



Senate

General Assembly

File No. 842

January Session, 2015

Substitute Senate Bill No. 946

Senate, May 18, 2015

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE BIENNIAL BUDGET.

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

1 Section 1. Subsection (a) of section 12-700 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage and applicable to taxable years commencing on or after January 1,*
4 *2015*):

5 (a) There is hereby imposed on the Connecticut taxable income of
6 each resident of this state a tax:

7 (1) At the rate of four and one-half per cent of such Connecticut
8 taxable income for taxable years commencing on or after January 1,
9 1992, and prior to January 1, 1996.

10 (2) For taxable years commencing on or after January 1, 1996, but
11 prior to January 1, 1997, in accordance with the following schedule:

12 (A) For any person who files a return under the federal income tax
13 for such taxable year as an unmarried individual or as a married
14 individual filing separately:

T1	Connecticut Taxable Income	Rate of Tax
T2	Not over \$2,250	3.0%
T3	Over \$2,250	\$67.50, plus 4.5% of the
T4		excess over \$2,250

15 (B) For any person who files a return under the federal income tax
16 for such taxable year as a head of household, as defined in Section 2(b)
17 of the Internal Revenue Code:

T5	Connecticut Taxable Income	Rate of Tax
T6	Not over \$3,500	3.0%
T7	Over \$3,500	\$105.00, plus 4.5% of the
T8		excess over \$3,500

18 (C) For any husband and wife who file a return under the federal
19 income tax for such taxable year as married individuals filing jointly or
20 a person who files a return under the federal income tax as a surviving
21 spouse, as defined in Section 2(a) of the Internal Revenue Code:

T9	Connecticut Taxable Income	Rate of Tax
T10	Not over \$4,500	3.0%
T11	Over \$4,500	\$135.00, plus 4.5% of the
T12		excess over \$4,500

22 (D) For trusts or estates, the rate of tax shall be 4.5% of their
23 Connecticut taxable income.

24 (3) For taxable years commencing on or after January 1, 1997, but
25 prior to January 1, 1998, in accordance with the following schedule:

26 (A) For any person who files a return under the federal income tax
27 for such taxable year as an unmarried individual or as a married
28 individual filing separately:

T13	Connecticut Taxable Income	Rate of Tax
T14	Not over \$6,250	3.0%
T15	Over \$6,250	\$187.50, plus 4.5% of the
T16		excess over \$6,250

29 (B) For any person who files a return under the federal income tax
30 for such taxable year as a head of household, as defined in Section 2(b)
31 of the Internal Revenue Code:

T17	Connecticut Taxable Income	Rate of Tax
T18	Not over \$10,000	3.0%
T19	Over \$10,000	\$300.00, plus 4.5% of the
T20		excess over \$10,000

32 (C) For any husband and wife who file a return under the federal
33 income tax for such taxable year as married individuals filing jointly or
34 any person who files a return under the federal income tax for such
35 taxable year as a surviving spouse, as defined in Section 2(a) of the
36 Internal Revenue Code:

T21	Connecticut Taxable Income	Rate of Tax
T22	Not over \$12,500	3.0%
T23	Over \$12,500	\$375.00, plus 4.5% of the
T24		excess over \$12,500

37 (D) For trusts or estates, the rate of tax shall be 4.5% of their
38 Connecticut taxable income.

39 (4) For taxable years commencing on or after January 1, 1998, but
40 prior to January 1, 1999, in accordance with the following schedule:

41 (A) For any person who files a return under the federal income tax
 42 for such taxable year as an unmarried individual or as a married
 43 individual filing separately:

T25	Connecticut Taxable Income	Rate of Tax
T26	Not over \$7,500	3.0%
T27	Over \$7,500	\$225.00, plus 4.5% of the
T28		excess over \$7,500

44 (B) For any person who files a return under the federal income tax
 45 for such taxable year as a head of household, as defined in Section 2(b)
 46 of the Internal Revenue Code:

T29	Connecticut Taxable Income	Rate of Tax
T30	Not over \$12,000	3.0%
T31	Over \$12,000	\$360.00, plus 4.5% of the
T32		excess over \$12,000

47 (C) For any husband and wife who file a return under the federal
 48 income tax for such taxable year as married individuals filing jointly or
 49 any person who files a return under the federal income tax for such
 50 taxable year as a surviving spouse, as defined in Section 2(a) of the
 51 Internal Revenue Code:

T33	Connecticut Taxable Income	Rate of Tax
T34	Not over \$15,000	3.0%
T35	Over \$15,000	\$450.00, plus 4.5% of the
T36		excess over \$15,000

52 (D) For trusts or estates, the rate of tax shall be 4.5% of their
 53 Connecticut taxable income.

54 (5) For taxable years commencing on or after January 1, 1999, but
 55 prior to January 1, 2003, in accordance with the following schedule:

56 (A) For any person who files a return under the federal income tax
 57 for such taxable year as an unmarried individual or as a married
 58 individual filing separately:

T37	Connecticut Taxable Income	Rate of Tax
T38	Not over \$10,000	3.0%
T39	Over \$10,000	\$300.00, plus 4.5% of the
T40		excess over \$10,000

59 (B) For any person who files a return under the federal income tax
 60 for such taxable year as a head of household, as defined in Section 2(b)
 61 of the Internal Revenue Code:

T41	Connecticut Taxable Income	Rate of Tax
T42	Not over \$16,000	3.0%
T43	Over \$16,000	\$480.00, plus 4.5% of the
T44		excess over \$16,000

62 (C) For any husband and wife who file a return under the federal
 63 income tax for such taxable year as married individuals filing jointly or
 64 any person who files a return under the federal income tax for such
 65 taxable year as a surviving spouse, as defined in Section 2(a) of the
 66 Internal Revenue Code:

T45	Connecticut Taxable Income	Rate of Tax
T46	Not over \$20,000	3.0%
T47	Over \$20,000	\$600.00, plus 4.5% of the
T48		excess over \$20,000

67 (D) For trusts or estates, the rate of tax shall be 4.5% of their
 68 Connecticut taxable income.

69 (6) For taxable years commencing on or after January 1, 2003, but
 70 prior to January 1, 2009, in accordance with the following schedule:

71 (A) For any person who files a return under the federal income tax
 72 for such taxable year as an unmarried individual or as a married
 73 individual filing separately:

T49	Connecticut Taxable Income	Rate of Tax
T50	Not over \$10,000	3.0%
T51	Over \$10,000	\$300.00, plus 5.0% of the
T52		excess over \$10,000

74 (B) For any person who files a return under the federal income tax
 75 for such taxable year as a head of household, as defined in Section 2(b)
 76 of the Internal Revenue Code:

T53	Connecticut Taxable Income	Rate of Tax
T54	Not over \$16,000	3.0%
T55	Over \$16,000	\$480.00, plus 5.0% of the
T56		excess over \$16,000

77 (C) For any husband and wife who file a return under the federal
 78 income tax for such taxable year as married individuals filing jointly or
 79 any person who files a return under the federal income tax for such
 80 taxable year as a surviving spouse, as defined in Section 2(a) of the
 81 Internal Revenue Code:

T57	Connecticut Taxable Income	Rate of Tax
T58	Not over \$20,000	3.0%
T59	Over \$20,000	\$600.00, plus 5.0% of the
T60		excess over \$20,000

82 (D) For trusts or estates, the rate of tax shall be 5.0% of the
 83 Connecticut taxable income.

84 (7) For taxable years commencing on or after January 1, 2009, but
 85 prior to January 1, 2011, in accordance with the following schedule:

86 (A) For any person who files a return under the federal income tax

87 for such taxable year as an unmarried individual:

T61	Connecticut Taxable Income	Rate of Tax
T62	Not over \$10,000	3.0%
T63	Over \$10,000 but not	\$300.00, plus 5.0% of the
T64	over \$500,000	excess over \$10,000
T65	Over \$500,000	\$24,800, plus 6.5% of the
T66		excess over \$500,000

88 (B) For any person who files a return under the federal income tax
 89 for such taxable year as a head of household, as defined in Section 2(b)
 90 of the Internal Revenue Code:

T67	Connecticut Taxable Income	Rate of Tax
T68	Not over \$16,000	3.0%
T69	Over \$16,000 but not	\$480.00, plus 5.0% of the
T70	over \$800,000	excess over \$16,000
T71	Over \$800,000	\$39,680, plus 6.5% of the
T72		excess over \$800,000

91 (C) For any husband and wife who file a return under the federal
 92 income tax for such taxable year as married individuals filing jointly or
 93 any person who files a return under the federal income tax for such
 94 taxable year as a surviving spouse, as defined in Section 2(a) of the
 95 Internal Revenue Code:

T73	Connecticut Taxable Income	Rate of Tax
T74	Not over \$20,000	3.0%
T75	Over \$20,000 but not	\$600.00, plus 5.0% of the
T76	over \$1,000,000	excess over \$20,000
T77	Over \$1,000,000	\$49,600, plus 6.5% of the
T78		excess over \$1,000,000

96 (D) For any person who files a return under the federal income tax

97 for such taxable year as a married individual filing separately:

T79	Connecticut Taxable Income	Rate of Tax
T80	Not over \$10,000	3.0%
T81	Over \$10,000 but not	\$300.00, plus 5.0% of the
T82	over \$500,000	excess over \$10,000
T83	Over \$500,000	\$24,800, plus 6.5% of the
T84		excess over \$500,000

98 (E) For trusts or estates, the rate of tax shall be 6.5% of the
99 Connecticut taxable income.

100 (8) For taxable years commencing on or after January 1, 2011, but
101 prior to January 1, 2015, in accordance with the following schedule:

102 (A) (i) For any person who files a return under the federal income
103 tax for such taxable year as an unmarried individual:

T85	Connecticut Taxable Income	Rate of Tax
T86	Not over \$10,000	3.0%
T87	Over \$10,000 but not	\$300.00, plus 5.0% of the
T88	over \$50,000	excess over \$10,000
T89	Over \$50,000 but not	\$2,300, plus 5.5% of the
T90	over \$100,000	excess over \$50,000
T91	Over \$100,000 but not	\$5,050, plus 6.0% of the
T92	over \$200,000	excess over \$100,000
T93	Over \$200,000 but not	\$11,050, plus 6.5% of the
T94	over \$250,000	excess over \$200,000
T95	Over \$250,000	\$14,300, plus 6.70% of the
T96		excess over \$250,000

104 (ii) Notwithstanding the provisions of subparagraph (A)(i) of this
105 subdivision, for each taxpayer whose Connecticut adjusted gross
106 income exceeds fifty-six thousand five hundred dollars, the amount of
107 the taxpayer's Connecticut taxable income to which the three-per-cent

108 tax rate applies shall be reduced by one thousand dollars for each five
 109 thousand dollars, or fraction thereof, by which the taxpayer's
 110 Connecticut adjusted gross income exceeds said amount. Any such
 111 amount of Connecticut taxable income to which, as provided in the
 112 preceding sentence, the three-per-cent tax rate does not apply shall be
 113 an amount to which the five-per-cent tax rate shall apply.

114 (iii) Each taxpayer whose Connecticut adjusted gross income
 115 exceeds two hundred thousand dollars shall pay, in addition to the tax
 116 computed under the provisions of subparagraphs (A)(i) and (A)(ii) of
 117 this subdivision, an amount equal to seventy-five dollars for each five
 118 thousand dollars, or fraction thereof, by which the taxpayer's
 119 Connecticut adjusted gross income exceeds two hundred thousand
 120 dollars, up to a maximum payment of two thousand two hundred fifty
 121 dollars.

122 (B) (i) For any person who files a return under the federal income
 123 tax for such taxable year as a head of household, as defined in Section
 124 2(b) of the Internal Revenue Code:

T97	Connecticut Taxable Income	Rate of Tax
T98	Not over \$16,000	3.0%
T99	Over \$16,000 but not	\$480.00, plus 5.0% of the
T100	over \$80,000	excess over \$16,000
T101	Over \$80,000 but not	\$3,680, plus 5.5% of the
T102	over \$160,000	excess over \$80,000
T103	Over \$160,000 but not	\$8,080, plus 6.0% of the
T104	over \$320,000	excess over \$160,000
T105	Over \$320,000 but not	\$17,680, plus 6.5% of the
T106	over \$400,000	excess over \$320,000
T107	Over \$400,000	\$22,880, plus 6.70% of the
T108		excess over \$400,000

125 (ii) Notwithstanding the provisions of subparagraph (B)(i) of this
 126 subdivision, for each taxpayer whose Connecticut adjusted gross
 127 income exceeds seventy-eight thousand five hundred dollars, the

128 amount of the taxpayer's Connecticut taxable income to which the
 129 three-per-cent tax rate applies shall be reduced by one thousand six
 130 hundred dollars for each four thousand dollars, or fraction thereof, by
 131 which the taxpayer's Connecticut adjusted gross income exceeds said
 132 amount. Any such amount of Connecticut taxable income to which, as
 133 provided in the preceding sentence, the three-per-cent tax rate does
 134 not apply shall be an amount to which the five-per-cent tax rate shall
 135 apply.

136 (iii) Each taxpayer whose Connecticut adjusted gross income
 137 exceeds three hundred twenty thousand dollars shall pay, in addition
 138 to the tax computed under the provisions of subparagraphs (B)(i) and
 139 (B)(ii) of this subdivision, an amount equal to one hundred twenty
 140 dollars for each eight thousand dollars, or fraction thereof, by which
 141 the taxpayer's Connecticut adjusted gross income exceeds three
 142 hundred twenty thousand dollars, up to a maximum payment of three
 143 thousand six hundred dollars.

144 (C) (i) For any husband and wife who file a return under the federal
 145 income tax for such taxable year as married individuals filing jointly or
 146 any person who files a return under the federal income tax for such
 147 taxable year as a surviving spouse, as defined in Section 2(a) of the
 148 Internal Revenue Code:

T109	Connecticut Taxable Income	Rate of Tax
T110	Not over \$20,000	3.0%
T111	Over \$20,000 but not	\$600.00, plus 5.0% of the
T112	over \$100,000	excess over \$20,000
T113	Over \$100,000 but not	\$4,600, plus 5.5% of the
T114	over \$200,000	excess over \$100,000
T115	Over \$200,000 but not	\$10,100, plus 6.0% of the
T116	over \$400,000	excess over \$200,000
T117	Over \$400,000 but not	\$22,100, plus 6.5% of the
T118	over \$500,000	excess over \$400,000
T119	Over \$500,000	\$28,600, plus 6.70% of the

T120 excess over \$500,000

149 (ii) Notwithstanding the provisions of subparagraph (C)(i) of this
 150 subdivision, for each taxpayer whose Connecticut adjusted gross
 151 income exceeds one hundred thousand five hundred dollars, the
 152 amount of the taxpayer's Connecticut taxable income to which the
 153 three-per-cent tax rate applies shall be reduced by two thousand
 154 dollars for each five thousand dollars, or fraction thereof, by which the
 155 taxpayer's Connecticut adjusted gross income exceeds said amount.
 156 Any such amount of Connecticut taxable income to which, as provided
 157 in the preceding sentence, the three-per-cent tax rate does not apply
 158 shall be an amount to which the five-per-cent tax rate shall apply.

159 (iii) Each taxpayer whose Connecticut adjusted gross income
 160 exceeds four hundred thousand dollars shall pay, in addition to the tax
 161 computed under the provisions of subparagraphs (C)(i) and (C)(ii) of
 162 this subdivision, an amount equal to one hundred fifty dollars for each
 163 ten thousand dollars, or fraction thereof, by which the taxpayer's
 164 Connecticut adjusted gross income exceeds four hundred thousand
 165 dollars, up to a maximum payment of four thousand five hundred
 166 dollars.

167 (D) (i) For any person who files a return under the federal income
 168 tax for such taxable year as a married individual filing separately:

T121	Connecticut Taxable Income	Rate of Tax
T122	Not over \$10,000	3.0%
T123	Over \$10,000 but not	\$300.00, plus 5.0% of the
T124	over \$50,000	excess over \$10,000
T125	Over \$50,000 but not	\$2,300, plus 5.5% of the
T126	over \$100,000	excess over \$50,000
T127	Over \$100,000 but not	\$5,050, plus 6.0% of the
T128	over \$200,000	excess over \$100,000
T129	Over \$200,000 but not	\$11,050, plus 6.5% of the
T130	over \$250,000	excess over \$200,000

T131	Over \$250,000	\$14,300, plus 6.70% of the
T132		excess over \$250,000

169 (ii) Notwithstanding the provisions of subparagraph (D)(i) of this
 170 subdivision, for each taxpayer whose Connecticut adjusted gross
 171 income exceeds fifty thousand two hundred fifty dollars, the amount
 172 of the taxpayer's Connecticut taxable income to which the three-per-
 173 cent tax rate applies shall be reduced by one thousand dollars for each
 174 two thousand five hundred dollars, or fraction thereof, by which the
 175 taxpayer's Connecticut adjusted gross income exceeds said amount.
 176 Any such amount of Connecticut taxable income to which, as provided
 177 in the preceding sentence, the three-per-cent tax rate does not apply
 178 shall be an amount to which the five-per-cent tax rate shall apply.

179 (iii) Each taxpayer whose Connecticut adjusted gross income
 180 exceeds two hundred thousand dollars shall pay, in addition to the tax
 181 computed under the provisions of subparagraphs (D)(i) and (D)(ii) of
 182 this subdivision, an amount equal to seventy-five dollars for each five
 183 thousand dollars, or fraction thereof, by which the taxpayer's
 184 Connecticut adjusted gross income exceeds two hundred thousand
 185 dollars, up to a maximum payment of two thousand two hundred fifty
 186 dollars.

187 (E) For trusts or estates, the rate of tax shall be 6.70% of the
 188 Connecticut taxable income.

189 (9) For taxable years commencing on or after January 1, 2015, in
 190 accordance with the following schedule:

191 (A) (i) For any person who files a return under the federal income
 192 tax for such taxable year as an unmarried individual:

T133	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T134	<u>Not over \$10,000</u>	<u>3.0%</u>
T135	<u>Over \$10,000 but not</u>	<u>\$300.00, plus 5.0% of the</u>

T136	<u>over \$50,000</u>	<u>excess over \$10,000</u>
T137	<u>Over \$50,000 but not</u>	<u>\$2,300, plus 5.5% of the</u>
T138	<u>over \$100,000</u>	<u>excess over \$50,000</u>
T139	<u>Over \$100,000 but not</u>	<u>\$5,050, plus 6.0% of the</u>
T140	<u>over \$200,000</u>	<u>excess over \$100,000</u>
T141	<u>Over \$200,000 but not</u>	<u>\$11,050, plus 6.5% of the</u>
T142	<u>over \$250,000</u>	<u>excess over \$200,000</u>
T143	<u>Over \$250,000 but not over</u>	<u>\$14,300, plus 6.70% of the</u>
T144	<u>\$500,000</u>	<u>excess over \$250,000</u>
T145	<u>Over \$500,000</u>	<u>\$31,050, plus 6.99% of the</u>
T146		<u>excess over \$500,000</u>

193 (ii) Notwithstanding the provisions of subparagraph (A)(i) of this
 194 subdivision, for each taxpayer whose Connecticut adjusted gross
 195 income exceeds fifty-six thousand five hundred dollars, the amount of
 196 the taxpayer's Connecticut taxable income to which the three-per-cent
 197 tax rate applies shall be reduced by one thousand dollars for each five
 198 thousand dollars, or fraction thereof, by which the taxpayer's
 199 Connecticut adjusted gross income exceeds said amount. Any such
 200 amount of Connecticut taxable income to which, as provided in the
 201 preceding sentence, the three-per-cent tax rate does not apply shall be
 202 an amount to which the five-per-cent tax rate shall apply.

203 (iii) Each taxpayer whose Connecticut adjusted gross income
 204 exceeds two hundred thousand dollars shall pay, in addition to the tax
 205 computed under the provisions of subparagraphs (A)(i) and (A)(ii) of
 206 this subdivision, an amount equal to seventy-five dollars for each five
 207 thousand dollars, or fraction thereof, by which the taxpayer's
 208 Connecticut adjusted gross income exceeds two hundred thousand
 209 dollars, up to a maximum payment of two thousand two hundred fifty
 210 dollars.

211 (iv) Each taxpayer whose Connecticut adjusted gross income
 212 exceeds five hundred thousand dollars shall pay, in addition to the tax
 213 computed under the provisions of subparagraphs (A)(i), (A)(ii) and

214 (A)(iii) of this subdivision, an amount equal to fifty dollars for each
 215 five thousand dollars, or fraction thereof, by which the taxpayer's
 216 Connecticut adjusted gross income exceeds five hundred thousand
 217 dollars, up to a maximum payment of one thousand four hundred fifty
 218 dollars.

219 (v) Each taxpayer whose Connecticut adjusted gross income exceeds
 220 five hundred thousand dollars shall pay, in addition to the tax
 221 computed under the provisions of subparagraphs (A)(i), (A)(ii), (A)(iii)
 222 and (A)(iv) of this subdivision, an amount equal to 2.0% of the
 223 taxpayer's capital gains income.

224 (B) (i) For any person who files a return under the federal income
 225 tax for such taxable year as a head of household, as defined in Section
 226 2(b) of the Internal Revenue Code:

	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T148	<u>Not over \$16,000</u>	<u>3.0%</u>
T149	<u>Over \$16,000 but not</u>	<u>\$480.00, plus 5.0% of the</u>
T150	<u>over \$80,000</u>	<u>excess over \$16,000</u>
T151	<u>Over \$80,000 but not</u>	<u>\$3,680, plus 5.5% of the</u>
T152	<u>over \$160,000</u>	<u>excess over \$80,000</u>
T153	<u>Over \$160,000 but not</u>	<u>\$8,080, plus 6.0% of the</u>
T154	<u>over \$320,000</u>	<u>excess over \$160,000</u>
T155	<u>Over \$320,000 but not</u>	<u>\$17,680, plus 6.5% of the</u>
T156	<u>over \$400,000</u>	<u>excess over \$320,000</u>
T157	<u>Over \$400,000 but not over</u>	<u>\$22,880, plus 6.70% of the</u>
T158	<u>\$800,000</u>	<u>excess over \$400,000</u>
T159	<u>Over \$800,000</u>	<u>\$49,680, plus 6.99% of the</u>
T160		<u>excess over \$800,000</u>

227 (ii) Notwithstanding the provisions of subparagraph (B)(i) of this
 228 subdivision, for each taxpayer whose Connecticut adjusted gross
 229 income exceeds seventy-eight thousand five hundred dollars, the
 230 amount of the taxpayer's Connecticut taxable income to which the

231 three-per-cent tax rate applies shall be reduced by one thousand six
232 hundred dollars for each four thousand dollars, or fraction thereof, by
233 which the taxpayer's Connecticut adjusted gross income exceeds said
234 amount. Any such amount of Connecticut taxable income to which, as
235 provided in the preceding sentence, the three-per-cent tax rate does
236 not apply shall be an amount to which the five-per-cent tax rate shall
237 apply.

238 (iii) Each taxpayer whose Connecticut adjusted gross income
239 exceeds three hundred twenty thousand dollars shall pay, in addition
240 to the tax computed under the provisions of subparagraphs (B)(i) and
241 (B)(ii) of this subdivision, an amount equal to one hundred twenty
242 dollars for each eight thousand dollars, or fraction thereof, by which
243 the taxpayer's Connecticut adjusted gross income exceeds three
244 hundred twenty thousand dollars, up to a maximum payment of three
245 thousand six hundred dollars.

246 (iv) Each taxpayer whose Connecticut adjusted gross income
247 exceeds eight hundred thousand dollars shall pay, in addition to the
248 tax computed under the provisions of subparagraphs (B)(i), (B)(ii) and
249 (B)(iii) of this subdivision, an amount equal to eighty dollars for each
250 eight thousand dollars, or fraction thereof, by which the taxpayer's
251 Connecticut adjusted gross income exceeds eight hundred thousand
252 dollars, up to a maximum payment of two thousand three hundred
253 twenty dollars.

254 (v) Each taxpayer whose Connecticut adjusted gross income exceeds
255 eight hundred thousand dollars shall pay, in addition to the tax
256 computed under the provisions of subparagraphs (B)(i), (B)(ii), (B)(iii)
257 and (B)(iv) of this subdivision, an amount equal to 2.0% of the
258 taxpayer's capital gains income.

259 (C) (i) For any husband and wife who file a return under the federal
260 income tax for such taxable year as married individuals filing jointly or
261 any person who files a return under the federal income tax for such
262 taxable year as a surviving spouse, as defined in Section 2(a) of the
263 Internal Revenue Code:

	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T161		
T162	<u>Not over \$20,000</u>	<u>3.0%</u>
T163	<u>Over \$20,000 but not</u>	<u>\$600.00, plus 5.0% of the</u>
T164	<u>over \$100,000</u>	<u>excess over \$20,000</u>
T165	<u>Over \$100,000 but not</u>	<u>\$4,600, plus 5.5% of the</u>
T166	<u>over \$200,000</u>	<u>excess over \$100,000</u>
T167	<u>Over \$200,000 but not</u>	<u>\$10,100, plus 6.0% of the</u>
T168	<u>over \$400,000</u>	<u>excess over \$200,000</u>
T169	<u>Over \$400,000 but not</u>	<u>\$22,100, plus 6.5% of the</u>
T170	<u>over \$500,000</u>	<u>excess over \$400,000</u>
T171	<u>Over \$500,000 but not over</u>	<u>\$28,600, plus 6.70% of the excess</u>
T172	<u>\$1,000,000</u>	<u>over \$500,00</u>
T173	<u>Over \$1,000,000</u>	<u>\$62,100, plus 6.99% of the excess</u>
T174		<u>over \$1,000,000</u>

264 (ii) Notwithstanding the provisions of subparagraph (C)(i) of this
 265 subdivision, for each taxpayer whose Connecticut adjusted gross
 266 income exceeds one hundred thousand five hundred dollars, the
 267 amount of the taxpayer's Connecticut taxable income to which the
 268 three-per-cent tax rate applies shall be reduced by two thousand
 269 dollars for each five thousand dollars, or fraction thereof, by which the
 270 taxpayer's Connecticut adjusted gross income exceeds said amount.
 271 Any such amount of Connecticut taxable income to which, as provided
 272 in the preceding sentence, the three-per-cent tax rate does not apply
 273 shall be an amount to which the five-per-cent tax rate shall apply.

274 (iii) Each taxpayer whose Connecticut adjusted gross income
 275 exceeds four hundred thousand dollars shall pay, in addition to the tax
 276 computed under the provisions of subparagraphs (C)(i) and (C)(ii) of
 277 this subdivision, an amount equal to one hundred fifty dollars for each
 278 ten thousand dollars, or fraction thereof, by which the taxpayer's
 279 Connecticut adjusted gross income exceeds four hundred thousand
 280 dollars, up to a maximum payment of four thousand five hundred
 281 dollars.

282 (iv) Each taxpayer whose Connecticut adjusted gross income
 283 exceeds one million dollars shall pay, in addition to the tax computed
 284 under the provisions of subparagraphs (C)(i), (C)(ii) and (C)(iii) of this
 285 subdivision, an amount equal to one hundred dollars for each ten
 286 thousand dollars, or fraction thereof, by which the taxpayer's
 287 Connecticut adjusted gross income exceeds one million dollars, up to a
 288 maximum payment of two thousand nine hundred dollars.

289 (v) Each taxpayer whose Connecticut adjusted gross income exceeds
 290 one million dollars shall pay, in addition to the tax computed under
 291 the provisions of subparagraphs (C)(i), (C)(ii), (C)(iii) and (C)(iv) of
 292 this subdivision, an amount equal to 2.0% of the taxpayer's capital
 293 gains income.

294 (D) (i) For any person who files a return under the federal income
 295 tax for such taxable year as a married individual filing separately:

T175	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T176	<u>Not over \$10,000</u>	<u>3.0%</u>
T177	<u>Over \$10,000 but not</u>	<u>\$300.00, plus 5.0% of the</u>
T178	<u>over \$50,000</u>	<u>excess over \$10,000</u>
T179	<u>Over \$50,000 but not</u>	<u>\$2,300, plus 5.5% of the</u>
T180	<u>over \$100,000</u>	<u>excess over \$50,000</u>
T181	<u>Over \$100,000 but not</u>	<u>\$5,050, plus 6.0% of the</u>
T182	<u>over \$200,000</u>	<u>excess over \$100,000</u>
T183	<u>Over \$200,000 but not</u>	<u>\$11,050, plus 6.5% of the</u>
T184	<u>over \$250,000</u>	<u>excess over \$200,000</u>
T185	<u>Over \$250,000 but not over</u>	<u>\$14,300, plus 6.70% of the</u>
T186	<u>\$500,000</u>	<u>excess over \$250,000</u>
T187	<u>Over \$500,000</u>	<u>\$31,050, plus 6.99% of the</u>
T188		<u>excess over \$500,000</u>

296 (ii) Notwithstanding the provisions of subparagraph (D)(i) of this
 297 subdivision, for each taxpayer whose Connecticut adjusted gross

298 income exceeds fifty thousand two hundred fifty dollars, the amount
299 of the taxpayer's Connecticut taxable income to which the three-per-
300 cent tax rate applies shall be reduced by one thousand dollars for each
301 two thousand five hundred dollars, or fraction thereof, by which the
302 taxpayer's Connecticut adjusted gross income exceeds said amount.
303 Any such amount of Connecticut taxable income to which, as provided
304 in the preceding sentence, the three-per-cent tax rate does not apply
305 shall be an amount to which the five-per-cent tax rate shall apply.

306 (iii) Each taxpayer whose Connecticut adjusted gross income
307 exceeds two hundred thousand dollars shall pay, in addition to the tax
308 computed under the provisions of subparagraphs (D)(i) and (D)(ii) of
309 this subdivision, an amount equal to seventy-five dollars for each five
310 thousand dollars, or fraction thereof, by which the taxpayer's
311 Connecticut adjusted gross income exceeds two hundred thousand
312 dollars, up to a maximum payment of two thousand two hundred fifty
313 dollars.

314 (iv) Each taxpayer whose Connecticut adjusted gross income
315 exceeds five hundred thousand dollars shall pay, in addition to the tax
316 computed under the provisions of subparagraphs (D)(i), (D)(ii) and
317 (D)(iii) of this subdivision, an amount equal to fifty dollars for each
318 five thousand dollars, or fraction thereof, by which the taxpayer's
319 Connecticut adjusted gross income exceeds five hundred thousand
320 dollars, up to a maximum payment of one thousand four hundred fifty
321 dollars.

322 (v) Each taxpayer whose Connecticut adjusted gross income exceeds
323 five hundred thousand dollars shall pay, in addition to the tax
324 computed under the provisions of subparagraphs (D)(i), (D)(ii), (D)(iii)
325 and (D)(iv) of this subdivision, an amount equal to 2.0% of the
326 taxpayer's capital gains income.

327 (E) For trusts or estates, the rate of tax shall be 6.99% of the
328 Connecticut taxable income.

329 (10) For purposes of this subsection, "capital gains" means (A) net

330 gain as determined for federal income tax purposes, after due
331 allowance for losses and holding periods, from (i) sales or exchanges of
332 capital assets or assets treated as capital assets, other than notes, bonds
333 or other obligations of the state or any of the political subdivisions
334 thereof, or its or their respective agencies or instrumentalities, or (ii)
335 transactions or events taxable to the taxpayer as such sales or
336 exchanges, and being the net amount includable in the taxpayer's
337 adjusted gross income, with respect to all such sales, exchanges,
338 transactions or events, under the provisions of the internal revenue
339 code in effect for the taxable year, exclusive of any gain or loss from
340 the holding or trading of any dealer equity options, as defined in
341 Section 1256 of the Internal Revenue Code, and exclusive of any gain
342 or loss of a nonresident taxpayer other than from the sale or exchange
343 of real property located in the state, provided such property is a capital
344 asset or an asset treated as a capital asset or such sale or exchange is a
345 transaction or an event taxable as a sale or exchange of a capital asset,
346 and (B) net gains from sales or exchanges of certain property, as
347 determined in accordance with Internal Revenue Service Form 4797,
348 exclusive of any such net gain includable under subparagraph (A) of
349 this subdivision;

350 [(9)] (11) The provisions of this subsection shall apply to resident
351 trusts and estates and, wherever reference is made in this subsection to
352 residents of this state, such reference shall be construed to include
353 resident trusts and estates, provided any reference to a resident's
354 Connecticut adjusted gross income derived from sources without this
355 state or to a resident's Connecticut adjusted gross income shall be
356 construed, in the case of a resident trust or estate, to mean the resident
357 trust or estate's Connecticut taxable income derived from sources
358 without this state and the resident trust or estate's Connecticut taxable
359 income, respectively.

360 Sec. 2. Subsection (a) of section 12-702 of the general statutes is
361 repealed and the following is substituted in lieu thereof (*Effective from*
362 *passage and applicable to taxable years commencing on or after January 1,*
363 *2015*):

364 (a) (1) (A) Any person, other than a trust or estate, subject to the tax
365 under this chapter for any taxable year who files under the federal
366 income tax for such taxable year as a married individual filing
367 separately or, for taxable years commencing prior to January 1, 2000,
368 who files income tax for such taxable year as an unmarried individual
369 shall be entitled to a personal exemption of twelve thousand dollars in
370 determining Connecticut taxable income for purposes of this chapter.

371 (B) In the case of any such taxpayer whose Connecticut adjusted
372 gross income for the taxable year exceeds twenty-four thousand
373 dollars, the exemption amount shall be reduced by one thousand
374 dollars for each one thousand dollars, or fraction thereof, by which the
375 taxpayer's Connecticut adjusted gross income for the taxable year
376 exceeds said amount. In no event shall the reduction exceed one
377 hundred per cent of the exemption.

378 (2) For taxable years commencing on or after January 1, 2000, any
379 person, other than a trust or estate, subject to the tax under this chapter
380 for any taxable year who files under the federal income tax for such
381 taxable year as an unmarried individual shall be entitled to a personal
382 exemption in determining Connecticut taxable income for purposes of
383 this chapter as follows:

384 (A) For taxable years commencing on or after January 1, 2000, but
385 prior to January 1, 2001, twelve thousand two hundred fifty dollars. In
386 the case of any such taxpayer whose Connecticut adjusted gross
387 income for the taxable year exceeds twenty-four thousand five
388 hundred dollars, the exemption amount shall be reduced by one
389 thousand dollars for each one thousand dollars, or fraction thereof, by
390 which the taxpayer's Connecticut adjusted gross income for the taxable
391 year exceeds said amount. In no event shall the reduction exceed one
392 hundred per cent of the exemption;

393 (B) For taxable years commencing on or after January 1, 2001, but
394 prior to January 1, 2004, twelve thousand five hundred dollars. In the
395 case of any such taxpayer whose Connecticut adjusted gross income
396 for the taxable year exceeds twenty-five thousand dollars, the

397 exemption amount shall be reduced by one thousand dollars for each
398 one thousand dollars, or fraction thereof, by which the taxpayer's
399 Connecticut adjusted gross income for the taxable year exceeds said
400 amount. In no event shall the reduction exceed one hundred per cent
401 of the exemption;

402 (C) For taxable years commencing on or after January 1, 2004, but
403 prior to January 1, 2007, twelve thousand six hundred twenty-five
404 dollars. In the case of any such taxpayer whose Connecticut adjusted
405 gross income for the taxable year exceeds twenty-five thousand two
406 hundred fifty dollars, the exemption amount shall be reduced by one
407 thousand dollars for each one thousand dollars, or fraction thereof, by
408 which the taxpayer's Connecticut adjusted gross income for the taxable
409 year exceeds said amount. In no event shall the reduction exceed one
410 hundred per cent of the exemption;

411 (D) For taxable years commencing on or after January 1, 2007, but
412 prior to January 1, 2008, twelve thousand seven hundred fifty dollars.
413 In the case of any such taxpayer whose Connecticut adjusted gross
414 income for the taxable year exceeds twenty-five thousand five hundred
415 dollars, the exemption amount shall be reduced by one thousand
416 dollars for each one thousand dollars, or fraction thereof, by which the
417 taxpayer's Connecticut adjusted gross income for the taxable year
418 exceeds said amount. In no event shall the reduction exceed one
419 hundred per cent of the exemption;

420 (E) For taxable years commencing on or after January 1, 2008, but
421 prior to January 1, 2012, thirteen thousand dollars. In the case of any
422 such taxpayer whose Connecticut adjusted gross income for the
423 taxable year exceeds twenty-six thousand dollars, the exemption
424 amount shall be reduced by one thousand dollars for each one
425 thousand dollars, or fraction thereof, by which the taxpayer's
426 Connecticut adjusted gross income for the taxable year exceeds said
427 amount. In no event shall the reduction exceed one hundred per cent
428 of the exemption;

429 (F) For taxable years commencing on or after January 1, 2012, but

430 prior to January 1, 2013, thirteen thousand five hundred dollars. In the
431 case of any such taxpayer whose Connecticut adjusted gross income
432 for the taxable year exceeds twenty-seven thousand dollars, the
433 exemption amount shall be reduced by one thousand dollars for each
434 one thousand dollars, or fraction thereof, by which the taxpayer's
435 Connecticut adjusted gross income for the taxable year exceeds said
436 amount. In no event shall the reduction exceed one hundred per cent
437 of the exemption;

438 (G) For taxable years commencing on or after January 1, 2013, but
439 prior to January 1, 2014, fourteen thousand dollars. In the case of any
440 such taxpayer whose Connecticut adjusted gross income for the
441 taxable year exceeds twenty-eight thousand dollars, the exemption
442 amount shall be reduced by one thousand dollars for each one
443 thousand dollars, or fraction thereof, by which the taxpayer's
444 Connecticut adjusted gross income for the taxable year exceeds said
445 amount. In no event shall the reduction exceed one hundred per cent
446 of the exemption;

447 (H) For taxable years commencing on or after January 1, 2014, but
448 prior to January 1, [2015] 2018, fourteen thousand five hundred dollars.
449 In the case of any such taxpayer whose Connecticut adjusted gross
450 income for the taxable year exceeds twenty-nine thousand dollars, the
451 exemption amount shall be reduced by one thousand dollars for each
452 one thousand dollars, or fraction thereof, by which the taxpayer's
453 Connecticut adjusted gross income for the taxable year exceeds said
454 amount. In no event shall the reduction exceed one hundred per cent
455 of the exemption;

456 (I) For taxable years commencing on or after January 1, [2015] 2018,
457 fifteen thousand dollars. In the case of any such taxpayer whose
458 Connecticut adjusted gross income for the taxable year exceeds thirty
459 thousand dollars, the exemption amount shall be reduced by one
460 thousand dollars for each one thousand dollars, or fraction thereof, by
461 which the taxpayer's Connecticut adjusted gross income for the taxable
462 year exceeds said amount. In no event shall the reduction exceed one

463 hundred per cent of the exemption.

464 Sec. 3. Subparagraphs (H) and (I) of subdivision (2) of subsection (a)
 465 of section 12-703 of the general statutes are repealed and the following
 466 is substituted in lieu thereof (*Effective from passage and applicable to*
 467 *taxable years commencing on or after January 1, 2015*):

468 (H) For taxable years commencing on or after January 1, 2014, but
 469 prior to January 1, [2015] 2018:

T189	Connecticut	
T190	Adjusted Gross Income	Amount of Credit
T191	Over \$14,500 but	
T192	not over \$18,100	75%
T193	Over \$18,100 but	
T194	not over \$18,600	70%
T195	Over \$18,600 but	
T196	not over \$19,100	65%
T197	Over \$19,100 but	
T198	not over \$19,600	60%
T199	Over \$19,600 but	
T200	not over \$20,100	55%
T201	Over \$20,100 but	
T202	not over \$20,600	50%
T203	Over \$20,600 but	
T204	not over \$21,100	45%
T205	Over \$21,100 but	
T206	not over \$21,600	40%
T207	Over \$21,600 but	
T208	not over \$24,200	35%
T209	Over \$24,200 but	
T210	not over \$24,700	30%
T211	Over \$24,700 but	
T212	not over \$25,200	25%
T213	Over \$25,200 but	

T214	not over \$25,700	20%
T215	Over \$25,700 but	
T216	not over \$30,200	15%
T217	Over \$30,200 but	
T218	not over \$30,700	14%
T219	Over \$30,700 but	
T220	not over \$31,200	13%
T221	Over \$31,200 but	
T222	not over \$31,700	12%
T223	Over \$31,700 but	
T224	not over \$32,200	11%
T225	Over \$32,200 but	
T226	not over \$58,000	10%
T227	Over \$58,000 but	
T228	not over \$58,500	9%
T229	Over \$58,500 but	
T230	not over \$59,000	8%
T231	Over \$59,000 but	
T232	not over \$59,500	7%
T233	Over \$59,500 but	
T234	not over \$60,000	6%
T235	Over \$60,000 but	
T236	not over \$60,500	5%
T237	Over \$60,500 but	
T238	not over \$61,000	4%
T239	Over \$61,000 but	
T240	not over \$61,500	3%
T241	Over \$61,500 but	
T242	not over \$62,000	2%
T243	Over \$62,000 but	
T244	not over \$62,500	1%

470 (I) For taxable years commencing on or after January 1, [2015] 2018:

T245 Connecticut

T246	Adjusted Gross Income	Amount of Credit
T247	Over \$15,000 but	
T248	not over \$18,800	75%
T249	Over \$18,800 but	
T250	not over \$19,300	70%
T251	Over \$19,300 but	
T252	not over \$19,800	65%
T253	Over \$19,800 but	
T254	not over \$20,300	60%
T255	Over \$20,300 but	
T256	not over \$20,800	55%
T257	Over \$20,800 but	
T258	not over \$21,300	50%
T259	Over \$21,300 but	
T260	not over \$21,800	45%
T261	Over \$21,800 but	
T262	not over \$22,300	40%
T263	Over \$22,300 but	
T264	not over \$25,000	35%
T265	Over \$25,000 but	
T266	not over \$25,500	30%
T267	Over \$25,500 but	
T268	not over \$26,000	25%
T269	Over \$26,000 but	
T270	not over \$26,500	20%
T271	Over \$26,500 but	
T272	not over \$31,300	15%
T273	Over \$31,300 but	
T274	not over \$31,800	14%
T275	Over \$31,800 but	
T276	not over \$32,300	13%
T277	Over \$32,300 but	
T278	not over \$32,800	12%
T279	Over \$32,800 but	
T280	not over \$33,300	11%

T281	Over \$33,300 but	
T282	not over \$60,000	10%
T283	Over \$60,000 but	
T284	not over \$60,500	9%
T285	Over \$60,500 but	
T286	not over \$61,000	8%
T287	Over \$61,000 but	
T288	not over \$61,500	7%
T289	Over \$61,500 but	
T290	not over \$62,000	6%
T291	Over \$62,000 but	
T292	not over \$62,500	5%
T293	Over \$62,500 but	
T294	not over \$63,000	4%
T295	Over \$63,000 but	
T296	not over \$63,500	3%
T297	Over \$63,500 but	
T298	not over \$64,000	2%
T299	Over \$64,000 but	
T300	not over \$64,500	1%

471 Sec. 4. Subparagraphs (I) and (J) of subdivision (1) of subsection (c)
 472 of section 12-704c of the general statutes are repealed and the
 473 following is substituted in lieu thereof (*Effective from passage and*
 474 *applicable to taxable years commencing on or after January 1, 2015*):

475 (I) For taxable years commencing on or after January 1, 2014, but
 476 prior to January 1, [2015] 2018, in the case of any such taxpayer who
 477 files under the federal income tax for such taxable year as an
 478 unmarried individual whose Connecticut adjusted gross income
 479 exceeds sixty-two thousand five hundred dollars, the amount of the
 480 credit shall be reduced by fifteen per cent for each ten thousand
 481 dollars, or fraction thereof, by which the taxpayer's Connecticut
 482 adjusted gross income exceeds said amount.

483 (J) For taxable years commencing on or after January 1, [2015] 2018,
484 in the case of any such taxpayer who files under the federal income tax
485 for such taxable year as an unmarried individual whose Connecticut
486 adjusted gross income exceeds sixty-four thousand five hundred
487 dollars, the amount of the credit shall be reduced by fifteen per cent for
488 each ten thousand dollars, or fraction thereof, by which the taxpayer's
489 Connecticut adjusted gross income exceeds said amount.

490 Sec. 5. Subsection (e) of section 12-704e of the general statutes is
491 repealed and the following is substituted in lieu thereof (*Effective from*
492 *passage and applicable to taxable years commencing on or after January 1,*
493 *2015*):

494 (e) For purposes of this section, "applicable percentage" means thirty
495 per cent, except (1) for the taxable year commencing on January 1,
496 2013, "applicable percentage" means twenty-five per cent, and (2) for
497 [the taxable year] taxable years commencing on or after January 1,
498 2014, but prior to January 1, 2017, "applicable percentage" means
499 twenty-seven and one-half per cent.

