing or selling shares of a regulated investment company, but, in the case of advertising, servicing or marketing shares, only where such service is performed by a person that is, or, in the case of a closed end company, was, either engaged in the service of selling such shares or affiliated with a person that is engaged in the service of selling such shares. In the case of an open end company, such service of selling shares shall be performed pursuant to a contract entered into pursuant to 15 USC 80a-15(b), as from time to time amended.

(C) For purposes of this subsection, "administrative services" includes, but is not limited to, clerical, fund or shareholder accounting, participant record keeping, transfer agency, bookkeeping, data processing, custodial, internal auditing, legal and tax services performed for a regulated investment company but only if the provider of such service or services during the income year in which such service or services are provided also provides, or is affiliated with a person that provides, management or distribution services to such regulated investment company.

(D) For purposes of this subsection, a person is "affiliated" with another person if each person is a member of the same affiliated group, as defined under Section 1504 of the Internal Revenue Code without regard to subsection (b) of said section.

(E) For purposes of this subsection, the domicile of a shareholder shall be presumed to be such shareholder's mailing address as shown in the records of the regulated investment company except that for purposes of this subsection, if the shareholder of record is an insurance company which holds the shares of the regulated investment company as depositor for the benefit of a separate account, then the taxpayer may elect to treat as the shareholders the contract owners or policyholders of the contracts or policies supported by such separate

account. An election made under this subparagraph shall apply to all shareholders that are insurance companies and shall be irrevocable for, and applicable for, five successive income years. In any year that such an election is applicable, it shall be presumed that the domicile of a shareholder is the mailing address of the contract owner or policyholder as shown in the records of the insurance company.

[(g)**]** (f) (1) Each taxpayer that provides securities brokerage services, as defined in this subsection, shall apportion its net income derived, directly or indirectly, from rendering securities brokerage services in the manner provided in this subsection. Income derived by such taxpayer from sources other than the rendering of securities brokerage services shall be apportioned as provided in this chapter.

(2) The numerator of the apportionment fraction shall consist of the brokerage commissions and total margin interest paid on behalf of brokerage accounts owned by the taxpayer's customers who are domiciled in this state during such taxpayer's income year, computed according to the method of accounting used in the computation of net income. The denominator of the apportionment fraction shall consist of brokerage commissions and total margin interest paid on behalf of brokerage accounts owned by all of the taxpayer's customers, wherever domiciled, during such taxpayer's income year, computed according to the method of accounting used in the computation of net income.

(3) For purposes of this subsection:

(A) "Security brokerage services" means services and activities including all aspects of the purchasing and selling of securities rendered by a broker, as defined in 15 USC 78c(a)(4) and registered under the provisions of 15 USC 78a to 78kk, inclusive, as from time to time amended, to effectuate transactions in securities for the account of others, and a dealer, as defined in 15 USC 78c(a)(5) and registered

under the provisions of 15 USC 78a to 78kk, inclusive, as from time to time amended, to buy and sell securities, through a broker or otherwise. Security brokerage services shall not include services rendered by any person buying or selling securities for such person's own account, either individually or in some fiduciary capacity, but not as part of a regular business carried on by such person.

(B) "Securities" means security, as defined in 15 USC 78c(a)(10), as from time to time amended.

(C) "Brokerage commission" means all compensation received for effecting purchases and sales for the account or on order of others, whether in a principal or agency transaction, and whether charged explicitly or implicitly as a fee, commission, spread, markup or otherwise.

(4) For purposes of this subsection, the domicile of a customer shall be presumed to be such customer's mailing address as shown in the records of the taxpayer.

[(h)**]** (g) (1) Any company that is (A) a limited partner in a partnership, other than an investment partnership, that does business, owns or leases property or maintains an office within this state and (B) not otherwise carrying on or doing business in this state shall pay the tax imposed under section 12-214 as amended by **[**this act**]** public act 15-244, solely on its distributive share as a partner of the income or loss of such partnership to the extent such income or loss is derived from or connected with sources within this state, except that, if the commissioner determines that the company and the partnership are, in substance, parts of a unitary business engaged in a single business enterprise or if the company is a member of a combined group that files a combined unitary tax return, the company shall be taxed in accordance with the provisions of subdivision (3) of this subsection and not in accordance with the provisions of this subdivision,

provided, in lieu of the payment of tax based solely on its distributive share, such company may elect for any particular income year, on or before the due date or, if applicable the extended due date, of its corporation business tax return for such income year, to apportion its net income within and without the state under the provisions of this chapter.

(2) Any company that is (A) a limited partner (i) in an investment partnership or (ii) in a limited partnership, other than an investment partnership, that does business, owns or leases property or maintains an office within this state and (B) otherwise carrying on or doing business in this state shall apportion its net income, including its distributive share as a partner of such partnership income or loss, within and without the state under the provisions of this chapter, except that the numerator and the denominator of its **[**payroll factor, property factor, and receipts factor**]** apportionment fraction shall include its proportionate part, as a partner, of the numerator and the denominator of such partnership's **[**payroll factor, property factor and receipts factor, respectively**]** apportionment fraction. For purposes of this section, such partnership shall compute its apportionment fraction and the numerator and the denominator of its **[**payroll factor, property factor and receipts factor,**]** apportionment fraction as if it were a company taxable both within and without this state.