500 Sec. 6. Subparagraph (B) of subdivision (20) of subsection (a) of
501 section 12-701 of the general statutes, as amended by section 50 of
502 public act 14-47, is repealed and the following is substituted in lieu
503 thereof (*Effective July 1, 2015, and applicable to taxable years commencing*
504 *on or after January 1, 2015*):

505 (B) There shall be subtracted therefrom (i) to the extent properly
506 includable in gross income for federal income tax purposes, any
507 income with respect to which taxation by any state is prohibited by
508 federal law, (ii) to the extent allowable under section 12-718, exempt
509 dividends paid by a regulated investment company, (iii) the amount of
510 any refund or credit for overpayment of income taxes imposed by this
511 state, or any other state of the United States or a political subdivision
512 thereof, or the District of Columbia, to the extent properly includable
513 in gross income for federal income tax purposes, (iv) to the extent
514 properly includable in gross income for federal income tax purposes
515 and not otherwise subtracted from federal adjusted gross income

516 pursuant to clause (x) of this subparagraph in computing Connecticut
517 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
518 extent any additional allowance for depreciation under Section 168(k)
519 of the Internal Revenue Code, as provided by Section 101 of the Job
520 Creation and Worker Assistance Act of 2002, for property placed in
521 service after December 31, 2001, but prior to September 10, 2004, was
522 added to federal adjusted gross income pursuant to subparagraph
523 (A)(ix) of this subdivision in computing Connecticut adjusted gross
524 income for a taxable year ending after December 31, 2001, twenty-five
525 per cent of such additional allowance for depreciation in each of the
526 four succeeding taxable years, (vi) to the extent properly includable in
527 gross income for federal income tax purposes, any interest income
528 from obligations issued by or on behalf of the state of Connecticut, any
529 political subdivision thereof, or public instrumentality, state or local
530 authority, district or similar public entity created under the laws of the
531 state of Connecticut, (vii) to the extent properly includable in
532 determining the net gain or loss from the sale or other disposition of
533 capital assets for federal income tax purposes, any gain from the sale
534 or exchange of obligations issued by or on behalf of the state of
535 Connecticut, any political subdivision thereof, or public
536 instrumentality, state or local authority, district or similar public entity
537 created under the laws of the state of Connecticut, in the income year
538 such gain was recognized, (viii) any interest on indebtedness incurred
539 or continued to purchase or carry obligations or securities the interest
540 on which is subject to tax under this chapter but exempt from federal
541 income tax, to the extent that such interest on indebtedness is not
542 deductible in determining federal adjusted gross income and is
543 attributable to a trade or business carried on by such individual, (ix)
544 ordinary and necessary expenses paid or incurred during the taxable
545 year for the production or collection of income which is subject to
546 taxation under this chapter but exempt from federal income tax, or the
547 management, conservation or maintenance of property held for the
548 production of such income, and the amortizable bond premium for the
549 taxable year on any bond the interest on which is subject to tax under
550 this chapter but exempt from federal income tax, to the extent that

551 such expenses and premiums are not deductible in determining federal
552 adjusted gross income and are attributable to a trade or business
553 carried on by such individual, (x) (I) for a person who files a return
554 under the federal income tax as an unmarried individual whose
555 federal adjusted gross income for such taxable year is less than fifty
556 thousand dollars, or as a married individual filing separately whose
557 federal adjusted gross income for such taxable year is less than fifty
558 thousand dollars, or for a husband and wife who file a return under
559 the federal income tax as married individuals filing jointly whose
560 federal adjusted gross income for such taxable year is less than sixty
561 thousand dollars or a person who files a return under the federal
562 income tax as a head of household whose federal adjusted gross
563 income for such taxable year is less than sixty thousand dollars, an
564 amount equal to the Social Security benefits includable for federal
565 income tax purposes; and (II) for a person who files a return under the
566 federal income tax as an unmarried individual whose federal adjusted
567 gross income for such taxable year is fifty thousand dollars or more, or
568 as a married individual filing separately whose federal adjusted gross
569 income for such taxable year is fifty thousand dollars or more, or for a
570 husband and wife who file a return under the federal income tax as
571 married individuals filing jointly whose federal adjusted gross income
572 from such taxable year is sixty thousand dollars or more or for a
573 person who files a return under the federal income tax as a head of
574 household whose federal adjusted gross income for such taxable year
575 is sixty thousand dollars or more, an amount equal to the difference
576 between the amount of Social Security benefits includable for federal
577 income tax purposes and the lesser of twenty-five per cent of the Social
578 Security benefits received during the taxable year, or twenty-five per
579 cent of the excess described in Section 86(b)(1) of the Internal Revenue
580 Code, (xi) to the extent properly includable in gross income for federal
581 income tax purposes, any amount rebated to a taxpayer pursuant to
582 section 12-746, (xii) to the extent properly includable in the gross
583 income for federal income tax purposes of a designated beneficiary,
584 any distribution to such beneficiary from any qualified state tuition
585 program, as defined in Section 529(b) of the Internal Revenue Code,

586 established and maintained by this state or any official, agency or
587 instrumentality of the state, (xiii) to the extent allowable under section
588 12-701a, contributions to accounts established pursuant to any
589 qualified state tuition program, as defined in Section 529(b) of the
590 Internal Revenue Code, established and maintained by this state or
591 any official, agency or instrumentality of the state, (xiv) to the extent
592 properly includable in gross income for federal income tax purposes,
593 the amount of any Holocaust victims' settlement payment received in
594 the taxable year by a Holocaust victim, (xv) to the extent properly
595 includable in gross income for federal income tax purposes of an
596 account holder, as defined in section 31-51ww, interest earned on
597 funds deposited in the individual development account, as defined in
598 section 31-51ww, of such account holder, (xvi) to the extent properly
599 includable in the gross income for federal income tax purposes of a
600 designated beneficiary, as defined in section 3-123aa, interest,
601 dividends or capital gains earned on contributions to accounts
602 established for the designated beneficiary pursuant to the Connecticut
603 Homecare Option Program for the Elderly established by sections 3-
604 123aa to 3-123ff, inclusive, (xvii) to the extent properly includable in
605 gross income for federal income tax purposes, [fifty per cent of the]
606 any income received from the United States government as retirement
607 pay for a retired member of (I) the Armed Forces of the United States,
608 as defined in Section 101 of Title 10 of the United States Code, or (II)
609 the National Guard, as defined in Section 101 of Title 10 of the United
610 States Code, (xviii) to the extent properly includable in gross income
611 for federal income tax purposes for the taxable year, any income from
612 the discharge of indebtedness in connection with any reacquisition,
613 after December 31, 2008, and before January 1, 2011, of an applicable
614 debt instrument or instruments, as those terms are defined in Section
615 108 of the Internal Revenue Code, as amended by Section 1231 of the
616 American Recovery and Reinvestment Act of 2009, to the extent any
617 such income was added to federal adjusted gross income pursuant to
618 subparagraph (A)(x) of this subdivision in computing Connecticut
619 adjusted gross income for a preceding taxable year, (xix) to the extent
620 not deductible in determining federal adjusted gross income, the

621 amount of any contribution to a manufacturing reinvestment account
622 established pursuant to section 32-9zz in the taxable year that such
623 contribution is made, and (xx) to the extent properly includable in
624 gross income for federal income tax purposes, for the taxable year
625 commencing January 1, 2015, ten per cent of the income received from
626 the state teachers' retirement system, for the taxable year commencing
627 January 1, 2016, twenty-five per cent of the income received from the
628 state teachers' retirement system, and for the taxable year commencing
629 January 1, 2017, and each taxable year thereafter, fifty per cent of the
630 income received from the state teachers' retirement system.

631 Sec. 7. Subsection (b) of section 12-214 of the general statutes is
632 repealed and the following is substituted in lieu thereof (*Effective from*
633 *passage and applicable to income years commencing on or after January 1,*
634 *2016*):

635 (b) (1) With respect to income years commencing on or after January
636 1, 1989, and prior to January 1, 1992, any company subject to the tax
637 imposed in accordance with subsection (a) of this section shall pay, for
638 each such income year, an additional tax in an amount equal to twenty
639 per cent of the tax calculated under said subsection (a) for such income
640 year, without reduction of the tax so calculated by the amount of any
641 credit against such tax. The additional amount of tax determined
642 under this subsection for any income year shall constitute a part of the
643 tax imposed by the provisions of said subsection (a) and shall become
644 due and be paid, collected and enforced as provided in this chapter.

645 (2) With respect to income years commencing on or after January 1,
646 1992, and prior to January 1, 1993, any company subject to the tax
647 imposed in accordance with subsection (a) of this section shall pay, for
648 each such income year, an additional tax in an amount equal to ten per
649 cent of the tax calculated under said subsection (a) for such income
650 year, without reduction of the tax so calculated by the amount of any
651 credit against such tax. The additional amount of tax determined
652 under this subsection for any income year shall constitute a part of the
653 tax imposed by the provisions of said subsection (a) and shall become

654 due and be paid, collected and enforced as provided in this chapter.

655 (3) With respect to income years commencing on or after January 1,
656 2003, and prior to January 1, 2004, any company subject to the tax
657 imposed in accordance with subsection (a) of this section shall pay, for
658 each such income year, an additional tax in an amount equal to twenty
659 per cent of the tax calculated under said subsection (a) for such income
660 year, without reduction of the tax so calculated by the amount of any
661 credit against such tax. The additional amount of tax determined
662 under this subsection for any income year shall constitute a part of the
663 tax imposed by the provisions of said subsection (a) and shall become
664 due and be paid, collected and enforced as provided in this chapter.

665 (4) With respect to income years commencing on or after January 1,
666 2004, and prior to January 1, 2005, any company subject to the tax
667 imposed in accordance with subsection (a) of this section shall pay, for
668 each such income year, an additional tax in an amount equal to
669 twenty-five per cent of the tax calculated under said subsection (a) for
670 such income year, without reduction of the tax so calculated by the
671 amount of any credit against such tax, except that any company that
672 pays the minimum tax of two hundred fifty dollars under section 12-
673 219, as amended by this act, or 12-223c, as amended by this act, for
674 such income year shall not be subject to the additional tax imposed by
675 this subdivision. The additional amount of tax determined under this
676 subdivision for any income year shall constitute a part of the tax
677 imposed by the provisions of said subsection (a) and shall become due
678 and be paid, collected and enforced as provided in this chapter.

679 (5) With respect to income years commencing on or after January 1,
680 2006, and prior to January 1, 2007, any company subject to the tax
681 imposed in accordance with subsection (a) of this section shall pay,
682 except when the tax so calculated is equal to two hundred fifty dollars,
683 for each such income year, an additional tax in an amount equal to
684 twenty per cent of the tax calculated under said subsection (a) for such
685 income year, without reduction of the tax so calculated by the amount
686 of any credit against such tax. The additional amount of tax

687 determined under this subsection for any income year shall constitute
688 a part of the tax imposed by the provisions of said subsection (a) and
689 shall become due and be paid, collected and enforced as provided in
690 this chapter.

691 (6) (A) With respect to income years commencing on or after
692 January 1, 2009, and prior to January 1, 2012, any company subject to
693 the tax imposed in accordance with subsection (a) of this section shall
694 pay, for each such income year, except when the tax so calculated is
695 equal to two hundred fifty dollars, an additional tax in an amount
696 equal to ten per cent of the tax calculated under said subsection (a) for
697 such income year, without reduction of the tax so calculated by the
698 amount of any credit against such tax. The additional amount of tax
699 determined under this subsection for any income year shall constitute
700 a part of the tax imposed by the provisions of said subsection (a) and
701 shall become due and be paid, collected and enforced as provided in
702 this chapter.

703 (B) Any company whose gross income for the income year was less
704 than one hundred million dollars shall not be subject to the additional
705 tax imposed under subparagraph (A) of this subdivision. This
706 exception shall not apply to companies filing a combined return for the
707 income year under section 12-223a, as amended by this act, or a
708 unitary return under subsection (d) of section 12-218d, as amended by
709 this act.

710 (7) (A) With respect to income years commencing on or after
711 January 1, 2012, and prior to January 1, [2016] 2018, any company
712 subject to the tax imposed in accordance with subsection (a) of this
713 section shall pay, for each such income year, except when the tax so
714 calculated is equal to two hundred fifty dollars, an additional tax in an
715 amount equal to twenty per cent of the tax calculated under said
716 subsection (a) for such income year, without reduction of the tax so
717 calculated by the amount of any credit against such tax. The additional
718 amount of tax determined under this subsection for any income year
719 shall constitute a part of the tax imposed by the provisions of said

720 subsection (a) and shall become due and be paid, collected and
721 enforced as provided in this chapter.

722 (B) Any company whose gross income for the income year was less
723 than one hundred million dollars shall not be subject to the additional
724 tax imposed under subparagraph (A) of this subdivision. This
725 exception shall not apply to companies filing a combined return for the
726 income year under section 12-223a, as amended by this act, or a
727 unitary return under subsection (d) of section 12-218d, as amended by
728 this act.

729 (8) (A) With respect to the income year commencing January 1, 2018,
730 any company subject to the tax imposed in accordance with subsection
731 (a) of this section shall pay, for such income year, except when the tax
732 so calculated is equal to two hundred fifty dollars, an additional tax in
733 an amount equal to ten per cent of the tax calculated under said
734 subsection (a) for such income year, without reduction of the tax so
735 calculated by the amount of any credit against such tax. The additional
736 amount of tax determined under this subsection for any income year
737 shall constitute a part of the tax imposed by the provisions of said
738 subsection (a) and shall become due and be paid, collected and
739 enforced as provided in this chapter.

740 (B) Any company whose gross income for the income year was less
741 than one hundred million dollars shall not be subject to the additional
742 tax imposed under subparagraph (A) of this subdivision. This
743 exception shall not apply to companies filing a combined return for the
744 income year under section 12-223a, as amended by this act, or a
745 unitary return under subsection (d) of section 12-218d, as amended by
746 this act.

747 Sec. 8. Subsection (b) of section 12-219 of the general statutes is
748 repealed and the following is substituted in lieu thereof (*Effective from*
749 *passage and applicable to income years commencing on or after January 1,*
750 *2016*):

751 (b) (1) With respect to income years commencing on or after January

752 1, 1989, and prior to January 1, 1992, the additional tax imposed on any
753 company and calculated in accordance with subsection (a) of this
754 section shall, for each such income year, except when the tax so
755 calculated is equal to two hundred fifty dollars, be increased by adding
756 thereto an amount equal to twenty per cent of the additional tax so
757 calculated for such income year, without reduction of the additional
758 tax so calculated by the amount of any credit against such tax. The
759 increased amount of tax payable by any company under this section,
760 as determined in accordance with this subsection, shall become due
761 and be paid, collected and enforced as provided in this chapter.

762 (2) With respect to income years commencing on or after January 1,
763 1992, and prior to January 1, 1993, the additional tax imposed on any
764 company and calculated in accordance with subsection (a) of this
765 section shall, for each such income year, except when the tax so
766 calculated is equal to two hundred fifty dollars, be increased by adding
767 thereto an amount equal to ten per cent of the additional tax so
768 calculated for such income year, without reduction of the tax so
769 calculated by the amount of any credit against such tax. The increased
770 amount of tax payable by any company under this section, as
771 determined in accordance with this subsection, shall become due and
772 be paid, collected and enforced as provided in this chapter.

773 (3) With respect to income years commencing on or after January 1,
774 2003, and prior to January 1, 2004, the additional tax imposed on any
775 company and calculated in accordance with subsection (a) of this
776 section shall, for each such income year, be increased by adding
777 thereto an amount equal to twenty per cent of the additional tax so
778 calculated for such income year, without reduction of the tax so
779 calculated by the amount of any credit against such tax. The increased
780 amount of tax payable by any company under this section, as
781 determined in accordance with this subsection, shall become due and
782 be paid, collected and enforced as provided in this chapter.

783 (4) With respect to income years commencing on or after January 1,
784 2004, and prior to January 1, 2005, the additional tax imposed on any

785 company and calculated in accordance with subsection (a) of this
786 section shall, for each such income year, be increased by adding
787 thereto an amount equal to twenty-five per cent of the additional tax so
788 calculated for such income year, without reduction of the tax so
789 calculated by the amount of any credit against such tax, except that
790 any company that pays the minimum tax of two hundred fifty dollars
791 under this section or section 12-223c, as amended by this act, for such
792 income year shall not be subject to such additional tax. The increased
793 amount of tax payable by any company under this subdivision, as
794 determined in accordance with this subsection, shall become due and
795 be paid, collected and enforced as provided in this chapter.

796 (5) With respect to income years commencing on or after January 1,
797 2006, and prior to January 1, 2007, the additional tax imposed on any
798 company and calculated in accordance with subsection (a) of this
799 section shall, for each such income year, except when the tax so
800 calculated is equal to two hundred fifty dollars, be increased by adding
801 thereto an amount equal to twenty per cent of the additional tax so
802 calculated for such income year, without reduction of the tax so
803 calculated by the amount of any credit against such tax. The increased
804 amount of tax payable by any company under this section, as
805 determined in accordance with this subsection, shall become due and
806 be paid, collected and enforced as provided in this chapter.

807 (6) (A) With respect to income years commencing on or after
808 January 1, 2009, and prior to January 1, 2012, the additional tax
809 imposed on any company and calculated in accordance with
810 subsection (a) of this section shall, for each such income year, except
811 when the tax so calculated is equal to two hundred fifty dollars, be
812 increased by adding thereto an amount equal to ten per cent of the
813 additional tax so calculated for such income year, without reduction of
814 the tax so calculated by the amount of any credit against such tax. The
815 increased amount of tax payable by any company under this section,
816 as determined in accordance with this subsection, shall become due
817 and be paid, collected and enforced as provided in this chapter.

818 (B) Any company whose gross income for the income year was less
819 than one hundred million dollars shall not be subject to the additional
820 tax imposed under subparagraph (A) of this subdivision. This
821 exception shall not apply to companies filing a combined return for the
822 income year under section 12-223a, as amended by this act, or a
823 unitary return under subsection (d) of section 12-218d, as amended by
824 this act.

825 (7) (A) With respect to income years commencing on or after
826 January 1, 2012, and prior to January 1, [2016] 2018, the additional tax
827 imposed on any company and calculated in accordance with
828 subsection (a) of this section shall, for each such income year, except
829 when the tax so calculated is equal to two hundred fifty dollars, be
830 increased by adding thereto an amount equal to twenty per cent of the
831 additional tax so calculated for such income year, without reduction of
832 the tax so calculated by the amount of any credit against such tax. The
833 increased amount of tax payable by any company under this section,
834 as determined in accordance with this subsection, shall become due
835 and be paid, collected and enforced as provided in this chapter.

836 (B) Any company whose gross income for the income year was less
837 than one hundred million dollars shall not be subject to the additional
838 tax imposed under subparagraph (A) of this subdivision. This
839 exception shall not apply to companies filing a combined return for the
840 income year under section 12-223a, as amended by this act, or a
841 unitary return under subsection (d) of section 12-218d, as amended by
842 this act.

843 (8) (A) With respect to the income year commencing January 1, 2018,
844 the additional tax imposed on any company and calculated in
845 accordance with subsection (a) of this section shall, for such income
846 year, except when the tax so calculated is equal to two hundred fifty
847 dollars, be increased by adding thereto an amount equal to ten per cent
848 of the additional tax so calculated for such income year, without
849 reduction of the tax so calculated by the amount of any credit against
850 such tax. The increased amount of tax payable by any company under

851 this section, as determined in accordance with this subsection, shall
852 become due and be paid, collected and enforced as provided in this
853 chapter.

854 (B) Any company whose gross income for the income year was less
855 than one hundred million dollars shall not be subject to the additional
856 tax imposed under subparagraph (A) of this subdivision. This
857 exception shall not apply to companies filing a combined return for the
858 income year under section 12-223a, as amended by this act, or a
859 unitary return under subsection (d) of section 12-218d, as amended by
860 this act.

861 Sec. 9. Subsection (a) of section 12-211a of the general statutes is
862 repealed and the following is substituted in lieu thereof (*Effective from*
863 *passage and applicable to calendar years commencing on or after January 1,*
864 *2015*):

865 (a) (1) Notwithstanding any provision of the general statutes, and
866 except as otherwise provided in subdivision (5) of this subsection or in
867 subsection (b) of this section, the amount of tax credit or credits
868 otherwise allowable against the tax imposed under this chapter for any
869 calendar year shall not exceed seventy per cent of the amount of tax
870 due from such taxpayer under this chapter with respect to such
871 calendar year of the taxpayer prior to the application of such credit or
872 credits.

873 (2) For the calendar year commencing January 1, 2011, "type one tax
874 credits" means tax credits allowable under section 12-217jj, as amended
875 by this act, 12-217kk or 12-217ll; "type two tax credits" means tax
876 credits allowable under section 38a-88a, as amended by this act; "type
877 three tax credits" means tax credits that are not type one tax credits or
878 type two tax credits; "thirty per cent threshold" means thirty per cent
879 of the amount of tax due from a taxpayer under this chapter prior to
880 the application of tax credit; "fifty-five per cent threshold" means fifty-
881 five per cent of the amount of tax due from a taxpayer under this
882 chapter prior to the application of tax credits; and "seventy per cent
883 threshold" means seventy per cent of the amount of tax due from a

884 taxpayer under this chapter prior to the application of tax credits.

885 (3) For the calendar year commencing January 1, 2012, "type one tax
886 credits" means the tax credit allowable under section 12-217ll; "type
887 two tax credits" means tax credits allowable under section 38a-88a, as
888 amended by this act; "type three tax credits" means tax credits that are
889 not type one tax credits or type two tax credits; "thirty per cent
890 threshold" means thirty per cent of the amount of tax due from a
891 taxpayer under this chapter prior to the application of tax credit; "fifty-
892 five per cent threshold" means fifty-five per cent of the amount of tax
893 due from a taxpayer under this chapter prior to the application of tax
894 credits; and "seventy per cent threshold" means seventy per cent of the
895 amount of tax due from a taxpayer under this chapter prior to the
896 application of tax credits.

897 (4) For the calendar years commencing January 1, 2013, [and]
898 January 1, 2014, January 1, 2015, and January 1, 2016, "type one tax
899 credits" means the tax credit allowable under sections 12-217jj, as
900 amended by this act, 12-217kk and 12-217ll; "type two tax credits"
901 means tax credits allowable under section 38a-88a, as amended by this
902 act; "type three tax credits" means tax credits that are not type one tax
903 credits or type two tax credits; "thirty per cent threshold" means thirty
904 per cent of the amount of tax due from a taxpayer under this chapter
905 prior to the application of tax credit; "fifty-five per cent threshold"
906 means fifty-five per cent of the amount of tax due from a taxpayer
907 under this chapter prior to the application of tax credits; and "seventy
908 per cent threshold" means seventy per cent of the amount of tax due
909 from a taxpayer under this chapter prior to the application of tax
910 credits.

911 (5) For calendar years commencing on or after January 1, 2011, and
912 prior to January 1, [2015] 2017, and subject to the provisions of
913 subdivisions (2), (3) and (4) of this subsection, the amount of tax credit
914 or credits otherwise allowable against the tax imposed under this
915 chapter shall not exceed:

916 (A) If the tax credit or credits being claimed by a taxpayer are type

917 three tax credits only, thirty per cent of the amount of tax due from
918 such taxpayer under this chapter with respect to said calendar years of
919 the taxpayer prior to the application of such credit or credits.

920 (B) If the tax credit or credits being claimed by a taxpayer are type
921 one tax credits and type three tax credits, but not type two tax credits,
922 fifty-five per cent of the amount of tax due from such taxpayer under
923 this chapter with respect to said calendar years of the taxpayer prior to
924 the application of such credit or credits, provided (i) type three tax
925 credits shall be claimed before type one tax credits are claimed, (ii) the
926 type three tax credits being claimed may not exceed the thirty per cent
927 threshold, and (iii) the sum of the type one tax credits and the type
928 three tax credits being claimed may not exceed the fifty-five per cent
929 threshold.

930 (C) If the tax credit or credits being claimed by a taxpayer are type
931 two tax credits and type three tax credits, but not type one tax credits,
932 seventy per cent of the amount of tax due from such taxpayer under
933 this chapter with respect to said calendar years of the taxpayer prior to
934 the application of such credit or credits, provided (i) type three tax
935 credits shall be claimed before type two tax credits are claimed, (ii) the
936 type three tax credits being claimed may not exceed the thirty per cent
937 threshold, and (iii) the sum of the type two tax credits and the type
938 three tax credits being claimed may not exceed the seventy per cent
939 threshold.

940 (D) If the tax credit or credits being claimed by a taxpayer are type
941 one tax credits, type two tax credits and type three tax credits, seventy
942 per cent of the amount of tax due from such taxpayer under this
943 chapter with respect to said calendar years of the taxpayer prior to the
944 application of such credits, provided (i) type three tax credits shall be
945 claimed before type one tax credits or type two tax credits are claimed,
946 and the type one tax credits shall be claimed before the type two tax
947 credits are claimed, (ii) the type three tax credits being claimed may
948 not exceed the thirty per cent threshold, (iii) the sum of the type one
949 tax credits and the type three tax credits being claimed may not exceed

950 the fifty-five per cent threshold, and (iv) the sum of the type one tax
951 credits, the type two tax credits and the type three tax credits being
952 claimed may not exceed the seventy per cent threshold.

953 (E) If the tax credit or credits being claimed by a taxpayer are type
954 one tax credits and type two tax credits only, but not type three tax
955 credits, seventy per cent of the amount of tax due from such taxpayer
956 under this chapter with respect to said calendar years of the taxpayer
957 prior to the application of such credits, provided (i) the type one tax
958 credits shall be claimed before type two tax credits are claimed, (ii) the
959 type one tax credits being claimed may not exceed the fifty-five per
960 cent threshold, and (iii) the sum of the type one tax credits and the
961 type two tax credits being claimed may not exceed the seventy per cent
962 threshold.

963 Sec. 10. Subdivision (3) of subsection (a) of section 12-217j of the
964 general statutes is repealed and the following is substituted in lieu
965 thereof (*Effective from passage*):

966 (3) (A) "Qualified production" means entertainment content created
967 in whole or in part within the state, including motion pictures, except
968 as otherwise provided in this subparagraph; documentaries; long-
969 form, specials, mini-series, series, sound recordings, videos and music
970 videos and interstitials television programming; interactive television;
971 relocated television production; interactive games; videogames;
972 commercials; any format of digital media, including an interactive web
973 site, created for distribution or exhibition to the general public; and
974 any trailer, pilot, video teaser or demo created primarily to stimulate
975 the sale, marketing, promotion or exploitation of future investment in
976 either a product or a qualified production via any means and media in
977 any digital media format, film or videotape, provided such program
978 meets all the underlying criteria of a qualified production. For the state
979 fiscal years ending June 30, 2014, [and] June 30, 2015, June 30, 2016,
980 and June 30, 2017, "qualified production" shall not include a motion
981 picture that has not been designated as a state-certified qualified
982 production prior to July 1, 2013, and no tax credit voucher for such

983 motion picture may be issued during said years, except, for the state
984 fiscal [year] years ending June 30, 2015, June 30, 2016, and June 30,
985 2017, "qualified production" shall include a motion picture for which
986 twenty-five per cent or more of the principal photography shooting
987 days are in this state at a facility that receives not less than twenty-five
988 million dollars in private investment and opens for business on or after
989 July 1, 2013, and a tax credit voucher may be issued for such motion
990 picture.

991 (B) "Qualified production" shall not include any ongoing television
992 program created primarily as news, weather or financial market
993 reports; a production featuring current events, other than a relocated
994 television production, sporting events, an awards show or other gala
995 event; a production whose sole purpose is fundraising; a long-form
996 production that primarily markets a product or service; a production
997 used for corporate training or in-house corporate advertising or other
998 similar productions; or any production for which records are required
999 to be maintained under 18 USC 2257 with respect to sexually explicit
1000 content.

1001 Sec. 11. Subdivision (1) of section 12-408 of the general statutes is
1002 repealed and the following is substituted in lieu thereof (*Effective from*
1003 *passage and applicable to sales occurring on or after October 1, 2015, and to*
1004 *sales of services that are billed to customers for a period that includes said*
1005 *October 1, 2015, date*):

1006 (1) (A) For the privilege of making any sales, as defined in
1007 subdivision (2) of subsection (a) of section 12-407, at retail, in this state
1008 for a consideration, a state revenue tax and municipal revenue tax is
1009 hereby imposed on all retailers at the following rates: [rate of six and
1010 thirty-five-hundredths] (i) With respect to the state revenue tax, at the
1011 rate of five and eighty-five-hundredths per cent of the gross receipts of
1012 any retailer from the sale of all tangible personal property sold at retail
1013 or from the rendering of any services constituting a sale in accordance
1014 with subdivision (2) of subsection (a) of section 12-407, and (ii) with
1015 respect to the municipal revenue tax, at a rate of one-half of one per

1016 cent of the gross receipts of any retailer from the sale of all tangible
1017 personal property sold at retail or from the rendering of any services
1018 constituting a sale in accordance with subdivision (2) of subsection (a)
1019 of section 12-407 with respect to the municipal revenue tax, except, in
1020 lieu of said [rate of six and thirty-five-hundredths per cent] rates, the
1021 rates provided in subparagraphs (B) to (H), inclusive, of this
1022 subdivision;

1023 (B) At a rate of fifteen per cent with respect to each transfer of
1024 occupancy, from the total amount of rent received for such occupancy
1025 of any room or rooms in a hotel or lodging house for the first period
1026 not exceeding thirty consecutive calendar days;

1027 (C) With respect to the sale of a motor vehicle to any individual who
1028 is a member of the armed forces of the United States and is on full-time
1029 active duty in Connecticut and who is considered, under 50 App USC
1030 574, a resident of another state, or to any such individual and the
1031 spouse thereof, at a rate of four and one-half per cent of the gross
1032 receipts of any retailer from such sales, provided such retailer requires
1033 and maintains a declaration by such individual, prescribed as to form
1034 by the commissioner and bearing notice to the effect that false
1035 statements made in such declaration are punishable, or other evidence,
1036 satisfactory to the commissioner, concerning the purchaser's state of
1037 residence under 50 App USC 574;

1038 (D) (i) With respect to the sales of computer and data processing
1039 services occurring on or after July 1, 1997, and prior to July 1, 1998, at
1040 the rate of five per cent, on or after July 1, 1998, and prior to July 1,
1041 1999, at the rate of four per cent, on or after July 1, 1999, and prior to
1042 July 1, 2000, at the rate of three per cent, on or after July 1, 2000, and
1043 prior to July 1, 2001, at the rate of two per cent, on or after July 1, 2001,
1044 at the rate of one per cent, and (ii) with respect to sales of Internet
1045 access services, on and after July 1, 2001, such services shall be exempt
1046 from such tax;

1047 (E) (i) With respect to the sales of labor that is otherwise taxable
1048 under subparagraph (C) or (G) of subdivision (2) of subsection (a) of

1049 section 12-407 on existing vessels and repair or maintenance services
1050 on vessels occurring on and after July 1, 1999, such services shall be
1051 exempt from such tax;

1052 (ii) With respect to the sale of a vessel, such sale shall be exempt
1053 from such tax provided such vessel is docked in this state for sixty or
1054 fewer days in a calendar year;

1055 (F) With respect to patient care services for which payment is
1056 received by the hospital on or after July 1, 1999, and prior to July 1,
1057 2001, at the rate of five and three-fourths per cent and on and after July
1058 1, 2001, such services shall be exempt from such tax;

1059 (G) With respect to the rental or leasing of a passenger motor
1060 vehicle for a period of thirty consecutive calendar days or less, at a rate
1061 of nine and thirty-five-hundredths per cent;

1062 (H) With respect to the sale of (i) a motor vehicle for a sales price
1063 exceeding fifty thousand dollars, at a rate of seven per cent on the
1064 entire sales price, (ii) jewelry, whether real or imitation, for a sales
1065 price exceeding five thousand dollars, at a rate of seven per cent on the
1066 entire sales price, and (iii) an article of clothing or footwear intended to
1067 be worn on or about the human body, a handbag, luggage, umbrella,
1068 wallet or watch for a sales price exceeding one thousand dollars, at a
1069 rate of seven per cent on the entire sales price. For purposes of this
1070 subparagraph, "motor vehicle" has the meaning provided in section 14-
1071 1, but does not include a motor vehicle subject to the provisions of
1072 subparagraph (C) of this subdivision, a motor vehicle having a gross
1073 vehicle weight rating over twelve thousand five hundred pounds, or a
1074 motor vehicle having a gross vehicle weight rating of twelve thousand
1075 five hundred pounds or less that is not used for private passenger
1076 purposes, but is designed or used to transport merchandise, freight or
1077 persons in connection with any business enterprise and issued a
1078 commercial registration or more specific type of registration by the
1079 Department of Motor Vehicles;

1080 (I) The rate of tax imposed by this chapter shall be applicable to all

1081 retail sales upon the effective date of such rate, except that a new rate
1082 which represents an increase in the rate applicable to the sale shall not
1083 apply to any sales transaction wherein a binding sales contract without
1084 an escalator clause has been entered into prior to the effective date of
1085 the new rate and delivery is made within ninety days after the effective
1086 date of the new rate. For the purposes of payment of the tax imposed
1087 under this section, any retailer of services taxable under subparagraph
1088 (I) of subdivision (2) of subsection (a) of section 12-407, who computes
1089 taxable income, for purposes of taxation under the Internal Revenue
1090 Code of 1986, or any subsequent corresponding internal revenue code
1091 of the United States, as from time to time amended, on an accounting
1092 basis which recognizes only cash or other valuable consideration
1093 actually received as income and who is liable for such tax only due to
1094 the rendering of such services may make payments related to such tax
1095 for the period during which such income is received, without penalty
1096 or interest, without regard to when such service is rendered; [and]

1097 (J) For calendar quarters ending on or after September 30, 2011, the
1098 commissioner shall deposit into the regional planning incentive
1099 account, established pursuant to section 4-66k, six and seven-tenths
1100 per cent of the amounts received by the state from the tax imposed
1101 under subparagraph (B) of this subdivision and ten and seven-tenths
1102 per cent of the amounts received by the state from the tax imposed
1103 under subparagraph (G) of this subdivision; and

1104 (K) For calendar quarters ending on or after December 31, 2015, the
1105 commissioner shall deposit into the municipal revenue sharing
1106 account established pursuant to section 4-66l the amounts received by
1107 the state from the municipal revenue tax imposed under this chapter.

1108 Sec. 12. Subdivision (3) of section 12-408 of the general statutes is
1109 repealed and the following is substituted in lieu thereof (*Effective from*
1110 *passage and applicable to sales occurring on or after October 1, 2015*):

1111 (3) (A) For the purpose of adding and collecting the state revenue
1112 tax imposed by this chapter, or an amount equal as nearly as possible
1113 or practicable to the average equivalent thereof, by the retailer from

1114 the consumer the following bracket system shall be in force and effect
1115 as follows:

T301	Amount of Sale	Amount of Tax
T302	\$0.00 to [\$0.07] <u>\$0.08</u> inclusive	No Tax
T303	[.08 to .23] <u>.09 to .25</u> inclusive	1 cent
T304	[.24 to .39] <u>.26 to .42</u> inclusive	2 cents
T305	[.40 to .55] <u>.43 to .59</u> inclusive	3 cents
T306	[.56 to .70] <u>.60 to .76</u> inclusive	4 cents
T307	[.71 to .86] <u>.77 to .94</u> inclusive	5 cents
T308	[.87 to 1.02] <u>.95 to 1.11</u> inclusive	6 cents
T309	[1.03 to 1.18 inclusive]	[7 cents]

1116 On all sales above [~~\$1.18~~] \$1.11, the state revenue tax shall be
1117 computed at the rate of [six and thirty-five-hundredths] five and
1118 eighty-five-hundredths per cent.

1119 (B) For the purpose of adding and collecting the municipal revenue
1120 tax imposed by this chapter, or an amount equal as nearly as possible
1121 or practicable to the average equivalent thereof, by the retailer from
1122 the consumer the following bracket system shall be in force and effect
1123 as follows:

T310	<u>Amount of Sale</u>	<u>Amount of Tax</u>
T311	<u>\$0.00 to \$0.99 inclusive</u>	<u>No Tax</u>
T312	<u>1.00 to 2.99 inclusive</u>	<u>1 cent</u>

1124 On all sales above \$2.99, the municipal revenue tax shall be computed
1125 at the rate of one-half of one per cent.

1126 Sec. 13. Subparagraph (A) of subdivision (1) of section 12-411 of the
1127 general statutes is repealed and the following is substituted in lieu
1128 thereof (*Effective from passage and applicable to sales occurring on or after*
1129 *October 1, 2015, and to sales of services that are billed to customers for a*

1130 *period that includes said October 1, 2015, date):*

1131 (1) (A) An excise tax is hereby imposed on the storage, acceptance,
1132 consumption or any other use in this state of tangible personal
1133 property purchased from any retailer for storage, acceptance,
1134 consumption or any other use in this state, the acceptance or receipt of
1135 any services constituting a sale in accordance with subdivision (2) of
1136 subsection (a) of section 12-407, purchased from any retailer for
1137 consumption or use in this state, or the storage, acceptance,
1138 consumption or any other use in this state of tangible personal
1139 property which has been manufactured, fabricated, assembled or
1140 processed from materials by a person, either within or without this
1141 state, for storage, acceptance, consumption or any other use by such
1142 person in this state, to be measured by the sales price of materials, at
1143 the following rates: (i) With respect to the state revenue tax, at the rate
1144 of [six and thirty-five-hundredths] ~~five and eighty-five-hundredths~~ per
1145 cent of the sales price of such property or services, and (ii) with respect
1146 to the municipal revenue tax, at the rate of one-half of one per cent,
1147 except, in lieu of ~~either of~~ said [rate of six and thirty-five-hundredths
1148 per cent] ~~rates;~~

1149 Sec. 14. Subparagraph (A) of subdivision (1) of section 12-408 of the
1150 general statutes, as amended by section 11 of this act, is repealed and
1151 the following is substituted in lieu thereof (*Effective from passage and*
1152 *applicable to sales occurring on or after July 1, 2016, and to sales of services*
1153 *that are billed to customers for a period that includes said July 1, 2016, date):*

1154 (1) (A) For the privilege of making any sales, as defined in
1155 subdivision (2) of subsection (a) of section 12-407, at retail, in this state
1156 for a consideration, a state revenue tax and municipal revenue tax is
1157 hereby imposed on all retailers at the following rates: (i) With respect
1158 to the state revenue tax, at the rate of five and [eighty-five-hundredths]
1159 thirty-five hundredths per cent of the gross receipts of any retailer
1160 from the sale of all tangible personal property sold at retail or from the
1161 rendering of any services constituting a sale in accordance with
1162 subdivision (2) of subsection (a) of section 12-407, and (ii) with respect

1163 to the municipal revenue tax, at a rate of one-half of one per cent of the
 1164 gross receipts of any retailer from the sale of all tangible personal
 1165 property sold at retail or from the rendering of any services
 1166 constituting a sale in accordance with subdivision (2) of subsection (a)
 1167 of section 12-407 with respect to the municipal revenue tax, except, in
 1168 lieu of said rates, the rates provided in subparagraphs (B) to (H),
 1169 inclusive, of this subdivision;

1170 Sec. 15. Subdivision (3) of section 12-408 of the general statutes, as
 1171 amended by section 12 of this act, is repealed and the following is
 1172 substituted in lieu thereof (*Effective from passage and applicable to sales*
 1173 *occurring on or after July 1, 2016*):

1174 (3) (A) For the purpose of adding and collecting the state revenue
 1175 tax imposed by this chapter, or an amount equal as nearly as possible
 1176 or practicable to the average equivalent thereof, by the retailer from
 1177 the consumer the following bracket system shall be in force and effect
 1178 as follows:

T313	Amount of Sale	Amount of Tax
T314	\$0.00 to [\$0.08] <u>\$0.09</u> inclusive	No Tax
T315	[.09 to .25] <u>.10 to .28</u> inclusive	1 cent
T316	[.26 to .42] <u>.29 to .46</u> inclusive	2 cents
T317	[.43 to .59] <u>.47 to .65</u> inclusive	3 cents
T318	[.60 to .76] <u>.66 to .84</u> inclusive	4 cents
T319	[.77 to .94] <u>.85 to 1.02</u> inclusive	5 cents
T320	[.95 to 1.11] <u>1.03 to 1.21</u> inclusive	6 cents

1179 On all sales above [~~\$1.11~~] \$1.21, the state revenue tax shall be
 1180 computed at the rate of five and [~~eighty-five-hundredths~~] thirty-five-
 1181 hundredths per cent.

1182 (B) For the purpose of adding and collecting the municipal revenue
 1183 tax imposed by this chapter, or an amount equal as nearly as possible
 1184 or practicable to the average equivalent thereof, by the retailer from

1185 the consumer the following bracket system shall be in force and effect
1186 as follows:

T321	Amount of Sale	Amount of Tax
T322	\$0.00 to \$0.99 inclusive	No Tax
T323	1.00 to 2.99 inclusive	1 cent

1187 On all sales above \$2.99, the municipal revenue tax shall be computed
1188 at the rate of one-half of one per cent.

1189 Sec. 16. Subparagraph (A) of subdivision (1) of section 12-411 of the
1190 general statutes, as amended by section 13 of this act, is repealed and
1191 the following is substituted in lieu thereof (*Effective from passage and*
1192 *applicable to sales occurring on or after July 1, 2016, and to sales of services*
1193 *that are billed to customers for a period that includes said July 1, 2016, date):*

1194 (1) (A) An excise tax is hereby imposed on the storage, acceptance,
1195 consumption or any other use in this state of tangible personal
1196 property purchased from any retailer for storage, acceptance,
1197 consumption or any other use in this state, the acceptance or receipt of
1198 any services constituting a sale in accordance with subdivision (2) of
1199 subsection (a) of section 12-407, purchased from any retailer for
1200 consumption or use in this state, or the storage, acceptance,
1201 consumption or any other use in this state of tangible personal
1202 property which has been manufactured, fabricated, assembled or
1203 processed from materials by a person, either within or without this
1204 state, for storage, acceptance, consumption or any other use by such
1205 person in this state, to be measured by the sales price of materials, at
1206 the following rates: (i) With respect to the state revenue tax, at the rate
1207 of five and [eighty-five-hundredths] thirty-five-hundredths per cent of
1208 the sales price of such property or services, and (ii) with respect to the
1209 municipal revenue tax, at the rate of one-half of one per cent, except, in
1210 lieu of either of said rates;

1211 Sec. 17. Subsection (c) of section 12-411b of the general statutes is
1212 repealed and the following is substituted in lieu thereof (*Effective from*

1213 *passage and applicable to sales occurring on or after October 1, 2015, and to*
1214 *sales of services that are billed to customers for a period that includes said*
1215 *October 1, 2015, date):*

1216 (c) Any agreement entered into under subsection (a) of this section
1217 may provide that the contractor and its affiliates shall collect the use
1218 tax only on items that are subject to the [six and thirty-five-hundredths
1219 per cent] rate of tax set forth in subparagraph (A) of subdivision (1) of
1220 section 12-408, as amended by this act.

1221 Sec. 18. Subdivision (37) of subsection (a) of section 12-407 of the
1222 general statutes is repealed and the following is substituted in lieu
1223 thereof (*Effective October 1, 2015, and applicable to sales occurring on or*
1224 *after said date, and to sales of services that are billed to customers for a period*
1225 *that includes said October 1, 2015, date):*

1226 (37) "Services" for purposes of subdivision (2) of this subsection,
1227 means:

1228 (A) Computer and data processing services, including, but not
1229 limited to, time, programming, code writing, modification of existing
1230 programs, feasibility studies and installation and implementation of
1231 software programs and systems even where such services are rendered
1232 in connection with the development, creation or production of canned
1233 or custom software or the license of custom software; [, and exclusive
1234 of services rendered in connection with the creation, development
1235 hosting or maintenance of all or part of a web site which is part of the
1236 graphical, hypertext portion of the Internet, commonly referred to as
1237 the World Wide Web;]

1238 (B) Credit information and reporting services;

1239 (C) Services by employment agencies and agencies providing
1240 personnel services;

1241 (D) Private investigation, protection, patrol work, watchman and
1242 armored car services, exclusive of (i) services of off-duty police officers
1243 and off-duty firefighters, and (ii) coin and currency services provided

1244 to a financial services company by or through another financial
1245 services company. For purposes of this subparagraph, "financial
1246 services company" has the same meaning as provided under
1247 subparagraphs (A) to (H), inclusive, of subdivision (6) of subsection (a)
1248 of section 12-218b, as amended by this act;

1249 (E) Painting and lettering services;

1250 (F) Photographic studio services;

1251 (G) Telephone answering services;

1252 (H) Stenographic services;

1253 (I) Services to industrial, commercial or income-producing real
1254 property, including, but not limited to, such services as management,
1255 electrical, plumbing, painting and carpentry, provided
1256 income-producing property shall not include property used
1257 exclusively for residential purposes in which the owner resides and
1258 which contains no more than three dwelling units, or a housing facility
1259 for low and moderate income families and persons owned or operated
1260 by a nonprofit housing organization, as defined in subdivision (29) of
1261 section 12-412;

1262 (J) Business analysis, management, management consulting and
1263 public relations services, excluding (i) any environmental consulting
1264 services, (ii) any training services provided by an institution of higher
1265 education licensed or accredited by the Board of Regents for Higher
1266 Education or Office of Higher Education pursuant to sections 10a-35a
1267 and 10a-34, respectively, and (iii) on and after January 1, 1994, any
1268 business analysis, management, management consulting and public
1269 relations services when such services are rendered in connection with
1270 an aircraft leased or owned by a certificated air carrier or in connection
1271 with an aircraft which has a maximum certificated take-off weight of
1272 six thousand pounds or more;

1273 (K) Services providing "piped-in" music to business or professional
1274 establishments;

1275 (L) Flight instruction and chartering services by a certificated air
1276 carrier on an aircraft, the use of which for such purposes, but for the
1277 provisions of subdivision (4) of section 12-410 and subdivision (12) of
1278 section 12-411, would be deemed a retail sale and a taxable storage or
1279 use, respectively, of such aircraft by such carrier;

1280 (M) Motor vehicle repair services, including any type of repair,
1281 painting or replacement related to the body or any of the operating
1282 parts of a motor vehicle;

1283 (N) Motor vehicle parking, including the provision of space, other
1284 than metered space, in a lot having thirty or more spaces, excluding (i)
1285 space in a seasonal parking lot provided by a person who is exempt
1286 from taxation under this chapter pursuant to subdivision (1), (5) or (8)
1287 of section 12-412, (ii) space in a parking lot owned or leased under the
1288 terms of a lease of not less than ten years' duration and operated by an
1289 employer for the exclusive use of its employees, and (iii) space in
1290 municipally-operated railroad parking facilities in municipalities
1291 located within an area of the state designated as a severe
1292 nonattainment area for ozone under the federal Clean Air Act or space
1293 in a railroad parking facility in a municipality located within an area of
1294 the state designated as a severe nonattainment area for ozone under
1295 the federal Clean Air Act owned or operated by the state on or after
1296 April 1, 2000;

1297 (O) Radio or television repair services;

1298 (P) Furniture reupholstering and repair services;

1299 (Q) Repair services to any electrical or electronic device, including,
1300 but not limited to, equipment used for purposes of refrigeration or
1301 air-conditioning;

1302 (R) Lobbying or consulting services for purposes of representing the
1303 interests of a client in relation to the functions of any governmental
1304 entity or instrumentality;

1305 (S) Services of the agent of any person in relation to the sale of any

1306 item of tangible personal property for such person, exclusive of the
1307 services of a consignee selling works of art, as defined in subsection (b)
1308 of section 12-376c, or articles of clothing or footwear intended to be
1309 worn on or about the human body other than (i) any special clothing
1310 or footwear primarily designed for athletic activity or protective use
1311 and which is not normally worn except when used for the athletic
1312 activity or protective use for which it was designed, and (ii) jewelry,
1313 handbags, luggage, umbrellas, wallets, watches and similar items
1314 carried on or about the human body but not worn on the body, under
1315 consignment, exclusive of services provided by an auctioneer;

1316 (T) Locksmith services;

1317 (U) Advertising or public relations services, including layout, art
1318 direction, graphic design, mechanical preparation or production
1319 supervision, not related to the development of media advertising or
1320 cooperative direct mail advertising;

1321 (V) Landscaping and horticulture services;

1322 (W) Window cleaning services;

1323 (X) Maintenance services;

1324 (Y) Janitorial services;

1325 (Z) Exterminating services;

1326 (AA) Swimming pool cleaning and maintenance services;

1327 (BB) Miscellaneous personal services included in industry group 729
1328 in the Standard Industrial Classification Manual, United States Office
1329 of Management and Budget, 1987 edition, or U.S. industry 532220,
1330 812191, 812199 or 812990 in the North American Industrial
1331 Classification System United States Manual, United States Office of
1332 Management and Budget, 1997 edition, exclusive of (i) services
1333 rendered by massage therapists licensed pursuant to chapter 384a, and
1334 (ii) services rendered by an electrologist licensed pursuant to chapter

1335 388;

1336 (CC) Any repair or maintenance service to any item of tangible
1337 personal property including any contract of warranty or service related
1338 to any such item;

1339 (DD) Business analysis, management or managing consulting
1340 services rendered by a general partner, or an affiliate thereof, to a
1341 limited partnership, provided (i) the general partner, or an affiliate
1342 thereof, is compensated for the rendition of such services other than
1343 through a distributive share of partnership profits or an annual
1344 percentage of partnership capital or assets established in the limited
1345 partnership's offering statement, and (ii) the general partner, or an
1346 affiliate thereof, offers such services to others, including any other
1347 partnership. As used in this subparagraph "an affiliate of a general
1348 partner" means an entity which is directly or indirectly owned fifty per
1349 cent or more in common with a general partner;

1350 (EE) Notwithstanding the provisions of section 12-412, except
1351 subdivision (87) of said section 12-412, patient care services, as defined
1352 in subdivision (29) of this subsection by a hospital, except that "sale"
1353 and "selling" does not include such patient care services for which
1354 payment is received by the hospital during the period commencing
1355 July 1, 2001, and ending June 30, 2003;

1356 (FF) Health and athletic club services, exclusive of (i) any such
1357 services provided without any additional charge which are included in
1358 any dues or initiation fees paid to any such club, which dues or fees
1359 are subject to tax under section 12-543, and (ii) any such services
1360 provided by a municipality or an organization that is described in
1361 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent
1362 corresponding internal revenue code of the United States, as from time
1363 to time amended;

1364 (GG) Motor vehicle storage services, including storage of motor
1365 homes, campers and camp trailers, other than the furnishing of space
1366 as described in subparagraph (P) of subdivision (2) of this subsection;

1367 (HH) Packing and crating services, other than those provided in
1368 connection with the sale of tangible personal property by the retailer of
1369 such property;

1370 (II) Motor vehicle towing and road services, other than motor
1371 vehicle repair services;

1372 (JJ) Intrastate transportation services provided by livery services,
1373 including limousines, community cars or vans, with a driver. Intrastate
1374 transportation services shall not include transportation by taxicab,
1375 motor bus, ambulance or ambulette, scheduled public transportation,
1376 nonemergency medical transportation provided under the Medicaid
1377 program, paratransit services provided by agreement or arrangement
1378 with the state or any political subdivision of the state, dial-a-ride
1379 services or services provided in connection with funerals;

1380 (KK) Pet grooming and pet boarding services, except if such services
1381 are provided as an integral part of professional veterinary services,
1382 and pet obedience services;

1383 (LL) Services in connection with a cosmetic medical procedure. For
1384 purposes of this subparagraph, "cosmetic medical procedure" means
1385 any medical procedure performed on an individual that is directed at
1386 improving the individual's appearance and that does not meaningfully
1387 promote the proper function of the body or prevent or treat illness or
1388 disease. "Cosmetic medical procedure" includes, but is not limited, to
1389 cosmetic surgery, hair transplants, cosmetic injections, cosmetic soft
1390 tissue fillers, dermabrasion and chemical peel, laser hair removal, laser
1391 skin resurfacing, laser treatment of leg veins [,] and sclerotherapy.
1392 "Cosmetic medical procedure" does not include reconstructive surgery.
1393 "Reconstructive surgery" includes any surgery performed on abnormal
1394 structures caused by or related to congenital defects, developmental
1395 abnormalities, trauma, infection, tumors or disease, including
1396 procedures to improve function or give a more normal appearance;

1397 (MM) Manicure services, pedicure services and all other nail
1398 services, regardless of where performed, including airbrushing, fills,

1399 full sets, nail sculpting, paraffin treatments and polishes;

1400 (NN) Spa services, regardless of where performed, including body
1401 waxing and wraps, peels, scrubs and facials; and

1402 (OO) The following professional services: (i) Certified public
1403 accountants' services and other accounting services; (ii) architectural
1404 services; (iii) engineering services; (iv) drafting services; (v) building
1405 inspection services; (vi) geophysical surveying and mapping services;
1406 (vii) surveying and mapping services, except geophysical services;
1407 (viii) interior design services; (ix) industrial design services and other
1408 specialized design services; (x) administrative management and
1409 general management consulting services; (xi) human resources
1410 consulting services; (xii) marketing consulting services; (xiii) process,
1411 physical distribution and logistics consulting services; (xiv) other
1412 management consulting services; (xv) other scientific and technical
1413 consulting services; (xvi) direct mail advertising; (xvii) advertising
1414 material distribution services; (xviii) marketing research and public
1415 opinion polling; (xix) translation and interpretation services; (xx)
1416 veterinary services; (xxi) all other professional, scientific and technical
1417 services having a North American Industrial Classification System
1418 code of 541990; (xxii) other gambling industries; (xxiii) golf courses
1419 and country clubs; and (xxiv) dry cleaning and laundry services,
1420 except coin-operated services.

1421 Sec. 19. Subparagraph (D) of subdivision (1) of section 12-408 of the
1422 general statutes is repealed and the following is substituted in lieu
1423 thereof (*Effective October 1, 2015, and applicable to sales occurring on or*
1424 *after said date, and to sales of services that are billed to customers for a period*
1425 *that includes said date*):

1426 (D) [(i) With respect to the sales of computer and data processing
1427 services occurring on or after July 1, 1997, and prior to July 1, 1998, at
1428 the rate of five per cent, on or after July 1, 1998, and prior to July 1,
1429 1999, at the rate of four per cent, on or after July 1, 1999, and prior to
1430 July 1, 2000, at the rate of three per cent, on or after July 1, 2000, and
1431 prior to July 1, 2001, at the rate of two per cent, on or after July 1, 2001,

1432 at the rate of one per cent, and (ii) with] With respect to sales of
1433 Internet access services, on and after July 1, 2001, such services shall be
1434 exempt from such tax;

1435 Sec. 20. Subparagraph (E) of subdivision (1) of section 12-411 of the
1436 general statutes is repealed and the following is substituted in lieu
1437 thereof (*Effective October 1, 2015, and applicable to sales occurring on or*
1438 *after said date, and to sales of services that are billed to customers for a period*
1439 *that includes said date*):

1440 (E) [(i) With respect to the acceptance or receipt in this state of
1441 computer and data processing services purchased from any retailer for
1442 consumption or use in this state occurring on or after July 1, 1997, and
1443 prior to July 1, 1998, at the rate of five per cent of such services, on or
1444 after July 1, 1998, and prior to July 1, 1999, at the rate of four per cent of
1445 such services, on or after July 1, 1999, and prior to July 1, 2000, at the
1446 rate of three per cent of such services, on or after July 1, 2000, and prior
1447 to July 1, 2001, at the rate of two per cent of such services, on and after
1448 July 1, 2001, at the rate of one per cent of such services, and (ii) with]
1449 With respect to the acceptance or receipt in this state of Internet access
1450 services, on or after July 1, 2001, such services shall be exempt from
1451 tax;

1452 Sec. 21. Section 12-407e of the general statutes is repealed and the
1453 following is substituted in lieu thereof (*Effective July 1, 2015*):

1454 (a) (1) From the third Sunday in August until the Saturday next
1455 succeeding, inclusive, during the period beginning July 1, 2004, and
1456 ending June 30, 2015, the provisions of this chapter shall not apply to
1457 sales of any article of clothing or footwear intended to be worn on or
1458 about the human body the cost of which article to the purchaser is less
1459 than three hundred dollars.

1460 (2) On and after July 1, 2015, from the third Sunday in August until
1461 the Saturday next succeeding, inclusive, the provisions of this chapter
1462 shall not apply to sales of any article of clothing or footwear intended
1463 to be worn on or about the human body, the cost of which article to the

1464 purchaser is less than one hundred dollars.

1465 (b) For the purposes of this section, clothing or footwear shall not
1466 include (1) any special clothing or footwear primarily designed for
1467 athletic activity or protective use and which is not normally worn
1468 except when used for the athletic activity or protective use for which it
1469 was designed, and (2) jewelry, handbags, luggage, umbrellas, wallets,
1470 watches and similar items carried on or about the human body but not
1471 worn on the body in the manner characteristic of clothing intended for
1472 exemption under this section.

1473 Sec. 22. Subdivision (4) of subsection (a) of section 12-217 of the
1474 general statutes is repealed and the following is substituted in lieu
1475 thereof (*Effective from passage*):

1476 (4) Notwithstanding [anything in] any provision of this section to
1477 the contrary, (A) any excess of the deductions provided in this section
1478 for any income year commencing on or after January 1, 1973, over the
1479 gross income for such year or the amount of such excess apportioned
1480 to this state under the provisions of section 12-218, as amended by this
1481 act, shall be an operating loss of such income year and shall be
1482 deductible as an operating loss carry-over for operating losses incurred
1483 prior to income years commencing January 1, 2000, in each of the five
1484 income years following such loss year, and for operating losses
1485 incurred in income years commencing on or after January 1, 2000, in
1486 each of the twenty income years following such loss year, [provided]
1487 except that (i) for income years commencing prior to January 1, 2015,
1488 the portion of such operating loss which may be deducted as an
1489 operating loss carry-over in any income year following such loss year
1490 shall be limited to the lesser of [(i)] (I) any net income greater than zero
1491 of such income year following such loss year, or in the case of a
1492 company entitled to apportion its net income under the provisions of
1493 section 12-218, as amended by this act, the amount of such net income
1494 which is apportioned to this state pursuant thereto, or [(ii)] (II) the
1495 excess, if any, of such operating loss over the total of such net income
1496 for each of any prior income years following such loss year, such net

1497 income of each of such prior income years following such loss year for
1498 such purposes being computed without regard to any operating loss
1499 carry-over from such loss year allowed [by] under this subparagraph
1500 and being regarded as not less than zero, and provided [,] further [,]
1501 the operating loss of any income year shall be deducted in any
1502 subsequent year, to the extent available [therefor] for such deduction,
1503 before the operating loss of any subsequent income year is deducted,
1504 and (ii) for income years commencing on or after January 1, 2015, the
1505 portion of such operating loss which may be deducted as an operating
1506 loss carry-over in any income year following such loss year shall be
1507 limited to the lesser of (I) fifty per cent of net income of such income
1508 year following such loss year, or in the case of a company entitled to
1509 apportion its net income under the provisions of section 12-218, as
1510 amended by this act, fifty per cent of such net income which is
1511 apportioned to this state pursuant thereto, or (II) the excess, if any, of
1512 such operating loss over the operating loss deductions allowable with
1513 respect to such operating loss under this subparagraph for each of any
1514 prior income years following such loss year, such net income of each of
1515 such prior income years following such loss year for such purposes
1516 being computed without regard to any operating loss carry-over from
1517 such loss year allowed under this subparagraph and being regarded as
1518 not less than zero, and provided further the operating loss of any
1519 income year shall be deducted in any subsequent year, to the extent
1520 available for such deduction, before the operating loss of any
1521 subsequent income year is deducted, and (B) any net capital loss, as
1522 defined in the Internal Revenue Code effective and in force on the last
1523 day of the income year, for any income year commencing on or after
1524 January 1, 1973, shall be allowed as a capital loss carry-over to reduce,
1525 but not below zero, any net capital gain, as so defined, in each of the
1526 five following income years, in order of sequence, to the extent not
1527 exhausted by the net capital gain of any of the preceding of such five
1528 following income years, and (C) any net capital losses allowed and
1529 carried forward from prior years to income years beginning on or after
1530 January 1, 1973, for federal income tax purposes by companies entitled
1531 to a deduction for dividends paid under the Internal Revenue Code

1532 other than companies subject to the gross earnings taxes imposed
1533 under chapters 211 and 212, shall be allowed as a capital loss carry-
1534 over.

1535 Sec. 23. Section 12-217zz of the general statutes is repealed and the
1536 following is substituted in lieu thereof (*Effective from passage*):

1537 (a) Notwithstanding any other provision of law, and except as
1538 otherwise provided in subsection (b) of this section, the amount of tax
1539 credit or credits otherwise allowable against the tax imposed under
1540 this chapter [for] shall be as follows:

1541 (1) For any income year commencing on or after January 1, 2002,
1542 and prior to January 1, 2015, the amount of tax credit or credits
1543 otherwise allowable shall not exceed seventy per cent of the amount of
1544 tax due from such taxpayer under this chapter with respect to any such
1545 income year of the taxpayer prior to the application of such credit or
1546 credits; [.]

1547 (2) For any income year commencing on or after January 1, 2015, the
1548 amount of tax credit or credits otherwise allowable shall not exceed
1549 fifty and one one-hundredths per cent of the amount of tax due from
1550 such taxpayer under this chapter with respect to any such income year
1551 of the taxpayer prior to the application of such credit or credits.

1552 (b) (1) For an income year commencing on or after January 1, 2011,
1553 and prior to January 1, 2013, the amount of tax credit or credits
1554 otherwise allowable against the tax imposed under this chapter for
1555 such income year may exceed the amount specified in subsection (a) of
1556 this section only by the amount computed under subparagraph (A) of
1557 subdivision (2) of this subsection, provided in no event may the
1558 amount of tax credit or credits otherwise allowable against the tax
1559 imposed under this chapter for such income year exceed one hundred
1560 per cent of the amount of tax due from such taxpayer under this
1561 chapter with respect to such income year of the taxpayer prior to the
1562 application of such credit or credits.

1563 (2) (A) The taxpayer's average monthly net employee gain for an
1564 income year shall be multiplied by six thousand dollars.

1565 (B) The taxpayer's average monthly net employee gain for an
1566 income year shall be computed as follows: For each month in the
1567 taxpayer's income year, the taxpayer shall subtract from the number of
1568 its employees in this state on the last day of such month the number of
1569 its employees in this state on the first day of its income year. The
1570 taxpayer shall total the differences for the twelve months in such
1571 income year, and such total, when divided by twelve, shall be the
1572 taxpayer's average monthly net employee gain for the income year. For
1573 purposes of this computation, only employees who are required to
1574 work at least thirty-five hours per week and only employees who were
1575 not employed in this state by a related person, as defined in section 12-
1576 217ii, within the twelve months prior to the first day of the income
1577 year may be taken into account in computing the number of
1578 employees.

1579 (C) If the taxpayer's average monthly net employee gain is zero or
1580 less than zero, the taxpayer may not exceed the seventy per cent limit
1581 imposed under subsection (a) of this section.

1582 Sec. 24. Section 12-263b of the general statutes is repealed and the
1583 following is substituted in lieu thereof (*Effective from passage*):

1584 (a) For each calendar quarter commencing on or after July 1, 2011,
1585 there is hereby imposed a tax on the net patient revenue of each
1586 hospital in this state to be paid each calendar quarter. The rate of such
1587 tax shall be up to the maximum rate allowed under federal law. The
1588 Commissioner of Social Services shall determine the base year on
1589 which such tax shall be assessed. The Commissioner of Social Services
1590 may, in consultation with the Secretary of the Office of Policy and
1591 Management and in accordance with federal law, exempt a hospital
1592 from the tax on payment earned for the provision of outpatient
1593 services based on financial hardship. Effective July 1, 2012, and for the
1594 succeeding fifteen months, the rates of such tax, the base year on which
1595 such tax shall be assessed, and the hospitals exempt from the

1596 outpatient portion of the tax based on financial hardship shall be the
1597 same tax rates, base year and outpatient exemption for hardship in
1598 effect on January 1, 2012.

1599 (b) Each hospital shall, on or before the last day of January, April,
1600 July and October of each year, render to the Commissioner of Revenue
1601 Services a return, on forms prescribed or furnished by the
1602 Commissioner of Revenue Services and signed by one of its principal
1603 officers, stating specifically the name and location of such hospital, and
1604 the amount of its net patient revenue as determined by the
1605 Commissioner of Social Services. Payment shall be made with such
1606 return. Each hospital shall file such return electronically with the
1607 department and make such payment by electronic funds transfer in the
1608 manner provided by chapter 228g, irrespective of whether the hospital
1609 would otherwise have been required to file such return electronically
1610 or to make such payment by electronic funds transfer under the
1611 provisions of chapter 228g.

1612 (c) Notwithstanding any other provision of law, for each calendar
1613 quarter commencing on or after July 1, 2015, the amount of tax credit
1614 or credits otherwise allowable against the tax imposed under this
1615 chapter shall not exceed fifty and one one-hundredths per cent of the
1616 amount of tax due from such hospital under this chapter with respect
1617 to such calendar quarter prior to the application of such credit or
1618 credits.

1619 Sec. 25. Subsection (b) of section 12-284b of the general statutes is
1620 repealed and the following is substituted in lieu thereof (*Effective from*
1621 *passage*):

1622 (b) Each limited liability company, limited liability partnership,
1623 limited partnership and S corporation shall be liable for the tax
1624 imposed by this section for each taxable year or portion thereof that
1625 such company, partnership or corporation is an affected business
1626 entity. (1) For taxable years commencing prior to January 1, 2013, each
1627 affected business entity shall annually, on or before the fifteenth day of
1628 the fourth month following the close of its taxable year, pay to the

1629 Commissioner of Revenue Services a tax in the amount of two
1630 hundred fifty dollars. (2) For taxable years commencing on or after
1631 January 1, 2013, and prior to January 1, 2015, each affected business
1632 entity shall, on or before the fifteenth day of the fourth month
1633 following the close of every other taxable year, pay to the
1634 Commissioner of Revenue Services a tax in the amount of two
1635 hundred fifty dollars. (3) For taxable years commencing on or after
1636 January 1, 2015, each affected business entity shall, on or before the
1637 fifteenth day of the fourth month following the close of every other
1638 taxable year, pay to the Commissioner of Revenue Services a tax in the
1639 amount of one hundred twenty-five dollars.

1640 Sec. 26. Subsection (a) of section 34-38n of the general statutes, as
1641 amended by section 14 of public act 14-154, is repealed and the
1642 following is substituted in lieu thereof (*Effective October 1, 2015*):

1643 (a) The Secretary of the State shall receive, for filing any document
1644 or certificate required to be filed under sections 34-10, 34-13a, 34-13e,
1645 34-32, 34-32a, 34-32c, 34-38g and 34-38s, the following fees: (1) For
1646 reservation or cancellation of reservation of name, sixty dollars; (2) for
1647 a certificate of limited partnership and appointment of statutory agent,
1648 one hundred twenty dollars; (3) for a certificate of amendment, one
1649 hundred twenty dollars; (4) for a certificate of merger or consolidation,
1650 sixty dollars; (5) for a certificate of registration, one hundred twenty
1651 dollars; (6) for a change of agent or change of address of agent, twenty
1652 dollars; (7) for a certificate of reinstatement, one hundred twenty
1653 dollars; and (8) for an annual report, [twenty] one hundred dollars.

1654 Sec. 27. Subsection (a) of section 34-112 of the general statutes, as
1655 amended by section 16 of public act 14-154, is repealed and the
1656 following is substituted in lieu thereof (*Effective October 1, 2015*):

1657 (a) Fees for filing documents and issuing certificates: (1) Filing
1658 application to reserve a limited liability company name or to cancel a
1659 reserved limited liability company name, sixty dollars; (2) filing
1660 transfer of reserved limited liability company name, sixty dollars; (3)
1661 filing articles of organization, including appointment of statutory

1662 agent, one hundred twenty dollars; (4) filing change of address of
1663 statutory agent or change of statutory agent, fifty dollars; (5) filing
1664 notice of resignation of statutory agent in duplicate, fifty dollars; (6)
1665 filing amendment to articles of organization, one hundred twenty
1666 dollars; (7) filing restated articles of organization, one hundred twenty
1667 dollars; (8) filing articles of merger or consolidation, sixty dollars; (9)
1668 filing certificate of reinstatement, one hundred twenty dollars; (10)
1669 filing application by a foreign limited liability company for certificate
1670 of registration to transact business in this state and issuing certificate of
1671 registration, one hundred twenty dollars; (11) filing application of
1672 foreign limited liability company for amended certificate of
1673 registration to transact business in this state and issuing amended
1674 certificate of registration, one hundred twenty dollars; (12) filing an
1675 annual report, [twenty] one hundred dollars; and (13) filing an interim
1676 notice of change of manager or member, twenty dollars.

1677 Sec. 28. Subsection (a) of section 34-413 of the general statutes, as
1678 amended by section 21 of public act 14-154, is repealed and the
1679 following is substituted in lieu thereof (*Effective October 1, 2015*):

1680 (a) Fees for filing documents and processing certificates: (1) Filing
1681 application to reserve a registered limited liability partnership name or
1682 to cancel a reserved limited liability partnership name, sixty dollars; (2)
1683 filing transfer of reserved registered limited liability partnership name,
1684 sixty dollars; (3) filing change of address of statutory agent or change
1685 of statutory agent, fifty dollars; (4) filing certificate of limited liability
1686 partnership, one hundred twenty dollars; (5) filing amendment to
1687 certificate of limited liability partnership, one hundred twenty dollars;
1688 (6) filing certificate of authority to transact business in this state,
1689 including appointment of statutory agent, one hundred twenty dollars;
1690 (7) filing amendment to certificate of authority to transact business in
1691 this state, one hundred twenty dollars; (8) filing an annual report,
1692 [twenty] one hundred dollars; (9) filing statement of merger, sixty
1693 dollars; and (10) filing certificate of reinstatement, one hundred twenty
1694 dollars.

1695 Sec. 29. Subsection (c) of section 4-28e of the general statutes is
1696 repealed and the following is substituted in lieu thereof (*Effective July*
1697 *1, 2015*):

1698 (c) (1) For the fiscal year ending June 30, 2001, disbursements from
1699 the Tobacco Settlement Fund shall be made as follows: (A) To the
1700 General Fund in the amount identified as "Transfer from Tobacco
1701 Settlement Fund" in the General Fund revenue schedule adopted by
1702 the General Assembly; (B) to the Department of Mental Health and
1703 Addiction Services for a grant to the regional action councils in the
1704 amount of five hundred thousand dollars; and (C) to the Tobacco and
1705 Health Trust Fund in an amount equal to nineteen million five
1706 hundred thousand dollars.

1707 (2) For [the fiscal year] each of the fiscal years ending June 30, 2002,
1708 [and each fiscal year thereafter] to June 30, 2015, inclusive,
1709 disbursements from the Tobacco Settlement Fund shall be made as
1710 follows: (A) To the Tobacco and Health Trust Fund in an amount equal
1711 to twelve million dollars, except in the fiscal years ending June 30,
1712 2014, and June 30, 2015, said disbursement shall be in an amount equal
1713 to six million dollars; (B) to the Biomedical Research Trust Fund in an
1714 amount equal to four million dollars; (C) to the General Fund in the
1715 amount identified as "Transfer from Tobacco Settlement Fund" in the
1716 General Fund revenue schedule adopted by the General Assembly;
1717 and (D) any remainder to the Tobacco and Health Trust Fund.

1718 (3) For the fiscal years ending June 30, 2016, and June 30, 2017,
1719 disbursements from the Tobacco Settlement Fund shall be made as
1720 follows: (A) To the General Fund in the amount identified as "Transfer
1721 from Tobacco Settlement Fund" in the General Fund revenue schedule
1722 adopted by the General Assembly; (B) to the Biomedical Research
1723 Trust Fund in an amount equal to four million dollars; and (C) any
1724 remainder to the Tobacco and Health Trust Fund.

1725 (4) For the fiscal year ending June 30, 2018, and each fiscal year
1726 thereafter, disbursements from the Tobacco Settlement Fund shall be
1727 made as follows: (A) To the Tobacco and Health Trust Fund in an

1728 amount equal to six million dollars; (B) to the Biomedical Research
1729 Trust Fund in an amount equal to four million dollars; (C) to the
1730 General Fund in the amount identified as "Transfer from Tobacco
1731 Settlement Fund" in the General Fund revenue schedule adopted by
1732 the General Assembly; and (D) any remainder to the Tobacco and
1733 Health Trust Fund.

1734 [(3)] (5) For each of the fiscal years ending June 30, 2008, to June 30,
1735 2012, inclusive, the sum of ten million dollars shall be disbursed from
1736 the Tobacco Settlement Fund to the Regenerative Medicine Research
1737 Fund established by section 32-41kk for grants-in-aid to eligible
1738 institutions for the purpose of conducting embryonic or human adult
1739 stem cell research.

1740 [(4)] (6) For each of the fiscal years ending June 30, 2016, to June 30,
1741 2025, inclusive, the sum of ten million dollars shall be disbursed from
1742 the Tobacco Settlement Fund to the smart start competitive grant
1743 account established by section 10-507 for grants-in-aid to towns for the
1744 purpose of establishing or expanding a preschool program under the
1745 jurisdiction of the board of education for the town, except that in the
1746 fiscal year ending June 30, 2016, said disbursement shall be in an
1747 amount equal to five million dollars.

1748 Sec. 30. Section 13b-61c of the general statutes is repealed and the
1749 following is substituted in lieu thereof (*Effective July 1, 2015*):

1750 (a) For the fiscal year ending June 30, 2010, the Comptroller shall
1751 transfer the sum of seventy-one million two hundred thousand dollars
1752 from the resources of the General Fund to the Special Transportation
1753 Fund.

1754 (b) For the fiscal year ending June 30, 2011, the Comptroller shall
1755 transfer the sum of one hundred seven million five hundred fifty
1756 thousand dollars from the resources of the General Fund to the Special
1757 Transportation Fund.

1758 (c) For the fiscal year ending June 30, 2012, the Comptroller shall

1759 transfer the sum of eighty-one million five hundred fifty thousand
1760 dollars from the resources of the General Fund to the Special
1761 Transportation Fund.

1762 (d) For the fiscal year ending June 30, 2013, the Comptroller shall
1763 transfer the sum of ninety-five million two hundred forty-five
1764 thousand dollars from the resources of the General Fund to the Special
1765 Transportation Fund.

1766 (e) For the fiscal year ending June 30, 2016, the Comptroller shall
1767 transfer the sum of one hundred fifty-two million eight hundred
1768 thousand dollars from the resources of the General Fund to the Special
1769 Transportation Fund.

1770 (f) For the fiscal year ending June 30, 2017, [and annually thereafter,]
1771 the Comptroller shall transfer the sum of [one hundred sixty-two
1772 million eight hundred thousand] one hundred thirty-seven million
1773 eight hundred thousand dollars from the resources of the General
1774 Fund to the Special Transportation Fund.

1775 (g) For the fiscal year ending June 30, 2018, the Comptroller shall
1776 transfer the sum of two hundred seventy-four million eight hundred
1777 thousand dollars from the resources of the General Fund to the Special
1778 Transportation Fund.

1779 (h) For the fiscal year ending June 30, 2019, the Comptroller shall
1780 transfer the sum of four hundred seventeen million eight hundred
1781 thousand dollars from the resources of the General Fund to the Special
1782 Transportation Fund.

1783 (i) For the fiscal year ending June 30, 2020, and annually thereafter,
1784 the Comptroller shall transfer the sum of five hundred sixty-two
1785 million eight hundred thousand dollars from the resources of the
1786 General Fund to the Special Transportation Fund.

1787 Sec. 31. Section 4-66aa of the general statutes is repealed and the
1788 following is substituted in lieu thereof (*Effective July 1, 2015*):

1789 (a) There is established, within the General Fund, a separate,
1790 nonlapsing account to be known as the "community investment
1791 account". The account shall contain any moneys required by law to be
1792 deposited in the account. The funds in the account shall be distributed
1793 every three months as follows: (1) Ten dollars of each fee credited to
1794 said account shall be deposited into the agriculture sustainability
1795 account established pursuant to section 4-66cc and, then, of the
1796 remaining funds, (2) twenty-five per cent to the Department of
1797 Economic and Community Development to use as follows: (A) Two
1798 hundred thousand dollars, annually, to supplement the technical
1799 assistance and preservation activities of the Connecticut Trust for
1800 Historic Preservation, established pursuant to special act 75-93, and (B)
1801 the remainder to supplement historic preservation activities as
1802 provided in sections 10-409 to 10-415, inclusive; (3) twenty-five per
1803 cent to the Department of Housing to supplement new or existing
1804 affordable housing programs; (4) twenty-five per cent to the
1805 Department of Energy and Environmental Protection for municipal
1806 open space grants; and (5) twenty-five per cent to the Department of
1807 Agriculture to use as follows: (A) Five hundred thousand dollars
1808 annually for the agricultural viability grant program established
1809 pursuant to section 22-26j; (B) five hundred thousand dollars annually
1810 for the farm transition program established pursuant to section 22-26k;
1811 (C) one hundred thousand dollars annually to encourage the sale of
1812 Connecticut-grown food to schools, restaurants, retailers and other
1813 institutions and businesses in the state; (D) seventy-five thousand
1814 dollars annually for the Connecticut farm link program established
1815 pursuant to section 22-26l; (E) forty-seven thousand five hundred
1816 dollars annually for the Seafood Advisory Council established
1817 pursuant to section 22-455; (F) forty-seven thousand five hundred
1818 dollars annually for the Connecticut Farm Wine Development Council
1819 established pursuant to section 22-26c; (G) twenty-five thousand
1820 dollars annually to the Connecticut Food Policy Council established
1821 pursuant to section 22-456; and (H) the remainder for farmland
1822 preservation programs pursuant to chapter 422. Each agency receiving
1823 funds under this section may use not more than ten per cent of such

1824 funds for administration of the programs for which the funds were
1825 provided.

1826 (b) Notwithstanding the provisions of subsection (a) of this section,
1827 from January 1, 2016, until June 30, 2017, fifty per cent of the funds in
1828 the community investment account established pursuant to said
1829 subsection shall be distributed every three months to the General
1830 Fund.

1831 Sec. 32. (*Effective from passage*) Notwithstanding any provision of the
1832 general statutes, on or before October 1, 2015, the sum of \$2,500,000
1833 shall be transferred from the private occupational school student
1834 protection account, established under section 10a-22u of the general
1835 statutes, and credited to the resources of the General Fund for the fiscal
1836 year ending June 30, 2016.

1837 Sec. 33. (*Effective July 1, 2015*) Notwithstanding the provisions of
1838 subsection (b) of section 16-331bb of the general statutes, the sum of
1839 \$3,000,000 shall be transferred from the municipal video competition
1840 trust account and credited to the resources of the General Fund for the
1841 fiscal year ending June 30, 2016, and each fiscal year thereafter.

1842 Sec. 34. Subsection (a) of section 21a-408d of the general statutes is
1843 repealed and the following is substituted in lieu thereof (*Effective July*
1844 *1, 2015*):

1845 (a) Each qualifying patient who is issued a written certification for
1846 the palliative use of marijuana under subdivision (1) of subsection (a)
1847 of section 21a-408a, and the primary caregiver of such qualifying
1848 patient, shall register with the Department of Consumer Protection.
1849 Such registration shall be effective from the date the Department of
1850 Consumer Protection issues a certificate of registration until the
1851 expiration of the written certification issued by the physician. The
1852 qualifying patient and the primary caregiver shall provide sufficient
1853 identifying information, as determined by the department, to establish
1854 the personal identity of the qualifying patient and the primary
1855 caregiver. The qualifying patient or the primary caregiver shall report

1856 any change in such information to the department not later than five
1857 business days after such change. The department shall issue a
1858 registration certificate to the qualifying patient and to the primary
1859 caregiver and may charge a reasonable fee, not to exceed twenty-five
1860 dollars, for each registration certificate issued under this subsection.
1861 Any registration fees collected by the department under this
1862 subsection shall be paid to the State Treasurer and credited to the
1863 [account established pursuant to section 21a-408q] General Fund.

1864 Sec. 35. Subsection (c) of section 21a-408h of the general statutes is
1865 repealed and the following is substituted in lieu thereof (*Effective July*
1866 *1, 2015*):

1867 (c) Any fees collected by the Department of Consumer Protection
1868 under this section shall be paid to the State Treasurer and credited to
1869 the [account established pursuant to section 21a-408q] General Fund.

1870 Sec. 36. Subsection (c) of section 21a-408i of the general statutes is
1871 repealed and the following is substituted in lieu thereof (*Effective July*
1872 *1, 2015*):

1873 (c) Any fees collected by the Department of Consumer Protection
1874 under this section shall be paid to the State Treasurer and credited to
1875 the [account established pursuant to section 21a-408q] General Fund.

1876 Sec. 37. Subsection (b) of section 21a-408m of the general statutes is
1877 repealed and the following is substituted in lieu thereof (*Effective July*
1878 *1, 2015*):

1879 (b) The Commissioner of Consumer Protection shall adopt
1880 regulations, in accordance with chapter 54, to establish a reasonable fee
1881 to be collected from each qualifying patient to whom a written
1882 certification for the palliative use of marijuana is issued under
1883 subdivision (1) of subsection (a) of section 21a-408a, for the purpose of
1884 offsetting the direct and indirect costs of administering the provisions
1885 of sections 21a-408 to 21a-408n, inclusive. The commissioner shall
1886 collect such fee at the time the qualifying patient registers with the

1887 Department of Consumer Protection under subsection (a) of section
1888 21a-408d, as amended by this act. Such fee shall be in addition to any
1889 registration fee that may be charged under said subsection. The fees
1890 required to be collected by the commissioner from qualifying patients
1891 under this subsection shall be paid to the State Treasurer and credited
1892 to the [account established pursuant to section 21a-408q] General
1893 Fund.

1894 Sec. 38. Section 30-22 of the general statutes is repealed and the
1895 following is substituted in lieu thereof (*Effective from passage*):

1896 (a) A restaurant permit shall allow the retail sale of alcoholic liquor
1897 to be consumed on the premises of a restaurant. A restaurant patron
1898 shall be allowed to remove one unsealed bottle of wine for off-
1899 premises consumption provided the patron has purchased such bottle
1900 of wine at such restaurant and has purchased a full course meal at
1901 such restaurant and consumed a portion of the bottle of wine with
1902 such meal on such restaurant premises. For the purposes of this
1903 section, "full course meal" means a diversified selection of food which
1904 ordinarily cannot be consumed without the use of tableware and
1905 which cannot be conveniently consumed while standing or walking. A
1906 restaurant permit, with prior approval of the Department of Consumer
1907 Protection, shall allow alcoholic liquor to be served at tables in outside
1908 areas which are screened or not screened from public view where
1909 permitted by fire, zoning and health regulations. If not required by
1910 fire, zoning or health regulations, a fence or wall enclosing such
1911 outside areas shall not be required by the Department of Consumer
1912 Protection. No fence or wall used to enclose such outside areas shall be
1913 less than thirty inches high. Such permit shall also authorize the sale at
1914 retail from the premises of sealed containers supplied by the permittee
1915 of draught beer for consumption off the premises. Such sales shall be
1916 conducted only during the hours a package store is permitted to sell
1917 alcoholic liquor under the provisions of subsection (d) of section 30-91.
1918 Not more than four liters of such beer shall be sold to any person on
1919 any day on which the sale of alcoholic liquor is authorized under the
1920 provisions of subsection (d) of section 30-91. The annual fee for a

1921 restaurant permit shall be one thousand four hundred fifty dollars.

1922 (b) A restaurant permit for beer shall allow the retail sale of beer
1923 and of cider not exceeding six per cent of alcohol by volume to be
1924 consumed on the premises of a restaurant. Such permit shall also
1925 authorize the sale at retail from the premises of sealed containers
1926 supplied by the permittee of draught beer for consumption off the
1927 premises. Such sales shall be conducted only during the hours a
1928 package store is permitted to sell alcoholic liquor under the provisions
1929 of subsection (d) of section 30-91. Not more than four liters of such
1930 beer shall be sold to any person on any day on which the sale of
1931 alcoholic liquor is authorized under the provisions of subsection (d) of
1932 section 30-91. The annual fee for a restaurant permit for beer shall be
1933 three hundred dollars.

1934 (c) A restaurant permit for wine and beer shall allow the retail sale
1935 of wine and beer and of cider not exceeding six per cent of alcohol by
1936 volume to be consumed on the premises of the restaurant. A restaurant
1937 patron may remove one unsealed bottle of wine for off-premises
1938 consumption provided the patron has purchased a full course meal
1939 and consumed a portion of the bottle of wine with such meal on the
1940 restaurant premises. Such permit shall also authorize the sale at retail
1941 from the premises of sealed containers supplied by the permittee of
1942 draught beer for consumption off the premises. Such sales shall be
1943 conducted only during the hours a package store is permitted to sell
1944 alcoholic liquor under the provisions of subsection (d) of section 30-91.
1945 Not more than four liters of such beer shall be sold to any person on
1946 any day on which the sale of alcoholic liquor is authorized under the
1947 provisions of subsection (d) of section 30-91. The annual fee for a
1948 restaurant permit for wine and beer shall be seven hundred dollars.

1949 (d) Repealed by P.A. 77-112, S. 1.

1950 (e) A partially consumed bottle of wine that is to be removed from
1951 the premises pursuant to subsection (a) or (c) of this section shall be
1952 securely sealed and placed in a bag by the permittee or permittee's
1953 agent or employee prior to removal from the premises.

1954 (f) "Restaurant" means space, in a suitable and permanent building,
1955 kept, used, maintained, advertised and held out to the public to be a
1956 place where hot meals are regularly served, but which has no sleeping
1957 accommodations for the public and which shall be provided with an
1958 adequate and sanitary kitchen and dining room and employs at all
1959 times an adequate number of employees.

1960 Sec. 39. Section 30-22a of the general statutes is repealed and the
1961 following is substituted in lieu thereof (*Effective from passage*):

1962 (a) A cafe permit shall allow the retail sale of alcoholic liquor to be
1963 consumed on the premises of a cafe. Premises operated under a cafe
1964 permit shall regularly keep food available for sale to its customers for
1965 consumption on the premises. The availability of sandwiches, soups or
1966 other foods, whether fresh, processed, precooked or frozen, shall be
1967 deemed compliance with this requirement. The licensed premises shall
1968 at all times comply with all the regulations of the local department of
1969 health. Nothing herein shall be construed to require that any food be
1970 sold or purchased with any liquor, nor shall any rule, regulation or
1971 standard be promulgated or enforced requiring that the sale of food be
1972 substantial or that the receipts of the business other than from the sale
1973 of liquor equal any set percentage of total receipts from sales made
1974 therein. A cafe permit shall allow, with the prior approval of the
1975 Department of Consumer Protection, alcoholic liquor to be served at
1976 tables in outside areas that are screened or not screened from public
1977 view where permitted by fire, zoning and health regulations. If not
1978 required by fire, zoning or health regulations, a fence or wall enclosing
1979 such outside areas shall not be required by the Department of
1980 Consumer Protection. No fence or wall used to enclose such outside
1981 areas shall be less than thirty inches high. Such permit shall also
1982 authorize the sale at retail from the premises of sealed containers
1983 supplied by the permittee of draught beer for consumption off the
1984 premises. Such sales shall be conducted only during the hours a
1985 package store is permitted to sell alcoholic liquor under the provisions
1986 of subsection (d) of section 30-91. Not more than four liters of such
1987 beer shall be sold to any person on any day on which the sale of

1988 alcoholic liquor is authorized under the provisions of subsection (d) of
1989 section 30-91. The annual fee for a cafe permit shall be two thousand
1990 dollars.

1991 (b) (1) A cafe patron may remove one unsealed bottle of wine for
1992 off-premises consumption provided the patron has purchased a full
1993 course meal and consumed a portion of the wine with such meal on
1994 the cafe premises. For purposes of this section, "full course meal"
1995 means a diversified selection of food which ordinarily cannot be
1996 consumed without the use of tableware and which cannot be
1997 conveniently consumed while standing or walking.

1998 (2) A partially consumed bottle of wine that is to be removed from
1999 the premises pursuant to this subsection shall be securely sealed and
2000 placed in a bag by the permittee or the permittee's agent or employee
2001 prior to removal from the premises.

2002 (c) As used in this section, "cafe" means space in a suitable and
2003 permanent building, kept, used, maintained, advertised and held out
2004 to the public to be a place where alcoholic liquor and food is served for
2005 sale at retail for consumption on the premises but which does not
2006 necessarily serve hot meals; it shall have no sleeping accommodations
2007 for the public and need not necessarily have a kitchen or dining room
2008 but shall have employed therein at all times an adequate number of
2009 employees.

2010 Sec. 40. Section 30-26 of the general statutes is repealed and the
2011 following is substituted in lieu thereof (*Effective from passage*):

2012 A tavern permit shall allow the retail sale of beer and of cider not
2013 exceeding six per cent of alcohol by volume and wine to be consumed
2014 on the premises of a tavern with or without the sale of food. "Tavern"
2015 means a place where beer and wine are sold under a tavern permit.
2016 Such permit shall also authorize the sale at retail from the premises of
2017 sealed containers supplied by the permittee of draught beer for
2018 consumption off the premises. Such sales shall be conducted only
2019 during the hours a package store is permitted to sell alcoholic liquor

2020 under the provisions of subsection (d) of section 30-91. Not more than
2021 four liters of such beer shall be sold to any person on any day on which
2022 the sale of alcoholic liquor is authorized under the provisions of
2023 subsection (d) of section 30-91. The annual fee for a tavern permit shall
2024 be three hundred dollars.

2025 Sec. 41. Section 12-801 of the general statutes is repealed and the
2026 following is substituted in lieu thereof (*Effective July 1, 2015*):

2027 As used in [sections] section 12-563a, [and] sections 12-800 to 12-818,
2028 inclusive, and section 43 of this act, the following terms shall have the
2029 following meanings unless the context clearly indicates another
2030 meaning:

2031 (1) "Board" or "board of directors" means the board of directors of
2032 the corporation;

2033 (2) "Corporation" means the Connecticut Lottery Corporation as
2034 created under section 12-802;

2035 (3) "Division" means the former Division of Special Revenue in the
2036 Department of Revenue Services;

2037 (4) "Lottery" means (A) the Connecticut state lottery conducted prior
2038 to the transfer authorized under section 12-808 by the Division of
2039 Special Revenue, (B) after such transfer, the Connecticut state lottery
2040 conducted by the corporation pursuant to sections 12-563a and 12-800
2041 to 12-818, inclusive, [and] (C) the state lottery referred to in subsection
2042 (a) of section 53-278g, and (D) keno conducted by the corporation
2043 pursuant to section 43 of this act;

2044 (5) "Keno" means a lottery game in which a subset of numbers are
2045 drawn from a larger field of numbers by a central computer system
2046 using an approved random number generator, wheel system device or
2047 other drawing device. "Keno" does not include a game operated on a
2048 video facsimile machine;

2049 [(5)] (6) "Lottery fund" means a fund or funds established by, and

2050 under the management and control of, the corporation, into which all
2051 lottery revenues of the corporation are deposited, from which all
2052 payments and expenses of the corporation are paid and from which
2053 transfers to the General Fund are made pursuant to section 12-812; and

2054 [(6)] (7) "Operating revenue" means total revenue received from
2055 lottery sales less all cancelled sales and amounts paid as prizes but
2056 before payment or provision for payment of any other expenses.

2057 Sec. 42. Subdivision (4) of subsection (b) of section 12-806 of the
2058 general statutes is repealed and the following is substituted in lieu
2059 thereof (*Effective July 1, 2015*):

2060 (4) To introduce new lottery games, modify existing lottery games,
2061 utilize existing and new technologies, determine distribution channels
2062 for the sale of lottery tickets, introduce keno pursuant to signed
2063 agreements with the Mashantucket Pequot Tribe and the Mohegan
2064 Tribe of Indians of Connecticut, in accordance with section 43 of this
2065 act, and, to the extent specifically authorized by regulations adopted
2066 by the Department of Consumer Protection pursuant to chapter 54,
2067 introduce instant ticket vending machines, kiosks and automated
2068 wagering systems or machines, with all such rights being subject to
2069 regulatory oversight by the Department of Consumer Protection,
2070 except that the corporation shall not offer any interactive on-line
2071 lottery games, including on-line video lottery games for promotional
2072 purposes;

2073 Sec. 43. (NEW) (*Effective July 1, 2015*) Notwithstanding the
2074 provisions of section 3-6c of the general statutes, the Secretary of the
2075 Office of Policy and Management, on behalf of the state of Connecticut,
2076 may enter into separate agreements with the Mashantucket Pequot
2077 Tribe and the Mohegan Tribe of Indians of Connecticut concerning the
2078 operation of keno by the Connecticut Lottery Corporation in the state
2079 of Connecticut. The corporation may not operate keno until such
2080 separate agreements are effective.

2081 Sec. 44. (NEW) (*Effective July 1, 2015*) The Connecticut Lottery

2082 Corporation shall exclusively operate and manage the sale of lottery
2083 games in the state of Connecticut except on the reservations of the
2084 Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of
2085 Connecticut.

2086 Sec. 45. Section 12-692 of the general statutes is repealed and the
2087 following is substituted in lieu thereof (*Effective July 1, 2015*):

2088 (a) For purposes of this section:

2089 (1) "Passenger motor vehicle" means a passenger vehicle, which is
2090 rented without a driver and which is part of a motor vehicle fleet of
2091 five or more passenger motor vehicles that are used for rental purposes
2092 by a rental company.

2093 (2) "Rental truck" means a (A) vehicle rented without a driver that
2094 has a gross vehicle weight rating of twenty-six thousand pounds or
2095 less and is used in the transportation of personal property but not for
2096 business purposes, or (B) trailer that has a gross vehicle weight rating
2097 of not more than six thousand pounds.

2098 (3) "Rental company" means any business entity that is engaged in
2099 the business of renting passenger motor vehicles, rental trucks without
2100 a driver or machinery in this state to lessees and that uses for rental
2101 purposes a motor vehicle fleet of five or more passenger motor
2102 vehicles, rental trucks or pieces of machinery in this state, but does not
2103 mean any person, firm or corporation that is licensed, or required to be
2104 licensed, pursuant to section 14-52, (A) as a new car dealer, repairer or
2105 limited repairer, or (B) as a used car dealer that is not primarily
2106 engaged in the business of renting passenger motor vehicles or rental
2107 trucks without a driver in this state to lessees. "Rental company" does
2108 not include a business entity with total annual rental income,
2109 excluding retail or wholesale sales or rental equipment, that is less
2110 than fifty-one per cent of the total revenue of the business entity in a
2111 given taxable year.

2112 (4) "Lessee" means any person who leases a passenger motor

2113 vehicle, rental truck or machinery from a rental company for such
2114 person's own use and not for rental to others.

2115 (5) "Machinery" means [heavy] all equipment [without an operator
2116 that may be used for construction, mining or forestry, including, but
2117 not limited to, bulldozers, earthmoving equipment, well-drilling
2118 machinery and equipment or cranes] owned by a rental company.

2119 (b) There is hereby imposed a three per cent surcharge on each
2120 passenger motor vehicle or rental truck rented within the state by a
2121 rental company to a lessee for a period of less than thirty-one days. The
2122 rental surcharge shall be imposed on the total amount the rental
2123 company charges the lessee for the rental of a motor vehicle. Such
2124 surcharge shall be in addition to any tax otherwise applicable to any
2125 such transaction and shall be includable in the measure of the sales
2126 and use taxes imposed under chapter 219.

2127 (c) There is hereby imposed a one and one-half per cent surcharge
2128 on machinery rented within the state by a rental company to a lessee
2129 for a period of less than [thirty-one] three hundred sixty-five days. The
2130 rental surcharge shall be imposed on the total amount the rental
2131 company charges the lessee for the rental of the machinery. Such
2132 surcharge shall be in addition to any tax otherwise applicable to any
2133 such transaction, and shall be includable in the measure of the sales
2134 and use taxes imposed under chapter 219. [For purposes of this
2135 subsection, such period shall commence on the date any such
2136 machinery is rented to the lessee, and terminate on the date such
2137 machinery is returned to the rental company.]

2138 (d) Reimbursement for the surcharge imposed by subsections (b)
2139 and (c) of this section shall be collected by the rental company from the
2140 lessee and such surcharge reimbursement, termed "surcharge" in this
2141 subsection, shall be paid by the lessee to the rental company and each
2142 rental company shall collect from the lessee the full amount of the
2143 surcharge imposed by said subsections (b) and (c). Such surcharge
2144 shall be a debt from the lessee to the rental company, when so added
2145 to the original lease or rental price, and shall be recoverable at law in

2146 the same manner as other debts. The rental contract shall separately
2147 indicate the rental surcharge imposed on each passenger motor
2148 vehicle, truck rental or piece of machinery. The rental surcharge shall,
2149 subject to the provisions of subsection (e) of this section, be retained by
2150 the rental company.

2151 (e) (1) On or before February 15, 1997, and the fifteenth of February
2152 annually thereafter, each rental company shall file a consolidated
2153 report with the Commissioner of Revenue Services detailing the
2154 aggregate amount of personal property tax that is actually paid by
2155 such company to a Connecticut municipality or municipalities during
2156 the preceding calendar year on passenger motor vehicles, rental trucks
2157 or pieces of machinery that are used for rental purposes by such
2158 company, the aggregate amount of registration and titling fees that are
2159 actually paid by such company to the Department of Motor Vehicles of
2160 this state during the preceding calendar year on passenger motor
2161 vehicles, rental trucks or pieces of machinery that are used for rental
2162 purposes by such company and the aggregate amount of the rental
2163 surcharge that is actually received, pursuant to this section, by such
2164 company during the preceding calendar year on passenger motor
2165 vehicles, rental trucks or pieces of machinery that are used for rental
2166 purposes by such company. The report shall also show such other
2167 information as the commissioner deems necessary for the proper
2168 administration of this section.