(3) Any company that is a general partner in a partnership that does business, owns or leases property or maintains an office within this state shall, whether or not it is otherwise carrying on or doing business in this state, apportion its net income, including its distributive share as a partner of such partnership income or loss, within and without the state under the provisions of this chapter, except that the numerator and the denominator of its **[**payroll factor, property factor and receipts factor**]** apportionment fraction shall include its proportionate part, as a partner, of the numerator and the denominator of such partnership's

[payroll factor, property factor and receipts factor, respectively**]** apportionment fraction. For purposes of this section, such partnership shall compute its apportionment fraction and the numerator and the denominator of its **[**payroll factor, property factor and receipts factor,**]** apportionment fraction as if it were a company taxable both within and without this state.

[(i)**]** (h) The provisions of this section shall not apply to insurance companies.

[(j)**]** (i) (1) Any financial service company as defined in section 12-218b, as amended by **[**this act**]** public act 15-244, that has net income derived from credit card activities, as defined in this subsection, shall apportion its net income derived from credit card activities in the manner provided in this subsection. Income derived by such taxpayer from sources other than credit card activities shall be apportioned as provided in this chapter.

(2) The numerator of the apportionment fraction shall consist of the Connecticut receipts, as described in subdivision (3) of this subsection. The denominator of the apportionment fraction shall consist of (A) the total amount of interest and fees or penalties in the nature of interest from credit card receivables, (B) receipts from fees charged to card holders, including, but not limited to, annual fees, irrespective of the billing address of the card holder, (C) net gains from the sale of credit card receivables, irrespective of the billing address of the card holder, and (D) all credit card issuer's reimbursement fees, irrespective of the billing address of the card holder.

(3) For purposes of this subsection, "Connecticut receipts" shall be determined by adding (A) interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to card holders, including, but not limited to, annual fees, where the billing address of the card holder is in this state and (B) the product of

(i) the sum of net gains from the sale of credit card receivables and all credit card issuer's reimbursement fees multiplied by (ii) a fraction, the numerator of which shall be interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to card holders, including, but not limited to, annual fees, where the billing address of the card holder is in this state, and the denominator of which shall be the total amount of interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to card holders, including, but not limited to, annual fees, irrespective of the billing address of the card holder.

(4) For purposes of this subsection:

(A) "Credit card" means a credit, travel, or entertainment card;

(B) "Receipts" means receipts computed according to the method of accounting used by the taxpayer in the computation of net income;

(C) "Credit card issuer's reimbursement fee" means the fee that a taxpayer receives from a merchant's bank because one of the persons to whom the taxpayer or a related person, as defined in section 12-218b, as amended by **[**this act**]** public act 15-244, has issued a credit card has charged merchandise or services to the credit card;

(D) "Net income derived from credit card activities" means (i) interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to card holders, including, but not limited to, annual fees, net gains from the sale of credit card receivables, credit card issuer's reimbursement fees, and credit card receivables servicing fees received in connection with credit cards issued by the taxpayer or a related person, as defined in section 12-218b, as amended by **[**this act**]** public act 15-244, less (ii) expenses related to such income, to the extent deductible under this chapter;

(E) "Billing address" shall be presumed to be the location indicated

in the books and records of the taxpayer as the address where any notice, statement or bill relating to a card holder is to be mailed, as of the date of such mailing; and

(F) "Credit card activities" means those activities involving the underwriting and approval of credit card relationships or other business activities generally associated with the conduct of business by an issuer of credit cards from which it derives income.

(5) The Commissioner of Revenue Services may adopt regulations, in accordance with chapter 54, to permit a financial service company that is an owner of a financial asset securitization investment trust, as defined in Section 860H(a) of the Internal Revenue Code, to elect to apportion its share of the net income from credit card activities carried on by such trust, and to provide rules for apportioning such share of net income that are consistent with this subsection.

[(k)**]** (j) (1) For income years commencing on or after January 1, 2001, the net income of a taxpayer which is primarily engaged in activities that, in accordance with the North American Industrial Classification System, United States Manual, United States Office of Management and Budget, 1997 edition, would be included in Sector 31, 32 or 33, shall be apportioned within and without the state by means of the apportionment fraction described in subdivision (2) of this subsection provided, in the income year commencing on January 1, 2001, each such taxpayer shall not take such apportionment fraction into account for purposes of installment payments on estimated tax under section 12-242d, as amended by **[**this act**]** public act 15-244, for calendar quarters ending prior to July 1, 2001, but shall make such payments in accordance with the apportionment fraction applicable to the income year commencing January 1, 2000.