2169 (2) On or before February 15, 1997, and the fifteenth of February
2170 annually thereafter, each rental company shall remit to the
2171 Commissioner of Revenue Services for deposit in the General Fund,
2172 the amount by which the aggregate amount of the rental surcharge
2173 actually received by such company on such vehicles or machinery
2174 during the preceding calendar year exceeds the sum of the aggregate
2175 amount of property taxes actually paid by such company on such
2176 vehicles or machinery to a Connecticut municipality or municipalities
2177 during the preceding calendar year and the aggregate amount of
2178 registration and titling fees actually paid by such company on such
2179 vehicles or machinery to the Department of Motor Vehicles of this state

2180 during the preceding calendar year.

2181 (3) For purposes of this subsection, in the case of any rental
2182 company that leases a passenger motor vehicle, rental truck or piece of
2183 machinery from another person and that uses such vehicle or
2184 machinery for rental purposes and such lease requires such rental
2185 company to pay the registration and titling fees and the property taxes
2186 to such other person, the rental company shall include (A) in the
2187 aggregate amount of registration and titling fees actually paid by such
2188 rental company to the Department of Motor Vehicles of this state, any
2189 such registration and titling fees actually paid by such rental company
2190 to such other person on such passenger motor vehicle, rental truck or
2191 piece of machinery, and (B) in the aggregate amount of property taxes
2192 actually paid by such rental company to a Connecticut municipality or
2193 municipalities, any such property taxes actually paid by such rental
2194 company to such other person on such passenger motor vehicle or
2195 vehicles, rental truck or trucks or one or more pieces of machinery.

2196 (f) Any person who fails to pay any amount required to be paid to
2197 the Commissioner of Revenue Services under this section within the
2198 time required shall pay a penalty of fifteen per cent of such amount or
2199 fifty dollars, whichever amount is greater, in addition to such amount,
2200 plus interest at the rate of one per cent per month or fraction thereof
2201 from the due date of such amount until the date of payment. Subject to
2202 the provisions of section 12-3a, the commissioner may waive all or any
2203 part of the penalties provided under this section when it is proven to
2204 the satisfaction of the commissioner that the failure to pay any amount
2205 required to be paid to the commissioner was due to reasonable cause
2206 and was not intentional or due to neglect.

2207 (g) The Commissioner of Revenue Services for good cause may
2208 extend the time for making any report and paying any amount
2209 required to be paid to the commissioner under this section if a written
2210 request therefor is filed with the commissioner together with a
2211 tentative report which shall be accompanied by a payment of any
2212 amount tentatively believed to be due to the commissioner, on or

2213 before the last day for filing the report. Any person to whom an
2214 extension is granted shall pay, in addition to the amount required to be
2215 paid, interest at the rate of one per cent per month or fraction thereof
2216 from the date on which such amount would have been due without
2217 the extension until the date of payment.

2218 (h) The provisions of sections 12-548 to 12-554, inclusive, and section
2219 12-555a shall apply to the provisions of this section in the same manner
2220 and with the same force and effect as if the language of said sections
2221 12-548 to 12-554, inclusive, and section 12-555a had been incorporated
2222 in full into this section, except to the extent that any provision is
2223 inconsistent with a provision in this section, and except that the term
2224 "tax" shall be read as "surcharge".

2225 Sec. 46. Subsection (a) of section 53-344b of the general statutes is
2226 repealed and the following is substituted in lieu thereof (*Effective*
2227 *January 1, 2016*):

2228 (a) As used in this section and sections 47 and 48 of this act:

2229 (1) "Electronic nicotine delivery system" means an electronic device
2230 that may be used to simulate smoking in the delivery of nicotine or
2231 other substance to a person inhaling from the device, and includes, but
2232 is not limited to, an electronic cigarette, electronic cigar, electronic
2233 cigarillo, electronic pipe or electronic hookah and any related device
2234 and any cartridge, electronic cigarette liquid or other component of
2235 such device;

2236 (2) "Cardholder" means any person who presents a driver's license
2237 or an identity card to a seller or seller's agent or employee, to purchase
2238 or receive an electronic nicotine delivery system or vapor product from
2239 such seller or seller's agent or employee;

2240 (3) "Identity card" means an identification card issued in accordance
2241 with the provisions of section 1-1h;

2242 (4) "Transaction scan" means the process by which a seller or seller's
2243 agent or employee checks, by means of a transaction scan device, the

2244 validity of a driver's license or an identity card;

2245 (5) "Transaction scan device" means any commercial device or
2246 combination of devices used at a point of sale that is capable of
2247 deciphering in an electronically readable format the information
2248 encoded on the magnetic strip or bar code of a driver's license or an
2249 identity card;

2250 (6) "Sale" or "sell" means an act done intentionally by any person,
2251 whether done as principal, proprietor, agent, servant or employee, of
2252 transferring, or offering or attempting to transfer, for consideration, an
2253 electronic nicotine delivery system or vapor product, including
2254 bartering or exchanging, or offering to barter or exchange, an
2255 electronic nicotine delivery system or vapor product;

2256 (7) "Give" or "giving" means an act done intentionally by any
2257 person, whether done as principal, proprietor, agent, servant or
2258 employee, of transferring, or offering or attempting to transfer,
2259 without consideration, an electronic nicotine delivery system or vapor
2260 product;

2261 (8) "Deliver" or "delivering" means an act done intentionally by any
2262 person, whether as principal, proprietor, agent, servant or employee,
2263 of transferring, or offering or attempting to transfer, physical
2264 possession or control of an electronic nicotine delivery system or vapor
2265 product; [and]

2266 (9) "Vapor product" means any product that employs a heating
2267 element, power source, electronic circuit or other electronic, chemical
2268 or mechanical means, regardless of shape or size, to produce a vapor
2269 that may or may not include nicotine, that is inhaled by the user of
2270 such product; and

2271 (10) "Electronic cigarette liquid" means a liquid that, when used in
2272 an electronic nicotine delivery system or vapor product, produces a
2273 vapor that may or may not include nicotine and is inhaled by the user
2274 of such electronic nicotine delivery system or vapor product.

2275 Sec. 47. (NEW) (*Effective January 1, 2016*) (a) On and after March 1,
2276 2016, no person in this state may sell, offer for sale or possess with
2277 intent to sell an electronic nicotine delivery system or vapor product
2278 unless such person has obtained an electronic nicotine delivery system
2279 certificate of dealer registration from the Commissioner of Consumer
2280 Protection pursuant to this section. An electronic nicotine delivery
2281 system certificate of dealer registration shall allow the sale of electronic
2282 nicotine delivery systems or vapor products. A holder of an electronic
2283 nicotine delivery system certificate of dealer registration shall post
2284 such registration in a prominent location adjacent to electronic nicotine
2285 delivery system products or vapor products offered for sale.

2286 (b) (1) On or after January 1, 2016, any person desiring an electronic
2287 nicotine delivery system certificate of dealer registration or a renewal
2288 of such a certificate of dealer registration shall make a sworn
2289 application therefor to the Department of Consumer Protection upon
2290 forms to be furnished by the department, showing the name and
2291 address of the applicant, the location of the place of business which is
2292 to be operated under such certificate of dealer registration and a
2293 financial statement setting forth all elements and details of any
2294 business transactions connected with the application. The application
2295 shall also indicate any crimes of which the applicant has been
2296 convicted. Applicants shall submit documents sufficient to establish
2297 that state and local building, fire and zoning requirements will be met
2298 at the location of any sale. The department may, in its discretion,
2299 conduct an investigation to determine whether a certificate of dealer
2300 registration shall be issued to an applicant.

2301 (2) The commissioner shall issue an electronic nicotine delivery
2302 system certificate of dealer registration to any such applicant not later
2303 than thirty days after the date of application unless the commissioner
2304 finds: (A) The applicant has wilfully made a materially false statement
2305 in such application or in any other application made to the
2306 commissioner; (B) the applicant has neglected to pay any taxes due to
2307 this state; or (C) the applicant has been convicted of violating any of
2308 the cigarette or other tobacco products tax laws of this or any other

2309 state or the cigarette tax laws of the United States or has such a
2310 criminal record that the commissioner reasonably believes that such
2311 applicant is not a suitable person to be issued a license, provided no
2312 refusal shall be rendered under this subdivision except in accordance
2313 with the provisions of sections 46a-80 and 46a-81 of the general
2314 statutes.

2315 (3) A certificate of dealer registration issued under this section shall
2316 be renewed annually and may be suspended or revoked at the
2317 discretion of the Department of Consumer Protection. Any person
2318 aggrieved by a denial of an application, refusal to renew a dealer
2319 registration or suspension or revocation of a dealer registration may
2320 appeal in the manner prescribed for permits under section 30-55 of the
2321 general statutes. An electronic nicotine delivery system certificate of
2322 dealer registration shall not constitute property, nor shall it be subject
2323 to attachment and execution, nor shall it be alienable, except that it
2324 shall descend to the estate of a deceased holder of a certificate of dealer
2325 registration by the laws of testate or intestate succession.

2326 (4) The applicant shall pay to the department a nonrefundable
2327 application fee of seventy-five dollars, which fee shall be in addition to
2328 the annual fee prescribed in subsection (c) of this section. An
2329 application fee shall not be charged for an application to renew a
2330 certificate of dealer registration.

2331 (5) In any case in which a certificate of dealer registration has been
2332 issued to a partnership, if one or more of the partners dies or retires,
2333 the remaining partner or partners need not file a new application for
2334 the unexpired portion of the current certificate of dealer registration,
2335 and no additional fee for such unexpired portion shall be required.
2336 Notice of any such change shall be given to the department and the
2337 certificate of dealer registration shall be endorsed to show correct
2338 ownership. Whenever any partnership changes by reason of the
2339 addition of one or more partners, a new application and the payment
2340 of new application and annual fees shall be required.

2341 (c) The annual fee for an electronic nicotine delivery system

2342 certificate of dealer registration shall be four hundred dollars.

2343 (d) The department may renew a certificate of dealer registration
2344 issued under this section that has expired if the applicant pays to the
2345 department any fine imposed by the commissioner pursuant to
2346 subsection (c) of section 21a-4 of the general statutes, which fine shall
2347 be in addition to the fees prescribed in this section for the certificate of
2348 dealer registration applied for. The provisions of this subsection shall
2349 not apply to any certificate of dealer registration which is the subject of
2350 administrative or court proceedings.

2351 (e) (1) Any person in this state who knowingly sells, offers for sale
2352 or possesses with intent to sell an electronic nicotine delivery system or
2353 vapor product without a certificate of dealer registration as required
2354 under this section shall be fined not more than fifty dollars for each
2355 day of such violation, except that the commissioner may waive all or
2356 any part of such fine if it is proven to the commissioner's satisfaction
2357 that the failure to obtain or renew such certificate of dealer registration
2358 was due to reasonable cause.

2359 (2) Notwithstanding the provisions of subdivision (1) of this
2360 subsection, any person whose electronic nicotine delivery system
2361 certificate of dealer registration has expired and who knowingly sells,
2362 offers for sale or possesses with intent to sell an electronic nicotine
2363 delivery system or vapor product, where such person's period of
2364 operation without such certificate of dealer registration is not more
2365 than ninety days from the date of expiration of such certificate of
2366 dealer registration, shall have committed an infraction and shall be
2367 fined ninety dollars.

2368 (3) Notwithstanding the provisions of subdivisions (1) and (2) of
2369 this subsection, no penalty shall be imposed under this subsection
2370 unless the commissioner sends written notice of any violation to the
2371 person who is subject to a penalty under subdivision (1) or (2) of this
2372 subsection and allows such person sixty days from the date such notice
2373 was sent to cease such violation and comply with the requirements of
2374 this section. Such written notice shall be sent, within available

2375 appropriations, by mail evidenced by a certificate of mailing or other
2376 similar United States Postal Service form from which the date of
2377 deposit can be verified.

2378 Sec. 48. (NEW) (*Effective January 1, 2016*) (a) On and after March 1,
2379 2016, no person in this state may manufacture an electronic nicotine
2380 delivery system or vapor product unless such person has obtained an
2381 electronic nicotine delivery system certificate of manufacturer
2382 registration from the Commissioner of Consumer Protection pursuant
2383 to this section. An electronic nicotine delivery system certificate of
2384 manufacturer registration shall allow the manufacture of electronic
2385 nicotine delivery systems or vapor products in this state. For the
2386 purposes of this section, "manufacturer" means any person who mixes,
2387 compounds, repackages or resizes any nicotine-containing electronic
2388 nicotine delivery system or vapor product.

2389 (b) (1) On or after January 1, 2016, any person desiring an electronic
2390 nicotine delivery system certificate of manufacturer registration or a
2391 renewal of such a certificate of manufacturer registration shall make a
2392 sworn application therefor to the Department of Consumer Protection
2393 upon forms to be furnished by the department, showing the name and
2394 address of the applicant, the location of the place of business which is
2395 to be operated under such certificate of manufacturer registration and
2396 a financial statement setting forth all elements and details of any
2397 business transactions connected with the application. The application
2398 shall also indicate any crimes of which the applicant has been
2399 convicted. Applicants shall submit documents sufficient to establish
2400 that state and local building, fire and zoning requirements will be met
2401 at the place of manufacture. The department may, in its discretion,
2402 conduct an investigation to determine whether a certificate of
2403 manufacturer registration shall be issued to an applicant.

2404 (2) The commissioner shall issue an electronic nicotine delivery
2405 system certificate of manufacturer registration to any such applicant
2406 not later than thirty days after the date of application unless the
2407 commissioner finds: (A) The applicant has wilfully made a materially

2408 false statement in such application or in any other application made to
2409 the commissioner; (B) the applicant has neglected to pay any taxes due
2410 to this state; (C) the applicant has been convicted of violating any of
2411 the cigarette or other tobacco products tax laws of this or any other
2412 state or the cigarette tax laws of the United States or has such a
2413 criminal record that the commissioner reasonably believes that such
2414 applicant is not a suitable person to be issued a license, provided no
2415 refusal shall be rendered under this subdivision except in accordance
2416 with the provisions of sections 46a-80 and 46a-81 of the general
2417 statutes.

2418 (3) A certificate of manufacturer registration issued under this
2419 section shall be renewed annually and may be suspended or revoked
2420 at the discretion of the Department of Consumer Protection. Any
2421 person aggrieved by a denial of an application, refusal to renew a
2422 certificate of manufacturer registration or suspension or revocation of a
2423 certificate of manufacturer registration may appeal in the manner
2424 prescribed for permits under section 30-55 of the general statutes. An
2425 electronic nicotine delivery system certificate of manufacturer
2426 registration shall not constitute property, nor shall it be subject to
2427 attachment and execution, nor shall it be alienable, except that it shall
2428 descend to the estate of a deceased holder of a certificate of
2429 manufacturer registration by the laws of testate or intestate succession.

2430 (4) The applicant shall pay to the department a nonrefundable
2431 application fee of seventy-five dollars, which fee shall be in addition to
2432 the annual fee prescribed in subsection (c) of this section. An
2433 application fee shall not be charged for an application to renew a
2434 certificate of manufacturer registration.

2435 (5) In any case in which a certificate of manufacturer registration has
2436 been issued to a partnership, if one or more of the partners dies or
2437 retires, the remaining partner or partners need not file a new
2438 application for the unexpired portion of the current certificate of
2439 manufacturer registration, and no additional fee for such unexpired
2440 portion shall be required. Notice of any such change shall be given to

2441 the department and the certificate of manufacturer registration shall be
2442 endorsed to show correct ownership. Whenever any partnership
2443 changes by reason of the addition of one or more partners, a new
2444 application and the payment of new application and annual fees shall
2445 be required.

2446 (c) The annual fee for an electronic nicotine delivery system
2447 certificate of manufacturer registration shall be four hundred dollars.

2448 (d) The department may renew a certificate of manufacturer
2449 registration issued under this section that has expired if the applicant
2450 pays to the department any fine imposed by the commissioner
2451 pursuant to subsection (c) of section 21a-4 of the general statutes,
2452 which fine shall be in addition to the fees prescribed in this section for
2453 the certificate of manufacturer registration applied for. The provisions
2454 of this subsection shall not apply to any certificate of manufacturer
2455 registration which is the subject of administrative or court
2456 proceedings.

2457 (e) (1) Any person in this state who knowingly manufactures an
2458 electronic nicotine delivery system or vapor product without a
2459 certificate of manufacturer registration as required under this section
2460 shall be fined not more than fifty dollars for each day of such violation,
2461 except that the commissioner may waive all or any part of such fine if
2462 it is proven to the commissioner's satisfaction that the failure to obtain
2463 or renew such certificate of manufacturer registration was due to
2464 reasonable cause.

2465 (2) Notwithstanding the provisions of subdivision (1) of this
2466 subsection, any person whose electronic nicotine delivery system
2467 certificate of manufacturer registration has expired and who
2468 manufactures in this state an electronic nicotine delivery system or
2469 vapor product, where such person's period of operation without such
2470 certificate of manufacturer registration is not more than ninety days
2471 from the date of expiration of such certificate of manufacturer
2472 registration, shall have committed an infraction and shall be fined
2473 ninety dollars.

2474 (3) Notwithstanding the provisions of subdivisions (1) and (2) of
2475 this subsection, no penalty shall be imposed under this subsection
2476 unless the commissioner sends written notice of any violation to the
2477 person who is subject to a penalty under subdivision (1) or (2) of this
2478 subsection and allows such person sixty days from the date such notice
2479 was sent to cease such violation and comply with the requirements of
2480 this section. Such written notice shall be sent, within available
2481 appropriations, by mail evidenced by a certificate of mailing or other
2482 similar United States Postal Service form from which the date of
2483 deposit can be verified.

2484 Sec. 49. (*Effective from passage*) Not later than thirty days after the
2485 federal Food and Drug Administration's proposed rule deeming
2486 tobacco products to be subject to the federal Food, Drug and Cosmetic
2487 Act, 21 CFR Parts 1100, 1140 and 1143, becomes final, the joint standing
2488 committee of the General Assembly having cognizance of matters
2489 relating to public health shall hold a public hearing for the purpose of
2490 reviewing such rule and determining whether the committee
2491 recommends amendments to the general statutes concerning products
2492 subject to the rule, which products may include, but need not be
2493 limited to, electronic nicotine delivery systems, vapor products and
2494 electronic cigarette liquid.

2495 Sec. 50. Section 19a-88 of the general statutes is repealed and the
2496 following is substituted in lieu thereof (*Effective July 1, 2015*):

2497 (a) Each person holding a license to practice dentistry, optometry,
2498 midwifery or dental hygiene shall, annually, during the month of such
2499 person's birth, register with the Department of Public Health, upon
2500 payment of: [the] (1) The professional services fee for class I, as defined
2501 in section 33-182l, plus [five] ten dollars, in the case of a dentist, except
2502 as provided in sections 19a-88b and 20-113b; (2) the professional
2503 services fee for class H, as defined in section 33-182l, plus five dollars,
2504 in the case of an optometrist; [, fifteen] (3) twenty dollars in the case of
2505 a midwife; and (4) one hundred five dollars in the case of a dental
2506 hygienist. Such registration shall be on blanks to be furnished by the

2507 department for such purpose, giving such person's name in full, such
2508 person's residence and business address and such other information as
2509 the department requests. Each person holding a license to practice
2510 dentistry who has retired from the profession may renew such license,
2511 but the fee shall be ten per cent of the professional services fee for class
2512 I, as defined in section 33-182l, or ninety-five dollars, whichever is
2513 greater. Any license provided by the department at a reduced fee
2514 pursuant to this subsection shall indicate that the dentist is retired.

2515 (b) Each person holding a license to practice medicine, surgery,
2516 podiatry, chiropractic or naturopathy shall, annually, during the
2517 month of such person's birth, register with the Department of Public
2518 Health, upon payment of the professional services fee for class I, as
2519 defined in section 33-182l. Each person holding a license to practice
2520 medicine or surgery shall pay [five] ten dollars in addition to such
2521 professional services fee. Such registration shall be on blanks to be
2522 furnished by the department for such purpose, giving such person's
2523 name in full, such person's residence and business address and such
2524 other information as the department requests.

2525 (c) (1) Each person holding a license to practice as a registered
2526 nurse, shall, annually, during the month of such person's birth, register
2527 with the Department of Public Health, upon payment of one hundred
2528 [five] ten dollars, on blanks to be furnished by the department for such
2529 purpose, giving such person's name in full, such person's residence
2530 and business address and such other information as the department
2531 requests. Each person holding a license to practice as a registered nurse
2532 who has retired from the profession may renew such license, but the
2533 fee shall be ten per cent of the professional services fee for class B, as
2534 defined in section 33-182l, plus five dollars. Any license provided by
2535 the department at a reduced fee shall indicate that the registered nurse
2536 is retired.

2537 (2) Each person holding a license as an advanced practice registered
2538 nurse shall, annually, during the month of such person's birth, register
2539 with the Department of Public Health, upon payment of one hundred

2540 [twenty-five] thirty dollars, on blanks to be furnished by the
2541 department for such purpose, giving such person's name in full, such
2542 person's residence and business address and such other information as
2543 the department requests. No such license shall be renewed unless the
2544 department is satisfied that the person maintains current certification
2545 as either a nurse practitioner, a clinical nurse specialist or a nurse
2546 anesthetist from one of the following national certifying bodies which
2547 certify nurses in advanced practice: The American Nurses' Association,
2548 the Nurses' Association of the American College of Obstetricians and
2549 Gynecologists Certification Corporation, the National Board of
2550 Pediatric Nurse Practitioners and Associates or the American
2551 Association of Nurse Anesthetists. Each person holding a license to
2552 practice as an advanced practice registered nurse who has retired from
2553 the profession may renew such license, but the fee shall be ten per cent
2554 of the professional services fee for class C, as defined in section 33-182l,
2555 plus five dollars. Any license provided by the department at a reduced
2556 fee shall indicate that the advanced practice registered nurse is retired.

2557 (3) Each person holding a license as a licensed practical nurse shall,
2558 annually, during the month of such person's birth, register with the
2559 Department of Public Health, upon payment of [sixty-five] seventy
2560 dollars, on blanks to be furnished by the department for such purpose,
2561 giving such person's name in full, such person's residence and
2562 business address and such other information as the department
2563 requests. Each person holding a license to practice as a licensed
2564 practical nurse who has retired from the profession may renew such
2565 license, but the fee shall be ten per cent of the professional services fee
2566 for class A, as defined in section 33-182l, plus five dollars. Any license
2567 provided by the department at a reduced fee shall indicate that the
2568 licensed practical nurse is retired.

2569 (4) Each person holding a license as a nurse-midwife shall, annually,
2570 during the month of such person's birth, register with the Department
2571 of Public Health, upon payment of one hundred [twenty-five] thirty
2572 dollars, on blanks to be furnished by the department for such purpose,
2573 giving such person's name in full, such person's residence and

2574 business address and such other information as the department
2575 requests. No such license shall be renewed unless the department is
2576 satisfied that the person maintains current certification from the
2577 American College of Nurse-Midwives.

2578 (5) (A) Each person holding a license to practice physical therapy
2579 shall, annually, during the month of such person's birth, register with
2580 the Department of Public Health, upon payment of the professional
2581 services fee for class B, as defined in section 33-182l, plus five dollars,
2582 on blanks to be furnished by the department for such purpose, giving
2583 such person's name in full, such person's residence and business
2584 address and such other information as the department requests.

2585 (B) Each person holding a physical therapist assistant license shall,
2586 annually, during the month of such person's birth, register with the
2587 Department of Public Health, upon payment of the professional
2588 services fee for class A, as defined in section 33-182l, plus five dollars,
2589 on blanks to be furnished by the department for such purpose, giving
2590 such person's name in full, such person's residence and business
2591 address and such other information as the department requests.

2592 (6) Each person holding a license as a physician assistant shall,
2593 annually, during the month of such person's birth, register with the
2594 Department of Public Health, upon payment of a fee of one hundred
2595 [fifty] fifty-five dollars, on blanks to be furnished by the department
2596 for such purpose, giving such person's name in full, such person's
2597 residence and business address and such other information as the
2598 department requests. No such license shall be renewed unless the
2599 department is satisfied that the practitioner has met the mandatory
2600 continuing medical education requirements of the National
2601 Commission on Certification of Physician Assistants or a successor
2602 organization for the certification or recertification of physician
2603 assistants that may be approved by the department and has passed
2604 any examination or continued competency assessment the passage of
2605 which may be required by said commission for maintenance of current
2606 certification by said commission.

2607 (d) No provision of this section shall be construed to apply to any
2608 person practicing Christian Science.

2609 (e) (1) Each person holding a license or certificate issued under
2610 section 19a-514, 20-65k, as amended by this act, 20-74s, as amended by
2611 this act, 20-195cc, as amended by this act, or 20-206ll, as amended by
2612 this act, and chapters 370 to 373, inclusive, 375, 378 to 381a, inclusive,
2613 383 to 383c, inclusive, 384, 384a, 384b, 384d, 385, 393a, 395, 399 or 400a
2614 and section 20-206n, as amended by this act, or 20-206o shall, annually,
2615 during the month of such person's birth, apply for renewal of such
2616 license or certificate to the Department of Public Health, giving such
2617 person's name in full, such person's residence and business address
2618 and such other information as the department requests.

2619 (2) Each person holding a license or certificate issued under section
2620 19a-514, section 20-266o and chapters 384a, 384c, 386, 387, 388 and 398
2621 shall apply for renewal of such license or certificate once every two
2622 years, during the month of such person's birth, giving such person's
2623 name in full, such person's residence and business address and such
2624 other information as the department requests.

2625 (3) Each person holding a license or certificate issued pursuant to
2626 section 20-475 or 20-476 shall, annually, during the month of such
2627 person's birth, apply for renewal of such license or certificate to the
2628 department.

2629 (4) Each entity holding a license issued pursuant to section 20-475
2630 shall, annually, during the anniversary month of initial licensure,
2631 apply for renewal of such license or certificate to the department.

2632 (5) Each person holding a license issued pursuant to section 20-
2633 162bb, as amended by this act, shall, annually, during the month of
2634 such person's birth, apply for renewal of such license to the
2635 Department of Public Health, upon payment of a fee of three hundred
2636 [fifteen] twenty dollars, giving such person's name in full, such
2637 person's residence and business address and such other information as
2638 the department requests.

2639 (f) Any person or entity which fails to comply with the provisions of
2640 this section shall be notified by the department that such person's or
2641 entity's license or certificate shall become void ninety days after the
2642 time for its renewal under this section unless it is so renewed. Any
2643 such license shall become void upon the expiration of such ninety-day
2644 period.

2645 (g) The Department of Public Health shall administer a secure on-
2646 line license renewal system for persons holding a license to practice
2647 medicine or surgery under chapter 370, dentistry under chapter 379,
2648 nursing under chapter 378 or nurse-midwifery under chapter 377. The
2649 department shall require such persons to renew their licenses using the
2650 on-line renewal system and to pay professional [service] services fees
2651 on-line by means of a credit card or electronic transfer of funds from a
2652 bank or credit union account, except in extenuating circumstances,
2653 including, but not limited to, circumstances in which a licensee does
2654 not have access to a credit card and submits a notarized affidavit
2655 affirming that fact, the department may allow the licensee to renew his
2656 or her license using a paper form prescribed by the department and
2657 pay professional service fees by check or money order.

2658 Sec. 51. Subsection (a) of section 19a-515 of the general statutes is
2659 repealed and the following is substituted in lieu thereof (*Effective July*
2660 *1, 2015*):

2661 (a) Each nursing home administrator's license issued pursuant to the
2662 provisions of sections 19a-511 to 19a-520, inclusive, shall be renewed
2663 once every two years, in accordance with section 19a-88, as amended
2664 by this act, except for cause, by the Department of Public Health, upon
2665 forms to be furnished by said department and upon the payment to
2666 said department, by each applicant for license renewal, of the sum of
2667 two hundred five dollars. Each such fee shall be remitted to the
2668 Department of Public Health on or before the date prescribed under
2669 section 19a-88, as amended by this act. Such renewals shall be granted
2670 unless said department finds the applicant has acted or failed to act in
2671 such a manner or under such circumstances as would constitute

2672 grounds for suspension or revocation of such license.

2673 Sec. 52. Section 20-65k of the general statutes is repealed and the
2674 following is substituted in lieu thereof (*Effective July 1, 2015*):

2675 (a) The commissioner shall grant a license to practice athletic
2676 training to an applicant who presents evidence satisfactory to the
2677 commissioner of having met the requirements of section 20-65j. An
2678 application for such license shall be made on a form required by the
2679 commissioner. The fee for an initial license under this section shall be
2680 one hundred ninety dollars.

2681 (b) A license to practice athletic training may be renewed in
2682 accordance with the provisions of section 19a-88, as amended by this
2683 act, provided any licensee applying for license renewal shall maintain
2684 certification as an athletic trainer by the Board of Certification, Inc., or
2685 its successor organization. The fee for such renewal shall be two
2686 hundred five dollars.

2687 (c) The department may, upon receipt of an application for athletic
2688 training licensure, accompanied by the licensure application fee of one
2689 hundred ninety dollars, issue a temporary permit to a person who has
2690 met the requirements of subsection (a) of section 20-65j, except that the
2691 applicant has not yet sat for or received the results of the athletic
2692 training certification examination administered by the Board of
2693 Certification, Inc., or its successor organization. Such temporary permit
2694 shall authorize the permittee to practice athletic training under the
2695 supervision of a person licensed pursuant to subsection (a) of this
2696 section. Such practice shall be limited to those settings where the
2697 licensed supervisor is physically present on the premises and is
2698 immediately available to render assistance and supervision, as needed,
2699 to the permittee. Such temporary permit shall be valid for a period not
2700 to exceed one hundred twenty calendar days after the date of
2701 completion of the required course of study in athletic training and
2702 shall not be renewable. Such permit shall become void and shall not be
2703 reissued in the event that the permittee fails to pass the athletic
2704 training certification examination. No permit shall be issued to any

2705 person who has previously failed the athletic training certification
2706 examination or who is the subject of an unresolved complaint or
2707 pending professional disciplinary action. Violation of the restrictions
2708 on practice set forth in this section may constitute a basis for denial of
2709 licensure as an athletic trainer.

2710 Sec. 53. Subsection (c) of section 20-74bb of the general statutes is
2711 repealed and the following is substituted in lieu thereof (*Effective July*
2712 *1, 2015*):

2713 (c) Licenses shall be renewed annually in accordance with the
2714 provisions of section 19a-88, as amended by this act. The fee for
2715 renewal shall be one hundred five dollars.

2716 Sec. 54. Section 20-74f of the general statutes is repealed and the
2717 following is substituted in lieu thereof (*Effective July 1, 2015*):

2718 (a) The department shall issue a license to any person who meets the
2719 requirements of this chapter upon payment of a [two-hundred-dollar]
2720 license fee of two hundred five dollars. Any person who is issued a
2721 license as an occupational therapist under the terms of this chapter
2722 may use the words "occupational therapist", "licensed occupational
2723 therapist", or "occupational therapist registered" or [he] such person
2724 may use the letters "O.T.", "L.O.T.", or "O.T.R." in connection with [his]
2725 such person's name or place of business to denote [his] such person's
2726 registration hereunder. Any person who is issued a license as an
2727 occupational therapy assistant under the terms of this chapter may use
2728 the words "occupational therapy assistant", or [he] such person may
2729 use the letters "O.T.A.", "L.O.T.A.", or "C.O.T.A." in connection with
2730 [his] such person's name or place of business to denote [his] such
2731 person's registration thereunder. No person shall practice occupational
2732 therapy or hold himself or herself out as an occupational therapist or
2733 an occupational therapy assistant, or as being able to practice
2734 occupational therapy or to render occupational therapy services in this
2735 state unless [he] such person is licensed in accordance with the
2736 provisions of this chapter.

2737 (b) No person, unless registered under this chapter as an
2738 occupational therapist or an occupational therapy assistant or whose
2739 registration has been suspended or revoked, shall use, in connection
2740 with [his] such person's name or place of business the words
2741 "occupational therapist", "licensed occupational therapist",
2742 "occupational therapist registered", "occupational therapy assistant", or
2743 the letters, "O.T.", "L.O.T.", "O.T.R.", "O.T.A.", "L.O.T.A.", or "C.O.T.A.",
2744 or any words, letters, abbreviations or insignia indicating or implying
2745 that [he] such person is an occupational therapist or an occupational
2746 therapy assistant or in any way, orally, in writing, in print or by sign,
2747 directly or by implication, represent himself or herself as an
2748 occupational therapist or an occupational therapy assistant. Any
2749 person who violates the provisions of this section shall be guilty of a
2750 class D felony. For the purposes of this section, each instance of patient
2751 contact or consultation which is in violation of any provision of this
2752 chapter shall constitute a separate offense. Failure to renew a license in
2753 a timely manner shall not constitute a violation for the purposes of this
2754 section.

2755 Sec. 55. Subsections (g) to (n), inclusive, of section 20-74s of the
2756 general statutes are repealed and the following is substituted in lieu
2757 thereof (*Effective July 1, 2015*):

2758 (g) The commissioner shall grant a license as an alcohol and drug
2759 counselor to any applicant who furnishes satisfactory evidence that
2760 [he] such applicant has met the requirements of subsection (d) or (o) of
2761 this section. The commissioner shall develop and provide application
2762 forms. The application fee shall be one hundred ninety dollars.

2763 (h) A license as an alcohol and drug counselor shall be renewed in
2764 accordance with the provisions of section 19a-88, as amended by this
2765 act, for a fee of one hundred [ninety] ninety-five dollars.

2766 (i) The commissioner shall grant certification as a certified alcohol
2767 and drug counselor to any applicant who furnishes satisfactory
2768 evidence that [he] such applicant has met the requirements of
2769 subsection (e) or (o) of this section. The commissioner shall develop

2770 and provide application forms. The application fee shall be one
2771 hundred ninety dollars.

2772 (j) A certificate as an alcohol and drug counselor may be renewed in
2773 accordance with the provisions of section 19a-88, as amended by this
2774 act, for a fee of one hundred [ninety] ninety-five dollars.

2775 (k) The commissioner may contract with a qualified private
2776 organization for services that include (1) providing verification that
2777 applicants for licensure or certification have met the education,
2778 training and work experience requirements under this section; and (2)
2779 any other services that the commissioner may deem necessary.

2780 (l) Any person who has attained a master's level degree and is
2781 certified by the Connecticut Certification Board as a substance abuse
2782 counselor on or before July 1, 2000, shall be deemed a licensed alcohol
2783 and drug counselor. Any person so deemed shall renew [his] such
2784 person's license pursuant to section 19a-88, as amended by this act, for
2785 a fee of one hundred [ninety] ninety-five dollars.

2786 (m) Any person who has not attained a master's level degree and is
2787 certified by the Connecticut Certification Board as a substance abuse
2788 counselor on or before July 1, 2000, shall be deemed a certified alcohol
2789 and drug counselor. Any person so deemed shall renew [his] such
2790 person's certification pursuant to section 19a-88, as amended by this
2791 act, for a fee of one hundred [ninety] ninety-five dollars.

2792 (n) Any person who is not certified by the Connecticut Certification
2793 Board as a substance abuse counselor on or before July 1, 2000, who (1)
2794 documents to the department that [he] such person has a minimum of
2795 five years full-time or eight years part-time paid work experience,
2796 under supervision, as an alcohol and drug counselor, and (2)
2797 successfully passes a commissioner-approved examination no later
2798 than July 1, 2000, shall be deemed a certified alcohol and drug
2799 counselor. Any person so deemed shall renew [his] such person's
2800 certification pursuant to section 19a-88, as amended by this act, for a
2801 fee of one hundred [ninety] ninety-five dollars.

2802 Sec. 56. Section 20-149 of the general statutes is repealed and the
2803 following is substituted in lieu thereof (*Effective July 1, 2015*):

2804 A license under the provisions of this chapter shall be given under
2805 the hand of the Commissioner of Public Health or [his] the
2806 commissioner's designee. A fee shall be paid to the department, at the
2807 date of application for a license, as follows: For licensed optician,
2808 granting full responsibility, two hundred dollars. Such licenses shall be
2809 renewed annually in accordance with the provisions of section 19a-88,
2810 as amended by this act, and a fee shall be paid to the department at the
2811 date of renewal application as follows: For a licensed optician, two
2812 hundred five dollars.

2813 Sec. 57. Subsection (f) of section 20-162o of the general statutes is
2814 repealed and the following is substituted in lieu thereof (*Effective July*
2815 *1, 2015*):

2816 (f) Licenses shall be renewed annually in accordance with the
2817 provisions of section 19a-88, as amended by this act. The fee for
2818 renewal shall be one hundred five dollars.

2819 Sec. 58. Subsection (g) of section 20-162bb of the general statutes is
2820 repealed and the following is substituted in lieu thereof (*Effective July*
2821 *1, 2015*):

2822 (g) Licenses shall be renewed annually in accordance with the
2823 provisions of section 19a-88, as amended by this act, for a fee of three
2824 hundred [~~fifteen~~] twenty dollars.

2825 Sec. 59. Section 20-191a of the general statutes is repealed and the
2826 following is substituted in lieu thereof (*Effective July 1, 2015*):

2827 Each license issued under this chapter shall be renewed annually in
2828 accordance with the provisions of section 19a-88, as amended by this
2829 act. Thirty days prior to the expiration date of each license under [said]
2830 section 19a-88, as amended by this act, the department shall mail to the
2831 last-known address of each licensed psychologist an application for
2832 renewal in such form as said department determines. Each such

2833 application, on or before such expiration date, shall be returned to said
2834 department, together with a fee of the professional services fee for
2835 class I, as defined in section 33-182l, plus five dollars and the
2836 department shall thereupon issue a renewal license. In the event of
2837 failure of a psychologist to apply for such renewal license by such
2838 expiration date, [he] such psychologist may so apply subject to the
2839 provisions of subsection (b) of [said] section 19a-88, as amended by
2840 this act.

2841 Sec. 60. Section 20-195c of the general statutes is repealed and the
2842 following is substituted in lieu thereof (*Effective July 1, 2015*):

2843 (a) Each applicant for licensure as a marital and family therapist
2844 shall present to the department satisfactory evidence that such
2845 applicant has: (1) Completed a graduate degree program specializing
2846 in marital and family therapy from a regionally accredited college or
2847 university or an accredited postgraduate clinical training program
2848 accredited by the Commission on Accreditation for Marriage and
2849 Family Therapy Education offered by a regionally accredited
2850 institution of higher education; (2) completed a supervised practicum
2851 or internship with emphasis in marital and family therapy supervised
2852 by the program granting the requisite degree or by an accredited
2853 postgraduate clinical training program, accredited by the Commission
2854 on Accreditation for Marriage and Family Therapy Education offered
2855 by a regionally accredited institution of higher education in which the
2856 student received a minimum of five hundred direct clinical hours that
2857 included one hundred hours of clinical supervision; (3) completed a
2858 minimum of twelve months of relevant postgraduate experience,
2859 including at least (A) one thousand hours of direct client contact
2860 offering marital and family therapy services subsequent to being
2861 awarded a master's degree or doctorate or subsequent to the training
2862 year specified in subdivision (2) of this subsection, and (B) one
2863 hundred hours of postgraduate clinical supervision provided by a
2864 licensed marital and family therapist; and (4) passed an examination
2865 prescribed by the department. The fee shall be three hundred fifteen
2866 dollars for each initial application.

2867 (b) The department may grant licensure without examination,
2868 subject to payment of fees with respect to the initial application, to any
2869 applicant who is currently licensed or certified as a marital or marriage
2870 and family therapist in another state, territory or commonwealth of the
2871 United States, provided such state, territory or commonwealth
2872 maintains licensure or certification standards which, in the opinion of
2873 the department, are equivalent to or higher than the standards of this
2874 state. No license shall be issued under this section to any applicant
2875 against whom professional disciplinary action is pending or who is the
2876 subject of an unresolved complaint.

2877 (c) Licenses issued under this section may be renewed annually in
2878 accordance with the provisions of section 19a-88, as amended by this
2879 act. The fee for such renewal shall be three hundred [~~fifteen~~] twenty
2880 dollars. Each licensed marital and family therapist applying for license
2881 renewal shall furnish evidence satisfactory to the commissioner of
2882 having participated in continuing education programs. The
2883 commissioner shall adopt regulations, in accordance with chapter 54,
2884 to (1) define basic requirements for continuing education programs,
2885 which shall include not less than one contact hour of training or
2886 education each registration period on the topic of cultural competency,
2887 (2) delineate qualifying programs, (3) establish a system of control and
2888 reporting, and (4) provide for waiver of the continuing education
2889 requirement for good cause.

2890 (d) Notwithstanding the provisions of this section, an applicant who
2891 is currently licensed or certified as a marital or marriage and family
2892 therapist in another state, territory or commonwealth of the United
2893 States that does not maintain standards for licensure or certification
2894 that are equivalent to or higher than the standards in this state may
2895 substitute three years of licensed or certified work experience in the
2896 practice of marital and family therapy, as defined in section 20-195a, in
2897 lieu of the requirements of subdivisions (2) and (3) of subsection (a) of
2898 this section.

2899 Sec. 61. Section 20-195o of the general statutes is repealed and the

2900 following is substituted in lieu thereof (*Effective July 1, 2015*):

2901 (a) Application for licensure shall be on forms prescribed and
2902 furnished by the commissioner. Each applicant shall furnish evidence
2903 satisfactory to the commissioner that he or she has met the
2904 requirements of section 20-195n. The application fee for a clinical social
2905 worker license shall be three hundred fifteen dollars. The application
2906 fee for a master social worker license shall be two hundred twenty
2907 dollars.

2908 (b) Notwithstanding the provisions of section 20-195n concerning
2909 examinations, on or before October 1, 2015, the commissioner may
2910 issue a license without examination, to any master social worker
2911 applicant who demonstrates to the satisfaction of the commissioner
2912 that, on or before October 1, 2013, he or she held a master's degree
2913 from a social work program accredited by the Council on Social Work
2914 Education or, if educated outside the United States or its territories,
2915 completed an educational program deemed equivalent by the council.

2916 (c) Each person licensed pursuant to this chapter may apply for
2917 renewal of such licensure in accordance with the provisions of
2918 subsection (e) of section 19a-88, as amended by this act. A fee of one
2919 hundred [ninety] ninety-five dollars shall accompany each renewal
2920 application for a licensed master social worker or a licensed clinical
2921 social worker. Each such applicant shall furnish evidence satisfactory
2922 to the commissioner of having satisfied the continuing education
2923 requirements prescribed in section 20-195u.

2924 Sec. 62. Section 20-195cc of the general statutes is repealed and the
2925 following is substituted in lieu thereof (*Effective July 1, 2015*):

2926 (a) The Commissioner of Public Health shall grant a license as a
2927 professional counselor to any applicant who furnishes evidence
2928 satisfactory to the commissioner that such applicant has met the
2929 requirements of section 20-195dd. The commissioner shall develop and
2930 provide application forms. The application fee shall be three hundred
2931 fifteen dollars.

2932 (b) Licenses issued under this section may be renewed annually
2933 pursuant to section 19a-88, as amended by this act. The fee for such
2934 renewal shall be one hundred [ninety] ninety-five dollars. Each
2935 licensed professional counselor applying for license renewal shall
2936 furnish evidence satisfactory to the commissioner of having
2937 participated in continuing education programs. The commissioner
2938 shall adopt regulations, in accordance with chapter 54, to (1) define
2939 basic requirements for continuing education programs, which shall
2940 include not less than one contact hour of training or education each
2941 registration period on the topic of cultural competency, (2) delineate
2942 qualifying programs, (3) establish a system of control and reporting,
2943 and (4) provide for a waiver of the continuing education requirement
2944 for good cause.

2945 Sec. 63. Section 20-201 of the general statutes is repealed and the
2946 following is substituted in lieu thereof (*Effective July 1, 2015*):

2947 Said department shall, annually in accordance with the provisions
2948 of section 19a-88, as amended by this act, issue to each licensed
2949 veterinarian in the state, presenting an application for renewal of his or
2950 her license accompanied by the professional services fee for class I, as
2951 defined in section 33-182l, plus five dollars, a receipt stating the fact of
2952 such payment, which receipt shall be a license to follow such practice
2953 for one year.

2954 Sec. 64. Subsection (b) of section 20-206b of the general statutes is
2955 repealed and the following is substituted in lieu thereof (*Effective July*
2956 *1, 2015*):

2957 (b) Licenses shall be renewed once every two years in accordance
2958 with the provisions of section 19a-88, as amended by this act. The fee
2959 for renewal shall be two hundred [fifty] fifty-five dollars. No license
2960 shall be issued under this section to any applicant against whom
2961 professional disciplinary action is pending or who is the subject of an
2962 unresolved complaint in this or any other state or jurisdiction. Any
2963 certificate granted by the department prior to June 1, 1993, shall be
2964 deemed a valid license permitting continuance of profession subject to

2965 the provisions of this chapter.

2966 Sec. 65. Section 20-206n of the general statutes is repealed and the
2967 following is substituted in lieu thereof (*Effective July 1, 2015*):

2968 (a) The department may, upon receipt of an application and fee of
2969 one hundred ninety dollars, issue a certificate as a dietitian-nutritionist
2970 to any applicant who has presented to the commissioner satisfactory
2971 evidence that (1) such applicant is certified as a registered dietitian by
2972 the Commission on Dietetic Registration, or (2) such applicant has (A)
2973 successfully passed a written examination prescribed by the
2974 commissioner, and (B) received a master's degree or doctoral degree,
2975 from an institution of higher education accredited to grant such degree
2976 by a regional accrediting agency recognized by the United States
2977 Department of Education, with a major course of study which focused
2978 primarily on human nutrition or dietetics and which included a
2979 minimum of thirty graduate semester credits, twenty-one of which
2980 shall be in not fewer than five of the following content areas: (i)
2981 Human nutrition or nutrition in the life cycle, (ii) nutrition
2982 biochemistry, (iii) nutrition assessment, (iv) food composition or food
2983 science, (v) health education or nutrition counseling, (vi) nutrition in
2984 health and disease, and (vii) community nutrition or public health
2985 nutrition.

2986 (b) No certificate shall be issued under this section to any applicant
2987 against whom a professional disciplinary action is pending or who is
2988 the subject of an unresolved professional complaint.

2989 Sec. 66. Section 20-206r of the general statutes is repealed and the
2990 following is substituted in lieu thereof (*Effective July 1, 2015*):

2991 Certificates issued under section 20-206n, as amended by this act, or
2992 20-206o shall be renewed annually, subject to the provisions of section
2993 19a-88, as amended by this act, upon payment of a [one-hundred-
2994 dollar] renewal fee of one hundred five dollars.

2995 Sec. 67. Subsection (e) of section 20-206bb of the general statutes is

2996 repealed and the following is substituted in lieu thereof (*Effective July*
2997 *1, 2015*):

2998 (e) Licenses shall be renewed once every two years in accordance
2999 with the provisions of subsection (e) of section 19a-88, as amended by
3000 this act. The fee for renewal shall be two hundred [fifty] fifty-five
3001 dollars.