(2) The **[**numerator of the apportionment fraction shall consist of the taxpayer's gross receipts, as described in subdivision (3) of subsection

(c) of this section, which are assignable to the state, as provided in subdivision (3) of subsection (c) of this section. The denominator of the apportionment fraction shall consist of the taxpayer's total gross receipts, as described in subdivision (3) of subsection (c) of this section, whether or not assignable to the state] apportionment fraction of a taxpayer described in subdivision (1) of this subsection shall be the apportionment fraction calculated under subsection (b) of this section.

(3) (A) Any taxpayer which is described in subdivision (1) of this subsection and seventy-five per cent or more of whose total gross receipts, as described in [subdivision (3) of subsection (c)] subsection (b) of this section, during the income year are from the sale of tangible personal property directly, or in the case of a subcontractor, indirectly, to the United States government may elect, on or before the due date or, if applicable, the extended due date, of its corporation business tax return for the income year, to apportion its net income within and without the state by means of the apportionment fraction described in [subsection (c) of this section] subparagraph (B) of this subdivision. The election, if made by the taxpayer, shall be irrevocable for, and applicable for, five successive income years.

(B) The net income of the taxpayer making an election under subdivision (3) of subparagraph (A) of this subsection shall be apportioned within and without the state by means of an apportionment fraction, to be computed as the sum of the property factor, the payroll factor and twice the receipts factor, divided by four. (i) The first of these fractions, the property factor, shall represent that part of the average monthly net book value of the total tangible property held and owned by the taxpayer during the income year which is held within the state, without deduction on account of any encumbrance thereon, and the value of tangible property rented to the taxpayer computed by multiplying the gross rents payable during the income year or period by eight. For the purpose of this section, gross

rents shall be the actual sum of money or other consideration payable, directly or indirectly, by the taxpayer or for its benefit for the use or possession of the property, excluding royalties, but including interest, taxes, insurance, repairs or any other amount required to be paid by the terms of a lease or other arrangement and a proportionate part of the cost of any improvement to the real property made by or on behalf of the taxpayer which reverts to the owner or lessor upon termination of a lease or other arrangement, based on the unexpired term of the lease commencing with the date the improvement is completed, provided, where a building is erected on leased land by or on behalf of the taxpayer, the value of the land is determined by multiplying the gross rent by eight, and the value of the building is determined in the same manner as if owned by the taxpayer. (ii) The second fraction, the payroll factor, shall represent the part of the total wages, salaries and other compensation to employees paid by the taxpayer during the income year which was paid in this state, excluding any such wages, salaries or other compensation attributable to the production of gross income of an international banking facility as defined in section 12-217, as amended by this act. Compensation is paid in this state if (I) the individual's service is performed entirely within the state; or (II) the individual's service is performed both within and without the state, but the service performed without the state is incidental to the individual's service within the state; or (III) some of the service is performed in the state and the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the state, or the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state. (iii) The third fraction, the receipts factor, shall represent the part of the taxpayer's gross receipts from sales or other sources during the income year, computed according to the method of accounting used in the computation of its entire net income, which is assignable to the state, and excluding any gross receipts attributable to an international

banking facility as defined in section 12-217, as amended by this act, but including receipts from sales of tangible property if the property is delivered or shipped to a purchaser within this state, other than a company which qualifies as a Domestic International Sales Corporation (DISC) as defined in Section 992 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, and as to which a valid election under Subsection (b) of said Section 992 to be treated as a DISC is effective, regardless of the f.o.b. point or other conditions of the sale, receipts from services performed within the state, rentals and royalties from properties situated within the state, royalties from the use of patents or copyrights within the state, interest managed or controlled within the state, net gains from the sale or other disposition of intangible assets managed or controlled within the state, net gains from the sale or other disposition of tangible assets situated within the state and all other receipts earned within the state.

[(l)**]** (k) (1) For income years commencing on or after October 1, 2001, any broadcaster which is taxable both within and without this state shall apportion its net income derived from the broadcast of video or audio programming, whether through the public airwaves, by cable, by direct or indirect satellite transmission or by any other means of communication, through an over-the-air television or radio network, through a television or radio station or through a cable network or cable television system and, if such broadcaster is a cable network, all net income derived from activities related to or arising out of the foregoing, including, but not limited to, broadcasting, entertainment, publishing, whether electronically or in print, electronic commerce and licensing of intellectual property created in the pursuit of such activities, by means of the apportionment fraction described in subdivision (3) of this subsection, and any eligible production entity which is taxable both within and without this state shall apportion its net income derived from video or audio programming production

services by means of the apportionment fraction described in subdivision (4) of this subsection.

(2) For purposes of this subsection:

(A) "Video or audio programming" means any and all performances, events or productions, including without limitation news, sporting events, plays, stories and other entertainment, literary, commercial, educational or artistic works, telecast or otherwise made available for video or audio exhibition through live transmission or through the use of video tape, disc or any other type of format or medium;

(B) A "subscriber" to a cable television system is an individual residence or other outlet which is the ultimate recipient of the transmission;

(C) "Telecast" or "broadcast" means the transmission of video or audio programming by an electronic or other signal conducted by radiowaves or microwaves, by wires, lines, coaxial cables, wave guides or fiber optics, by satellite transmissions directly or indirectly to viewers or listeners or by any other means of communication;

(D) "Eligible production entity" means a corporation which provides video or audio programming production services and which is affiliated, within the meaning of Sections 1501 to 1504 of the Internal Revenue Code and the regulations promulgated thereunder, with a broadcaster;

(E) "Release" or "in release" means the placing of video or audio programming into service. A video or audio program is placed into service when it is first broadcast to the primary audience for which the program was created. For example, video programming is placed in service when it is first publicly telecast for entertainment, educational, commercial, artistic or other purpose. Each episode of a television or

radio series is placed in service when it is first broadcast; and

(F) "Broadcaster" means a corporation that is engaged in the business of broadcasting video or audio programming, whether through the public airwaves, by cable, by direct or indirect satellite transmission or by any other means of communication, through an over-the-air television or radio network, through a television or radio station or through a cable network or cable television system, and that is primarily engaged in activities that, in accordance with the North American Industry Classification System, United States Manual, 1997 edition, are included in industry group 5131 or 5132.

(3) (A) Except as provided in subparagraph (B) of this subdivision with respect to the determination of the apportionment fraction for net income derived from the activities referred to in subdivision (1) of subsection **[**(l)**]** (k) of this section, the numerator of the apportionment fraction for a broadcaster shall consist of the broadcaster's gross receipts, as described in **[**subdivision (3) of subsection (c)**]** subsection (b) of this section, which are assignable to the state, as provided in **[**subdivision (3) of subsection (c)**]** subsection (b) of this section. Except as provided in subparagraph (C) of this subdivision with respect to the determination of the apportionment fraction for the net income derived from the activities referred to in subdivision (1) of subsection **[**(l)**]** (k) of this section, the denominator of the apportionment fraction for a broadcaster shall consist of the broadcaster's total gross receipts, as described in **[**subdivision (3) of subsection (c)**]** subsection (b) of this section, whether or not assignable to the state.

(B) The numerator of the apportionment fraction for a broadcaster shall include the gross receipts of the taxpayer from sources within this state determined as follows:

(i) Gross receipts, including without limitation, advertising revenue, affiliate fees and subscriber fees, received by a broadcaster from video

or audio programming in release to or by a broadcaster for telecast which is attributed to this state.

(ii) Gross receipts, including without limitation, advertising revenue, received by an over-the-air television or radio network or a television or radio station from video or audio programming in release to or by such network or station for telecast shall be attributed to this state in the same ratio that the audience for such over-the-air network or station located in this state bears to the total audience for such over-the-air network or station inside and outside of the United States. For purposes of this subparagraph, the audience shall be determined either by reference to the books and records of the taxpayer or by reference to the applicable year's published rating statistics, provided the method used by the taxpayer is consistently used from year to year for such purpose and fairly represents the taxpayer's activity in the state.

(iii) Gross receipts including, without limitation, advertising revenue, affiliate fees and subscriber fees, received by a cable network or a cable television system from video or audio programming in release to or by such cable network or cable television system for telecast and other receipts that are derived from the activities referred to in subdivision (1) of this subsection shall be attributed to this state in the same ratio that the number of subscribers for such cable network or cable television system located in this state bears to the total of such subscribers of such cable network or cable television system inside and outside of the United States. For purpose of this subparagraph, the number of subscribers of a cable network shall be measured by reference to the number of subscribers of cable television systems that are affiliated with such network and that receive video or audio programming of such network. For purposes of this subparagraph, the number of subscribers of a cable television system shall be determined either by reference to the books and records of the taxpayer or by reference to the applicable year's published rating statistics located in

published surveys, provided the method used by the taxpayer is consistently used from year to year for such purpose and fairly represents the taxpayer's activities in the state.

(C) The denominator of the apportionment fraction of a broadcaster shall include gross receipts of the broadcaster that are derived from the activities referred to in subdivision (1) of subsection **[**(l)**]** (k) of this section, whether or not assignable to the state.

(4) (A) Except as provided in subparagraph (B) of this subdivision, with respect to the determination of the apportionment fraction for net income derived from video or audio programming production services, the numerator of the apportionment fraction for an eligible production entity shall consist of the eligible production entity's gross receipts, as described in **[**subdivision (3) of subsection (c)**]** subsection (b) of this section, which are assignable to the state, as provided in **[**subdivision (3) of subsection (c)**]** subsection (b) of this section. Except as provided in subparagraph (C) of this subdivision, with respect to the determination of the apportionment fraction for net income derived from video or audio programming production services, the denominator of the apportionment fraction for an eligible production entity shall consist of the eligible production entity's total gross receipts, as described in **[**subdivision (3) of subsection (c)**]** subsection (b) of this section, whether or not assignable to the state.