3002 (1) Except as provided in subdivision (2) of this subsection, for
3003 registration periods beginning on and after October 1, 2014, a licensee
3004 applying for license renewal shall (A) maintain a certification by the
3005 National Certification Commission for Acupuncture and Oriental
3006 Medicine, or (B) earn not less than thirty contact hours of continuing
3007 education approved by the National Certification Commission for
3008 Acupuncture and Oriental Medicine within the preceding twenty-four-
3009 month period.

3010 (2) Each licensee applying for license renewal pursuant to section
3011 19a-88, as amended by this act, except a licensee applying for a license
3012 renewal for the first time, shall sign a statement attesting that he or she
3013 has satisfied the certification or continuing education requirements
3014 described in subdivision (1) of this subsection on a form prescribed by
3015 the department. Each licensee shall retain records of attendance or
3016 certificates of completion that demonstrate compliance with the
3017 continuing education or certification requirements described in
3018 subdivision (1) of this subsection for not less than five years following
3019 the date on which the continuing education was completed or the
3020 certification was renewed. Each licensee shall submit such records to
3021 the department for inspection not later than forty-five days after a
3022 request by the department for such records.

3023 (3) In individual cases involving medical disability or illness, the
3024 commissioner may grant a waiver of the continuing education or
3025 certification requirements or an extension of time within which to
3026 fulfill such requirements of this subsection to any licensee, provided
3027 the licensee submits to the department an application for waiver or
3028 extension of time on a form prescribed by the commissioner, along

3029 with a certification by a licensed physician of the disability or illness
3030 and such other documentation as may be required by the department.
3031 The commissioner may grant a waiver or extension for a period not to
3032 exceed one registration period, except that the commissioner may
3033 grant additional waivers or extensions if the medical disability or
3034 illness upon which a waiver or extension is granted continues beyond
3035 the period of the waiver or extension and the licensee applies for an
3036 additional waiver or extension.

3037 (4) A licensee whose license has become void pursuant to section
3038 19a-88, as amended by this act, and who applies to the department for
3039 reinstatement of such license, shall submit evidence documenting
3040 valid acupuncture certification by the National Certification
3041 Commission for Acupuncture and Oriental Medicine or successful
3042 completion of fifteen contact hours of continuing education within the
3043 one-year period immediately preceding application for reinstatement.

3044 Sec. 68. Subsection (b) of section 20-206ll of the general statutes is
3045 repealed and the following is substituted in lieu thereof (*Effective July*
3046 *1, 2015*):

3047 (b) The license may be renewed annually pursuant to section 19a-88,
3048 as amended by this act, for a fee of one hundred [fifty] fifty-five
3049 dollars.

3050 Sec. 69. Section 20-222a of the general statutes is repealed and the
3051 following is substituted in lieu thereof (*Effective July 1, 2015*):

3052 Each embalmer's license, funeral director's license and inspection
3053 certificate issued pursuant to the provisions of this chapter shall be
3054 renewed, except for cause, by the Department of Public Health upon
3055 the payment to said Department of Public Health by each applicant for
3056 license renewal of the sum of one hundred [ten] fifteen dollars in the
3057 case of an embalmer, two hundred [thirty] thirty-five dollars in the
3058 case of a funeral director and for inspection certificate renewal the sum
3059 of one hundred [ninety] ninety-five dollars for each certificate to be
3060 renewed. Fees for renewal of inspection certificates shall be given to

3061 the Department of Public Health on or before July first in each year
3062 and the renewal of inspection certificates shall begin on July first of
3063 each year and shall be valid for one calendar year. Licenses shall be
3064 renewed in accordance with the provisions of section 19a-88, as
3065 amended by this act.

3066 Sec. 70. Section 20-275 of the general statutes is repealed and the
3067 following is substituted in lieu thereof (*Effective July 1, 2015*):

3068 (a) Each person licensed under the provisions of this chapter shall
3069 renew such license once every two years with the department in
3070 accordance with the provisions of section 19a-88, as amended by this
3071 act, on forms provided by the department. The renewal fee shall be
3072 two hundred five dollars.

3073 (b) Each licensed electrologist applying for license renewal shall
3074 furnish evidence satisfactory to the Commissioner of Public Health of
3075 having participated in continuing education programs. The
3076 commissioner shall adopt regulations, in accordance with chapter 54,
3077 to (1) define basic requirements for continuing education programs, (2)
3078 delineate qualifying programs, (3) establish a system of control and
3079 reporting, and (4) provide for waiver of the continuing education
3080 requirement for good cause.

3081 Sec. 71. Subsection (a) of section 20-395d of the general statutes is
3082 repealed and the following is substituted in lieu thereof (*Effective July*
3083 *1, 2015*):

3084 (a) The fee for an initial license as an audiologist shall be two
3085 hundred dollars. Licenses shall be renewed in accordance with section
3086 19a-88, as amended by this act, upon payment of a fee of two hundred
3087 five dollars.

3088 Sec. 72. Subsection (a) of section 20-398 of the general statutes is
3089 repealed and the following is substituted in lieu thereof (*Effective July*
3090 *1, 2015*):

3091 (a) No person may engage in the practice of fitting or selling hearing

3092 aids, or display a sign or in any other way advertise or claim to be a
3093 person who sells or engages in the practice of fitting or selling hearing
3094 aids unless such person has obtained a license under this chapter or as
3095 an audiologist under sections 20-395a to 20-395g, inclusive. No person
3096 may receive a license, except as provided in subsection (b) of this
3097 section, unless such person has submitted proof satisfactory to the
3098 department that such person has completed a four-year course at an
3099 approved high school or has an equivalent education as determined by
3100 the department; has satisfactorily completed a course of study in the
3101 fitting and selling of hearing aids or a period of training approved by
3102 the department; and has satisfactorily passed a written, oral and
3103 practical examination given by the department. Application for the
3104 examination shall be on forms prescribed and furnished by the
3105 department. Examinations shall be given at least twice yearly. The fee
3106 for the examination shall be two hundred dollars; and for the initial
3107 license and each renewal thereof shall be two hundred [fifty] fifty-five
3108 dollars.

3109 Sec. 73. Section 20-412 of the general statutes is repealed and the
3110 following is substituted in lieu thereof (*Effective July 1, 2015*):

3111 The fee for an initial license as provided for in section 20-411 as a
3112 speech and language pathologist shall be two hundred dollars.
3113 Licenses shall expire in accordance with section 19a-88, as amended by
3114 this act, and shall become invalid unless renewed. Renewal may be
3115 effected upon payment of a fee of two hundred five dollars and in
3116 accordance with section 19a-88, as amended by this act.

3117 Sec. 74. (NEW) (*Effective July 1, 2015*) On or before the last day of
3118 January, April, July and October in each year, the Commissioner of
3119 Public Health shall certify the amount of revenue received as a result
3120 of any fee increase in the amount of five dollars that took effect July 1,
3121 2015, pursuant to sections 19a-88, 19a-515, 20-65k, 20-74bb, 20-74f, 20-
3122 74s, 20-149, 20-162o, 20-162bb, 20-191a, 20-195c, 20-195o, 20-195cc, 20-
3123 201, 20-206b, 20-206n, 20-206r, 20-206bb, 20-206ll, 20-222a, 20-275, 20-
3124 395d, 20-398 and 20-412 of the general statutes, each as amended by

3125 this act, and transfer such amount to the professional assistance
3126 program account established in section 75 of this act.

3127 Sec. 75. (NEW) (*Effective July 1, 2015*) There is established an account
3128 to be known as the "professional assistance program account" which
3129 shall be a separate, nonlapsing account within the General Fund. The
3130 account shall contain any moneys required by law to be deposited in
3131 the account. Moneys in the account shall be expended by the
3132 Commissioner of Public Health for the purposes of providing grants-
3133 in-aid to program providers and medical review committees under the
3134 assistance program for health care professionals established pursuant
3135 to section 19a-12a of the general statutes.

3136 Sec. 76. Subsection (a) of section 12-213 of the general statutes is
3137 repealed and the following is substituted in lieu thereof (*Effective from*
3138 *passage and applicable to income years commencing on or after January 1,*
3139 *2015*):

3140 (a) When used in this [part] chapter and in sections 77 to 79,
3141 inclusive, of this act, unless the context otherwise requires:

3142 (1) "Taxpayer" and "company" mean any corporation, foreign
3143 municipal electric utility, as defined in section 12-59, electric
3144 distribution company, as defined in section 16-1, electric supplier, as
3145 defined in section 16-1, generation entity or affiliate, as defined in
3146 section 16-1, joint stock company or association or any fiduciary
3147 thereof and any dissolved corporation which continues to conduct
3148 business, but does not include a passive investment company or
3149 municipal utility, as defined in section 12-265;

3150 (2) "Dissolved corporation" means any company which has
3151 terminated its corporate existence by resolution, expiration, decree or
3152 forfeiture;

3153 (3) "Commissioner" means the Commissioner of Revenue Services;

3154 (4) "Tax year" means the calendar year in which the tax is payable;

3155 (5) "Income year" means the calendar year upon the basis of which
3156 net income is computed under this part, unless a fiscal year other than
3157 the calendar year has been established for federal income tax purposes,
3158 in which case it means the fiscal year so established or a period of less
3159 than twelve months ending as of the date on which liability under this
3160 chapter ceases to accrue by reason of dissolution, forfeiture,
3161 withdrawal, merger or consolidation;

3162 (6) "Fiscal year" means the income year ending on the last day of
3163 any month other than December or an annual period which varies
3164 from fifty-two to fifty-three weeks elected by the taxpayer in
3165 accordance with the provisions of the Internal Revenue Code;

3166 (7) "Paid" means "paid or accrued" or "paid or incurred", construed
3167 according to the method of accounting upon the basis of which net
3168 income is computed under this part;

3169 (8) "Received" means "received" or "accrued", construed according
3170 to the method of accounting upon the basis of which net income is
3171 computed under this part;

3172 (9) (A) "Gross income" means gross income, as defined in the
3173 Internal Revenue Code, and, in addition, means any interest or exempt
3174 interest dividends, as defined in Section 852(b)(5) of the Internal
3175 Revenue Code, received by the taxpayer or losses of other calendar or
3176 fiscal years, retroactive to include all calendar or fiscal years beginning
3177 after January 1, 1935, incurred by the taxpayer which are excluded
3178 from gross income for purposes of assessing the federal corporation
3179 net income tax, and in addition, notwithstanding any other provision
3180 of law, means interest or exempt interest dividends, as defined in said
3181 Section 852(b)(5) of the Internal Revenue Code, accrued on or after the
3182 application date, as defined in section 12-242ff, with respect to any
3183 obligation issued by or on behalf of the state, its agencies, authorities,
3184 commissions and other instrumentalities, or by or on behalf of its
3185 political subdivisions and their agencies, authorities, commissions and
3186 other instrumentalities;

3187 (B) "Gross income" shall include, to the extent not properly
3188 includable in gross income for federal income tax purposes, an amount
3189 equal to (i) any distribution from a manufacturing reinvestment
3190 account not used in accordance with subdivision (3) of subsection (c)
3191 of section 32-9zz to the extent that a contribution to such account was
3192 subtracted from gross income pursuant to subparagraph (F) of
3193 subdivision (1) of subsection (a) of section 12-217, as amended by this
3194 act, in computing net income for the current or a preceding income
3195 year, and (ii) any return of money from a manufacturing reinvestment
3196 account pursuant to subsection (d) of section 32-9zz to the extent that a
3197 contribution to such account was subtracted from gross income
3198 pursuant to subparagraph (F) of subdivision (1) of subsection (a) of
3199 section 12-217, as amended by this act, in computing net income for the
3200 current or a preceding income year;

3201 (C) "Gross income" shall not include the amount which for federal
3202 income tax purposes is treated as a dividend received by a domestic
3203 United States corporation from a foreign corporation on account of
3204 foreign taxes deemed paid by such domestic corporation, when such
3205 domestic corporation elects the foreign tax credit for federal income
3206 tax purposes;

3207 (D) "Gross income" shall not include any amount which for federal
3208 income tax purposes is treated as a dividend received directly or
3209 indirectly by a taxpayer from a passive investment company;

3210 (10) "Net income" means net earnings received during the income
3211 year and available for contributors of capital, whether they are
3212 creditors or stockholders, computed by subtracting from gross income
3213 the deductions allowed by the terms of section 12-217, as amended by
3214 this act, except that in the case of a domestic insurance company which
3215 is a life insurance company, "net income" means life insurance
3216 company taxable income (A) increased by any amount or amounts
3217 which have been deducted in the computation of gain or loss from
3218 operations in respect of (i) the life insurance company's share of tax-
3219 exempt interest, (ii) operations loss carry-backs and capital loss carry-

3220 backs, and (iii) operations loss carry-overs and capital loss carry-overs
3221 arising in any taxable year commencing prior to January 1, 1973, and
3222 (B) reduced by any amount or amounts which have been deducted as
3223 operations loss carry-backs or capital loss carry-backs in the
3224 computation of gain or loss from operations for any taxable year
3225 commencing on or after January 1, 1973, but only to the extent that
3226 such amount or amounts would, for federal tax purposes, have been
3227 deductible in the taxable year as operations loss carry-overs or capital
3228 loss carry-overs if they had not been deducted in a previous taxable
3229 year as carry-backs, and provided no expense related to income, the
3230 taxation of which by the state of Connecticut is prohibited by the law
3231 or Constitution of the United States, as applied, or by the law or
3232 Constitution of this state, as applied, shall be deducted under this
3233 chapter and provided further no item may, directly or indirectly be
3234 excluded or deducted more than once;

3235 (11) "Life insurance company" has the same meaning as it has under
3236 the Internal Revenue Code;

3237 (12) "Life insurance company taxable income" has the same meaning
3238 as it has under the Internal Revenue Code;

3239 (13) "Life insurance company's share" has the same meaning as it
3240 has under the Internal Revenue Code;

3241 (14) "Operations loss carry-over", with respect to a life insurance
3242 company, has the same meaning as it has under the Internal Revenue
3243 Code;

3244 (15) "Operations loss carry-back", with respect to a life insurance
3245 company, has the same meaning as it has under the Internal Revenue
3246 Code;

3247 (16) "Capital loss carry-over", with respect to a life insurance
3248 company, has the same meaning as it has under the Internal Revenue
3249 Code;

3250 (17) "Capital loss carry-back", with respect to a life insurance

3251 company, has the same meaning as it has under the Internal Revenue
3252 Code;

3253 (18) "Gain or loss from operations", with respect to a life insurance
3254 company, has the same meaning as it has under the Internal Revenue
3255 Code;

3256 (19) "Fiduciary" means any receiver, liquidator, referee, trustee,
3257 assignee or other fiduciary or officer or agent appointed by any court
3258 or by any other authority, except the Banking Commissioner acting as
3259 receiver or liquidator under the authority of the provisions of sections
3260 36a-210 and 36a-218 to 36a-239, inclusive;

3261 (20) (A) "Carrying on or doing business" means and includes each
3262 and every act, power or privilege exercised or enjoyed in this state, as
3263 an incident to, or by virtue of, the powers and privileges acquired by
3264 the nature of any organization whether the form of existence is
3265 corporate, associate, joint stock company or fiduciary, and includes the
3266 direct or indirect engaging in, transacting or conducting of activity in
3267 this state by an electric supplier, as defined in section 16-1, or
3268 generation entity or affiliate, as defined in section 16-1, for the purpose
3269 of establishing or maintaining a market for the sale of electricity or of
3270 electric generation services, as defined in section 16-1, to end use
3271 customers located in this state through the use of the transmission or
3272 distribution facilities of an electric distribution company, as defined in
3273 section 16-1;

3274 (B) A company that has contracted with a commercial printer for
3275 printing and distribution of printed material shall not be deemed to be
3276 carrying on or doing business in this state because of (i) the ownership
3277 or leasing by that company of tangible or intangible personal property
3278 located at the premises of the commercial printer in this state, (ii) the
3279 sale by that company of property of any kind produced or processed at
3280 and shipped or distributed from the premises of the commercial
3281 printer in this state, (iii) the activities of that company's employees or
3282 agents at the premises of the commercial printer in this state, which
3283 activities relate to quality control, distribution or printing services

3284 performed by the printer, or (iv) the activities of any kind performed
3285 by the commercial printer in this state for or on behalf of that
3286 company;

3287 (C) A company that participates in a trade show or shows at the
3288 convention center, as defined in subdivision (3) of section 32-600, shall
3289 not be deemed to be carrying on or doing business in this state,
3290 regardless of whether the company has employees or other staff
3291 present at such trade shows, provided such company's activity at such
3292 trade shows is limited to displaying goods or promoting services, no
3293 sales are made, any orders received are sent outside this state for
3294 acceptance or rejection and are filled from outside this state, and
3295 provided further that such participation is not more than fourteen
3296 days, or part thereof, in the aggregate during the company's income
3297 year for federal income tax purposes;

3298 (21) "Alternative energy system" means design systems, equipment
3299 or materials which utilize as their energy source solar, wind, water or
3300 biomass energy in providing space heating or cooling, water heating or
3301 generation of electricity, but shall not include wood-burning stoves;

3302 (22) "S corporation" means any corporation which is an S
3303 corporation for federal income tax purposes and includes any
3304 subsidiary of such S corporation that is a qualified subchapter S
3305 subsidiary, as defined in Section 1361(b)(3)(B) of the Internal Revenue
3306 Code, all of whose assets, liabilities and items of income, deduction
3307 and credit are treated under the Internal Revenue Code, and shall be
3308 treated under this chapter, as assets, liabilities and such items, as the
3309 case may be, of such S corporation;

3310 (23) "Internal Revenue Code" means the Internal Revenue Code of
3311 1986, or any subsequent internal revenue code of the United States, as
3312 from time to time amended, effective and in force on the last day of the
3313 income year;

3314 (24) "Partnership" means a partnership, as defined in the Internal
3315 Revenue Code, and includes a limited liability company that is treated

3316 as a partnership for federal income tax purposes;

3317 (25) "Partner" means a partner, as defined in the Internal Revenue
3318 Code, and includes a member of a limited liability company that is
3319 treated as a partnership for federal income tax purposes;

3320 (26) "Investment partnership" means a limited partnership that
3321 meets the gross income requirement of Section 851(b)(2) of the Internal
3322 Revenue Code, except that income and gains from commodities that
3323 are not described in Section 1221(1) of the Internal Revenue Code or
3324 from futures, forwards and options with respect to such commodities
3325 shall be included in income which qualifies to meet such gross income
3326 requirement, provided such commodities are of a kind customarily
3327 dealt with in an organized commodity exchange and the transaction is
3328 of a kind customarily consummated at such place, as required by
3329 Section 864(b)(2)(B)(iii) of the Internal Revenue Code. To the extent
3330 that such a partnership has income and gains from commodities that
3331 are not described in Section 1221(1) of the Internal Revenue Code or
3332 from futures, forwards and options with respect to such commodities,
3333 such income and gains must be derived by a partnership which is not a
3334 dealer in commodities and is trading for its own account as described
3335 in Section 864(b)(2)(B)(ii) of the Internal Revenue Code. The term
3336 "investment partnership" does not include a dealer, within the
3337 meaning of Section 1236 of the Internal Revenue Code, in stocks or
3338 securities;

3339 (27) "Passive investment company" means any corporation which is
3340 a related person to a financial service company, as defined in section
3341 12-218b, as amended by this act, or to an insurance company, as
3342 defined in section 12-218b, as amended by this act, and (A) employs
3343 not less than five full-time equivalent employees in the state; (B)
3344 maintains an office in the state; and (C) confines its activities to the
3345 purchase, receipt, maintenance, management and sale of its intangible
3346 investments, and the collection and distribution of the income from
3347 such investments, including, but not limited to, interest and gains from
3348 the sale, transfer or assignment of such investments or from the

3349 foreclosure upon or sale, transfer or assignment of the collateral
3350 securing such investments. For purposes of this subdivision,
3351 "intangible investments" shall be limited to loans secured by real
3352 property, as defined in section 12-218b, as amended by this act,
3353 including a line of credit which is a loan secured by real property and
3354 which permits future advances by the passive investment company;
3355 the collateral or an interest in the collateral that secured such loans if
3356 the sale of such collateral or interest is actively marketed by or on
3357 behalf of the passive investment company; and any short-term
3358 investment of cash held by the passive investment company which
3359 cash is reasonably necessary for the operations of such passive
3360 investment company;

3361 (28) (A) "Captive real estate investment trust" means, except as
3362 provided in subparagraph (B) of this subdivision, a corporation, a trust
3363 or an association (i) that is considered a real estate investment trust for
3364 the taxable year under Section 856 of the Internal Revenue Code; (ii)
3365 that is not regularly traded on an established securities market; (iii) in
3366 which more than fifty per cent of the voting power, beneficial interests
3367 or shares are owned or controlled, directly or constructively, by a
3368 single entity that is subject to Subchapter C of Chapter 1 of the Internal
3369 Revenue Code; and (iv) that is not a qualified real estate investment
3370 trust, as defined in subdivision (3) of subsection (a) of section 12-217,
3371 as amended by this act.

3372 (B) "Captive real estate investment trust" does not include a
3373 corporation, a trust or an association, in which more than fifty per cent
3374 of the entity's voting power, beneficial interests or shares are owned by
3375 a single entity described in subparagraph (A)(iii) of this subdivision
3376 that is owned or controlled, directly or constructively, by (i) a
3377 corporation, a trust or an association that is considered a real estate
3378 investment trust under Section 856 of the Internal Revenue Code; (ii) a
3379 person exempt from taxation under Section 501 of the Internal
3380 Revenue Code; (iii) a listed property trust or other foreign real estate
3381 investment trust that is organized in a country that has a tax treaty
3382 with the United States Treasury Department governing the tax

3383 treatment of these trusts; or (iv) a real estate investment trust that is
3384 intended to become regularly traded on an established securities
3385 market and that satisfies the requirements of Sections 856(a)(5) and
3386 856(a)(6) of the Internal Revenue Code, as determined under Section
3387 856(h) of the Internal Revenue Code.

3388 (C) For purposes of this subdivision, the constructive ownership
3389 rules of Section 318 of the Internal Revenue Code, as modified by
3390 Section 856(d)(5) of the Internal Revenue Code, apply to the
3391 determination of the ownership of stock, assets or net profits of any
3392 person; [.]

3393 (29) "Combined group" means the group of all persons that have
3394 common ownership and are engaged in a unitary business, where at
3395 least one person is subject to tax under this chapter;

3396 (30) "Combined group's net income" means the amount calculated
3397 under subsection (a) of section 77 of this act;

3398 (31) "Common ownership" means that not less than fifty per cent of
3399 the voting control of each member of a combined group is directly or
3400 indirectly owned by a common owner or owners, either corporate or
3401 noncorporate, whether or not the owner or owners are members of the
3402 combined group. Whether voting control is indirectly owned shall be
3403 determined in accordance with Section 318 of the Internal Revenue
3404 Code;

3405 (32) "Unitary business" means a single economic enterprise that is
3406 made up either of separate parts of a single business entity or of a
3407 group of business entities under common ownership, which enterprise
3408 is sufficiently interdependent, integrated or interrelated through its
3409 activities so as to provide mutual benefit and produce a significant
3410 sharing or exchange of value among such entities, or a significant flow
3411 of value among the separate parts. For purposes of this chapter and
3412 sections 77 to 79, inclusive, of this act, (A) any business conducted by a
3413 pass-through entity shall be treated as conducted by its members,
3414 whether directly held or indirectly held through a series of pass-

3415 through entities, to the extent of the member's distributive share of the
3416 pass-through entity's income, regardless of the percentage of the
3417 member's ownership interest or its distributive or any other share of
3418 pass-through entity income, and (B) any business conducted directly
3419 or indirectly by one corporation is unitary with that portion of a
3420 business conducted by another corporation through its direct or
3421 indirect interest in a pass-through entity if there is a mutual benefit
3422 and a significant sharing of exchange or flow of value between the two
3423 parts of the business and the two corporations are members of the
3424 same group of business entities under common ownership;

3425 (33) "Designated taxable member" means, if the combined group has
3426 a common parent corporation and that common parent corporation is
3427 a taxable member, the common parent corporation and, in all other
3428 cases, the taxable member of the combined group that such group
3429 selects, in the manner prescribed by section 12-222, as amended by this
3430 act, as its designated taxable member or, in the discretion of the
3431 commissioner or upon the failure of such group to select its designated
3432 taxable member in the manner prescribed by section 12-222, as
3433 amended by this act, the taxable member of the combined group
3434 selected by the commissioner as the designated taxable member;

3435 (34) "Group income year" means, if two or more members in the
3436 combined group file in the same federal consolidated tax return, the
3437 same income year as that used on the federal consolidated tax return
3438 and, in all other cases, the income year of the designated taxable
3439 member;

3440 (35) "Nontaxable member" means a combined group member that is
3441 not a taxable member;

3442 (36) "Person" means person, as defined in section 12-1;

3443 (37) "Taxable member" means a combined group member that is
3444 subject to tax pursuant to this chapter;

3445 (38) "Pass-through entity" means a partnership or an S corporation.

3446 Sec. 77. (NEW) (*Effective from passage and applicable to income years*
3447 *commencing on or after January 1, 2015*) (a) For purposes of this section,
3448 section 78 of this act and chapter 208 of the general statutes, the
3449 combined group's net income shall be the aggregate net income or loss
3450 of every taxable member and nontaxable member of the combined
3451 group derived from a unitary business, which shall be determined as
3452 follows:

3453 (1) For any member incorporated in the United States, included in a
3454 consolidated federal corporate income tax return and filing a federal
3455 corporate income tax return, the income to be included in calculating
3456 the combined group's net income shall be such member's gross
3457 income, less the deductions provided under section 12-217 of the
3458 general statutes, as amended by this act, as if the member were not
3459 consolidated for federal tax purposes.

3460 (2) For any member not included in a consolidated federal corporate
3461 income tax return but required to file its own federal corporate income
3462 tax return, the income to be included in calculating the combined
3463 group's net income shall be such member's gross income, less the
3464 deductions provided under section 12-217 of the general statutes, as
3465 amended by this act.

3466 (3) For any member not incorporated in the United States, not
3467 included in a consolidated federal corporate income tax return and not
3468 required to file its own federal corporate income tax return, the income
3469 to be included in the combined group's net income shall be determined
3470 from a profit and loss statement that shall be prepared for each foreign
3471 branch or corporation in the currency in which the books of account of
3472 the branch or corporation are regularly maintained, adjusted to
3473 conform it to the accounting principles generally accepted in the
3474 United States for the presentation of such statements and further
3475 adjusted to take into account any book-tax differences required by
3476 federal or Connecticut law. The profit and loss statement of each such
3477 member of the combined group and the apportionment factors related
3478 thereto, whether United States or foreign, shall be translated into or

3479 from the currency in which the parent company maintains its books
3480 and records on any reasonable basis consistently applied on a year-to-
3481 year or entity-by-entity basis. Income shall be expressed in United
3482 States dollars. In lieu of these procedures and subject to the
3483 determination of the commissioner that the income to be reported
3484 reasonably approximates income as determined under chapter 208 of
3485 the general statutes, income may be determined on any reasonable
3486 basis consistently applied on a year-to-year or entity-by-entity basis.

3487 (4) If the unitary business has income from an entity that is treated
3488 as a pass-through entity, the combined group's net income shall
3489 include its member's direct and indirect distributive share of the pass-
3490 through entity's unitary business income.

3491 (5) All dividends paid by one member to another member of the
3492 combined group shall be eliminated from the income of the recipient.

3493 (6) Except as otherwise provided by regulation, business income
3494 from an intercompany transaction among members of the same
3495 combined group shall be deferred in a manner similar to the deferral
3496 under 26 CFR 1.1502-13. Upon the occurrence of either of the following
3497 events, deferred business income resulting from an intercompany
3498 transaction among members of a combined group shall be restored to
3499 the income of the seller and shall be included in the combined group's
3500 net income as if the seller had earned the income immediately before
3501 the event:

3502 (A) The object of a deferred intercompany transaction is: (i) Resold
3503 by the buyer to an entity that is not a member of the combined group,
3504 (ii) resold by the buyer to an entity that is a member of the combined
3505 group for use outside the unitary business in which the buyer and
3506 seller are engaged, or (iii) converted by the buyer to a use outside the
3507 unitary business in which the buyer and seller are engaged; or

3508 (B) The buyer and seller are no longer members of the same
3509 combined group, regardless of whether the members remain unitary.

3510 (7) A charitable expense incurred by a member of a combined group
3511 shall, to the extent allowable as a deduction pursuant to Section 170 of
3512 the Internal Revenue Code, be subtracted first from the combined
3513 group's net income, subject to the income limitations of said section
3514 applied to the entire business income of the group. Any charitable
3515 deduction disallowed under the foregoing rule, but allowed as a
3516 carryover deduction in a subsequent year, shall be treated as originally
3517 incurred in the subsequent year by the same member and the rules of
3518 this section shall apply in the subsequent year in determining the
3519 allowable deduction for that year.

3520 (8) Gain or loss from the sale or exchange of capital assets, property
3521 described by Section 1231(a)(3) of the Internal Revenue Code and
3522 property subject to an involuntary conversion shall be removed from
3523 the net income of each member of a combined group and shall be
3524 included in the combined group's net income as follows:

3525 (A) For each class of gain or loss, whether short-term capital, long-
3526 term capital, Section 1231 of the Internal Revenue Code gain or loss, or
3527 gain or loss from involuntary conversions, all members' business gain
3528 and loss for the class shall be combined, without netting among such
3529 classes, and each class of net business gain or loss shall be apportioned
3530 to each member under subsection (b) of this section; and

3531 (B) Any resulting income or loss apportioned to this state, as long as
3532 the loss is not subject to the limitations of Section 1211 of the Internal
3533 Revenue Code, of a taxable member produced by the application of
3534 subparagraph (A) of this subdivision shall then be applied to all other
3535 income or loss of that member apportioned to this state. Any resulting
3536 loss of a member apportioned to this state that is subject to the
3537 limitations of said Section 1211 shall be carried forward by that
3538 member and shall be treated as short-term capital loss apportioned to
3539 this state and incurred by that member for the year for which the
3540 carryover applies.

3541 (9) Any expense of any member of the combined group that is
3542 directly or indirectly attributable to the income of any member of the

3543 combined group, which income this state is prohibited from taxing
3544 pursuant to the laws or Constitution of the United States, shall be
3545 disallowed as a deduction for purposes of determining the combined
3546 group's net income.

3547 (b) A taxable member of a combined group shall determine its
3548 apportionment percentage as follows:

3549 (1) Each taxable member shall determine its apportionment
3550 percentage based on the otherwise applicable apportionment formula
3551 provided in chapter 208 of the general statutes. In computing its
3552 denominators for all factors, the taxable member shall use the
3553 combined group's denominator for that factor. In computing the
3554 numerator of its receipts factor, each taxable member shall add to such
3555 numerator its share of receipts of nontaxable members assignable to
3556 this state, as provided in subdivision (3) of this subsection.

3557 (2) The combined group shall determine its property and payroll
3558 factor denominators using the factors from all members, whether or
3559 not a member would otherwise apportion its income using such
3560 property and payroll factors.

3561 (3) Receipts assignable to this state of each nontaxable member shall
3562 be determined based upon the apportionment formula that would be
3563 applicable to such member if it were a taxable member and shall be
3564 aggregated. Each taxable member of the combined group shall include
3565 in the numerator of its receipts factor a portion of the aggregate
3566 receipts assignable to this state of nontaxable members based on a
3567 ratio, the numerator of which is such taxable member's receipts
3568 assignable to this state, without regard to this subsection, and the
3569 denominator of which is the aggregate receipts assignable to this state
3570 of all the taxable members of the combined group, without regard to
3571 this subsection.

3572 (4) In determining the numerator and denominator of the
3573 apportionment factors of taxable members, transactions between or
3574 among members of such combined group shall be eliminated.

3575 (5) If any member of a combined group required to file a combined
3576 unitary tax return pursuant to section 12-222 of the general statutes, as
3577 amended by this act, is taxable both within and without this state,
3578 every taxable member shall be entitled to apportion its net income in
3579 accordance with this section.

3580 (c) To calculate each taxable member's net income or loss
3581 apportioned to this state, each taxable member shall apply its
3582 apportionment percentage, as determined pursuant to subsection (b) of
3583 this section, to the combined group's net income.

3584 (d) After calculating its net income or loss apportioned to this state,
3585 pursuant to subsection (c) of this section, each taxable member of a
3586 combined group required to file a combined unitary tax return
3587 pursuant to section 12-222 of the general statutes, as amended by this
3588 act, may deduct a net operating loss from its net income apportioned
3589 to this state as follows:

3590 (1) For income years beginning on or after January 1, 2015, if the
3591 computation of a combined group's net income results in a net
3592 operating loss, a taxable member of such group may carry over its net
3593 income apportioned to this state, as calculated under subsection (c) of
3594 this section, derived from the unitary business in a future income year
3595 to the extent that the carryover and deduction is otherwise consistent
3596 with subparagraph (A) of subdivision (4) of subsection (a) of section
3597 12-217 of the general statutes, as amended by this act. Any taxable
3598 member that has more than one operating loss carryover shall apply
3599 the carryovers in the order that the operating loss was incurred, with
3600 the oldest carryover to be deducted first.

3601 (2) Where a taxable member of a combined group has an operating
3602 loss carryover derived from a loss incurred by a combined group in an
3603 income year beginning on or after January 1, 2015, then the taxable
3604 member may share the operating loss carryover with other taxable
3605 members of the combined group if such other taxable members were
3606 taxable members of the combined group in the income year that the
3607 loss was incurred. Any amount of operating loss carryover that is

3608 deducted by another taxable member of the combined group shall
3609 reduce the amount of operating loss carryover that may be carried
3610 over by the taxable member that originally incurred the loss.

3611 (3) Where a taxable member of a combined group has an operating
3612 loss carryover derived from a loss incurred in an income year
3613 beginning prior to January 1, 2015, or derived from an income year
3614 during which the taxable member was not a member of such combined
3615 group, the carryover shall remain available to be deducted by that
3616 taxable member or other group members that, in the year the loss was
3617 incurred, were part of the same combined group as such taxable
3618 member under section 12-223a of the general statutes, as amended by
3619 this act, as in effect prior to January 1, 2015. Such carryover shall not be
3620 deductible by any other members of the combined group.

3621 (e) Each taxable member shall multiply its income or loss
3622 apportioned to this state, as calculated under subsection (c) of this
3623 section and as further modified by subsection (d) of this section, by the
3624 tax rate set forth in section 12-214 of the general statutes, as amended
3625 by this act.

3626 (f) The additional tax base of taxable and nontaxable members of a
3627 combined group required to file a combined unitary tax return
3628 pursuant to section 12-222 of the general statutes, as amended by this
3629 act, shall be calculated as follows:

3630 (1) Except as otherwise provided in subdivision (2) of this
3631 subsection, members of the combined group shall calculate the
3632 combined group's additional tax base by aggregating their separate
3633 additional tax bases under subsection (a) of section 12-219 of the
3634 general statutes, as amended by this act, provided intercorporate
3635 stockholdings in the combined group shall be eliminated and provided
3636 no deduction shall be allowed under subparagraph (B)(ii) of
3637 subdivision (1) of subsection (a) of section 12-219 of the general
3638 statutes, as amended by this act, for such intercorporate stockholdings.
3639 In calculating the combined group's additional tax base, the separate
3640 additional tax bases of nontaxable members shall be included, as if

3641 those nontaxable members were taxable members. The amount
3642 calculated under this subdivision shall be apportioned to those
3643 members pursuant to subdivision (1) of subsection (g) of this section.

3644 (2) Members of the combined group that are financial service
3645 companies, as defined in section 12-218b of the general statutes, as
3646 amended by this act, shall calculate their additional tax liability under
3647 subsection (d) of section 12-219 of the general statutes, as amended by
3648 this act, and not pursuant to subdivision (1) of this subsection.

3649 (g) A taxable member of a combined group required to file a
3650 combined unitary tax return pursuant to section 12-222 of the general
3651 statutes, as amended by this act, shall determine its apportionment
3652 percentage under section 12-219a of the general statutes, as amended
3653 by this act, as follows:

3654 (1) A taxable member whose separate additional tax base is
3655 included in the calculation of the combined group's additional tax base
3656 under subdivision (1) of subsection (f) of this section shall apportion
3657 the combined group's additional tax base using the otherwise
3658 applicable apportionment formula provided in section 12-219a of the
3659 general statutes, as amended by this act. However, the denominator of
3660 such apportionment fraction shall be the sum of subdivisions (1) and
3661 (2) of subsection (a) of said section 12-219a for all taxable members
3662 whose separate additional tax bases are included in the calculation of
3663 the combined group's additional tax base under subdivision (1) of
3664 subsection (f) of this section. The numerator of such apportionment
3665 fraction shall be the sum of subparagraph (A) of subdivision (1) of
3666 subsection (a) of said section 12-219a and subparagraph (A) of
3667 subdivision (2) of subsection (a) of said section 12-219a for such taxable
3668 member.

3669 (2) Members of the combined group that are financial service
3670 companies, as defined in section 12-218b of the general statutes, as
3671 amended by this act, shall each have an additional tax liability as
3672 described in subdivision (2) of subsection (h) of this section.

3673 (h) (1) A taxable member whose separate additional tax base is
3674 included in the calculation of the combined group's additional tax base
3675 under subdivision (1) of subsection (f) of this section shall multiply the
3676 combined group's additional tax base, as calculated under subdivision
3677 (1) of subsection (f) of this section, by such member's apportionment
3678 fraction determined in subdivision (1) of subsection (g) of this section,
3679 by the tax rate set forth in subsection (a) of section 12-219 of the
3680 general statutes, as amended by this act. In no event shall the
3681 aggregate tax so calculated for all members of the combined group
3682 exceed one million dollars, nor shall a tax credit allowed against the
3683 tax imposed by chapter 208 of the general statutes reduce a taxable
3684 member's tax calculated under this subsection to an amount less than
3685 two hundred fifty dollars.

3686 (2) Members of the combined group that are financial service
3687 companies, as defined in section 12-218b of the general statutes, as
3688 amended by this act, shall each have an additional tax liability of two
3689 hundred fifty dollars. In no event shall a tax credit allowed against the
3690 tax imposed by chapter 208 of the general statutes reduce a financial
3691 service company's tax calculated under this subsection to an amount
3692 less than two hundred fifty dollars.

3693 (i) (1) Each taxable member of a combined group required to file a
3694 combined unitary tax return pursuant to section 12-222 of the general
3695 statutes, as amended by this act, shall separately apply the provisions
3696 of sections 12-217ee and 12-217zz of the general statutes, as amended
3697 by this act, in determining the amount of tax credit available to such
3698 member.

3699 (2) If a taxable member of a combined group earns a tax credit in an
3700 income year beginning on or after January 1, 2015, then the taxable
3701 member may share the credit with other taxable members of the
3702 combined group. Any amount of credit that is utilized by another
3703 taxable member of the combined group shall reduce the amount of
3704 credit carryover that may be carried over by the taxable member that
3705 originally earned the credit. If a taxable member of a combined group

3706 has a tax credit carryover derived from an income year beginning on
3707 or after January 1, 2015, then the taxable member may share the
3708 carryover credit with other taxable members of the combined group, if
3709 such other taxable members were taxable members of the combined
3710 group in the income year in which the credit was earned.

3711 (3) If a taxable member of a combined group has a tax credit
3712 carryover derived from an income year beginning prior to January 1,
3713 2015, or derived from an income year during which the taxable
3714 member was not a member of such combined group, the credit
3715 carryover shall remain available to be utilized by such taxable member
3716 or other group members which, in the year the credit was earned, were
3717 part of the same combined group as such taxable member under
3718 section 12-223a of the general statutes, as amended by this act, as in
3719 effect prior to January 1, 2015.

3720 Sec. 78. (NEW) (*Effective from passage and applicable to income years*
3721 *commencing on or after January 1, 2015*) (a) For purposes of this section,
3722 "affiliated group" means an affiliated group as defined in Section 1504
3723 of the Internal Revenue Code, except such affiliated group shall
3724 include all domestic corporations that are commonly owned, directly
3725 or indirectly, by any member of such affiliated group, without regard
3726 to whether the affiliated group includes (1) corporations included in
3727 more than one federal consolidated return, (2) corporations engaged in
3728 one or more unitary businesses, or (3) corporations that are not
3729 engaged in a unitary business with any other member of the affiliated
3730 group.

3731 (b) Upon election by the designated taxable member of a combined
3732 group, the combined group's net income, additional tax base and the
3733 apportionment factors of each taxable member shall be determined on
3734 a world-wide basis or an affiliated group basis. If no such election is
3735 made, the combined group's net income, additional tax base and the
3736 apportionment factors of each taxable member shall be determined on
3737 a water's-edge basis, whereby a nontaxable member's income,
3738 additional tax base and attributes that affect each taxable member's

3739 apportionment factors shall be included only if the nontaxable member
3740 is described in any one or more of the following categories:

3741 (1) Any member incorporated in the United States, or formed under
3742 the laws of the United States, any state, the District of Columbia, or
3743 any territory or possession of the United States; or

3744 (2) Any member that earns more than twenty per cent of its gross
3745 income, directly or indirectly, from intangible property or service-
3746 related activities, the costs of which generally are deductible for federal
3747 income tax purposes, whether currently or over a period of time,
3748 against the income of other members of the group, but only to the
3749 extent of that income and the apportionment factors related thereto.

3750 (c) A world-wide election or an affiliated group election is effective
3751 only if made on a timely-filed, original return for an income year by
3752 the designated taxable member of the combined group. Such election is
3753 binding for, and applicable to, the income year for which it is made
3754 and for the ten immediately succeeding income years.

3755 (d) If the designated taxable member elects to determine the
3756 members of a unitary group on an affiliated group basis, the taxable
3757 members shall take into account the net income or loss and
3758 apportionment factors of all of the members of its affiliated group,
3759 regardless of whether such members are engaged in a unitary
3760 business, that are subject to tax or would be subject to tax under
3761 chapter 208 of the general statutes, if doing business in this state.

3762 Sec. 79. (NEW) (*Effective from passage and applicable to income years*
3763 *commencing on or after January 1, 2015*) (a) For purposes of this section,
3764 "net deferred tax liability" means deferred tax liabilities that exceed the
3765 deferred tax assets of the unitary group, as computed in accordance
3766 with generally accepted accounting principles, and "net deferred tax
3767 asset" means that deferred tax assets exceed the deferred tax liabilities
3768 of the unitary group, as computed in accordance with generally
3769 accepted accounting principles.

3770 (b) This section shall apply only to members of a unitary group that
3771 is a publicly-traded company, including any company whose results
3772 are reported in the filing of a publicly-traded company's financial
3773 statements prepared in accordance with generally accepted accounting
3774 principles.

3775 (c) If the provisions of sections 77 and 78 of this act result in an
3776 aggregate increase to the members' net deferred tax liability or an
3777 aggregate decrease to the members' net deferred tax asset, the unitary
3778 group shall be entitled to a deduction, as determined in this section.

3779 (d) For the seven-year period beginning with the unitary group's
3780 first income year that begins in 2018, a unitary group shall be entitled
3781 to a deduction from unitary group net income equal to one-seventh of
3782 the amount necessary to offset the increase in the net deferred tax
3783 liability or decrease in the net deferred tax asset, or the aggregate
3784 change thereof if the net income of the unitary group changes from a
3785 net deferred tax asset to a net deferred tax liability, as computed in
3786 accordance with generally accepted accounting principles, that would
3787 result from the imposition of the unitary reporting requirements under
3788 sections 77 and 78 of this act, but for the deduction provided under
3789 this section. Such increase in the net deferred tax liability or decrease in
3790 the net deferred tax asset or the aggregate change thereof shall be
3791 computed based on the change that would result from the imposition
3792 of the unitary reporting requirements under sections 77 and 78 of this
3793 act, but for the deduction provided under this section as of the
3794 effective date of this section.

3795 (e) The deduction calculated under this section shall not be reduced
3796 as a result of any events happening subsequent to such calculation,
3797 including, but not limited to, any disposition or abandonment of
3798 assets. Such deduction shall be calculated without regard to the federal
3799 tax effect and shall not alter the tax basis of any asset. If the deduction
3800 under this section is greater than unitary group net income, any excess
3801 deduction shall be carried forward and applied as a deduction to
3802 unitary group net income in future income years until fully utilized.

3803 Sec. 80. Section 12-214 of the general statutes is amended by adding
3804 subsection (c) as follows (*Effective from passage and applicable to income*
3805 *years commencing on or after January 1, 2015*):

3806 (NEW) (c) Each taxable member of a combined group required to
3807 file a combined unitary tax return pursuant to section 12-222, as
3808 amended by this act, shall calculate such member's tax under
3809 subsection (a) of this section, by multiplying such member's net
3810 income apportioned to this state, as provided in subsection (c) of
3811 section 77 of this act, by the tax rate set forth in this section.

3812 Sec. 81. Section 12-217 of the general statutes is amended by adding
3813 subsections (e) and (f) as follows (*Effective from passage and applicable to*
3814 *income years commencing on or after January 1, 2015*):

3815 (NEW) (e) Where a combined group is required to file a combined
3816 unitary tax return pursuant to section 12-222, as amended by this act,
3817 the combined group's net income shall be computed as provided in
3818 subsection (a) of section 77 of this act.

3819 (NEW) (f) Where a combined group is required to file a combined
3820 unitary tax return pursuant to section 12-222, as amended by this act, a
3821 taxable member's net operating loss apportioned to this state shall be
3822 deducted and carried over by the taxable member as provided in
3823 subsection (d) of section 77 of this act.

3824 Sec. 82. Subsection (b) of section 12-217n of the general statutes is
3825 repealed and the following is substituted in lieu thereof (*Effective from*
3826 *passage and applicable to income years commencing on or after January 1,*
3827 *2015*):

3828 (b) For purposes of this section:

3829 (1) "Research and development expenses" means research or
3830 experimental expenditures deductible under Section 174 of the Internal
3831 Revenue Code of 1986, as in effect on May 28, 1993, determined
3832 without regard to Section 280C(c) thereof or any elections made by a
3833 taxpayer to amortize such expenses on its federal income tax return

3834 that were otherwise deductible, and basic research payments as
3835 defined under Section 41 of said Internal Revenue Code to the extent
3836 not deducted under said Section 174, provided: (A) Such expenditures
3837 and payments are paid or incurred for such research and
3838 experimentation and basic research conducted in this state; and (B)
3839 such expenditures and payments are not funded, within the meaning
3840 of Section 41(d)(4)(H) of said Internal Revenue Code, by any grant,
3841 contract, or otherwise by a person or governmental entity other than
3842 the taxpayer unless such other person is included in a combined return
3843 with the person paying or incurring such expenses;

3844 (2) "Combined return" means a combined [corporation business tax
3845 return under section 12-223a] unitary tax return under section 12-222,
3846 as amended by this act;

3847 (3) "Commissioner" means the Commissioner of Economic and
3848 Community Development;

3849 (4) "Qualified small business" means a company that (A) has gross
3850 income for the previous income year that does not exceed one hundred
3851 million dollars, and (B) has not, in the determination of the
3852 commissioner, met the gross income test through transactions with a
3853 related person, as defined in section 12-217w.

3854 Sec. 83. Subsection (e) of section 12-217t of the general statutes is
3855 repealed and the following is substituted in lieu thereof (*Effective from*
3856 *passage and applicable to income years commencing on or after January 1,*
3857 *2015*):

3858 (e) In the case of taxpayers filing a combined unitary tax return
3859 pursuant to section [12-223a] 12-222, as amended by this act, the credit
3860 provided by this section shall be allowed on a combined basis, such
3861 that the amount of personal property taxes paid by such taxpayers
3862 with respect to such equipment may be claimed as a tax credit against
3863 the combined unitary tax liability of such taxpayers as determined
3864 under this chapter. Credits available to taxpayers which are subject to
3865 tax under this chapter but not subject to tax under chapter 207, 208a,

3866 209, 210, 211 or 212 or the tax imposed on health care centers under the
3867 provisions of section 12-202a shall be used prior to credits of
3868 companies included in such combined return which are also subject to
3869 tax under said chapter 207, 208a, 209, 210, 211 or 212 or the tax
3870 imposed upon health centers pursuant to the provisions of section 12-
3871 202a.

3872 Sec. 84. Subsection (l) of section 12-217u of the general statutes is
3873 repealed and the following is substituted in lieu thereof (*Effective from*
3874 *passage and applicable to income years commencing on or after January 1,*
3875 *2015*):

3876 (l) (1) In the case of a financial institution included in a combined
3877 unitary tax return under section [12-223a] 12-222, as amended by this
3878 act, a credit allowed under subsection (b) or (f) of this section may be
3879 taken against the tax of the combined unitary group. (2) The credit
3880 allowed to a financial institution under subsection (b) or (f) of this
3881 section may be taken by any corporation which is eligible to elect to
3882 file a combined unitary tax return with a group with which the
3883 financial institution is eligible to file a combined unitary tax return,
3884 provided the aggregate credit taken by all such corporations in any
3885 income year shall not exceed the aggregate credit for which such group
3886 would have been eligible if it had filed a combined unitary tax return.

3887 Sec. 85. Subsection (c) of section 12-217gg of the general statutes is
3888 repealed and the following is substituted in lieu thereof (*Effective from*
3889 *passage and applicable to income years commencing on or after January 1,*
3890 *2015*):

3891 (c) (1) For the purposes of this chapter, each constituent corporation
3892 shall be deemed to have itself conducted its pro rata share of the
3893 business conducted by the sponsor.

3894 (2) The pro rata share of the business conducted by the sponsor that
3895 shall be deemed to have been conducted by each constituent
3896 corporation shall be the same percentage as such constituent
3897 corporation's distributive share of the profit or loss of the sponsor for

3898 any relevant income year.

3899 (3) The limitation of section 12-217zz, as amended by this act, shall
3900 be applied on the return of each constituent corporation or on the
3901 combined unitary tax return filed by two or more constituent
3902 corporations.

3903 Sec. 86. Subsection (h) of section 12-217gg of the general statutes is
3904 repealed and the following is substituted in lieu thereof (*Effective from*
3905 *passage and applicable to income years commencing on or after January 1,*
3906 *2015*):

3907 (h) The credits allowed under this section may be used by
3908 constituent corporations joining in a combined [corporation business]
3909 unitary tax return under section [12-223a] 12-222, as amended by this
3910 act.

3911 Sec. 87. Section 12-218 of the general statutes is amended by adding
3912 subsection (m) as follows (*Effective from passage and applicable to income*
3913 *years commencing on or after January 1, 2015*):

3914 (NEW) (m) Each taxable member of a combined group required to
3915 file a combined unitary tax return pursuant to section 12-222, as
3916 amended by this act, shall, if one or more members of such group are
3917 taxable both within and without this state, apportion its net income as
3918 provided in subsections (b) and (c) of section 77 of this act.

3919 Sec. 88. Section 12-218b of the general statutes is amended by
3920 adding subsection (m) as follows (*Effective from passage and applicable to*
3921 *income years commencing on or after January 1, 2015*):

3922 (NEW) (m) Each financial service company that is a member of a
3923 combined group required to file a combined unitary tax return
3924 pursuant to section 12-222, as amended by this act, shall apportion its
3925 net income as provided in subsections (b) and (c) of section 77 of this
3926 act.

3927 Sec. 89. Subsection (c) of section 12-218c of the general statutes is

3928 repealed and the following is substituted in lieu thereof (*Effective from*
3929 *passage and applicable to income years commencing on or after January 1,*
3930 *2015*):

3931 (c) (1) The adjustments required in subsection (b) of this section
3932 shall not apply if the corporation establishes by clear and convincing
3933 evidence that the adjustments are unreasonable, or the corporation and
3934 the Commissioner of Revenue Services agree in writing to the
3935 application or use of an alternative method of apportionment under
3936 section 12-221a, as amended by this act. Nothing in this subdivision
3937 shall be construed to limit or negate the commissioner's authority to
3938 otherwise enter into agreements and compromises otherwise allowed
3939 by law.

3940 (2) The adjustments required in subsection (b) of this section shall
3941 not apply to such portion of interest expenses and costs and intangible
3942 expenses and costs that the corporation can establish by the
3943 preponderance of the evidence meets both of the following: (A) The
3944 related member during the same income year directly or indirectly
3945 paid, accrued or incurred such portion to a person who is not a related
3946 member, and (B) the transaction giving rise to the interest expenses
3947 and costs or the intangible expenses and costs between the corporation
3948 and the related member did not have as a principal purpose the
3949 avoidance of any portion of the tax due under this chapter.

3950 (3) The adjustments required in subsection (b) of this section shall
3951 apply except to the extent that increased tax, if any, attributable to such
3952 adjustments would have been avoided if both the corporation and the
3953 related member had been eligible to make and had timely made the
3954 election to file a combined return under subsection (a) of section 12-
3955 223a, as amended by this act.

3956 (4) The adjustments required in subsection (b) of this section shall
3957 not apply if the corporation and the related member are both members
3958 of a combined group required to file a combined unitary tax return
3959 pursuant to section 12-222, as amended by this act.

3960 Sec. 90. Subsection (d) of section 12-218d of the general statutes is
3961 repealed and the following is substituted in lieu thereof (*Effective from*
3962 *passage and applicable to income years commencing on or after January 1,*
3963 *2015*):

3964 (d) The adjustments required in subsection (b) of this section shall
3965 not apply [if] in any of the following circumstances:

3966 (1) [the] The corporation establishes by clear and convincing
3967 evidence, as determined by the commissioner, that the adjustments are
3968 unreasonable. [.]

3969 (2) [the] The corporation and the commissioner agree in writing to
3970 the application or use an alternative method of determining the
3971 combined measure of the tax, provided that the Commissioner of
3972 Revenue Services shall consider approval of such petition only in the
3973 event that the petitioners have clearly established to the satisfaction of
3974 said commissioner that there are substantial intercorporate business
3975 transactions among such included corporations and that the proposed
3976 alternative method of determining the combined measure of the tax
3977 accurately reflects the activity, business, income or capital of the
3978 taxpayers within the state. [, or]

3979 (3) [the] The corporation elects, on forms authorized for such
3980 purpose by the commissioner, to calculate its tax on a unitary basis
3981 including all members of the unitary group provided [that] there are
3982 substantial intercorporate business transactions among such included
3983 corporations. Such election to file on a unitary basis shall be
3984 irrevocable for and applicable for five successive income years, but
3985 shall not be applicable to income years commencing on or after
3986 January 1, 2015. Nothing in this subdivision shall be construed to limit
3987 or negate the commissioner's authority to otherwise enter into
3988 agreements and compromises otherwise allowed by law.

3989 (4) The corporation and the related member are both members of a
3990 combined group required to file a combined unitary tax return
3991 pursuant to section 12-222, as amended by this act.

3992 Sec. 91. Section 12-219 of the general statutes is amended by adding
3993 subsection (e) as follows (*Effective from passage and applicable to income*
3994 *years commencing on or after January 1, 2015*):

3995 (NEW) (e) The additional tax base of taxable and nontaxable
3996 members of a combined group required to file a combined unitary tax
3997 return pursuant to section 12-222, as amended by this act, shall be
3998 calculated as provided in subsection (f) of section 77 of this act.

3999 Sec. 92. Section 12-219a of the general statutes is amended by adding
4000 subsection (d) as follows (*Effective from passage and applicable to income*
4001 *years commencing on or after January 1, 2015*):

4002 (NEW) (d) The additional tax base of taxable and nontaxable
4003 members of a combined group required to file a combined unitary tax
4004 return pursuant to section 12-222, as amended by this act, shall be
4005 apportioned as provided in subsection (g) of section 77 of this act.

4006 Sec. 93. Section 12-221a of the general statutes is amended by adding
4007 subsection (c) as follows (*Effective from passage and applicable to income*
4008 *years commencing on or after January 1, 2015*):

4009 (NEW) (c) The provisions of this section shall also apply to a
4010 combined group required to file a combined unitary tax return
4011 pursuant to section 12-222, as amended by this act.

4012 Sec. 94. Section 12-222 of the general statutes is amended by adding
4013 subsection (g) as follows (*Effective from passage and applicable to income*
4014 *years commencing on or after January 1, 2015*):

4015 (NEW) (g) (1) A combined group shall file a combined unitary tax
4016 return under this chapter in the form and manner prescribed by the
4017 Commissioner of Revenue Services. The designated taxable member of
4018 a combined group shall file the combined unitary tax return on behalf
4019 of the taxable members of the combined group and shall pay the tax on
4020 behalf of such taxable members. A designated taxable member shall
4021 not be liable to, and shall be entitled to recover a payment made
4022 pursuant to this subdivision from, the taxable member on whose

4023 behalf the payment was made.

4024 (2) If a member of a combined group has a different income year
4025 than the group income year, such member with a different income year
4026 shall report amounts from its return for its income year that ends
4027 during the group income year, provided no such reporting of amounts
4028 shall be required of such member until its first income year beginning
4029 on or after January 1, 2015.

4030 (3) Notwithstanding the provisions of subdivision (1) of this
4031 subsection, each taxable member of a combined group is jointly and
4032 severally liable for the tax due from any taxable member under this
4033 chapter, whether or not such tax has been self-assessed, and for any
4034 interest, penalties or additions to tax due from any taxable member
4035 under this chapter.

4036 (4) In all cases where a combined group is eligible to select the
4037 designated taxable member of the combined group, notice of the
4038 selection shall be submitted in written form to the commissioner not
4039 later than the due date, or, if an extension of time to file has been
4040 requested and granted, not later than the extended due date of the
4041 combined unitary tax return for the initial income year that such a
4042 return is required. The subsequent selection of another designated
4043 taxable member shall be subject to the approval of the commissioner.

4044 (5) For purposes of this chapter, the designated taxable member is
4045 authorized to do the following acts on behalf of taxable and nontaxable
4046 members of the combined group, including, but not limited to: (A)
4047 Signing the combined unitary tax return, including any amendments
4048 to such return; (B) applying for extensions of time to file the return; (C)
4049 before the expiration of the time prescribed in section 12-233 for the
4050 examination of the return or the assessment of tax, consenting to an
4051 examination or assessment after such time and prior to the expiration
4052 of the period agreed upon; (D) making offers of compromise under
4053 section 12-2d; (E) entering into closing agreements under section 12-2e;
4054 and (F) receiving a refund or credit of a tax overpayment under this
4055 chapter.

4056 (6) For purposes of this chapter, the commissioner may, at the
4057 commissioner's sole discretion: (A) Send any notice to either the
4058 designated taxable member or a taxable member or members of the
4059 combined group; (B) make any deficiency assessment against either the
4060 designated taxable member or a taxable member or members of the
4061 combined group; (C) refund or credit any overpayment to either the
4062 designated taxable member or a taxable member or members of the
4063 combined group; (D) require any payment to be made by electronic
4064 funds transfer; and (E) require the combined unitary tax return to be
4065 electronically filed.

4066 Sec. 95. Section 12-223a of the general statutes is repealed and the
4067 following is substituted in lieu thereof (*Effective from passage and*
4068 *applicable to income years commencing on or after January 1, 2015*):

4069 (a) [Any] Subject to the provisions of subsection (e) of this section,
4070 any taxpayer included in a consolidated return with one or more other
4071 corporations for federal income tax purposes may elect to file a
4072 combined return under this chapter together with such other
4073 companies subject to the tax imposed thereunder as are included in the
4074 federal consolidated corporation income tax return and such combined
4075 return shall be filed in such form and setting forth such information as
4076 the Commissioner of Revenue Services may require. Notice of an
4077 election made pursuant to the provisions of this subsection and
4078 consent to such election must be submitted in written form to the
4079 Commissioner of Revenue Services by each corporation so electing not
4080 later than the due date, or if an extension of time to file has been
4081 requested and granted, the extended due date of the returns due from
4082 the electing corporations for the initial income year for which the
4083 election to file a combined return is made. Such election shall be in
4084 effect for such initial income year and for each succeeding income
4085 years unless and until such election is revoked in accordance with the
4086 provisions of subsection (d) of this section.

4087 (b) [Any] Subject to the provisions of subsection (e) of this section,
4088 any taxpayer, other than a corporation filing a combined return with

4089 one or more other corporations under subsection (a) of this section,
4090 which owns or controls either directly or indirectly substantially all the
4091 capital stock of one or more corporations, or substantially all the
4092 capital stock of which is owned or controlled either directly or
4093 indirectly by one or more other corporations or by interests which own
4094 or control either directly or indirectly substantially all the capital stock
4095 of one or more other corporations, may, in the discretion of the
4096 Commissioner of Revenue Services, be required or permitted by
4097 written approval of the Commissioner of Revenue Services to make a
4098 return on a combined basis covering any such other corporations and
4099 setting forth such information as the Commissioner of Revenue
4100 Services may require, provided no combined return covering any
4101 corporation not subject to tax under this chapter shall be required
4102 unless the Commissioner of Revenue Services deems such a return
4103 necessary, because of intercompany transactions or some agreement,
4104 understanding, arrangement or transaction referred to in section 12-
4105 226a, in order properly to reflect the tax liability under this part.

4106 (c) (1) (A) In the case of a combined return, the tax shall be
4107 measured by the sum of the separate net income or loss of each
4108 corporation included or the minimum tax base of the included
4109 corporations but only to the extent that said income, loss or minimum
4110 tax base of any included corporation is separately apportioned to
4111 Connecticut in accordance with the provisions of section 12-218, as
4112 amended by this act, 12-218b, as amended by this act, 12-219a, as
4113 amended by this act, or 12-244, whichever is applicable. In computing
4114 said net income or loss, intercorporate dividends shall be eliminated,
4115 and in computing the combined additional tax base, intercorporate
4116 stockholdings shall be eliminated.

4117 (B) In computing said net income or loss, any intangible expenses
4118 and costs, as defined in section 12-218c, as amended by this act, any
4119 interest expenses and costs, as defined in section 12-218c, as amended
4120 by this act, and any income attributable to such intangible expenses
4121 and costs or to such interest expenses and costs shall be eliminated,
4122 provided the corporation that is required to make adjustments under

4123 section 12-218c, as amended by this act, for such intangible expenses
4124 and costs or for such interest expenses and costs, and the related
4125 member or members, as defined in section 12-218c, as amended by this
4126 act, are included in such combined return. If any such income and any
4127 such expenses and costs are eliminated as provided in this
4128 subparagraph, the intangible property, as defined in section 12-218c, as
4129 amended by this act, of the corporation eliminating such income shall
4130 not be taken into account in apportioning under the provisions of
4131 section 12-219a, as amended by this act, the tax calculated under
4132 subsection (a) of section 12-219, as amended by this act, of such
4133 corporation.

4134 (2) If the method of determining the combined measure of such tax
4135 in accordance with this subsection for two or more affiliated
4136 companies validly electing to file a combined return under the
4137 provisions of subsection (a) of this section is deemed by such
4138 companies to unfairly attribute an undue proportion of their total
4139 income or minimum tax base to this state, said companies may submit
4140 a petition in writing to the Commissioner of Revenue Services for
4141 approval of an alternate method of determining the combined measure
4142 of their tax not later than sixty days prior to the due date of the
4143 combined return to which the petition applies, determined with regard
4144 to any extension of time for filing such return, and said commissioner
4145 shall grant or deny such approval before said due date. In deciding
4146 whether or not the companies included in such combined return
4147 should be granted approval to employ the alternate method proposed
4148 in such petition, the Commissioner of Revenue Services shall consider
4149 approval only in the event that the petitioners have clearly established
4150 to the satisfaction of said commissioner that all the companies
4151 included in such combined return are, in substance, parts of a unitary
4152 business engaged in a single business enterprise and further that there
4153 are substantial intercorporate business transactions among such
4154 included companies.

4155 (3) Upon the filing of a combined return under subsection (a) or (b)
4156 of this section, combined returns shall be filed for all succeeding

4157 income years or periods for those corporations reporting therein,
4158 provided, in the case of corporations filing under subsection (a) of this
4159 section, such corporations are included in a federal consolidated
4160 corporation income tax return filed for the succeeding income years
4161 and, in the case of a corporation filing under subsection (b) of this
4162 section, the aforesaid ownership or control continues in full force and
4163 effect and is not extended to other corporations, and further, provided
4164 no substantial change is made in the nature or locations of the
4165 operations of such corporations.

4166 (d) Notwithstanding the provisions of subsections (a) and (c) of this
4167 section, any taxpayer which has elected to file a combined return
4168 under this chapter as provided in said subsection (a), may
4169 subsequently revoke its election to file a combined corporation
4170 business tax return and elect to file a separate corporation business tax
4171 return under this chapter, although continuing to be included in a
4172 federal consolidated corporation income tax return with other
4173 companies subject to tax under this chapter, provided such election
4174 shall not be effective before the fifth income year immediately
4175 following the initial income year in which the corporation elected to
4176 file a combined return under this chapter. Notice of an election made
4177 pursuant to the provisions of this subsection and consent to such
4178 election must be submitted in written form to the Commissioner of
4179 Revenue Services by each corporation that had been included in such
4180 combined return not later than the due date, or if an extension of time
4181 to file has been requested and granted, extended due date of the
4182 separate returns due from the electing corporations for the initial
4183 income year for which the election to file separate returns is made. The
4184 election to file separate returns shall be irrevocable for and applicable
4185 for five successive income years.

4186 (e) The provisions of this section shall not apply to income years
4187 commencing on or after January 1, 2015.

4188 Sec. 96. Section 12-223b of the general statutes is repealed and the
4189 following is substituted in lieu thereof (*Effective from passage and*

4190 *applicable to income years commencing on or after January 1, 2015):*

4191 (a) Intercompany rents shall not be included in the computation of
4192 the value of property rented as a property factor in the apportionment
4193 fraction if the lessor and lessee are included in a combined return as
4194 provided in section 12-223a, as amended by this act.

4195 (b) Intercompany business receipts, receipts by a corporation
4196 included in a combined return under section 12-223a, as amended by
4197 this act, from any other corporation included in such return, shall not
4198 be included in the computation of the receipts factor of the
4199 apportionment fraction.

4200 Sec. 97. Section 12-223c of the general statutes is repealed and the
4201 following is substituted in lieu thereof (*Effective from passage and*
4202 *applicable to income years commencing on or after January 1, 2015):*

4203 Each corporation included in a combined return under section 12-
4204 223a, as amended by this act, shall pay the minimum tax of two
4205 hundred fifty dollars prescribed under section 12-219, as amended by
4206 this act. No tax credit allowed against the tax imposed by this chapter
4207 shall reduce an included corporation's tax calculated under section 12-
4208 219, as amended by this act, to an amount less than two hundred fifty
4209 dollars.

4210 Sec. 98. Section 12-223e of the general statutes is repealed and the
4211 following is substituted in lieu thereof (*Effective from passage and*
4212 *applicable to income years commencing on or after January 1, 2015):*

4213 If revision shall be made of a combined return under section 12-
4214 223a, as amended by this act, for the purpose of the tax of two or more
4215 corporations, or of an assessment based upon such a return, the
4216 Commissioner of Revenue Services shall have power to readjust the
4217 taxes of each taxpayer included in such return, or, if revision is made
4218 of a return or an assessment against a taxpayer which might have been
4219 included in a combined return when the tax was originally reported or
4220 assessed, the Commissioner of Revenue Services shall have power to

4221 resettle the tax against such taxpayer and any other taxpayers which
4222 might have been included in such report upon a combined basis, and
4223 shall adjust the taxes of each such taxpayer accordingly.

4224 Sec. 99. Section 12-223f of the general statutes is repealed and the
4225 following is substituted in lieu thereof (*Effective from passage and*
4226 *applicable to income years commencing on or after January 1, 2015*):

4227 (a) Notwithstanding the provisions of sections 12-223a to 12-223e,
4228 inclusive, as amended by this act, the tax due in relation to any
4229 corporations which have filed a combined return for any income year
4230 with other corporations for the tax imposed under this chapter in
4231 accordance with section 12-223a, as amended by this act, shall be
4232 determined as follows: (1) The tax which would be due from each such
4233 corporation if it were filing separately under this chapter shall be
4234 determined, and the total for all corporations included in the combined
4235 return shall be added together; (2) the tax which would be jointly due
4236 from all corporations included in the combined return in accordance
4237 with the provisions of said sections 12-223a to 12-223e, inclusive, shall
4238 be determined; and (3) the total determined pursuant to subdivision
4239 (2) of this section shall be subtracted from the amount determined
4240 pursuant to subdivision (1) of this section. The resulting amount, in an
4241 amount not to exceed five hundred thousand dollars, shall be added to
4242 the amount determined to be due pursuant to said sections 12-223a to
4243 12-223e, inclusive, and shall be due and payable as a part of the tax
4244 imposed pursuant to this chapter.

4245 (b) The provisions of this section shall not apply to income years
4246 commencing on or after January 1, 2015.

4247 Sec. 100. Section 12-242d of the general statutes is amended by
4248 adding subsection (j) as follows (*Effective from passage and applicable to*
4249 *income years commencing on or after January 1, 2015*):

4250 (NEW) (j) (1) The provisions of this section shall apply to taxable
4251 members of a combined group required to file a combined unitary tax
4252 return pursuant to section 12-222, as amended by this act, except as

4253 otherwise provided in subdivisions (3) and (4) of this subsection.

4254 (2) The designated taxable member of a combined group shall be
4255 responsible for paying estimated tax installments, at the times and in
4256 the amounts specified in this section, on behalf of the taxable members
4257 of the combined group and in the form and manner prescribed by the
4258 Commissioner of Revenue Services.

4259 (3) For combined groups whose 2015 group income year
4260 commences in January, February or March, the due date of the first
4261 required installment is extended to the due date of the second required
4262 installment. The due date for the first and second required installments
4263 of estimated tax for a combined group whose 2015 group income year
4264 commences in January shall be June 15, 2015, and the amount of the
4265 first and second required installments shall be seventy per cent of the
4266 required annual payment. The due date for the first and second
4267 required installments of estimated tax for a combined group whose
4268 2015 group income year commences in February shall be July 15, 2015,
4269 and the amount of the first and second required installments shall be
4270 seventy per cent of the required annual payment. The due date for the
4271 first and second required installments of estimated tax for a combined
4272 group whose 2015 group income year commences in March shall be
4273 August 15, 2015, and the amount of the first and second required
4274 installments shall be seventy per cent of the required annual payment.

4275 (4) Notwithstanding the provisions of subsection (e) of this section,
4276 where the preceding income year, as the term is used in said
4277 subsection, is an income year commencing on or after January 1, 2014,
4278 but prior to January 1, 2015, the required annual payment of a
4279 combined group is the lesser of (A) ninety per cent of the tax shown on
4280 the combined unitary tax return for the group income year
4281 commencing on or after January 1, 2015, but prior to January 1, 2016,
4282 or, if no return is filed, ninety per cent of the tax for such year
4283 computed in accordance with section 77 of this act, or (B) (i) if such
4284 preceding income year was an income year of twelve months and if the
4285 taxable members filed separate returns for such preceding income year

4286 showing a liability for tax, the sum of one hundred per cent of the tax
4287 shown on each such return for such preceding income year of each
4288 such taxable member, without regard to any credit under chapter 208,
4289 or (ii) if the preceding income year was an income year of twelve
4290 months and if the taxable members filed a return pursuant to section
4291 12-223a, as amended by this act, for such preceding income year
4292 showing a liability for tax, one hundred per cent of the tax shown on
4293 such return for such preceding income year, without regard to any
4294 credit under chapter 208.

4295 Sec. 101. Subsection (f) of section 38a-88a of the general statutes is
4296 repealed and the following is substituted in lieu thereof (*Effective from*
4297 *passage and applicable to income years commencing on or after January 1,*
4298 *2015*):

4299 (f) (1) The Commissioner of Revenue Services may treat one or more
4300 corporations that are properly included in a combined [corporation
4301 business] unitary tax return under section 12-223 as one taxpayer in
4302 determining whether the appropriate requirements under this section
4303 are met. Where corporations are treated as one taxpayer for purposes
4304 of this subsection, then the credit shall be allowed only against the
4305 amount of the combined unitary tax for all corporations properly
4306 included in a combined unitary return that, under the provisions of
4307 subdivision (2) of this subsection, is attributable to the corporations
4308 treated as one taxpayer.

4309 (2) The amount of the combined unitary tax for all corporations
4310 properly included in a combined [corporation business] unitary tax
4311 return that is attributable to the corporations that are treated as one
4312 taxpayer under the provisions of this subsection shall be in the same
4313 ratio to such combined unitary tax that the net income apportioned to
4314 this state of each corporation treated as one taxpayer bears to the net
4315 income apportioned to this state, in the aggregate, of all corporations
4316 included in such combined unitary return. Solely for the purpose of
4317 computing such ratio, any net loss apportioned to this state by a
4318 corporation treated as one taxpayer or by a corporation included in

4319 such combined unitary tax return shall be disregarded.

4320 Sec. 102. Section 4-30a of the general statutes is repealed and the
4321 following is substituted in lieu thereof (*Effective July 1, 2015*):

4322 (a) (1) For the purposes of this section, "combined revenue" means
4323 revenue in any given fiscal year from estimated and final payments of
4324 the personal income tax imposed under chapter 229 plus the revenue
4325 from the corporation business tax imposed under chapter 208.

4326 (2) There is established a Budget Reserve Fund and a Restricted
4327 Grants Fund for the purposes of this section.

4328 [(a)] (3) After the accounts for the General Fund have been closed
4329 for each fiscal year and the Comptroller has determined the amount of
4330 unappropriated surplus in [said fund] the General Fund, after any
4331 amounts required by provision of law to be transferred for other
4332 purposes have been deducted, the amount of such surplus and the
4333 amount transferred to the Restricted Grants Fund pursuant to
4334 subdivision (4) of this subsection shall be transferred by the State
4335 Treasurer to [a special fund to be known as] the Budget Reserve Fund.

4336 (4) (A) Commencing in the fiscal year ending June 30, 2017, (i) if,
4337 under the consensus revenue estimate maintained or revised not later
4338 than January fifteenth annually pursuant to subsection (b) of section 2-
4339 36c, as amended by this act, the year-end projection of combined
4340 revenue for the current fiscal year is greater than the threshold level
4341 for deposits to the Budget Reserve Fund reported pursuant to
4342 subsection (f) of section 2-36c, as amended by this act, for the current
4343 fiscal year, the amount that is projected to be over the threshold level
4344 for deposits to the Budget Reserve Fund shall be transferred by the
4345 State Treasurer from the General Fund to the Restricted Grants Fund
4346 not later than January thirty-first.

4347 (ii) If, under the consensus revenue estimate maintained or revised
4348 not later than April thirtieth annually pursuant to subsection (b) of
4349 section 2-36c, as amended by this act, the year-end projection of

4350 combined revenue is revised upward, the difference in the combined
4351 revenue projection from January fifteenth to April thirtieth shall be
4352 transferred by the State Treasurer from the General Fund to the
4353 Restricted Grants Fund not later than May fifteenth. If such year-end
4354 projection is revised downward, the difference in the combined
4355 revenue projection from January fifteenth to April thirtieth shall be
4356 transferred back to the General Fund from the Restricted Grants Fund
4357 not later than May fifteenth, unless the revised combined revenue
4358 projection is less than the threshold level for deposits to the Budget
4359 Reserve Fund reported pursuant to subsection (f) of section 2-36c, as
4360 amended by this act, in which case only the difference between the
4361 combined revenue projection from January fifteenth and the calculated
4362 threshold for deposits to the Budget Reserve Fund shall be transferred
4363 back to the General Fund from the Restricted Grants Fund.

4364 (B) (i) If, under the consensus revenue estimate maintained or
4365 revised not later than January fifteenth annually pursuant to
4366 subsection (b) of section 2-36c, as amended by this act, the year-end
4367 projection of combined revenue for the current fiscal year is equal to or
4368 less than the threshold level for deposits to the Budget Reserve Fund
4369 reported pursuant to subsection (f) of section 2-36c, as amended by this
4370 act, for the current fiscal year, no transfer to the Restricted Grants Fund
4371 shall be made.

4372 (ii) If, under the consensus revenue estimate maintained or revised
4373 not later than April thirtieth annually pursuant to subsection (b) of
4374 section 2-36c, as amended by this act, the year-end projection of
4375 combined revenue is revised upward to an amount greater than the
4376 threshold level for deposits to the Budget Reserve Fund reported
4377 pursuant to subsection (f) of section 2-36c, as amended by this act, the
4378 difference between the combined revenue projection in April and the
4379 calculated threshold for deposits to the Budget Reserve Fund shall be
4380 transferred by the State Treasurer from the General Fund to the
4381 Restricted Grants Fund not later than May fifteenth. If such year-end
4382 projection is revised upward but not to an amount greater than the
4383 threshold level for deposits to the Budget Reserve Fund calculated

4384 pursuant to subsection (f) of section 2-36c, as amended by this act, or is
4385 revised downward or remains unchanged, no transfer shall be made.

4386 (C) If the consensus revenue estimate on either January fifteenth or
4387 April thirtieth projects a year-end General Fund deficit for the current
4388 fiscal year, no transfer to the Restricted Grants Fund shall be made.

4389 (5) Commencing in the fiscal year ending June 30, 2016, the
4390 Comptroller shall certify the threshold level for deposits to the Budget
4391 Reserve Fund pursuant to section 3-115, as amended by this act, by
4392 determining: (A) Combined revenue for each of the prior twenty fiscal
4393 years; (B) the ten-year average for the current fiscal year; (C) the ten-
4394 year average for each of the ten fiscal years preceding the current fiscal
4395 year; (D) the differential for each of the ten fiscal years preceding the
4396 current fiscal year; (E) the average of the differentials calculated
4397 pursuant to subparagraph (D) of this subdivision; and (F) the number
4398 calculated in subparagraph (E) of this subdivision and adding the
4399 number one. The threshold level for deposits to the Budget Reserve
4400 Fund shall be the number calculated by multiplying the number
4401 calculated under subparagraph (B) of this subdivision by the number
4402 calculated under subparagraph (F) of this subdivision. For the
4403 purposes of this subdivision, "ten-year average" means the average of
4404 combined revenue from the ten fiscal years preceding any given fiscal
4405 year; and "differential" means the difference between the actual
4406 combined revenue from any given fiscal year and the ten-year average
4407 for that same fiscal year, divided by the ten-year average for that fiscal
4408 year.

4409 [When] (6) Whenever the amount in [said fund] the Budget Reserve
4410 Fund equals [ten] fifteen per cent or more of the net General Fund
4411 appropriations for the [fiscal year in progress] current fiscal year, no
4412 further transfers shall be made by the Treasurer to [said fund] the
4413 Budget Reserve Fund and the amount of such surplus in excess of that
4414 transferred to said fund shall be deemed to be appropriated to the
4415 State Employees Retirement Fund, in addition to the contributions
4416 required pursuant to section 5-156a, but not exceeding five per cent of

4417 the unfunded past service liability of the system as set forth in the most
4418 recent actuarial valuation certified by the Retirement Commission.
4419 [Such] Commencing in the fiscal year ending June 30, 2017: Whenever
4420 the amount in the Budget Reserve Fund equals ten per cent or more
4421 but less than fifteen per cent of the net General Fund appropriation for
4422 the current fiscal year, fifteen per cent of any amount transferred to the
4423 Budget Reserve Fund shall be transferred to the State Employees
4424 Retirement Fund; whenever the amount in the Budget Reserve Fund
4425 equals five per cent or more but less than ten per cent of the net
4426 General Fund appropriation for the current fiscal year, ten per cent of
4427 any amount transferred to the Budget Reserve Fund shall be
4428 transferred to the State Employees Retirement Fund; and whenever the
4429 amount in the Budget Reserve Fund is less than five per cent of the net
4430 General Fund appropriation for the current fiscal year, five per cent of
4431 any amount transferred to the Budget Reserve Fund shall be
4432 transferred to the State Employees Retirement Fund.

4433 (7) Any surplus in excess of the amounts transferred to the Budget
4434 Reserve Fund and the state employees retirement system shall be
4435 deemed to be appropriated for: [(1)] (A) Redeeming prior to maturity
4436 any outstanding indebtedness of the state selected by the Treasurer in
4437 the best interests of the state; [(2)] (B) purchasing outstanding
4438 indebtedness of the state in the open market at such prices and on such
4439 terms and conditions as the Treasurer shall determine to be in the best
4440 interests of the state for the purpose of extinguishing or defeasing such
4441 debt; [(3)] (C) providing for the defeasance of any outstanding
4442 indebtedness of the state selected by the Treasurer in the best interests
4443 of the state by irrevocably placing with an escrow agent in trust an
4444 amount to be used solely for, and sufficient to satisfy, scheduled
4445 payments of both interest and principal on such indebtedness; or [(4)]
4446 (D) any combination of [these] the methods set forth in subparagraph
4447 (A), (B) or (C) of this subdivision. Pending the use or application of
4448 such amount for the payment of interest and principal, such amount
4449 may be invested in [(A)] (i) direct obligations of the United States
4450 government, including state and local government treasury securities
4451 that the United States Treasury issues specifically to provide state and

4452 local governments with required cash flows at yields that do not
4453 exceed Internal Revenue Service arbitrage limits, [(B)] (ii) obligations
4454 guaranteed by the United States government, and [(C)] (iii) securities
4455 backed by United States government obligations as collateral and for
4456 which interest and principal payments on the collateral generally flow
4457 immediately through to the security holder.

4458 (b) Moneys in [said] the Budget Reserve Fund shall be maintained
4459 and invested for the purpose of reducing revenue volatility in the
4460 General Fund and reducing the need for increases in tax revenue and
4461 reductions in state aid due to economic changes, and shall be
4462 expended only as provided in this subsection. [When] Whenever in
4463 any fiscal year the Comptroller has determined the amount of a deficit
4464 applicable with respect to the immediately preceding fiscal year, to the
4465 extent necessary, the amount of funds credited to [said] the Budget
4466 Reserve Fund shall be deemed to be appropriated for purposes of
4467 funding such deficit. Commencing in the fiscal year ending June 30,
4468 2017, if the consensus revenue estimate on April thirtieth pursuant to
4469 section 2-36c, as amended by this act, projects a two per cent decline in
4470 General Fund tax revenues from the current fiscal year to the
4471 subsequent fiscal year, the General Assembly may transfer funds from
4472 the Budget Reserve Fund to the General Fund in each of the
4473 subsequent three fiscal years.

4474 (c) The Treasurer is authorized to invest all or any part of [said
4475 fund] the Budget Reserve Fund or the Restricted Grants Fund in
4476 accordance with the provisions of section 3-31a. The interest derived
4477 from the investment of said [fund] funds shall be credited to the
4478 General Fund.

4479 (d) No bill which, if passed, would reduce or eliminate the amount
4480 of any deposit to the Budget Reserve Fund or the Restricted Grants
4481 Fund as set forth in this section, shall be enacted by the General
4482 Assembly without an affirmative vote of at least three-fifths of the
4483 members of the joint standing committee of the General Assembly
4484 having cognizance of matters relating to appropriations and the

4485 budgets of state agencies and at least three-fifths of the members of the
4486 joint standing committee of the General Assembly having cognizance
4487 of matters relating to state finance, revenue and bonding.

4488 (e) Not later than December 15, 2020, and every five years thereafter,
4489 the Secretary of the Office of Policy and Management, the director of
4490 the legislative Office of Fiscal Analysis and the State Comptroller shall
4491 each submit a report, in accordance with section 11-4a, to the joint
4492 standing committee of the General Assembly having cognizance of
4493 matters relating to revenue and the Governor on the Budget Reserve
4494 Fund deposit formula set forth in this section. The reports shall include
4495 an analysis of the formula's impact on General Fund tax revenue
4496 volatility, the adequacy of deposits required by the formula to replace
4497 potential future revenue declines resulting from economic downturns,
4498 the amount of additional payments toward unfunded liability made as
4499 a result of the formula, and an analysis of the adequacy of the
4500 maximum cap on Budget Reserve Fund balances. The reports shall
4501 include recommended changes, if any, to the deposit formula or
4502 maximum balance cap that are consistent with the purposes of the
4503 Budget Reserve Fund as set forth in subsection (b) of this section.

4504 Sec. 103. Section 4-85 of the general statutes is repealed and the
4505 following is substituted in lieu thereof (*Effective July 1, 2015*):

4506 (a) Before an appropriation becomes available for expenditure, each
4507 budgeted agency shall submit to the Governor through the Secretary of
4508 the Office of Policy and Management, not less than twenty days before
4509 the beginning of the fiscal year for which such appropriation was
4510 made, a requisition for the allotment of the amount estimated to be
4511 necessary to carry out the purposes of such appropriation during each
4512 quarter of such fiscal year. Commencing with the fiscal year ending
4513 June 30, 2011, the initial allotment requisition for each line item
4514 appropriated to the legislative branch and to the judicial branch for
4515 any fiscal year shall be based upon the amount appropriated to such
4516 line item for such fiscal year minus any amount of budgeted
4517 reductions to be achieved by such branch for such fiscal year pursuant

4518 to subsection (c) of section 2-35, as amended by this act.
4519 Appropriations for capital outlays may be allotted in any manner the
4520 Governor deems advisable. Such requisition shall contain any further
4521 information required by the Secretary of the Office of Policy and
4522 Management. The Governor shall approve such requisitions, subject to
4523 the provisions of subsection (b) of this section.

4524 (b) Any allotment requisition and any allotment in force shall be
4525 subject to the following: (1) If the Governor determines that due to a
4526 change in circumstances since the budget was adopted certain
4527 reductions should be made in allotment requisitions or allotments in
4528 force or that estimated budget resources during the fiscal year will be
4529 insufficient to finance all appropriations in full, the Governor may
4530 modify such allotment requisitions or allotments in force to the extent
4531 the Governor deems necessary. Before such modifications are effected
4532 the Governor shall file a report with the joint standing committee
4533 having cognizance of matters relating to appropriations and the
4534 budgets of state agencies and the joint standing committee having
4535 cognizance of matters relating to state finance, revenue and bonding
4536 describing the change in circumstances which makes it necessary that
4537 certain reductions should be made or the basis for [his] the Governor's
4538 determination that estimated budget resources will be insufficient to
4539 finance all appropriations in full. (2) If the cumulative monthly
4540 financial statement issued by the Comptroller pursuant to section 3-
4541 115, as amended by this act, includes a projected General Fund deficit
4542 greater than one per cent of the total of General Fund appropriations,
4543 the Governor, within thirty days following the issuance of such
4544 statement, shall file a report with such joint standing committees,
4545 including a plan which [he] the Governor shall implement to modify
4546 such allotments to the extent necessary to prevent a deficit. No
4547 modification of an allotment requisition or an allotment in force made
4548 by the Governor pursuant to this subsection shall result in a reduction
4549 of more than three per cent of the total appropriation from any fund or
4550 more than five per cent of any appropriation, except such limitations
4551 shall not apply in time of war, invasion or emergency caused by
4552 natural disaster. If the Comptroller has projected a General Fund

4553 deficit greater than one per cent of the total of General Fund
4554 appropriations and any funds have been transferred to the Restricted
4555 Grants Fund pursuant to section 4-30a, as amended by this act, the
4556 Governor may direct the Treasurer to transfer those funds to the
4557 General Fund as part of the Governor's plan to prevent a deficit
4558 pursuant to this section.

4559 (c) If a plan submitted in accordance with subsection (b) of this
4560 section indicates that a reduction of more than three per cent of the
4561 total appropriation from any fund or more than five per cent of any
4562 appropriation is required to prevent a deficit, the Governor may
4563 request that the Finance Advisory Committee approve any such
4564 reduction, provided any modification which would result in a
4565 reduction of more than five per cent of total appropriations shall
4566 require the approval of the General Assembly.

4567 (d) The secretary shall submit copies of allotment requisitions thus
4568 approved or modified or allotments in force thus modified, with the
4569 reasons for any modifications, to the administrative heads of the
4570 budgeted agencies concerned, to the Comptroller and to the joint
4571 standing committee of the General Assembly having cognizance of
4572 appropriations and matters relating to the budgets of state agencies,
4573 through the Office of Fiscal Analysis. The Comptroller shall set up
4574 such allotments on the Comptroller's books and be governed thereby
4575 in the control of expenditures of budgeted agencies.

4576 (e) The provisions of this section shall not be construed to authorize
4577 the Governor to reduce allotment requisitions or allotments in force
4578 concerning (1) aid to municipalities; or (2) any budgeted agency of the
4579 legislative or judicial branch, except that the Governor may propose an
4580 aggregate allotment reduction of a specified amount in accordance
4581 with this section for the legislative or judicial branch. If the Governor
4582 proposes to reduce allotment requisitions or allotments in force for any
4583 budgeted agency of the legislative or judicial branch, the Secretary of
4584 the Office of Policy and Management shall, at least five days before the
4585 effective date of such proposed reductions, notify the president pro

4586 tempore of the Senate and the speaker of the House of Representatives
4587 of any such proposal affecting the legislative branch and the Chief
4588 Justice of the Supreme Court of any such proposal affecting the judicial
4589 branch. Such notification shall include the amounts, effective dates and
4590 reasons necessitating the proposed reductions. Not later than three
4591 days after receipt of such notification, the president pro tempore or the
4592 speaker, or both, or the Chief Justice, as appropriate, may notify the
4593 Secretary of the Office of Policy and Management and the chairpersons
4594 and ranking members of the joint standing committee of the General
4595 Assembly having cognizance of matters relating to appropriations and
4596 the budgets of state agencies, in writing, of any objection to the
4597 proposed reductions. The committee may hold a public hearing on
4598 such proposed reductions. Such proposed reductions shall become
4599 effective unless they are rejected by a two-thirds vote of the members
4600 of the committee not later than fifteen days after receipt of the
4601 notification of objection to the proposed reductions. If the committee
4602 rejects such proposed reductions, the Secretary of the Office of Policy
4603 and Management shall present an alternative plan to achieve such
4604 reductions to the president pro tempore and the speaker for any such
4605 proposal affecting the legislative branch or to the Chief Justice for any
4606 such proposal affecting the judicial branch. If proposed reductions in
4607 allotment requisitions or allotments in force for any budgeted agency
4608 of the legislative or judicial branch are not rejected, such reductions
4609 shall be achieved as determined by the Joint Committee on Legislative
4610 Management or the Chief Justice, as appropriate. The Joint Committee
4611 on Legislative Management or the Chief Justice, as appropriate, shall
4612 submit such reductions to the Governor through the Secretary of the
4613 Office of Policy and Management not later than ten days after the
4614 proposed reductions become effective.

4615 Sec. 104. Section 3-115 of the general statutes is repealed and the
4616 following is substituted in lieu thereof (*Effective July 1, 2015*):

4617 The Comptroller shall prepare all accounting statements relating to
4618 the financial condition of the state as a whole, the condition and
4619 operation of state funds, appropriations, reserves and costs of

4620 operations; shall furnish such statements when they are required for
4621 administrative purposes; and shall issue cumulative monthly financial
4622 statements concerning the state's General Fund which shall include a
4623 statement of revenues and expenditures to the end of the
4624 last-completed month together with the statement of estimated
4625 revenue by source to the end of the fiscal year and the statement of
4626 appropriation requirements of the state's General Fund to the end of
4627 the fiscal year furnished pursuant to section 4-66 and itemized as far as
4628 practicable for each budgeted agency, including estimates of lapsing
4629 appropriations, unallocated lapsing balances and unallocated
4630 appropriation requirements. The Comptroller shall provide such
4631 statements, in the same form and in the same categories as appears in
4632 the budget act enacted by the General Assembly, on or before the first
4633 day of the following month. The Comptroller shall submit a copy of
4634 the monthly trial balance and monthly analysis of expenditure run to
4635 the legislative Office of Fiscal Analysis. On or before September
4636 thirtieth, annually, the Comptroller shall submit a report, prepared in
4637 accordance with generally accepted accounting principles, to the
4638 Governor which shall include (1) a statement of all appropriations and
4639 expenditures of the public funds during the fiscal year next preceding
4640 itemized by each appropriation account of each budgeted agency; (2) a
4641 statement of the revenues of the state classified as far as practicable as
4642 to budgeted agencies, sources and funds during such year; (3) a
4643 statement setting forth the total tax receipts of the state during such
4644 year; (4) a balance sheet setting forth, as of the close of such year, the
4645 financial condition of the state as to its funds; (5) a statement certifying
4646 the threshold level for deposits to the Budget Reserve Fund under
4647 subdivision (5) of subsection (a) of section 4-30a, as amended by this
4648 act, for the current fiscal year; and (6) such other information as will, in
4649 the Comptroller's opinion, be of interest to the public or as will convey
4650 to the General Assembly and the Governor the essential facts as to the
4651 financial condition and operations of the state government. The annual
4652 report of the Comptroller shall be published and made available to the
4653 public on or before the thirty-first day of December.

4654 Sec. 105. Section 2-35 of the general statutes is repealed and the

4655 following is substituted in lieu thereof (*Effective July 1, 2015*):

4656 (a) All bills carrying or requiring appropriations and favorably
4657 reported by any other committee, except for payment of claims against
4658 the state, shall, before passage, be referred to the joint standing
4659 committee of the General Assembly having cognizance of matters
4660 relating to appropriations and the budgets of state agencies, unless
4661 such reference is dispensed with by a vote of at least two-thirds of each
4662 house of the General Assembly. Resolutions paying the contingent
4663 expenses of the Senate and House of Representatives shall be referred
4664 to said committee. Said committee may originate and report any bill
4665 which it deems necessary and shall, in each odd-numbered year,
4666 report such appropriation bills as it deems necessary for carrying on
4667 the departments of the state government and for providing for such
4668 institutions or persons as are proper subjects for state aid under the
4669 provisions of the statutes, for the ensuing biennium. In each even-
4670 numbered year, the committee shall originate and report at least one
4671 bill which adjusts expenditures for the ensuing fiscal year in such
4672 manner as it deems appropriate. Each appropriation bill shall specify
4673 the particular purpose for which appropriation is made and shall be
4674 itemized as far as practicable. The state budget act may contain any
4675 legislation necessary to implement its appropriations provisions,
4676 provided no other general legislation shall be made a part of such act.