(B) The numerator of the apportionment fraction for an eligible production entity shall include gross receipts of the entity that are derived from video or audio programming production services relating to events which occur within this state.

(C) The denominator of the apportionment fraction for an eligible production entity shall include gross receipts of the entity that are derived from video or audio programming production services relating to events which occur within or without this state.

[(m)**]** (l) Each taxable member of a combined group required to file a combined unitary tax return pursuant to section 12-222, as amended by **[**this act**]** public act 15-244, shall, if one or more members of such group are taxable without this state, apportion its net income as provided in subsections (b) and (c) of section 139 of **[**this act**]** public act 15-244.

Sec. 41. Section 12-217o of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016*):

There shall be allowed as a credit against the tax imposed on any corporation under this chapter with respect to any taxable year of such corporation commencing on or after January 1, 1997, (1) that has more than two hundred fifty full-time, permanent employees but not more than eight hundred full-time, permanent employees whose wages, salaries or other compensation is paid in this state, as the phrase is used in subsection **[**(c)**]** (b) of section 12-218, as amended by this act, an amount equal to five per cent of the amount spent by the corporation on machinery and equipment acquired for and installed in a facility in this state, which amount exceeds the amount spent by such corporation during the preceding income year of the corporation for such expenditures or (2) that has not more than two hundred fifty full-time, permanent employees whose wages, salaries or other compensation is paid in this state, as the phrase is used in subsection **[**(c)**]** (b) of section 12-218, as amended by this act, an amount equal to ten per cent of the amount spent by the corporation on machinery and equipment acquired for and installed in a facility in this state, which amount exceeds the amount spent by such corporation during the preceding income year of the corporation for such expenditures. In addition, any amount spent (1) by a corporation whose income year, for federal income tax purposes, commences on the first day of January, February, March, April or May, (2) on machinery and equipment acquired for and installed in a facility in this state, (3)

during that portion of its income year in 1995 that expired on May 31, 1995, shall be deemed to have been spent during its income year commencing in 1997 and shall be added to any amount actually spent on machinery and equipment acquired for and installed in a facility in this state during its income year commencing in 1997, provided the credit percentage to which such corporation shall be entitled for its income year commencing in 1997 shall be based on the number of full-time, permanent employees during its income year commencing in 1997.

Sec. 42. Subparagraph (J) of subdivision (6) of subsection (a) of section 12-218b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016*):

(J) (i) Any company, other than an insurance company or a real estate broker, which derives fifty per cent or more of its gross income from one or more of the following sources or activities: Loans; letters of credit and acceptance of drafts; underwriting, purchase, placement, sale or brokerage of securities, commodities contracts or other financial instruments or contracts on its own account or for the account of others; exchanges, exchange clearinghouses and other services allied with the exchange of securities or commodities contracts; investment advisory or management services; investment banking services, corporate trust and escrow services; securities information processing; securities and financial rating agency services; transfer agent, clearing agent, securities custodial and depository services; securities exchange or quotation services; any of the services described in subsection **[**(f)**]** (e) of section 12-218, as amended by this act; any of the services described in subsection **[**(g)**]** (f) of section 12-218, as amended by this act; management, distribution or administrative services to or on behalf of an investment entity; management, distribution or administrative services to or on behalf of pension funds or retirement accounts; leasing or acting as an agent, broker or adviser in connection

with leasing real and personal property that is the functional equivalent of an extension of credit and that transfers substantially all of the benefits and risks incident to the ownership of property, including any direct financing lease or leverage lease that meets the criteria of Financial Accounting Standards Board Statement No. 13, "Accounting for Leases" or any other lease that is accounted for as a financing by a lessor under generally accepted accounting principles; activities of a Morris plan company; credit card activities; third party insurance administration services, claim administration services, claim adjusting services, premium billing and collection services, or employee benefit plan administration services; insurance underwriting or policy issuance services; actuarial services; trust company services; financial planning services; insurance brokerage services; or risk management services;

Sec. 43. Subsection (k) of section 12-218b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016*):

(k) This section shall not apply to net income from services or activities described in subsection **[**(f), (g) or (j)**]** (e), (f) or (i) of section 12-218, as amended by this act, which income shall be apportioned in accordance with said subsection **[**(f), (g) or (j)**]** (e), (f) or (i), whether or not the taxpayer is taxable outside this state, or, for income years commencing prior to January 1, 2002, in the case of net income from activities described in said subsection **[**(j)**]** (i) that is earned by a taxpayer that is either not eligible to make the election described in said subsection **[**(j)**]** (i) or does not make the election described in said subsection **[**(j)**]** (i) which income shall be apportioned in accordance with subsection (b) of said section 12-218, as amended by this act.

Sec. 44. Subsection (a) of section 12-219b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016*):

(a) With respect to the taxation under this chapter in income years commencing on or after January 1, 1996, of a company's distributive share as a partner of partnership income or loss in all partnerships in which it is or may become a partner, a company may, on or before the due date, or, if applicable, the extended due date, of its corporation business tax return for its income year beginning during 1996, make an election, on its corporation business tax return for such income year, not to have the provisions of subsection **[**(e)**]** (g) of section 12-218, as amended by this act, and subsection (b) of section 12-219a apply. Except as otherwise provided by subsection (b) of this section, the election shall be irrevocable.

Sec. 45. Subdivision (27) of subsection (a) of section 12-407 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016*):

(27) "Community antenna television service" means (A) the one-way transmission to subscribers of video programming or information by cable, fiber optics, satellite, microwave or any other means, and subscriber interaction, if any, which is required for the selection of such video programming or information, and (B) noncable communications service, as defined in section 16-1, unless such noncable communications service is purchased by a cable network as that term is used in subsection **[**(l)**]** (k) of section 12-218, as amended by this act.

Sec. 46. Section 52-557q of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016*):

No claim for damages shall be made against a broadcaster, as defined in subsection **[**(l)**]** (k) of section 12-218, as amended by this act, or an outdoor advertising establishment, as described in the United States Department of Labor Standard Industrial Classification System Code 7312, that, pursuant to a voluntary program between

broadcasters and law enforcement agencies, or between law enforcement agencies and outdoor advertising establishments, broadcasts or disseminates an emergency alert and information provided by a law enforcement agency concerning the abduction of a child, including, but not limited to, a description of the abducted child, a description of the suspected abductor and the circumstances of the abduction. Nothing in this section shall be construed to (1) limit or restrict in any way any legal protection a broadcaster or outdoor advertising establishment may have under any other law for broadcasting, outdoor advertising or otherwise disseminating any information, or (2) relieve a law enforcement agency from acting reasonably in providing information to the broadcaster or outdoor advertising establishment.

Sec. 47. Subsection (a) of section 16a-21 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) No heating fuel dealer shall sell heating fuel or rent or lease a heating fuel tank without a written contract that contains all the terms and conditions for delivery of such heating fuel and the amount of fees, charges, surcharges or penalties allowed under this section and assessed to the consumer under such contract. No such contract shall contain any fees, charges, surcharges or penalties, except for those allowed pursuant to subsections (e), (f) and (g) of this section and for tank rental fees or liquidated damages for violation of the contract terms. No contract for the delivery of heating fuel under this subsection shall include a provision for liquidated damages for a consumer breach of such contract where the liquidated damages exceed the actual damages to the heating fuel dealer caused by such breach. No written contract period for heating fuel shall be for a term greater than thirty-six months. Each heating fuel dealer shall offer consumers the option to enter into a bona fide commercially

reasonable contract for a term of eighteen months. A consumer and a heating fuel dealer may agree to enter into a bona fide commercially reasonable contract for a term of less than eighteen months. Longer fuel contract term lengths may be permitted for underground tank consumers, provided the fuel term agreements are concurrent with tank lease agreements as specified in subdivision (2) of this subsection. Any contract for the rent or lease of a propane fuel tank shall contain a provision informing the consumer of any restrictions concerning such customer's ability to utilize another propane fuel provider and shall require the consumer to initial such provision to indicate awareness of such restrictions.

(2) If a tank is being leased or lent to a consumer, a contract for the tank rental or loan shall indicate in writing a description of the tank, initial installation charges, if any, the amount and timing of rental or loan payments, the manner in which the lessor will credit the lessee for any unused heating fuel and terms by which a lessee may terminate the contract. A lessor may enter into a separate contract with the lessee for additional services including, but not limited to, maintenance, repair and warranty of equipment, provided such contract complies with the provisions of this section. No contract for tanks installed above ground shall be for a term greater than thirty-six months. Each consumer shall be given the option to enter into a bona fide commercially reasonable contract for a term of eighteen months. A lessee and a lessor may agree to enter into a bona fide commercially reasonable contract for a term of less than eighteen months. No contract for a tank installed underground shall exceed five years.

(3) (A) If a tank installed underground is provided to a consumer, a contract for such tank shall contain a clause providing the consumer with the option to purchase the tank and associated equipment at any time during the length of the contract, but not later than five years after the date of commencement of the contract. The purchase price for

the tank shall be disclosed in the contract and shall not increase before the contract expires. Any waiver of liability or transfer of warranty shall be stated in the contract. For existing contracts, whether oral or written, where the purchase option or purchase price is silent or unspecified, a contract addendum including the purchase option and a commercially reasonable purchase price shall be mailed or delivered to the consumer not later than September 1, 2013. Such contract addendum shall contain a clause providing the lessee with the option of purchasing the tank and associated equipment at any time prior to September 1, 2018. Upon purchase of the tank and any associated equipment, any contract obligations pursuant to subdivisions (1) and (2) of this subsection shall terminate immediately.