4677 (b) The state budget act passed by the legislature for funding the
4678 expenses of operations of the state government in the ensuing
4679 biennium shall contain a statement of estimated revenue, based upon
4680 the most recent consensus revenue estimate or the revised consensus
4681 revenue estimate issued pursuant to section 2-36c, as amended by this
4682 act, itemized by major source, for each appropriated fund.
4683 Commencing in the fiscal year ending June 30, 2016, such itemization
4684 shall include the estimate for each major component of the personal
4685 income tax imposed pursuant to chapter 229 as follows: Withholding
4686 payments, estimated payments and final payments. The statement of
4687 estimated revenue applicable to each such fund shall include, for any
4688 fiscal year, an estimate of total revenue with respect to such fund,

4689 which amount shall be reduced by (1) an estimate of total refunds of
4690 taxes to be paid from such revenue in accordance with the
4691 authorization in section 12-39f, and (2) an estimate of total refunds of
4692 payments to be paid from such revenue in accordance with the
4693 provisions of sections 3-70a and 4-37. Such statement of estimated
4694 revenue, including the estimated refunds of taxes to be offset against
4695 such revenue, shall be supplied by the joint standing committee of the
4696 General Assembly having cognizance of matters relating to state
4697 finance, revenue and bonding. The total estimated revenue for each
4698 fund, as adjusted in accordance with this section, shall not be less than
4699 the total net appropriations made from each fund plus, for the fiscal
4700 year ending June 30, 2014, and each fiscal year thereafter, the amount
4701 necessary to extinguish any unassigned negative balance in each fund
4702 as reported in the most recently audited comprehensive annual
4703 financial report issued by the Comptroller prior to the start of the fiscal
4704 year, reduced, in the case of the General Fund, by (A) the negative
4705 unassigned fund balance, as reported by the Comptroller for the fiscal
4706 year ending June 30, 2013, then unamortized pursuant to section 3-
4707 115b, and (B) any funds from other resources deposited in the General
4708 Fund for the purpose of reducing the negative unassigned balance of
4709 the fund. On or before July first of each fiscal year said committee
4710 shall, if any revisions in such estimates are required by virtue of
4711 legislative amendments to the revenue measures proposed by said
4712 committee, changes in conditions or receipt of new information since
4713 the original estimate was supplied, meet and revise such estimates
4714 and, through its cochairpersons, report to the Comptroller any such
4715 revisions.

4716 (c) If the state budget act passed by the legislature for funding the
4717 expenses of operations of the state government in the ensuing
4718 biennium or making adjustments to a previously adopted biennial
4719 budget contains state-wide budgeted reductions not allocated by a
4720 budgeted agency, such act shall specify the amount of such budgeted
4721 reductions to be achieved in each branch of state government.

4722 Sec. 106. Section 2-36c of the general statutes is repealed and the

4723 following is substituted in lieu thereof (*Effective July 1, 2015*):

4724 (a) Not later than November tenth annually, the Secretary of the
4725 Office of Policy and Management and the director of the legislative
4726 Office of Fiscal Analysis shall issue the consensus revenue estimate for
4727 the current biennium and the next ensuing three fiscal years. Such
4728 revenue shall be itemized in accordance with the provisions of
4729 subsection (b) of section 2-35, as amended by this act. If no agreement
4730 on a revenue estimate is reached by November tenth, (1) the Secretary
4731 of the Office of Policy and Management and the director of the
4732 legislative Office of Fiscal Analysis shall each issue an estimate of state
4733 revenues for the current biennium and the next ensuing three fiscal
4734 years, and (2) the Comptroller shall, not later than November
4735 twentieth, issue the consensus revenue estimate for the current
4736 biennium and the next ensuing three fiscal years. In issuing the
4737 consensus revenue estimate required by this subsection, the
4738 Comptroller shall consider such revenue estimates provided by the
4739 Office of Policy and Management and the legislative Office of Fiscal
4740 Analysis, and shall issue the consensus revenue estimate based on
4741 such revenue estimates, in an amount that is equal to or between such
4742 revenue estimates.

4743 (b) Not later than January fifteenth annually and April thirtieth
4744 annually, the Secretary of the Office of Policy and Management and
4745 the director of the legislative Office of Fiscal Analysis shall issue
4746 revisions to the consensus revenue estimate developed pursuant to
4747 subsection (a) of this section, or a statement that no revisions are
4748 necessary. If no agreement on revisions to the consensus revenue
4749 estimate revenue estimate is reached by the required date, (1) the
4750 Secretary of the Office of Policy and Management and the director of
4751 the Office of Fiscal Analysis shall each issue a revised estimate of state
4752 revenues for the current biennium and the next ensuing three fiscal
4753 years, and (2) the Comptroller shall, not later than five days after the
4754 failure to issue revisions to the consensus revenue estimate, issue the
4755 revised consensus revenue estimate. In issuing the revised consensus
4756 revenue estimate required by this subsection, the Comptroller shall

4757 consider such revised revenue estimates provided by the Office of
4758 Policy and Management and the legislative Office of Fiscal Analysis,
4759 and shall issue the revised consensus revenue estimate based on such
4760 revised revenue estimates, in an amount that is equal to or between
4761 such revised revenue estimates.

4762 (c) If (1) a revised consensus revenue estimate pursuant to
4763 subsection (b) of this section is issued in January or April of any fiscal
4764 year, (2) such revised consensus revenue estimate has changed from
4765 the previous consensus revenue estimate or revised consensus revenue
4766 estimate to forecast a deficit or an increase in a deficit either of which is
4767 greater than one per cent of the total of General Fund appropriations
4768 for the current year, (3) a budget for the prospective fiscal year has not
4769 become law, and (4) the General Assembly is in session, then the
4770 General Assembly and the Governor shall take such action as provided
4771 in subsection (d) of this section.

4772 (d) (1) The joint standing committees of the General Assembly
4773 having cognizance of matters relating to appropriations and finance,
4774 revenue and bonding shall, on or before the tenth business day after a
4775 revised consensus revenue estimate is issued in April pursuant to
4776 subsection (c) of this section, prepare and vote on adjusted
4777 appropriation and revenue plans, if necessary to address such revised
4778 consensus revenue estimate.

4779 (2) The Governor shall provide the General Assembly with a budget
4780 document, prepared in accordance with the requirements of section 4-
4781 74, if necessary to address the most recent consensus revenue estimate
4782 or revised consensus revenue estimate issued pursuant to subsection
4783 (b) or (c) of this section. The budget document required by this
4784 subdivision shall be issued not later than twenty-five calendar days
4785 after a revised consensus revenue estimate is issued in January, and
4786 not later than ten calendar days after a revised consensus revenue
4787 estimate is issued in April.

4788 (e) Notwithstanding the provisions of subsections (a) to (d),
4789 inclusive, of this section, if any deadline imposed pursuant to said

4790 subsections (a) to (d), inclusive, falls on a Saturday, Sunday or legal
4791 holiday, such deadline shall be extended to the next business day.

4792 (f) (1) Commencing in the fiscal year ending June 30, 2016, not later
4793 than November tenth annually, the Secretary of the Office of Policy
4794 and Management and the director of the legislative Office of Fiscal
4795 Analysis shall each report the threshold level for deposits to the
4796 Budget Reserve Fund in the current fiscal year as certified by the
4797 Comptroller on September thirtieth pursuant to section 3-115, as
4798 amended by this act, unless any public act that has been enacted has an
4799 estimated revenue impact pursuant to section 2-24a, as amended by
4800 this act, of greater than one per cent of tax revenue from the estimated
4801 and final portion of the personal income tax imposed under chapter
4802 229 or one per cent of tax revenue from the corporation business tax
4803 imposed under chapter 208, in which case the Secretary of the Office of
4804 Policy and Management and the director of the legislative Office of
4805 Fiscal Analysis shall report a threshold level for deposits to the Budget
4806 Reserve Fund that is adjusted to account for such revenue impact.

4807 (2) If any revision in the January or April consensus revenue
4808 estimate for the current fiscal year impacts the estimated and final
4809 payments portion of the personal income tax imposed under chapter
4810 229 or the corporation business tax imposed under chapter 208, the
4811 Secretary of the Office of Policy and Management and the director of
4812 the legislative Office of Fiscal Analysis may recalculate any adjustment
4813 made to the threshold level for deposits to the Budget Reserve Fund
4814 pursuant to subdivision (1) of this subsection and shall report such
4815 revised threshold in the January and April consensus revenue
4816 estimates, if applicable.

4817 (3) Any such adjustment may be continued to be made to the
4818 threshold level for deposits to the Budget Reserve Fund certified
4819 pursuant to section 3-115, as amended by this act, until ten fiscal years
4820 have passed from the date of implementation of a public act that
4821 created the revenue impact or until there is no longer a revenue impact
4822 pursuant to section 2-24a, as amended by this act, of greater than one

4823 per cent of tax revenue from the estimated and final portion of the
4824 personal income tax imposed under chapter 229 or one per cent of tax
4825 revenue from the corporation business tax imposed under chapter 208,
4826 whichever occurs first. The Secretary and director shall detail any such
4827 adjustment in the report with information on how the Secretary and
4828 director determined the revenue impact and how the Secretary and
4829 director used that information to adjust the threshold level for deposits
4830 to the Budget Reserve Fund. The Secretary and director of the
4831 legislative Office of Fiscal Analysis shall each also report the estimated
4832 threshold level for deposits to the Budget Reserve Fund for the next
4833 ensuing three fiscal years in accordance with the formula set forth in
4834 subdivision (1) of this subsection.

4835 Sec. 107. Section 2-24a of the general statutes is repealed and the
4836 following is substituted in lieu thereof (*Effective July 1, 2015*):

4837 No bill without a fiscal note appended thereto which, if passed,
4838 would require the expenditure of state or municipal funds or affect
4839 state or municipal revenue in the current fiscal year or any of the next
4840 ensuing five fiscal years shall be acted upon by either house of the
4841 General Assembly unless said requirement of a fiscal note is dispensed
4842 with by a vote of at least two-thirds of such house. Such fiscal note
4843 shall clearly identify the cost and revenue impact to the state and
4844 municipalities in the current fiscal year and in each of the next ensuing
4845 five fiscal years. If the bill has any impact on the personal income tax
4846 imposed under chapter 229 or the corporation business tax imposed
4847 under chapter 208, or both, such fiscal note shall clearly identify any
4848 resulting impact on the deposits to the Budget Reserve Fund pursuant
4849 to section 4-30a, as amended by this act.

4850 Sec. 108. (NEW) (*Effective October 1, 2015*) (a) As used in this section:

4851 (1) "Corporation" means Connecticut Innovations, Incorporated,
4852 established pursuant to chapter 581 of the general statutes;

4853 (2) "City" means the city of Hartford;

4854 (3) "Project" means the Downtown North development in the city of
4855 Hartford; and

4856 (4) "Incremental sales taxes" means the incremental sales taxes
4857 collected under chapter 219 of the general statutes, including the
4858 incremental hotel taxes collected under subparagraph (H) of
4859 subdivision (2) of subsection (a) of section 12-407 of the general
4860 statutes, but does not include any incremental sales taxes generated by
4861 activities at the stadium proposed for the Downtown North
4862 development.

4863 (b) Connecticut Innovations, Incorporated shall enter into an
4864 agreement with the city of Hartford under which incremental sales
4865 taxes may be used to pay the debt service on bonds issued by the
4866 corporation to help finance, on a self-sustaining basis, the Downtown
4867 North development in the city of Hartford.

4868 (c) The city shall provide the corporation with such information as
4869 the corporation may require, including, but not limited to, (1) the type
4870 of businesses proposed to be established in the area served by the
4871 project, (2) the number of jobs to be created or retained and their
4872 average wage rates, (3) feasibility studies or business plans for the
4873 project and other information necessary to demonstrate its financial
4874 viability, (4) the amounts and types of bonds proposed to be issued for
4875 the project and the proposed use of the proceeds, (5) information about
4876 other sources of financing available to support repayment of the bonds
4877 proposed to be issued, including property tax increments that may be
4878 made available by the city, as provided in subsection (h) of this section,
4879 (6) a geographic description of the area surrounding the proposed site
4880 of the project and the existing firms doing business in that area, (7) an
4881 economic impact assessment of the effects of the project on the city and
4882 the capital region, (8) an assessment of the incremental sales taxes to be
4883 generated by the project, (9) an analysis of necessary infrastructure
4884 development to support the project and any available sources of
4885 financing for such infrastructure, and (10) other information that
4886 demonstrates that the bonds will be self-sustaining from the

4887 incremental sales taxes collected and any amounts made available by
4888 the city under subsection (h) of this section.

4889 (d) (1) The corporation shall review the information submitted
4890 pursuant to subsection (c) of this section, and shall obtain such
4891 additional information as may be necessary to make a final
4892 determination as to the amount of bonding for which the project is
4893 eligible, whether the project is economically viable with use of the tax
4894 incremental financing mechanism and the effects of the project on the
4895 city and the capital region.

4896 (2) The corporation shall retain such financial advisors and other
4897 experts as it deems appropriate to conduct an independent financial
4898 assessment of the information submitted pursuant to subsection (c) of
4899 this section, including, in particular, the amount of incremental sales
4900 taxes to be generated by the project, whether the project will be
4901 economically viable and whether the bonds will be self-sustaining.

4902 (3) The corporation shall prepare a revenue impact assessment that
4903 estimates the incremental sales taxes that will be generated by the
4904 project, the state revenues that will be foregone as a result of the
4905 project, all state and local revenues that will be generated by the
4906 project and the economic benefits that will likely result from
4907 construction of the project, including revenue effects of such economic
4908 benefits.

4909 (e) (1) Upon consideration of the information submitted pursuant to
4910 subsection (c) of this section, the results of the independent financial
4911 assessment, the revenue impact assessment and any additional
4912 information that the corporation requires concerning the project, the
4913 board of directors of the corporation shall determine the amount and
4914 type of bonds the corporation shall issue to support the project, the
4915 purposes for which the funds generated by sale of the bonds may be
4916 applied and the amount of incremental sales taxes that shall be
4917 annually allocated to pay principal and interest on the bonds to be
4918 issued for the project. The amounts so allocated shall not exceed the
4919 estimated amount of incremental sales taxes to be collected. From the

4920 amount of incremental sales taxes so allocated by the corporation, the
4921 amount required for payment of principal and interest on the bonds
4922 issued in accordance with subsection (f) of this section shall be deemed
4923 appropriated from the General Fund.

4924 (2) In connection with the project, the corporation may exercise any
4925 of its other powers, including, but not limited to, the provision of other
4926 forms of financial assistance. The proceeds of the bonds may be
4927 combined with any other funds available from state or federal
4928 programs, or from investments by the private sector, to support the
4929 project.

4930 (3) As part of the agreement between the corporation and the city,
4931 the city may be required to reimburse the corporation for all or any
4932 part of the costs of the independent financial assessment conducted in
4933 reviewing the submitted information and any other related costs
4934 incurred by the corporation.

4935 (f) (1) The corporation may issue one or more series of bonds in
4936 accordance with the provisions of chapter 579 of the general statutes,
4937 to the extent not inconsistent with the provisions of this subsection,
4938 payable in whole or in part from the incremental sales taxes allocated
4939 and deemed appropriated from the General Fund under subsection (e)
4940 of this section and any amounts contributed by a municipality under
4941 subsection (h) of this section, to finance the project or to refund bonds
4942 previously issued under this section. The corporation is authorized to
4943 make a grant of all or part of the proceeds of such bonds to the city in
4944 connection with the acquisition, construction and equipping of the
4945 project. Subject to applicable federal tax law, the corporation may issue
4946 such bonds, the interest on which is excludable from gross income for
4947 federal income tax purposes, or such bonds, the interest on which is
4948 not so excludable. The corporation, when authorizing the issuance of
4949 any series of such bonds, shall, in conjunction with the State Treasurer,
4950 determine the rate of interest of such bonds, the date or dates of their
4951 maturity, the medium of payment, the redemption terms and
4952 privileges, whether such bonds shall be sold by negotiated or

4953 competitive sale and any and all other terms, covenants and conditions
4954 not inconsistent with this section, in connection with the issuance
4955 thereof, including, but not limited to, the pledging of special capital
4956 reserve funds authorized under subsection (b) of section 32-23j of the
4957 general statutes.

4958 (2) The issuance of any bonds by the corporation under this section
4959 shall be subject to the approval of the State Bond Commission. Upon
4960 determining the appropriate amount of financing for the project, the
4961 corporation shall submit the matter to the State Bond Commission for
4962 final approval. The State Bond Commission shall not approve the
4963 project unless it has received the submission from the corporation at
4964 least ten days prior to the meeting at which the project is to be
4965 considered. Such submission shall include the information considered
4966 by the corporation in determining the appropriate amount of financing
4967 for the project, the independent financial assessment and such other
4968 information as the commission deems appropriate. In reaching its
4969 decision, the State Bond Commission may consider such information
4970 as submitted. After such approval by the State Bond Commission, no
4971 other approval shall be required for the project.

4972 (g) For such period of time as bonds issued to support the project
4973 are outstanding, the Treasurer shall make payment of interest and
4974 principal on the bonds to the trustee when due, but not exceeding in
4975 any fiscal year the amount deemed appropriated pursuant to
4976 subsection (e) of this section.

4977 (h) A portion of the proceeds of bonds issued pursuant to this
4978 section may be made available to the city of Hartford for the purpose
4979 of carrying out or administering a redevelopment plan or other
4980 functions authorized under chapter 130 or 132 of the general statutes.
4981 The city may contribute all or any part of the money specified in
4982 subdivision (2) of section 8-134a of the general statutes, or subsection
4983 (b) of section 8-192a of the general statutes, to the corporation for the
4984 payment of principal and interest on the bonds issued by the
4985 corporation under this section to support the project. In exercising

4986 such power, the city shall proceed as provided in chapter 130 or 132 of
4987 the general statutes, as the case may be, except that the references
4988 therein to bonds and bond anticipation notes shall be deemed to refer
4989 to the bonds issued by the corporation under this section.

4990 (i) (1) Not later than July first in each year that bonds issued to
4991 support the project are outstanding, the corporation shall submit a
4992 report to the chief elected official of the city of Hartford and the
4993 Secretary of the Office of Policy and Management with respect to the
4994 operations, finances and achievement of the economic development
4995 objectives of the project. The corporation shall review and evaluate the
4996 progress of the project and shall devise and employ techniques for
4997 forecasting and measuring relevant indices of accomplishment of its
4998 goals of economic development, including, but not limited to, (A) the
4999 actual expenditures compared to original estimated costs, (B) whether
5000 there have been significant cost increases over original estimates, (C)
5001 the number of jobs created, or to be created, by or as a result of the
5002 project, (D) the cost or estimated cost, to the corporation, involved in
5003 the creation of such jobs, (E) the amount of private capital investment
5004 in, or stimulated by, the project, in proportion to the public funds
5005 invested in the project, (F) the number of additional businesses created
5006 and associated jobs, and (G) any impact on tourism.

5007 (2) Not later than July first in each year that bonds issued to support
5008 the project are outstanding, the Office of Policy and Management shall
5009 retain independent financial experts to conduct an analysis of the
5010 financial status of the project approved under this section. The
5011 independent financial analysis shall include, but not be limited to,
5012 determinations as to whether the incremental sales taxes actually
5013 generated by the project are equal to the estimates made at the time the
5014 project was approved, whether the project is economically viable and
5015 whether the bonds issued are self-sustaining with the incremental sales
5016 taxes actually collected and other financing sources dedicated to
5017 repayment of the bonds. The agreement between the corporation and
5018 the city shall require the city to reimburse the Office of Policy and
5019 Management for the costs of such annual analysis.

5020 Sec. 109. (*Effective July 1, 2016*) For the fiscal year ending June 30,
 5021 2017, the Commissioner of Social Services shall refund to each hospital
 5022 in this state that is subject to the tax on net patient revenue pursuant to
 5023 chapter 211a of the general statutes a pro rata share of fifty-six million
 5024 dollars of the revenue collected from the tax. The amount of each
 5025 refund shall be proportionate to the amount of tax paid by the hospital
 5026 during the fiscal year ending June 30, 2017.

5027 Sec. 110. Section 21a-408q of the general statutes is repealed.
 5028 (*Effective July 1, 2015*)

5029 Sec. 111. Subdivision (119) of section 12-412 of the general statutes is
 5030 repealed. (*Effective July 1, 2015*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2015</i>	12-700(a)
Sec. 2	<i>from passage and applicable to taxable years commencing on or after January 1, 2015</i>	12-702(a)
Sec. 3	<i>from passage and applicable to taxable years commencing on or after January 1, 2015</i>	12-703(a)(2)(H) and (I)
Sec. 4	<i>from passage and applicable to taxable years commencing on or after January 1, 2015</i>	12-704c(c)(1)(I) and (J)
Sec. 5	<i>from passage and applicable to taxable years commencing on or after January 1, 2015</i>	12-704e(e)
Sec. 6	<i>July 1, 2015, and applicable to taxable years commencing on or after January 1, 2015</i>	12-701(a)(20)(B)

Sec. 7	<i>from passage and applicable to income years commencing on or after January 1, 2016</i>	12-214(b)
Sec. 8	<i>from passage and applicable to income years commencing on or after January 1, 2016</i>	12-219(b)
Sec. 9	<i>from passage and applicable to calendar years commencing on or after January 1, 2015</i>	12-211a(a)
Sec. 10	<i>from passage</i>	12-217jj(a)(3)
Sec. 11	<i>from passage and applicable to sales occurring on or after October 1, 2015, and to sales of services that are billed to customers for a period that includes said October 1, 2015, date</i>	12-408(1)
Sec. 12	<i>from passage and applicable to sales occurring on or after October 1, 2015</i>	12-408(3)
Sec. 13	<i>from passage and applicable to sales occurring on or after October 1, 2015, and to sales of services that are billed to customers for a period that includes said October 1, 2015, date</i>	12-411(1)(A)
Sec. 14	<i>from passage and applicable to sales occurring on or after July 1, 2016, and to sales of services that are billed to customers for a period that includes said July 1, 2016, date</i>	12-408(1)(A)

Sec. 15	<i>from passage and applicable to sales occurring on or after July 1, 2016</i>	12-408(3)
Sec. 16	<i>from passage and applicable to sales occurring on or after July 1, 2016, and to sales of services that are billed to customers for a period that includes said July 1, 2016, date</i>	12-411(1)(A)
Sec. 17	<i>from passage and applicable to sales occurring on or after October 1, 2015, and to sales of services that are billed to customers for a period that includes said October 1, 2015, date</i>	12-411b(c)
Sec. 18	<i>October 1, 2015, and applicable to sales occurring on or after said date, and to sales of services that are billed to customers for a period that includes said October 1, 2015, date</i>	12-407(a)(37)
Sec. 19	<i>October 1, 2015, and applicable to sales occurring on or after said date, and to sales of services that are billed to customers for a period that includes said date</i>	12-408(1)(D)
Sec. 20	<i>October 1, 2015, and applicable to sales occurring on or after said date, and to sales of services that are billed to customers for a period that includes said date</i>	12-411(1)(E)
Sec. 21	<i>July 1, 2015</i>	12-407e

Sec. 22	<i>from passage</i>	12-217(a)(4)
Sec. 23	<i>from passage</i>	12-217zz
Sec. 24	<i>from passage</i>	12-263b
Sec. 25	<i>from passage</i>	12-284b(b)
Sec. 26	<i>October 1, 2015</i>	34-38n(a)
Sec. 27	<i>October 1, 2015</i>	34-112(a)
Sec. 28	<i>October 1, 2015</i>	34-413(a)
Sec. 29	<i>July 1, 2015</i>	4-28e(c)
Sec. 30	<i>July 1, 2015</i>	13b-61c
Sec. 31	<i>July 1, 2015</i>	4-66aa
Sec. 32	<i>from passage</i>	New section
Sec. 33	<i>July 1, 2015</i>	New section
Sec. 34	<i>July 1, 2015</i>	21a-408d(a)
Sec. 35	<i>July 1, 2015</i>	21a-408h(c)
Sec. 36	<i>July 1, 2015</i>	21a-408i(c)
Sec. 37	<i>July 1, 2015</i>	21a-408m(b)
Sec. 38	<i>from passage</i>	30-22
Sec. 39	<i>from passage</i>	30-22a
Sec. 40	<i>from passage</i>	30-26
Sec. 41	<i>July 1, 2015</i>	12-801
Sec. 42	<i>July 1, 2015</i>	12-806(b)(4)
Sec. 43	<i>July 1, 2015</i>	New section
Sec. 44	<i>July 1, 2015</i>	New section
Sec. 45	<i>July 1, 2015</i>	12-692
Sec. 46	<i>January 1, 2016</i>	53-344b(a)
Sec. 47	<i>January 1, 2016</i>	New section
Sec. 48	<i>January 1, 2016</i>	New section
Sec. 49	<i>from passage</i>	New section
Sec. 50	<i>July 1, 2015</i>	19a-88
Sec. 51	<i>July 1, 2015</i>	19a-515(a)
Sec. 52	<i>July 1, 2015</i>	20-65k
Sec. 53	<i>July 1, 2015</i>	20-74bb(c)
Sec. 54	<i>July 1, 2015</i>	20-74f
Sec. 55	<i>July 1, 2015</i>	20-74s(g) to (n)
Sec. 56	<i>July 1, 2015</i>	20-149
Sec. 57	<i>July 1, 2015</i>	20-162o(f)
Sec. 58	<i>July 1, 2015</i>	20-162bb(g)
Sec. 59	<i>July 1, 2015</i>	20-191a
Sec. 60	<i>July 1, 2015</i>	20-195c
Sec. 61	<i>July 1, 2015</i>	20-195o
Sec. 62	<i>July 1, 2015</i>	20-195cc

Sec. 63	July 1, 2015	20-201
Sec. 64	July 1, 2015	20-206b(b)
Sec. 65	July 1, 2015	20-206n
Sec. 66	July 1, 2015	20-206r
Sec. 67	July 1, 2015	20-206bb(e)
Sec. 68	July 1, 2015	20-206ll(b)
Sec. 69	July 1, 2015	20-222a
Sec. 70	July 1, 2015	20-275
Sec. 71	July 1, 2015	20-395d(a)
Sec. 72	July 1, 2015	20-398(a)
Sec. 73	July 1, 2015	20-412
Sec. 74	July 1, 2015	New section
Sec. 75	July 1, 2015	New section
Sec. 76	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-213(a)
Sec. 77	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	New section
Sec. 78	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	New section
Sec. 79	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	New section
Sec. 80	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-214
Sec. 81	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-217
Sec. 82	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-217n(b)

Sec. 83	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-217t(e)
Sec. 84	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-217u(l)
Sec. 85	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-217gg(c)
Sec. 86	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-217gg(h)
Sec. 87	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-218
Sec. 88	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-218b
Sec. 89	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-218c(c)
Sec. 90	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-218d(d)
Sec. 91	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-219
Sec. 92	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-219a

Sec. 93	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-221a
Sec. 94	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-222
Sec. 95	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-223a
Sec. 96	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-223b
Sec. 97	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-223c
Sec. 98	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-223e
Sec. 99	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-223f
Sec. 100	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	12-242d
Sec. 101	<i>from passage and applicable to income years commencing on or after January 1, 2015</i>	38a-88a(f)
Sec. 102	<i>July 1, 2015</i>	4-30a
Sec. 103	<i>July 1, 2015</i>	4-85
Sec. 104	<i>July 1, 2015</i>	3-115
Sec. 105	<i>July 1, 2015</i>	2-35
Sec. 106	<i>July 1, 2015</i>	2-36c
Sec. 107	<i>July 1, 2015</i>	2-24a
Sec. 108	<i>October 1, 2015</i>	New section

Sec. 109	<i>July 1, 2016</i>	New section
Sec. 110	<i>July 1, 2015</i>	Repealer section
Sec. 111	<i>July 1, 2015</i>	Repealer section

FIN *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: See Below

Explanation

Summary

The bill raises General Fund revenue of \$1,004.5 million in FY 16 and \$579.4 million in FY 17 primarily from taxes. When the General Fund revenue impacts of other specific initiatives are included, the total surplus over the 2016 - 2017 Biennium is approximately \$41.5 million.

General Fund (GF) Budget (\$ - millions)			
	FY 16	FY 17	Total
sSB 946 Total	1,004.5	579.4	
Taxes	949.0	480.9	
Other	55.5	98.5	
Hospital Tax Update	160.5	160.5	
Amortization of GAAP	(47.6)	(47.6)	
Federal Grants impact of sHB 6824	(5.1)	(13.3)	
Total Revenue (based on April Consensus)	18,472.6	18,728.2	
Net Appropriations	18,286.2	18,873.1	
Surplus / (Deficit)	186.4	(144.9)	41.5

The FY 16 tax revenue increase is distributed about equally between the Personal Income, Sales & Use and Corporations taxes (at approximately 30% each). However, this distribution changes significantly in accordance with the bill as the Sales & Use Tax rate is reduced in FY 17 and the Corporations Tax surcharge phases out after the 2016 - 2017 Biennium. The Personal Income Tax makes up

between 63% and 74% of the total tax revenue increases under the bill in FY 17 and afterwards, as illustrated in the table below.

Other significant effects of the bill shown in the table below are the growing transfers from the General Fund to the Special Transportation Fund after the 2016 - 2017 Biennium and the re-establishment of the Municipal Revenue Sharing Account (MRSA) to provide grants for municipal purposes.

Summary Impact of sSB by Revenue Categories and Major Funds / Accounts over the 2016 - 2017 Biennium and into the Out Years (\$ - millions)					
	FY 16	FY 17	FY 18	FY 19	FY 20
Personal Income	308.6	303.2	315.9	332.3	359.4
Sales and Use	320.8	(5.7)	(5.1)	(5.3)	(5.5)
Corporations	281.8	202.8	188.5	125.0	130.0
Insurance Companies	22.7	22.7	-	-	-
Alcoholic Beverages	.2	.2	.2	.2	.2
Health Provider	4.0	(53.2)	2.8	2.8	2.8
Miscellaneous	(.1)	(.1)	(.1)	(.1)	(.1)
Earned Income Credit	(11.0)	(11.0)	-	-	-
Subtotal: Taxes	949.0	480.9	502.2	454.9	486.8
Other Revenue	26.2	45.0	45.0	45.0	45.0
Other Sources	29.3	53.5	(103.0)	(246.0)	(391.0)
Total GF	1,004.5	579.4	444.2	253.9	140.8
Transfers from the GF to the Special Transportation Fund	-	(25.0)	112	255	400
MRSA	294.2	408.9	424.4	440.1	456.0

In order to administer the tax provisions of the bill, the Department of Revenue Services (DRS) would need 14 additional staff members and associated expenses. The annualized cost of these new positions, including expenses and fringe benefits, is approximately \$1.2 million. In addition, one-time costs to update the online Taxpayer Service Center and internal Integrated Tax Administration System as well as tax form alteration and printing costs of approximately \$775,000 would be incurred in FY 16.

In addition to the cost of tax administration incurred by DRS, the bill is anticipated to result in a significant debt service cost to the state in the future due to the provision within Section 108 that requires Connecticut Innovations, Inc. to issue Tax Increment Financing bonds for development in Hartford. These types of bonds are General Obligations of the State.

Section-by-Section Analysis

Sec.	Action(s)	Fund	(\$ - millions)	
			FY 16	FY 17
1	Establishes a new top marginal rate of 6.99% in the Income Tax for those tax filers with CT Adjusted Gross Incomes over certain thresholds.	General	131.9	118.4
1	Establishes a 2% supplemental tax on all capital gains income for those tax filers with CT Adjusted Gross Incomes over certain thresholds.	General	167.6	178.0
2-4	Delays the scheduled increase in the personal exemption for Single Filers of the Income Tax from \$14,500 to \$15,000.	General	15.1	10.8
5	Delays the scheduled restoration of the state's Earned Income Tax Credit (EITC) rate to 30% from 27.5% of the federal EITC.	General	11.0	11.0
6	Increases, from 50% to 100%, the Income Tax exemption for military retirement pay.	General	(6.0)	(4.0)
7-8	Extends the 20% surcharge on the Corporate Income Tax for certain filers and phases out the surcharge after the FY 16 and FY 17 Biennium.	General	44.4	75.0
9	Delays the scheduled expiration of the two lower tiers of caps on credit utilization against the Insurance Premiums Tax.	General	18.7	18.7
10	Delays the scheduled expiration of the moratorium on the issuance of new film tax credits, which may be applied to the Insurance Premiums Tax.	General	4.0	4.0
11-15	Re-establishes a municipal share of the Sales and Use Tax at a rate of 0.5%. ¹ Substitute for Senate Bill 1 provides for the distribution of these funds.	Municipal Revenue Sharing Account	289.8	402.7

¹ Municipalities previously had shared in 0.1% of the Sales and Use Tax during FY 12 and FY 13 only. These funds were deposited into the Municipal Revenue Sharing Account and distributed according to statute.

Sec.	Action(s)	Fund	(\$ - millions)	
			FY 16	FY 17
11-17	Reduces the rate of the state's portion of the Sales and Use Tax from 6.35% to 5.85% and then to 5.35%.	General	(252.7)	(702.4)
18	Eliminates the Sales and Use Tax exemption for services related to web sites that are part of the World Wide Web.	General	45.5	57.8
18	Expands the scope of the Sales and Use Tax to include 26 additional professional services.	General	272.0	345.5
18-20	Increases the Sales and Use Tax rate for computer and data processing services from 1% to the standard rates, as adjusted pursuant to sections 11-17.	General	116.6	148.2
21	Reduces, from \$300 to \$100, the per-item exemption from the Sales and Use Tax during the "Sales Tax Free Week."	General	1.0	1.0
22	Limits the use of loss carryforwards against the Corporate Income Tax to 50% of net income in any income year when computing the amount of tax due.	General	156.3	90.1
23	Lowers, from 70% to 50.01%, the maximum percentage to which tax credits may be used against the total liability under the Corporate Income Tax.	General	42.5	34.0
24	Limits the use of tax credits against a liability under the Hospital Tax to 50.01% of the total.	General	4.0	2.8
25	Reduces the biennial "Business Entity Tax" fee from \$250 to \$125.	General	0.0	(20.0)
26-28	Increases, from \$20 to \$100 per year, the annual fee imposed on pass-through entities to file an annual report with the Secretary of the State.	General	10.0	12.8
29	Diverts the scheduled transfers from the Tobacco Settlement Fund to the Tobacco Health Trust Fund during the FY 16 and FY 17 Biennium. Permanently reduces, from \$12 million to \$6 million, scheduled transfers in FY 18 and thereafter.	General	12.0	12.0
29	Diverts ½ the first scheduled transfer from the Tobacco Settlement Fund to the Smart Start competitive grant account. ²	General	5.0	0.0
		Municipal Grants	(5.0)	0.0
30	Reduces the scheduled transfer to the Special	General	0.0	25.0

² Section 138 of PA 14-217, established an annual revenue diversion of \$10 million from FY 16 to FY 25 in order to provide grants-in-aid to towns for the purpose of establishing or expanding preschool programs.

Sec.	Action(s)	Fund	(\$ - millions)	
			FY 16	FY 17
	Transportation Fund (STF) in FY 17. In addition, increases the scheduled transfer to the STF by \$112 million in FY 18, \$225 million in FY 19, and \$400 million in FY 2020	Special Transportation	0.0	(25.0)
31	Diverts a portion of revenue from the Community Investment Account during the 2016-2017 Biennium. ³	General	6.75	13.5
32	Transfers part of the balance of the Private Occupational Student Protection Account. ⁴	General	2.5	0.0
33	Permanently diverts 3/5 revenue from the Municipal Video Competition Account. ⁵	General	3.0	3.0
		Municipal Grants	(3.0)	(3.0)
34-37, 110	Shifts revenue from the Palliative Marijuana Account which is generated by fees imposed for growing, distributing and use of palliative marijuana.	General	0.6	0.6
38-40	Authorizes (effective upon passage) certain entities to sell sealed containers of draught beer i.e. "growlers", which is anticipated to increase the volume of beer consumed.	General	1.8	1.8
41-44	Authorizes keno gaming, which is anticipated to generate revenue through direct sales of the keno game in addition to having an indirect positive impact on lottery ticket sales.	General	13.6	30.0
45	Limits the applicability of the rental surcharge to people or businesses generating at least 51% of their total annual revenue from rentals.	General	(0.1)	(0.1)

³ The Community Investment Account is a separate, non-lapsing state fund established by PA 05-3 to fund a variety of programs. As of 2/27/15 the account had a balance of \$48.3 million. Annual revenues are approximately \$27 million.

⁴ CGS 10a-22u requires each private occupational school to pay ½ of 1% of its quarterly net tuition revenue to the State Treasurer for deposit into a special account from which students can get tuition reimbursement if a school fails. The account had a balance of approximately \$6 million earlier this year.

⁵ CGS 16-331bb requires the State Comptroller to deposit up to \$5 million each fiscal year from the Gross Earning Tax on certified video service providers (i.e., certain cable TV companies) to be distributed to municipalities for property tax relief. Funds are allocated by a ratio of total number of subscribers to competitive video service in a given town to the total number of such subscribers in the entire state. The 2014-2015 Biennial Budget eliminated this transfer entirely in each fiscal year to help balance the General Fund budget.

Sec.	Action(s)	Fund	(\$ - millions)	
			FY 16	FY 17
46-49	Requires manufacturers and sellers of electronic nicotine delivery devices to register with the Department of Consumer Protection and annually renew their registration accompanied by fees.	General	2.0	1.6
50-75	Increases license renewal fees by \$5 for various professionals licensed by the Department of Public Health (DPH). Revenue collected from the increase is to be transferred to the newly established professional assistance program account for DPH to provide grants- in-aid to program providers and medical review committees under the assistance program of health care professionals.	Professional assistance program Account	0.6	0.7
76-101	Implements mandatory combined reporting under the Corporation Business Tax.	General	38.6	23.7
102-107	Establishes an ongoing, potential revenue diversion from the General Fund to the Budget Reserve Fund based on revenue trends. More details below.	Budget Reserve "Rainy Day" Fund; General	None	Potential
108	Requires Connecticut Innovations, Inc. to issue Tax Increment Financing bonds to support development in downtown north Hartford, which would result in a state General Fund cost to service the debt in the future.	General	None	Potential Cost
109	Requires the Department of Social Services to refund a portion of the Hospital Tax.	General	0.0	(56.0)
111	Eliminates the Sales and Use Tax exemption for clothing and footwear costing less than \$50.	General	136.8	142.6

Further Information on Sales Tax Changes

The bill restores funding to the Municipal Revenue Sharing Account by establishing a separate “municipal revenue” Sales and Use Tax rate effective October 1, 2015. The bill adjusts the state revenue portion of the Sales and Use Tax rate by reducing it over time. See below for an illustration of how these two separate rates interact.

Total Effective Sales Tax Rates per the Bill				
	Current	7/1/2015 – 9/30/2015	10/1/2015 – 6/30/2016	7/1/2016 thereafter
State Revenue	6.35%	6.35%	5.85%	5.35%
Municipal Revenue	0%	0%	0.5%	0.5%
Total	6.35%	6.35%	6.35%	5.85%

The bill raises several hundred million dollars in tax revenue by repealing certain exemptions from the Sales and Use Tax and expanding the scope of the Sales and Use Tax to include more professional services.

Partial / Full Exemptions to be Eliminated (\$ - millions)			
		FY 16	FY 17
Computer & Data Processing	Eliminate the reduced rate (1.00%) of taxation	116.6	148.2
World Wide Web	Eliminate the exemption	45.5	57.8
Clothing & Footwear Costing Less than \$50	Eliminate the exemption	136.8	142.6
Sales Tax Holiday	Reduce the per-item exemption from \$300 to \$100	1.0	1.0
TOTAL		299.9	349.6

Additional Professional Services to be Subject to Sales and Use Tax (\$ - millions)		
Pursuant to Section 18 of the Bill, Effective 10/1/15	FY 16	FY 17
Offices of Certified Public Accountants	44.1	56.0
Other Accounting Services	10.5	13.4
Architectural Services	16.0	20.4
Engineering Services	73.0	92.5
Drafting Services	0.5	0.6
Building Inspection Services	1.3	1.6
Geophysical Surveying and Mapping Services	1.8	2.3
Surveying and Mapping (except Geophysical) Services	3.3	4.3

Additional Professional Services (cont.) to be Subject to Sales and Use Tax (\$ - millions)		
Interior Design Services	4.5	5.7
Industrial Design Services	1.0	1.3
Other Specialized Design Services	0.8	1.0
Administrative Management and General Management Consulting Services	30.4	38.6
Human Resources Consulting Services	4.6	5.9
Marketing Consulting Services	9.1	11.6
Process, Physical Distribution, and Logistics Consulting Services	4.3	5.4
Other Management Consulting Services	1.0	1.3
Other Scientific and Technical Consulting Services	4.4	5.6
Direct Mail Advertising	6.6	8.4
Advertising Material Distribution Services	2.2	2.8
Marketing Research and Public Opinion Polling	9.5	12.0
Translation and Interpretation Services	1.6	2.0
Veterinary Services	17.1	21.8
All Other Professional, Scientific, and Technical Services	3.0	3.9
Other Gambling Industries	5.1	6.5
Golf Courses and Country Clubs	11.9	15.1
Dry cleaning and Laundry Services (except Coin-Operated)	4.4	5.5
TOTAL	272.0	345.5

Further information on the Budget Reserve Fund Provisions

Beginning in FY 17, the bill establishes a transfer of General Fund (GF) revenue to the Budget Reserve Fund (BRF) and the State Employees Retirement Fund (SERF), which is determined by a statutory formula. This results in a potentially significant diversion of revenue from the GF to the BRF and SERF in FY 17 and annually thereafter.⁶

In order for a revenue transfer to be triggered, total “combined revenue”⁷ must be in excess of a calculated threshold based on the average difference (as a percentage) between actual revenue and the ten year average. The bill allows for the threshold to be adjusted for

⁶ Per the bill, BRF revenue can be accessed in the event of a decrease in GF revenue greater than 2% over the prior year (for example, during a recession).

⁷ For the purposes of the bill “combined revenue” is equal to the sum of: 1) the corporation business tax, and 2) the estimated & final payments portion of the personal income tax.

changes in tax policy that impact the corporation business tax or the personal income tax.

Based on current revenue estimates the bill will not result in a GF revenue transfer until FY 18, at which point approximately \$10 million will be diverted. Under this scenario, the FY 17 threshold is \$5,086 million while combined revenue is \$4,930 million, or approximately \$156 million less than the threshold. Due to the historical volatility of combined revenue the bill may still result in a transfer from the General Fund in FY 17 depending on actual revenue collected.

Based on historical data, the transfer of GF revenue to the BRF and SERF may exceed \$800 million in a fiscal year. The table below compares actual deposits into the BRF to deposits that would have occurred under the provisions of the bill.

FY	Actual Deposit into BRF \$	Transfers as Calculated Under the Bill \$
04	302,200,000	24,557,248
05	363,900,000	433,646,700
06	446,500,000	697,097,504
07	269,200,000	815,841,033
08	-	818,479,382
09	-	-
10	(1,278,500,000)	-
11	(103,200,000)	-
12	93,500,000	74,994,072
13	177,200,000	200,364,682
14	248,500,000	-

The breakout of the transfer from the GF to the BRF or SERF varies based on the amount of funds currently in the BRF relative to total GF appropriations, which is illustrated in the table below.

BRF Balance / Appropriations	Budget Reserve Fund	State Employees Retirement Fund
0 to 5%	95%	5%
5 to 10%	90%	10%
10 to 15%	85%	15%
Greater than 15%	0%	100%

The ongoing fiscal impact identified above would continue into the future subject to the degree in which actual revenues exceed the threshold calculated by the formula. The bill also increases the maximum amount allowed to be in the BRF from 10% to 15% of appropriations. This allows for additional funds to be transferred from the GF to the BRF.

OLR Bill Analysis**sSB 946*****AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE BIENNIAL BUDGET.*****SUMMARY:**

This bill makes various changes to state taxes and fees.

It makes several changes to the personal income tax, including:

1. increasing, from 6.7% to 6.99%, the marginal income tax rate for certain higher income filers;
2. establishing an additional 2% income tax on federally taxable capital gains for such filers;
3. delaying by three years scheduled income tax reductions for single filers;
4. fully exempting federally taxable military retirement pay from the state income tax; and
5. delaying by two years the scheduled increase in the earned income tax credit (EITC).

The bill also makes a number of changes to the state's business taxes and fees. Among its changes to the corporation income tax, the bill:

1. imposes a new combined reporting requirement for corporations meeting certain criteria;
2. extends the 20% corporation income tax surcharge for two additional years, to the 2016 and 2017 income years;
3. imposes a temporary 10% surcharge for the 2018 income year;

and

4. limits the amount of net operating loss (NOL) deduction and business tax credits corporations may use to reduce their tax liability.

Additionally, bill (1) extends the temporary cap on the maximum insurance premium tax liability that an insurer may offset through tax credits, (2) extends the temporary moratorium on issuing film and digital media production tax credits, (3) imposes a cap on the use of tax credits to reduce hospital tax liability, and (4) cuts the business entity tax in half. It also increases certain business filing fees for pass-through entities.

Beginning October 1, 2015, the bill restructures the sales and use tax by (1) splitting the 6.35% rate into a 5.85% "state revenue tax" and 0.5% "municipal revenue tax" and (2) directing the revenue from the municipal revenue tax to the municipal revenue sharing account. It lowers the state revenue tax from 5.85% to 5.35% beginning July 1, 2016. It also (1) extends the tax to a range of professional services, (2) increases the rate on computer and data processing services, (3) eliminates the exemption for clothing and footwear costing less than \$50, and (4) limits the exemption for clothing and footwear during "sales-tax-free-week."

The bill also:

1. establishes a mechanism for diverting projected surpluses in certain tax revenues to the Budget Reserve (i.e. "Rainy Day") Fund;
2. establishes a framework for regulating the manufacture and sale of electronic nicotine delivery systems and vapor products;
3. allows the Connecticut Lottery Corporation to offer Keno games;
4. allows certain alcohol permittees to sell growlers of beer;

5. modifies the rental surcharge that applies to car, truck, and machinery rentals;
6. transfers funds from various accounts to the General Fund;
7. increases license renewal fees for various Department of Public Health (DPH) licensed professionals; and
8. requires Connecticut Innovations to enter into a tax increment financing (TIF) agreement with the city of Hartford.

EFFECTIVE DATE: July 1, 2015, unless otherwise noted below.

§§ 1-6 — INCOME TAX

Marginal Rate Increase (§ 1)

The bill increases, from 6.7% to 6.99%, the marginal tax rate for taxable incomes over (1) \$1,000,000 for joint filers, (2) \$500,000 for single filers and married people filing separately, and (3) \$800,000 for heads of household. The bill also increases the flat income tax rate for trusts and estates from 6.7% to 6.99%.

Table 1 shows the marginal tax rates and income brackets under current law and the bill.

Table 1: Current and Proposed Tax Rates and Brackets

CT TAXABLE INCOME				TAX RATES	
Married Filing Jointly		Single		Current Law	Bill
Over	But Not Over	Over	But Not Over		
\$0	\$20,000	\$0	\$10,000	3.00%	3.00%
20,000	100,000	10,000	50,000	5.00%	5.00%
100,000	200,000	50,000	100,000	5.50%	5.50%
200,000	400,000	100,000	200,000	6.00%	6.00%
400,000	500,000	200,000	250,000	6.50%	6.50%
500,000	1,000,000	250,000	500,000	6.70%	6.7%
Over \$1,000,000		Over \$500,000		6.70%	6.99%
CT TAXABLE INCOME				TAX RATES	
Head of Household		Married Filing Separately		Current Law	Bill
Over	But Not Over	Over	But Not Over		
\$0	\$16,000	\$0	\$10,000	3.00%	3.00%
16,000	80,000	10,000	50,000	5.00%	5.00%

80,000	160,000	50,000	100,000	5.50%	5.50%
160,000	320,000	100,000	200,000	6.00%	6.00%
320,000	400,000	200,000	250,000	6.50%	6.50%
400,000	800,000	250,000	500,000	6.70%	6.70%
Over \$800,000		Over \$500,000			6.99%

Benefit Recapture (§ 1)

By law, taxpayers whose annual Connecticut adjusted gross income (CT AGI) exceeds specified thresholds are subject to a “benefit recapture” which eliminates the benefits they receive from having a portion of their taxable income taxed at lower marginal rates. These taxpayers must add specified amounts to their tax liability.

The bill establishes an additional benefit recapture schedule to reflect the new marginal rate and income bracket. Table 2 shows, for each filer type, the (1) CT AGI starting point for the additional recapture amounts, (2) CT AGI intervals and the recapture amount to be added at each interval, and (3) maximum recapture amount taxpayers must add to their tax liability. These amounts apply in addition to the benefit recapture amounts under existing law.