(B) If a tank installed above ground is provided to a consumer, a contract for such tank shall contain a clause providing the consumer with the option to purchase the tank and associated equipment at any time during the length of the contract, but not later than five years after the date of commencement of the contract. The purchase price for the tank shall not exceed the fair market value for such tank and shall be disclosed in the contract and not increase before the contract expires. Any waiver of liability or transfer of warranty shall be stated in the contract. For existing contracts, whether oral or written, where the purchase option or purchase price is silent or unspecified, a contract addendum including the purchase option and a purchase price of not more than the fair market value shall be mailed or delivered to the consumer not later than September 1, 2016. Such contract addendum shall contain a clause providing the lessee with the option of purchasing the tank and associated equipment at any time prior to September 1, 2021. Upon purchase of the tank and any associated equipment, any contract obligations pursuant to subdivisions (1) and (2) of this subsection shall terminate immediately.

(4) A contract required by this section shall be in writing and shall

comply with the plain language requirements of section 42-152, provided any fee, charge, surcharge or penalty disclosed in such contract shall be in twelve-point, boldface type of uniform font. Any fee, charge, surcharge or penalty shall not increase prior to the expiration of the contract.

(5) A written contract for the sale of heating fuel or lease of equipment that calls for an automatic renewal of the contract is not valid unless such contract complies with the provisions of this section, section 42-126b and chapter 296a.

(6) The requirement that contracts be in writing pursuant to this section shall not apply to any heating fuel delivery initiated by a consumer, payable on delivery or billed to the consumer with no future delivery commitment, where no fee, charge, surcharge or penalty is assessed, except for any fee, charge or surcharge authorized under subsection (g) of this section.

(7) The requirement that contracts be in writing pursuant to this section shall not apply to agreements that are solely automatic delivery where: (A) The consumer may terminate automatic delivery at any time and where no fee, charge, surcharge or penalty is assessed for termination, and (B) the dealer providing automatic delivery provides written notice to the consumer the dealer serves under automatic delivery of the method for the termination of automatic delivery, as specified in this subdivision. Such written notice shall be included with each invoice for products subject to automatic delivery. Notice from a consumer to a dealer requesting termination of automatic delivery may be delivered to the dealer by (i) a written request by the consumer delivered by certified mail to the dealer, (ii) electronic mail sent from the consumer to a valid electronic mail address of the dealer, or (iii) electronic facsimile by the consumer to be sent to a valid facsimile number at the dealer's place of business. The consumer shall give notice at least one day prior to the day upon which the consumer

desires to terminate automatic delivery. The consumer shall not be responsible for payment of deliveries made by the dealer after such notice has been given, except for deliveries made within one business day after such notice has been given and which were scheduled for delivery by the dealer prior to such notice being given, provided consideration shall be given for weekend and holiday closings or extenuating circumstances not under the control of the dealer.

Sec. 48. Subsection (k) of section 16-243v of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(k) (1) As used in this section:

(A) "Residential retail end use customer" means any electric, gas or heating fuel customer, regardless of heating source, who wishes to replace heating furnace or boiler equipment, or purchase either an underground or above ground propane fuel tank, including, but not limited to, a propane fuel tank that the residential retail end use customer leases, provided a residential retail end use customer (i) shall be a customer of an electric distribution company, and (ii) shall not include a customer who occupies leased premises or who does not own the premises on which the replacement heating furnace or boiler equipment is located or on which the underground or above ground propane tank to be purchased is located or will be located;

(B) "Heating furnace or boiler equipment" means the primary heating equipment for space and hot water needs, along with the ancillary piping, pumps, duct work and associated other equipment that may be required as part of the replacement of a heating furnace or boiler;

(C) "Furnace or boiler replacement and propane fuel tank purchase funds" means any funds approved by the third-party administrator

pursuant to this subsection, provided (i) such funds may be used for the loan principal in an amount not to exceed fifteen thousand dollars, excluding interest expense associated with such loan and the expense for any loan default, and (ii) participating residential retail end use customers may be charged interest on the loan principal in an amount not to exceed three per cent, based on income eligibility as determined by the third-party administrator;

(D) "Electric distribution company" and "gas company" have the same meanings as provided in section 16-1.

(E) "Propane fuel tank" means a tank used to store propane fuel that is used in connection with residential heating of space, hot water needs, operation of an emergency generator for such space or the performance of indoor installed-appliance-based cooking in such space.

(2) Not later than September 1, 2013, the electric distribution and gas companies shall develop a residential furnace **[**and**]** or boiler replacement and propane fuel tank purchase program funded by the systems benefits charge pursuant to section 16-245*l* in a manner that minimizes the impact on ratepayers. Said program shall be reviewed and approved or modified by the Department of Energy and Environmental Protection, in consultation with the Energy Conservation Management Board, within sixty days of receipt of the plan for said program. Said program shall include a contract for retention of a third-party administrator to become effective upon approval of the program by the department. Said program shall continue until the end of the **[**third**]** sixth year of the program. On or before January 1, 2014, the electric distribution and gas companies shall retain the services of a third-party administrator with expertise in developing, implementing and administering residential lending programs, including credit evaluation, to provide financing for improvement projects by property owners, loan servicing and

program administration. The third-party administrator shall, in conjunction with the electric distribution companies and gas companies, develop the program. On and after the effective date of this section, said program shall be amended to provide such residential lending to residential retail end use customers who seek to purchase either an underground or above ground propane fuel tank, including, but not limited to, a propane fuel tank that the residential retail end use customer leases.

(3) The third-party administrator shall be responsible for extending loans and administering the residential furnace **[**and**]** or boiler replacement and propane fuel tank purchase program to assist residential retail end use customers in funding heating furnace or boiler equipment replacements and propane fuel tank purchases that meet all of the program requirements. **[**, which shall include, but not be limited to,**]**

(A) For heating furnace or boiler equipment replacements, the program requirements shall include, but not be limited to, (i) the total projected direct cost savings to the eligible residential retail end use customer resulting from the heating furnace or boiler replacement, calculated on an annual basis commencing from the month that the replacement furnace or boiler is projected to be in service, shall be greater than the total cost of the replacement funds over the term of the program in order to qualify for the program, **[**(B)**]** (ii) the eligible customer shall pay a contribution of not less than ten per cent of the total cost of the replacement or conversion of the heating furnace or boiler and any additional amounts that are required in order to meet the program requirements, **[**(C)**]** (iii) eligible customers shall have six consecutive months of timely utility payments and shall not have any past due balance owed to any electric distribution company or gas company, **[**(D)**]** (iv) the term of the repayment of the replacement funds shall be the lesser of **[**(i)**]** (I) the simple payback period of the

replacement funds plus two years, or **[**(ii)**]** (II) ten years, and **[**(E)**]** (v) the replacement furnace or boiler shall meet or exceed federal Energy Star standards.

(B) For propane fuel tank purchases, the program requirements shall include, but not be limited to, (i) eligible customers shall have six consecutive months of timely utility payments and shall not have any past due balance owed to any electric distribution company, propane seller or gas company, (ii) the term of the repayment of the replacement funds shall be not longer than ten years, and (iii) the loan recipient shall have such propane tank inspected on an annual basis and forward a certificate of inspection to the third-party administrator. In the event that such propane tank is found to need repair as a result of such inspection, any person performing such inspection shall inform the homeowner and the applicable local fire marshal. If the requisite repair is not made in a timely fashion or as otherwise recommended or ordered by the local fire marshal, said fire marshal shall render such propane tank inoperable.

Eligible residential retail end use customers may apply to the third-party administrator for participation in the program. The third-party administrator shall screen each applicant to ensure that the applicant meets the eligibility requirements and such program requirements prior to accepting the customer into the program. The third-party administrator shall create awareness of the propane fuel tank purchase provisions of the program by the general public and, in particular, by residential propane purchasers.

(4) Program participants shall repay the furnace or boiler replacement and propane fuel tank purchase funds through a monthly charge on the customer's residential electric or gas utility bill, provided heating fuel customers shall be able to repay such replacement and propane fuel tank purchase funds through a monthly charge on such customer's electric or gas utility bill. Furnace or boiler replacement and

propane fuel tank purchase funds provided shall be reflected on the residential retail end use customer's electric service or gas account, as applicable, for the premises on which the replacement heating furnace or boiler equipment or propane fuel tank is located. If the premises are sold, the amount of replacement or propane fuel tank purchase funds remaining to be repaid shall be transferred to subsequent service account holders at such premises, who may become program participants for purposes of the repayment obligation, unless the seller and buyer agree that the loan will not be transferred.

(5) Furnace or boiler replacement and propane fuel tank purchase funds shall be recovered through the systems benefits charge of the respective electric distribution company where the heating furnace or boiler equipment or propane tank is located. Any program costs incurred by the third-party administrator or the propane or gas company and funds not repaid by customers who default on their repayment obligations and other costs associated with the program or customers' failure to repay replacement or propane fuel tank purchase funds to the third-party administrator shall be recovered through the systems benefits charge. All administrative and capital carrying costs of the electric distribution companies associated with the program shall be recovered by the companies through a reconciling component, such as the systems benefits charge as approved by the Public Utilities Regulatory Authority.

(6) On or before January 1, 2016, and on or before January 1, 2018, the Department of Energy and Environmental Protection and the Energy Conservation Management Board shall engage an independent third party to evaluate and submit a report, in accordance with section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and finance, revenue and bonding on the status of the program. Such report shall also include an evaluation of the program developed pursuant to section 16a-40m. The

report shall include, but not be limited to, for each program, a review of (A) cost effectiveness of the program, (B) number of customers served and potential for growth, (C) the customer classes served, and (D) the fuel type of the financed equipment.

(7) The third-party administrator shall be entitled to take all available legal action as may be necessary to secure the furnace or boiler replacement and propane fuel tank purchase funds and repayment of the funds, including, but not limited to, attaching liens and requiring filings to be made on applicable land records or as otherwise necessary or required.

Sec. 49. Section 12-412k of the general statutes is repealed. (*Effective January 1, 2016, and applicable to sales occurring on or after said date*)

Approved December 29, 2015