Table 2: Additional Benefit Recapture Amounts

	Married Filing Jointly	Single/ Married Filing Separately	Head of Household
Starting point: (CT AGI) over	\$1,000,000	\$500,000	\$800,000
Recapture amount	\$100 per \$10,000 of CT AGI over starting point	\$50 per \$5,000 of CT AGI over starting point	\$80 per \$8,000 over CT AGI starting point
Maximum additional recapture amount	\$2,900	\$1,450	\$2,320

Capital Gains Surcharge (§ 1)

The bill establishes an additional 2% income tax on capital gains income for those with taxable incomes over (1) \$1,000,000 for joint filers, (2) \$500,000 for single filers and married people filing separately, and (3) \$800,000 for heads of household.

The bill defines capital gains as the federally taxable net gain from the sale or exchange, or other taxable transaction, of certain capital assets and property. Specifically, it applies to the federal net gain, after allowing for losses and holding periods, from:

1. selling or exchanging capital assets or assets treated as such, excluding state or municipal bonds;
2. transactions or events taxed as a sale or exchange of a capital asset for which the net amount is included in the taxpayer's federal AGI, excluding gains or losses from (a) holding or trading dealer equity options and (b) nonresident taxpayers, other than from the sale or exchange of real property in Connecticut; and
3. selling or exchanging certain business property, excluding sales included in the categories above.

Delay in Scheduled Income Tax Reductions for Single Filers (§§ 2-4)

The bill delays scheduled income tax reductions for single filers for three years. It does so by delaying increases in (1) AGI exempt from the tax and (2) income thresholds for phasing out (a) personal exemptions and credits and (b) maximum property tax credits.

Personal Exemption (§ 2). Under current law, the maximum personal exemption for single filers is scheduled to increase from \$14,500 to \$15,000 on January 1, 2015. The bill instead maintains the \$14,500 exemption for three more years through the 2017 tax year.

By law, the personal exemption amounts gradually phase out at higher income levels until they are completely eliminated. The bill delays the scheduled increase in the personal exemption reduction threshold, from \$29,000 to \$30,000, to correspond to the three year delay. (The income tax personal exemption is reduced by \$1,000 for each \$1,000 of AGI over the specified threshold.)

Personal Credit (§ 3). The bill delays by three years scheduled

increases in income ranges that allow single filers to qualify for personal credits against their income tax. Personal credits range from 1% to 75% of tax liability, depending on AGI. Filers with AGIs above specified thresholds do not qualify for a credit. Table 3 shows the qualifying personal credit income ranges for single filers under current law and the bill.

Table 3: Personal Credits for Single Filers

<i>Tax Years</i>		<i>Qualifies for the Personal Credit (AGI)</i>	
<i>Current Law</i>	<i>The Bill</i>	<i>Over</i>	<i>But Not Over</i>
2014	Through 2017	\$14,500	\$62,500
2015 and after	2018 and after	15,000	64,500

Property Tax Credit (§ 4). The bill delays by three years a scheduled increase in the AGI threshold above which single filers receive reduced property tax credits. By law, the maximum property tax credit is \$300. Certain taxpayers qualify for a reduced credit or no credit depending on their AGI and filing status, with the maximum credit reduced by 15% for each \$10,000 of AGI over the specified threshold. Under current law, the AGI threshold at which a single filer's maximum property tax credit is reduced increases in 2015 from \$62,500 to \$64,500. The bill delays this scheduled increase to 2018.

EITC (§ 5)

The bill delays by two years the scheduled increase in the EITC. Under current law, the EITC is scheduled to increase to 30% for the 2015 tax year. The bill instead maintains it at 27.5% for two more years, through the 2016 tax year.

Military Retirement Income (§ 6)

The bill fully exempts federally taxable military retirement pay from the state income tax. Current law exempts 50% of this retirement pay.

The exemption applies to federal retirement pay for retired members of the U.S. Army, Navy, Air Force, Marine Corps, Coast Guard, and Army and Air National Guard.

EFFECTIVE DATE: Upon passage and applicable to tax years beginning on or after January 1, 2015, except for the military retirement income provision, which is effective July 1, 2015 and applicable to the same tax years.

§§ 7-8 & 22-23 — CORPORATION INCOME TAX

Surcharge (§§ 7-8)

The bill (1) extends the 20% corporation income tax surcharge for two additional years to the 2016 and 2017 income years and (2) imposes a temporary 10% surcharge for the 2018 income year.

As under current law, the surcharge generally applies to companies that have more than \$250 in corporation tax liability. Companies that have less than \$100 million in annual gross income in those years are exempt from the surcharge, unless they file combined or unitary returns.

Net Operating Loss (NOL) (§ 22)

The law allows corporations to deduct NOLs (the excess of allowable deductions over gross income for a taxable year), thereby reducing their tax liability. Corporations may carry forward NOLs for 20 years. Beginning with the 2015 income year, the bill limits the amount of NOL a corporation may carry forward to the lesser of (1) 50% of net income, or for companies with taxable income in other states, 50% of the net income apportioned to Connecticut, and (2) the excess of NOL over the NOL being carried forward from prior income years.

Tax Credit Limit (§ 23)

Current law allows corporations to use tax credits to reduce their corporation tax liability by up to 70% in any income year. The bill reduces the tax credit limit to 50.01% beginning with the 2015 income year.

EFFECTIVE DATE: Upon passage; tax surcharge provisions are applicable to income years starting on or after January 1, 2016.

§ 9 — INSURANCE PREMIUM TAX CREDIT LIMIT

The bill extends, to 2015 and 2016, the temporary cap on the maximum insurance premium tax liability that an insurer may offset through tax credits.

The caps are part of a structure that, by law, (1) classifies insurance premium tax credits into three types, (2) specifies the order in which an insurer must apply the three credit types to offset liability, and (3) establishes the maximum liability that an insurer can offset by claiming one or more of these types of credits.

By law, (1) type one credits are film and digital media production, entertainment infrastructure, and digital animation tax credits; (2) type two credits are insurance reinvestment credits; and (3) type three credits are all other tax credits. Table 4 shows the order and reduction schedule under current law and the bill.

Table 4: Order and Reduction Schedule for Claiming Insurance Premium Tax Credits under Current Law and the Bill

<i>Credit Types Claimed</i>	<i>Order of Applying Credits</i>	<i>Maximum Reduction in Tax Liability</i>
Type 3	Not applicable	30%
Types 1 & 3	1. Type 3 2. Type 1	Type 3 = 30% Sum of two types = 55%
Types 2 & 3	1. Type 3 2. Type 2	Type 3 = 30% Sum of two types = 70%
Types 1, 2, & 3	1. Type 3 2. Type 1 3. Type 2	Type 3 = 30% Type 1 & 3 = 55% Sum of all types = 70%
Type 1 & 2	1. Type 1 2. Type 2	Type 1 = 55% Sum of two types = 70%

EFFECTIVE DATE: Upon passage and applicable to calendar years starting on or after January 1, 2015.

§ 10 — FILM AND DIGITAL MEDIA PRODUCTION TAX CREDIT MORATORIUM

The bill extends, to FY 16 and FY 17, the temporary moratorium on issuing film and digital media production tax credits for certain motion pictures. Under current law, the moratorium expires at the end of FY 15.

As under current law, the moratorium (1) bars the issuance of tax credit vouchers for motion pictures that were not designated as state-certified productions before July 1, 2013 and (2) excludes motion pictures that conduct at least 25% of their principal photography days in a Connecticut facility that (a) receives at least \$25 million in private investment and (b) opens for business on or after July 1, 2013. Other types of qualified productions continue to be eligible for tax credits during FY 16 and FY 17, including documentaries; long-form, specials, mini-series, series, music videos, or interstitial television programming; relocated television productions; interactive television or games; videogames; commercials or infomercials; and any digital media format created primarily for public viewing or distribution.

EFFECTIVE DATE: Upon passage

§§ 11-21 & 111 — SALES AND USE TAX

Rate (§§ 11-17)

Beginning October 1, 2015, the bill splits the 6.35% sales and use tax rate into a 5.85% “state revenue tax” and 0.5% “municipal revenue tax.” As under existing law, the total 6.35% tax is levied and administered by the state.

Beginning July 1, 2016, the bill lowers the state revenue tax rate from 5.85% to 5.35% and maintains the municipal revenue tax rate at 0.5%, resulting in a total combined rate of 5.85%.

To conform to these new rates, the bill makes technical changes to the flat sales tax on items sold for less than \$3.

By law, a person who owes use tax to the state, but who pays sales or use tax to another state at a rate less than the Connecticut rate, must pay the difference to Connecticut. The bill does not specify how to

apportion this difference among the state and municipal rates.

EFFECTIVE DATE: Upon passage, provided that the (1) October 1, 2015 rate split is applicable to sales occurring on or after October 1, 2015 and to sales of services billed to customers for a period that includes October 1, 2015; (2) July 1, 2016 rate decrease is applicable to sales occurring on or after July 1, 2016 and to sales of services billed to customers for a period that includes July 1, 2016; and (3) conforming changes to the flat sales tax rate are applicable to sales occurring on or after (a) October 1, 2015 for the October 1, 2015 rate split and (b) July 1, 2016 for the July 1, 2016 rate decrease.

Municipal Revenue Sharing Account (MRSA) (§ 11)

For calendar quarters ending on or after December 31, 2015, the bill requires the Department of Revenue Services (DRS) commissioner to deposit the revenue attributed to the 0.5% municipal revenue tax into MRSA. (sSB 1, reported favorably by the Finance, Revenue and Bonding Committee, apportions the revenue deposited in MRSA to municipalities and the state's nine regional councils of government (see BACKGROUND).)

EFFECTIVE DATE: Upon passage and applicable to sales occurring on or after October 1, 2015 and sales of services billed to customers for a period that includes October 1, 2015.

Computer and Data Processing Services (§§ 18-20)

The bill increases, from 1% to 6.35%, the sales and use tax rate on computer and data processing services. It also expands the types of computer and data processing services subject to the tax to include the creation, development, hosting, and maintenance of a web site.

EFFECTIVE DATE: October 1, 2015 and applicable to sales occurring on or after October 1, 2015 and sales of services billed to customers for a period that includes October 1, 2015.

Clothing and Footwear Exemptions (§§ 21 & 111)

The bill eliminates the sales and use tax exemption for clothing and

footwear costing less than \$50, currently scheduled to take effect on July 1, 2015. It also limits the exemption for clothing and footwear during the “sales-tax-free-week” to items costing less than \$100, rather than \$300.

New Taxable Services (§ 18)

The bill extends the sales and use tax to additional professional services, as shown in Table 5.

Table 5: Service Extensions

<i>New Services Taxed</i>
Certified public accountants and other accounting services
Architectural services
Engineering services
Drafting services
Building inspection services
Geophysical surveying and mapping services
Surveying and mapping services, except geophysical services
Interior design services
Industrial design services and other specialized design services
Administrative management and general management consulting services
Human resources consulting services
Marketing consulting services
Process, physical distribution, and logistics consulting services
Other management consulting services (certain management consulting services are taxable under existing law)
Other scientific and technical consulting services (The law, unchanged by the bill, specifies that environmental consulting is not taxable.)
Direct mail advertising (The law, unchanged by the bill, specifies that cooperative direct mail advertising is not taxable.)
Advertising material distribution services
Marketing research and public opinion polling
Translation and interpretation services
Veterinary services
All Other professional, scientific, and technical services having a North American Industrial Classification System code of 541990
Other gambling industries
Golf courses and country clubs
Dry cleaning and laundry services, except coin-operated services

EFFECTIVE DATE: October 1, 2015, and applicable to sales on or after that date and sales of services that are billed to customers for a period that includes October 1, 2015.

§§ 24 & 109 — HOSPITAL TAX

Credit Limit (§ 24)

For calendar quarters beginning on or after July 1, 2015, the bill imposes a 50.01% limit on the amount of hospital tax liability that hospitals may reduce by using tax credits.

EFFECTIVE DATE: Upon passage

FY 17 Refund (§ 109)

The bill requires the social services commissioner to refund to hospitals a pro rata share of \$56 million in FY 17 hospital tax revenue. Each hospital's refund must be proportionate to the amount of hospital tax it paid in FY 17.

EFFECTIVE DATE: July 1, 2016

§ 25 — BUSINESS ENTITY TAX

Starting with the 2015 tax year, the bill reduces the business entity tax from \$250 to \$125. As under current law, the tax is due the 15th day of the fourth month after the close of the applicable tax year.

By law, businesses pay the tax every other year. It applies to foreign and domestic limited liability corporations (LLC), limited liability partnerships (LLP), limited partnerships (LP), and S corporations that are required to register with the secretary of the state.

EFFECTIVE DATE: Upon passage

§§ 26-28 — BUSINESS FILING FEES

The bill increases, from \$20 to \$100, the fee that foreign and domestic LPs, LLCs, and LLPs pay for filing an annual report with the secretary of the state.

EFFECTIVE DATE: October 1, 2015

§ 29 — TOBACCO SETTLEMENT FUND DISBURSEMENTS

For FY 16 and FY 17, the bill eliminates the \$12 million disbursement from the Tobacco Settlement Fund to the Tobacco and Health Trust Fund. Beginning in FY 18, it reduces the disbursement to

\$6 million per year, thus making permanent the temporary reduction to the disbursement made for FY 14 and FY 15.

The bill also reduces, from \$10 million to \$5 million, the FY 16 disbursement from the Tobacco Settlement Fund to the Smart Start competitive grant account.

§ 30 — TRANSFERS FROM THE GENERAL FUND TO THE SPECIAL TRANSPORTATION FUND (STF)

Beginning in FY 17, the bill adjusts the amounts annually transferred from the General Fund to the STF, as shown in Table 6.

Table 6: Annual Transfers from the General Fund To STF (Millions)

<i>Fiscal Year</i>	<i>Current Law</i>	<i>Bill</i>	<i>Difference</i>
2017	\$162.8	\$137.8	(\$25)
2018	162.8	274.8	112
2019	162.8	417.8	255
2020 and thereafter	162.8	562.8	400

§ 31 — COMMUNITY INVESTMENT ACCOUNT (CIA)

From January 1, 2016 to June 30, 2017, the bill diverts to the General Fund, on a quarterly basis, 50% of the funds deposited in the CIA.

By law, the CIA contains land use document recording fees town clerks remit to the state treasurer. Money from the account is distributed quarterly to the agriculture sustainability account for milk producer grants and to the departments of (1) Economic and Community Development, for certain historic preservation purposes; (2) Housing, for affordable housing programs; (3) Energy and Environmental Protection, for municipal open space grants; and (4) Agriculture, for various agricultural and farmland preservation purposes.

§§ 32-33 — TRANSFERS TO THE GENERAL FUND

The bill transfers to the General Fund (1) \$2.5 million from the private occupational school student protection account in FY 16, on or before October 1, 2015, and (2) \$3 million from the municipal video competition trust account each fiscal year beginning in FY 16.

EFFECTIVE DATE: Upon passage, except the municipal video competition trust account transfer is effective July 1, 2015.

§§ 34-37 & 110 — PALLIATIVE MARIJUANA FEES

Under current law, all fees the Department of Consumer Protection (DCP) collects under its regulation of palliative marijuana are credited to the palliative marijuana administration account. The bill eliminates the account and requires the fees to be credited to the General Fund.

§§ 38-40 — BEER GROWLERS

The bill allows restaurant, café, and tavern alcohol permittees to sell at retail permittee-provided sealed containers of draught beer for off-premises consumption.

These retail sales are limited to (1) four liters of beer per day to any individual and (2) the authorized hours for off-premises alcohol consumption sales. By law, off-premises sale and dispensing of alcohol are allowed only on Monday to Saturday from 8:00 a.m. to 9:00 p.m. and Sundays from 10:00 a.m. to 5:00 p.m. Permittees cannot sell or dispense alcohol for off-premises consumption on Thanksgiving Day, New Year's Day, or Christmas Day.

EFFECTIVE DATE: Upon passage

§§ 41-44 — KENO

The bill allows the Connecticut Lottery Corporation (CLC) to offer Keno games, generally subject to the same requirements as other state lottery games, including those concerning lottery sales agents, advertisements, and prizes. In Keno, players win prizes by correctly guessing some of the numbers generated by a central computer system using a random number generator, wheel system, or other drawing device. Under the bill, Keno is not operated on a video facsimile machine.

Under the bill, the CLC may not operate Keno until the state, through the Office of Policy and Management (OPM), enters agreements with the Mashantucket Pequot and Mohegan tribes

regarding CLC's operation of Keno. The bill also gives CLC the exclusive right to operate and manage the sale of all lottery games in Connecticut, except on the Mashantucket Pequot and Mohegan reservations.

§ 45 — RENTAL SURCHARGE

Under current law, the state imposes a surcharge on short-term car, truck, and machinery rentals (i.e., 30 days or less). The surcharge is (1) 3% for car and truck rentals and (2) 1.5% for machinery rentals.

The bill limits the rental companies subject to the surcharge to people or businesses generating at least 51% of their total annual revenue from rentals, excluding retail or wholesale rental equipment sales. As under current law, the surcharge applies to companies that (1) are in the business of renting cars, trucks, or machinery and (2) have a fleet of at least five cars, trucks, or pieces of machinery in Connecticut.

Under current law, the 1.5% surcharge applies to rentals for 30 days or less of heavy construction, mining, and forestry equipment without an operator. The bill expands it to cover (1) all equipment a rental company owns and (2) rentals of 364 days or less. It eliminates a provision specifying that the rental period for the equipment runs from the date the machinery is rented to the date it is returned to the rental company.

By law, the surcharge reimburses the rental company for Connecticut property taxes and Department of Motor Vehicles (DMV) licensing and titling fees paid on the equipment. The company must annually report to DRS on (1) the aggregate amounts of personal property taxes paid to towns and registration and titling fees paid to DMV, and (2) the aggregate amount of rental surcharges collected in the previous year on the rental machinery, along with any other information DRS requires. The bill requires the amounts and information to be submitted in a consolidated report.

§§ 46-49 — SALE AND MANUFACTURING OF ELECTRONIC CIGARETTES***Electronic Nicotine Delivery Systems and Vapor Products (§ 46)***

By law, an “electronic nicotine delivery system” is an electronic device used to simulate smoking while delivering nicotine or another substance to a person who inhales from it. Under current law, delivery systems include electronic (1) cigarettes; (2) cigars; (3) cigarillos; (4) pipes; (5) hookahs; and (6) related devices, cartridges, or other components. The bill expands this list to include electronic cigarette liquid used in such a delivery system or vapor product.

Under existing law, a “vapor product” uses a heating element; power source; electronic circuit; or other electronic, chemical, or mechanical means, regardless of shape or size, to produce a vapor the user inhales. The vapor may or may not include nicotine.

Existing law bans (1) people from selling, giving, or delivering such systems or products to minors and (2) minors from buying or possessing them in public.

Dealer and Manufacturer Registration (§§ 47-48)

Beginning March 1, 2016, the bill requires electronic nicotine delivery system dealers and manufacturers to register with DCP and annually renew their registration in order to sell or manufacture an electronic nicotine delivery system or vapor product. Under the bill, a manufacturer is anyone who mixes, compounds, repackages, or resizes any nicotine-containing electronic nicotine delivery system or vapor product.

Application. Beginning January 1, 2016, anyone seeking a dealer or manufacturer registration or registration renewal must apply to DCP, using a DCP-prescribed form. The application must include (1) the applicant’s name and address; (2) the business’ location; (3) a financial statement detailing any business transactions connected to the application; (4) the applicant’s criminal convictions; and (5) proof that the business location will meet state and local building, fire, and

zoning requirements. The bill authorizes DCP to conduct an investigation to determine whether to issue an applicant's registration.

The DCP commissioner must issue the registration within 30 days after the application date, unless he finds that the applicant (1) willfully made a materially false statement in the registration application or any other DCP-application, (2) owes state taxes, (3) was convicted of violating any state or federal cigarette or tobacco products tax laws, or (4) is not suitable because of his or her criminal record. The bill prohibits the commissioner from denying a registration due to a prior conviction of a crime except as permitted by law.

Fees. The bill requires applicants to pay a nonrefundable application fee of \$75, in addition to the \$400 annual fee for registered dealers and manufacturers. There is no application fee to renew a registration.

Dealer Posting Requirement. The bill requires dealers to post their registrations in a prominent location next to the electronic nicotine delivery system products or vapor products they sell.

Transferability and Attachment. A registration is not transferable under the bill, except for when a registered dealer or manufacturer dies, in which case the registration transfers to his or her estate.

The bill provides that a dealer or manufacturer registration is not property or subject to attachment and execution.

Partnerships. Under the bill, if the registration is issued to a partnership and the partnership adds one or more new partners, it must submit a new application and pay new application and annual fees. If one or more of the partners dies or retires, the remaining partners do not need to file a new application or pay an additional fee for the registration's unexpired portion. But they must notify DCP of the change, and DCP must endorse the registration to reflect the correct ownership.

Late Renewals. DCP may renew an expired registration if the

applicant pays both the annual fee and the standard late renewal penalty the commissioner may impose. By law, the penalty must equal 10% of the renewal fee and must be at least \$10 and no more than \$100.

Dealers and manufacturers subject to administrative or court proceedings are not eligible for a late renewal.

Fines and Penalties for Violations. The bill makes it illegal to manufacture, sell, offer for sale, or possess with intent to sell an electronic nicotine delivery system or vapor product without a manufacturer or dealer registration. The penalty for each knowing violation is a fine of up to \$50 per day. The commissioner may waive all or part of the fine if he is satisfied that the failure to obtain or renew the registration was due to reasonable cause.

Under the bill, the penalty is an infraction with a \$90 fine for a manufacturer or dealer who operates for no more than 90 days after his or her license expires.

Prior to imposing a penalty, the bill requires the DCP commissioner to notify the dealer or manufacturer of the violation and give 60 days to comply. He must send the notice, within available appropriations, with a certificate of mailing or a similar U.S. Postal Service form that verifies the date on which it was sent. (A certificate of mailing is a receipt that provides evidence of the date that mail was presented to the U.S. Postal Service for mailing.)

Suspending or Revoking a Registration. DCP may, at its discretion, suspend or revoke a registration. Anyone aggrieved by a denial, suspension, or revocation may appeal by following the appeal process for liquor sale permits.

Public Hearing (§ 49)

The bill requires the Public Health Committee to hold a public hearing on any proposed federal rule changes deeming tobacco products subject to the Food, Drug, and Cosmetic Act. The committee

must hold the hearing within 30 days after a rule becomes final and determine if Connecticut law needs to be changed to conform to this rule.

EFFECTIVE DATE: January 1, 2016, except the provision requiring the public hearing takes effect upon passage.

§§ 50-75 — DPH LICENSE RENEWAL FEES

The bill (1) increases by \$5 license renewal fees for various DPH-licensed professionals, as shown in Table 7, and (2) directs the revenue generated to fund the professional assistance program for DPH-regulated professionals (currently, the Health Assistance InterVention Education Network (HAVEN)). By law, the program is an alternative, voluntary, and confidential rehabilitation program that provides support services to health professionals with a chemical dependency, emotional or behavioral disorder, or physical or mental illness.

The DPH commissioner must certify the amount of revenue received as a result of the fee increase each January, April, July, and October and transfer it to the professional assistance program account, which the bill establishes. She must use the funds to provide grants to program providers and medical review committees under the assistance program.

Table 7: DPH License Renewals Subject To Fee Increase

§	License Renewal	Current Fee	Proposed Fee
50	Dentist	570	575
50	Optometrist	375	380
50	Midwife	15	20
50	Dental hygienist	100	105
50	Physician	570	575
50	Surgeon	570	575
50	Podiatrist	565	570
50	Chiropractic	565	570
50	Naturopathic	565	570
50	Registered Nurse	105	110
50	Advanced Practice Registered Nurse	125	130
50	Licensed Practical Nurse	65	70

50	Nurse Midwife	125	130
50	Physical Therapist	100	105
50	Physical Therapist Assistant	60	65
50	Physician Assistant	150	155
50, 58	Perfusionist	315	320
51	Nursing home administrator	200	205
52	Athletic trainer	200	205
53	Radiographer	100	105
54	Occupational therapist	200	205
54	Occupational therapy assistant	200	205
55	Alcohol and drug counselor	190	195
55	Certified alcohol and drug counselor	190	195
56	Licensed optician	200	205
57	Respiratory care practitioner	100	105
59	Psychologist	565	570
60	Marital and family therapist	315	320
61	Clinical social worker	190	195
61	Master social worker	190	195
62	Professional counselor	190	195
63	Veterinarian	565	570
64	Massage therapist	250	255
66	Dietician-nutritionist	100	105
67	Acupuncturist	250	255
68	Paramedic	150	155
69	Embalmer	110	115
69	Funeral director	230	235
69	Funeral services business inspection certificate	190	195
70	Electrologist	200	205
71	Audiologist	200	205
72	Hearing instrument specialist	250	255
73	Speech and language pathologist	200	205

§§ 76-101 — COMBINED REPORTING

The bill requires any company that is (1) a member of a corporate group of related companies meeting certain criteria and (2) subject to the Connecticut corporation tax (a “taxable member”) to determine its Connecticut corporation tax liability based on the net income or capital base of the entire group. Under the bill, a company must use this method of computing tax liability if it is part of a corporate group

engaged in a “unitary business,” as defined in the bill. Under current law, a company doing business in Connecticut that is part of a larger group determines its Connecticut net income separately but may file a combined return under certain circumstances.

Unitary Business and Combined Group (§ 76)

The bill defines a “unitary business” as a single economic enterprise that is interdependent, integrated, or interrelated enough through its activities to provide mutual benefit and produce significant sharing or exchanges of value among its entities or a significant flow of value among its separate parts. A unitary business can be either separate parts of a single entity or a group of separate entities under common ownership. Businesses conducted or connected through partnerships or S corporations (“pass-through entities”) may be considered unitary if they meet certain conditions.

Under the bill, businesses are considered to be under common ownership if the same entity or entities directly or indirectly own more than 50% of voting control of each of them. The owners do not themselves have to be members of the combined group. Indirect control must be determined according to the federal tax law.

A “combined group” is all the companies that (1) have common ownership, (2) are engaged in a unitary business, and (3) have at least one member that is subject to the Connecticut corporation tax.

Group Filing Requirements (§ 78)

For purposes of a unitary tax filing, the bill gives a combined group the option of determining its members' net income, capital base, and apportionment factors on a (1) world wide basis (i.e., including foreign affiliates) or (2) “affiliated group” basis (see below). The group’s designated taxable member must make a world wide or affiliated group election for unitary filing on an original, timely filed tax return for an income year. The election is binding for the income year in which it is made and the following 10 years.

If the group does not elect a world wide basis or affiliated group

basis, it must determine the net income, capital base, and apportionment factors of each of its taxable members on a “water’s-edge basis.” Under the bill, a water’s-edge basis means that a group must include the net income, capital base, and apportionment factors of nontaxable members only if they:

1. are incorporated in, or formed under the laws of, the United States, any state, the District of Columbia, or a U. S. territory or possession or
2. directly or indirectly earn more than 20% of their gross income from intangible property or service-related activities whose costs are generally deductible from federal taxes against the income of other group members, either currently or over a period of time. (These nontaxable members must be included only to the extent of this income and its related apportionment factors.)

Affiliated Group Election. Under the bill, an “affiliated group” is generally any group treated as an affiliated group for federal tax purposes (as described below), except that it also includes domestic corporations that are commonly owned, directly or indirectly, by any member of the group, regardless of whether the group includes corporations (1) included in more than one federal consolidated return, (2) engaged in one or more unitary business, or (3) not engaged in a unitary business with any other affiliated group member. A group making an affiliated group election must include the net income or loss and apportionment factors of all of its members that are subject to tax or would be if they were conducting business in the state, regardless of whether they are engaged in a unitary business.

Under federal tax law, an “affiliated group” is a group of corporations or corporate chains connected to the same parent corporation in which (1) one or more of the corporations included in the group directly owns at least 80% of the voting power and 80% of the total value of the common stock of each of the other included corporations and (2) their common parent directly owns at least 80% of

the voting power and 80% of the total value of the common stock of at least one of the included corporations (IRC § 1504).

Net Income and Capital Base (§ 77)

Net Income or Loss. When determining the total income or loss subject to apportionment for Connecticut corporation tax purposes, the bill requires the combined group to include and aggregate the following.

1. For each group member incorporated in the United States and included in a consolidated federal corporate return, its gross income minus Connecticut corporation tax deductions as if it were not consolidated for federal tax purposes.
2. For each group member not included in a consolidated federal return but required to file its own return, its gross income minus Connecticut corporation tax deductions.
3. For each member incorporated outside the United States, not included in a federal consolidated return and not required to file its own federal return, the income determined from regularly maintained profit and loss statements for each foreign office or branch adjusted on any reasonable basis to conform to U.S. accounting standards and expressed in U.S. dollars. Reasonable alternative procedures may be applied if the DRS commissioner determines that the reported income reasonably approximates the income determined under the Connecticut corporation tax law.
4. If the unitary business has income from a pass-through entity, the members' direct and indirect share of that entity's unitary business income.

Under current combined filings, most income and deductions from inter-company transactions within a combined group must be eliminated. The bill establishes requirements for treating the following income and deductions in a unitary filing.

1. Dividends paid by one group member to another must be eliminated.
2. Business income from an intercompany transaction with another group member must be deferred as required under federal tax rules unless the object of the transaction is sold or otherwise removed from the unitary business or the buyer and seller cease to be members of the same combined group.
3. Charitable expenses incurred by a group member may be deducted from the combined group's net income, subject to federal income limits applicable to the entire group's business income. If the part of the deduction is carried over to a later year, it must be treated in that year as incurred by the same group member.
4. Capital gains and losses must be combined for all members without netting among classes of gains and losses, apportioned to Connecticut, and applied to the income or loss of the Connecticut taxable members. If the deduction for a loss is limited and a loss carryover is required, the loss must be treated in a later year as being incurred by the same member.
5. Expenses directly or indirectly attributable to federally tax-exempt income must be disallowed in determining the combined group's net income.

Income Apportionment Factors. By law, multistate companies subject to the Connecticut corporation tax must apportion their net income or loss and alternate capital base using statutory apportionment formulas. Most companies must use a formula that combines the ratios of their property, payroll, and sales (receipts) in Connecticut to all their property, payroll, and sales. However, some types of businesses, including manufacturers, broadcasters, and financial institutions, are allowed to use a single factor apportionment formula based entirely on the ratio of their sales in Connecticut to all their sales.

In apportioning its income or loss for the Connecticut corporation tax, the bill requires each taxable member of a combined group to use the otherwise applicable Connecticut statutory apportionment percentage. It specifies how taxable members of the combined group must incorporate the property, payroll, and sales of nontaxable group members into the apportionment factors they use to apportion the group's income for purposes of the taxable members' Connecticut corporation tax liability.

Under the bill, though each taxable member's apportionment is based on the Connecticut apportionment formula that applies to that member, the taxable member must add in a share of the nontaxable members' sales, property, and payroll factors as follows.

1. Each taxable member must add to its sales factor numerator a share of the aggregate sales of the groups' nontaxable members. This share is the ratio of the taxable member's Connecticut sales to the Connecticut sales of all the group's taxable members.
2. The property and payroll factor denominators are the aggregate property and payrolls for the entire group, including taxable and nontaxable members, even if some group members are subject to single-factor apportionment (i.e., based on sales only).
3. Transactions between or among group members must be eliminated in determining the apportionment factors.

Once the applicable apportionment factors for each taxable member have been determined, they must be applied to the combined group's taxable income to determine each taxable member's net income or loss apportioned to Connecticut.

Net Operating Loss. Once it calculates its share of net income or loss apportioned to Connecticut, the bill allows each taxable group member to deduct its share of the group's net operating loss (NOL) from that income. It allows the following NOL carryovers.

1. For income years starting on or after January 1, 2015, if the

combined group's net income computation results in a net operating loss, the taxable members can carry forward the share apportioned to Connecticut consistent with NOL carryover limits (see § 22). If the taxable member has more than one NOL carryover, it must apply them in the order they were incurred, deducting the older one first. The bill allows a taxable member who has an NOL carryover derived from the combined group in an income year beginning on or after January 1, 2015, to share it with other taxable group members if they were part of the group when the loss was incurred. Any such sharing reduces the taxable member's original NOL carryover.

2. A taxable member can deduct an NOL carryover derived from either pre-January 1, 2015 losses or losses incurred before the taxable member joined the combined group and can share it with other members that were part of the same combined group in the year the loss was incurred.

Net Income Tax Calculation. As under current law, each taxable member must calculate its net income tax liability by multiplying its Connecticut apportioned net income or loss by the statutory corporation tax rate of 7.5%.

Capital Base Apportionment. By law, corporations must calculate their Connecticut corporation tax liability on the basis of both their net income and capital base and pay the higher of the two amounts.

The bill requires combined groups to determine their alternative capital bases by combining their separate bases, including those of the nontaxable members, as determined under current law, but excluding deductions for inter-corporate or private company stockholdings in the combined group. Group members that are financial services companies must calculate the value of their annual capital base as required by existing law.

A taxable member must apportion the combined group's capital base according to the ratio of the taxable member's individual capital

base to that of the combined capital bases of all taxable members of the group. As with the income apportionment, a share of the nontaxable members' capital bases must be included according to the ratio of the taxable member's Connecticut capital base to the combined Connecticut capital bases of all the group's taxable members.

As under existing law, the maximum aggregate tax calculated under the capital base method is \$1 million.

Minimum Tax. Under the bill, as under existing law, taxable members must pay a minimum tax of \$ 250 regardless of tax credits. In addition, no taxable member may use tax credits to reduce its tax liability by more than the applicable tax credit limit.

Tax Credits. The bill requires each taxable member to separately apply its tax credits, subject to the tax credit limit, but allows it to share tax credits and credit carryover with other taxable members under certain conditions.

The bill allows a taxable member to share tax credits it earns beginning on or after the 2015 income year with other taxable members in the group. Any credit amount used by another taxable member reduces the amount of credit carryover available to the taxable member that originally earned it. If the taxable member has a credit carryover derived from an income year beginning on or after 2015, it may share the carryover credit with the group's taxable members as long they were taxable members in the income year in which the credit was earned.

A taxable member with a credit carryover derived from an income year prior to 2015 or during which it was not a member of the combined group may (1) continue to use the carryover and (2) share it with other group members that were part of its combined group under current law.

Deduction for Certain Publicly-Traded Companies (§ 79)

The bill allows certain unitary groups to offset any increase in their

members' "net deferred tax liability" or decrease in their "net deferred tax assets" resulting from the newly imposed unitary reporting requirements. It does so by allowing them to deduct the increase or decrease from their net income over seven years, beginning in the 2018 income year.

Under the bill, a member's "net deferred tax liability" is the amount by which its deferred tax liabilities exceed the group's deferred tax assets, while its "net deferred tax assets" are its deferred tax assets that exceed the group's deferred tax liabilities. Both must be determined according to generally accepted accounting principles (GAAP).

The deduction applies only to unitary groups that are publicly-traded companies, including companies whose results are reported in a publicly-traded company's financial statements, prepared according to GAAP. From the 2018 to 2024 income years, such groups may deduct from their net income an amount equal to one-seventh of the amount necessary to offset the increase in net deferred tax liability or decrease in net deferred tax asset or the aggregate of both, resulting from unitary reporting. They may carry forward any excess deduction to future income years until it is fully utilized.

The groups must calculate the deduction regardless of its impact on federal taxes and without altering the tax basis of any asset. Any events that occur after the deduction is calculated, including the disposition or abandonment of assets, must not reduce it.

Annual Return (§ 94)

The bill requires a combined group to designate one of its Connecticut taxable members to file the unitary return and pay the tax on behalf of all its taxable members. To this end, the designated member may, on the taxable and nontaxable members' behalf, (1) sign a unitary return, (2) apply for filing extensions, (3) agree to an examination or assessment of the return, (4) make offers of compromise and closing agreements regarding tax liability, and (5) receive refunds and credits for tax overpayments.

A combined group member whose income year is different from that of the rest of the group must report amounts from its return for its income year that ends during the “group income year.” Under the bill, the “group income year is (1) the designated taxable member’s income year or (2) if two or more members in the group file in the same federal consolidated tax return, the income year used on the federal return. No such reporting is required until the beginning of the member's first income year starting on or after January 1, 2015.

The bill allows the designated taxable member to recover the payments from the other taxable members and prohibits those members from holding the designated taxable member liable for the payments. However, each taxable member of the combined group is jointly and severally liable for the taxes plus any interest, penalties, or additions due from any other taxable member.

A combined group required to name a designated member must give the DRS commissioner written notice of the selection by the date the tax is due. The commissioner must approve any change in the designated member.

The bill gives the commissioner the sole discretion to (1) send notices, make deficiency assessments, and provide tax refunds and credits to the designated member or any other group member and (2) require a unitary return to be filed electronically and any tax payment to be made by electronic funds transfer.

Estimated Tax (§ 100)

The bill applies estimated tax requirements to taxable members of combined groups required to file unitary returns. It makes the designated taxable member responsible for paying the estimated tax installments.

By law, corporations must pay the following percentages of their annual taxes by the following dates: 30% by March 15, 40% by June 15, 10% by October 15, and 20% by December 15. The bill extends the due dates for the first estimated tax payment for combined groups whose

2015 group income years start in January, February, or March 2015 to June 15, 2015; July 15, 2015; and August 15, 2015, respectively. Such groups must pay 70% (i.e., a combination of the first and second payment) of the required annual payment on those dates.

Under the bill, taxable members of combined groups required to file unitary returns are not subject to interest and penalties for underpaying estimated tax in 2015 if:

1. they pay estimated taxes equal to at least 90% of that shown on their unitary tax filing for the 2015 group income year or
2. if the 2014 income year was a 12-month year, the taxable members of the combined group pay estimated taxes of 100% of the tax liability, before credits, shown on either their individual separate 2014 returns or their optional 2014 combined return, as applicable.

Current Combined Reporting Provisions and Conforming Sections (§§ 80-93, 95-99, & 101)

Under current law, a corporate group doing business in Connecticut that files a consolidated federal corporate tax return has the option of filing a combined Connecticut return but first has to separately apportion each member's net income or capital base separately among the states where the member operates. The separately apportioned Connecticut shares of income and losses of group members doing business here are then combined to determine their corporation tax liability. The DRS commissioner can also require groups that do not file consolidated federal returns to file combined Connecticut reports under certain circumstances. The bill eliminates these combined return provisions for income years starting on or after January 1, 2015 (when the bill's unitary reporting requirements begin).

The bill makes additional statutory changes to conform to the mandatory unitary filing requirements and the elimination of current combined reporting provisions.

EFFECTIVE DATE: Upon passage and applicable to income years starting on or after January 1, 2015.

§ 102-107 — BUDGET RESERVE FUND

The bill establishes a mechanism for diverting projected surpluses in certain tax revenues to the Budget Reserve (i.e. “Rainy Day”) Fund (BRF). It establishes a (1) formula and process for calculating the revenue diversion and (2) Restricted Grants Fund (RGF) to hold the diverted funds until after the close of General Fund accounts each fiscal year, at which point they transfer to the BRF.

The bill applies to revenue (referred to as “combined revenue”) from the (1) corporation income tax and (2) personal income tax’s estimated and final payments (i.e., income tax revenue generated from taxpayers who make estimated income tax payments on a quarterly basis).

Threshold Level for BRF Deposits

Beginning in FY 16, the bill requires the state comptroller to annually certify the threshold level for BRF deposits using a formula based on (1) a 10-year average of the state’s combined revenue and (2) the rate of growth in combined revenue. Under the bill, a “10-year average” is the average amount of combined revenue in the 10 fiscal years preceding a given fiscal year.

Formula. The comptroller must determine the threshold using a three-step calculation. The first step is to calculate the 10-year average for the current fiscal year.

The second step is to calculate the rate of growth in combined revenue over the preceding 10 years. To do so, the comptroller must:

1. calculate the 10-year average for each fiscal year preceding the current fiscal year;
2. calculate, for each of these years, the difference between the actual combined revenue for the given fiscal year and the 10-

year average for that same fiscal year, divided by the 10-year average for that fiscal year (“differential”); and

3. take the average of these 10 differentials and add one.

The last step is to multiply the two numbers derived from steps one and two. The threshold level for BRF deposits is the product of this multiplication.

Certifying and Reporting the Threshold Level. Beginning in FY 16, the bill requires the comptroller to include a statement certifying the threshold level for the current fiscal year in the annual report he submits to the governor on the state's financial condition. By law, he must submit this report by September 30 and make a published copy available to the public by December 31.

The bill requires the OPM secretary and OFA director to annually report the comptroller’s certified threshold level by November 10, after adjusting for enacted laws projected to impact the estimated and final portion of the income tax or corporation income tax revenue by more than 1%. Presumably, the threshold is adjusted upward by the amount of a projected revenue increase and downward by the amount of a projected revenue decrease.

The OPM secretary and OFA director may (1) recalculate their threshold level adjustments to reflect any consensus revenue (see BACKGROUND) revisions in January and April impacting these revenue sources and (2) continue making the adjustments (a) for up to 10 fiscal years following the implementation of the law that created the revenue impact or (b) until there is no longer a revenue impact of more than 1%, whichever comes first. They must report any such revisions in their January and April consensus revenue estimates and include information on how (1) they determined the revenue impact and (2) used that information to adjust the threshold level.

The bill also requires the OPM secretary and OFA director to each report the estimated threshold level, using the bill’s formula, for the

three fiscal years following the current fiscal year.

Required Transfers from General Fund to RGF and BRF

Beginning in FY 17, the bill diverts, to the newly created RGF, projected surpluses in combined revenue based on January and April consensus revenue estimates. The bill requires the state treasurer to transfer the surpluses from the RGF to the BRF after the close of General Fund accounts each fiscal year. As with the BRF under existing law, the bill authorizes the treasurer to invest all or part of the RGF in certain statutorily prescribed investments and directs her to credit all investment interest to the General Fund.

January. The bill requires the state treasurer to transfer funds from the General Fund to the RGF if the January 15 consensus revenue estimate projects combined revenue for the current fiscal year that exceeds the threshold level. The treasurer must transfer the amount projected to exceed this level annually by January 31.

Under the bill, there is no transfer if (1) combined revenue is projected to be less than or equal to the threshold level or (2) the consensus revenue estimate for the current fiscal year projects a year-end General Fund deficit.

April. The bill requires the treasurer to adjust the amount diverted to the RGF in January based on the April 30 revised consensus estimate for combined revenue. It does so by requiring the state treasurer to transfer (1) additional funds from the General Fund to the RGF or (2) funds out of the RGF and back into the General Fund. In certain cases, it requires a transfer to the RGF after the April 30 estimate even if no transfer was made in January.

As Table 8 shows, the transfer depends on whether the (1) January estimate was more or less than the threshold level and (2) April estimate (a) increases or decreases the January estimate or (b) is more or less than the threshold level. The treasurer must transfer the required amounts to or from the RGF annually by May 15. As with the January estimate, there is no transfer if the April 30 estimate for the

current fiscal year projects a year-end General Fund deficit.

Table 8: Transfers Required Following April 30 Consensus Revenue Estimate

<i>January 15 Combined Revenue Projection</i>	<i>April 30 Combined Revenue Projection</i>	<i>Transfer Required Under the Bill</i>
Exceeded the threshold level	Revised upward	Difference between January and April combined revenue projection must be transferred to RGF
	Revised downward but still more than the threshold level for deposits	Difference between January and April combined revenue projection must be transferred from RGF to the General Fund
	Revised downward to a level less than the threshold level for deposits	Difference between January combined revenue projection and the threshold level must be transferred from RGF to the General Fund
Less than or equal to the threshold level	Revised upward to a level exceeding the threshold level	Difference between April combined revenue projection and threshold level must be transferred to the RGF
	Revised upward but remaining less than the threshold level	No transfer to RGF

Deficit Mitigation Plan. The bill authorizes the governor to direct the treasurer to transfer money in the RGF to the General Fund as part of a required deficit mitigation plan. By law, the governor must submit a deficit mitigation plan whenever the comptroller projects a current year deficit of more than 1% of General Fund appropriations.

Reducing or Eliminating Transfers to RGF or BRF. The bill requires at least three-fifths of the members of the Appropriations and Finance, Revenue and Bonding committees to approve any bill that, if passed, would reduce or eliminate the amount of any deposit to the BRF or RGF. It is unclear whether this provision is enforceable against future legislatures (see BACKGROUND).

BRF

Purpose. The bill expressly provides that the BRF is to be maintained and invested to reduce revenue volatility in the General

Fund and reduce the need for tax increases and state aid cuts due to economic changes.

Maximum Balance. The bill increases the BRF's maximum balance from 10% to 15% of net General Fund appropriations for the current fiscal year but appears to allow the balance to exceed 15% under certain circumstances. Specifically, if a required transfer to the BRF would cause the balance to exceed 15%, the bill appears to allow such a transfer to be made in whole, thus causing the balance to exceed 15%. As under existing law, once the BRF reaches the maximum, the treasurer may not transfer additional funds to it. Any remaining funds must go towards (1) the State Employee Retirement Fund's unfunded liability and (2) paying off outstanding state debt.

Authorized Use of Funds in the BRF. Beginning in FY 17, the bill provides statutory authority for the legislature to transfer funds from the BRF to the General Fund in the three fiscal years following a fiscal year in which the April 30 consensus revenue estimate projects a 2% drop in General Fund tax revenue from the current fiscal year to the next fiscal year.

Directing BRF Transfers to Pay Unfunded Pension Liability. By law, any unappropriated surplus that remains after the BRF reaches its maximum balance must be used for paying the State Employee Retirement Fund's unfunded liability. Beginning in FY 17, the bill additionally earmarks for that purpose a percentage of any amount transferred to the BRF. The percentage depends on the BRF's balance, as shown in Table 9.

Table 9: BRF Transfer Directed to Unfunded Pension Liabilities

<i>BRF's Balance as a % of Net General Fund Appropriations</i>	<i>Percentage of BRF Transfer Directed to State Employee Retirement Fund</i>
Less than 5%	5%
$5\% \leq \text{balance} < 10\%$	10%
$10\% \leq \text{balance} < 15\%$	15%

Reports to the Legislature and Governor

Beginning by December 15, 2020, and every five years thereafter, the bill requires the OPM secretary, OFA director, and state comptroller to each report to the Finance, Revenue and Bonding Committee and the governor on the bill's BRF deposit formula and include any recommended changes to the formula or BRF cap that are consistent with the BRF's purpose, as described above.

The reports must analyze the:

1. formula's impact on General Fund tax revenue volatility,
2. adequacy of the formula's required deposits to replace potential future revenue declines resulting from economic downturns,
3. amount of additional payments toward unfunded liability made as a result of the formula, and
4. adequacy of the BRF's cap.

§ 108 — TAX INCREMENT FINANCING (TIF) FOR HARTFORD DEVELOPMENT

TIF Bonds for Hartford Downtown North Development Project

With the State Bond Commission's approval, the bill requires Connecticut Innovations, Inc. (CI) to help finance Hartford's Downtown North Development Project by issuing bonds backed by incremental sales tax revenue the project generates. This incremental revenue includes lodgings tax revenue but not the sales tax revenue generated by the project's proposed stadium. The bill does not describe the project's end use, specify its location, or indicate its cost but requires CI to determine the amount of bonds it will issue for the project based its economic and revenue impact.

CI-Hartford Agreement

CI must enter into an agreement with Hartford under which incremental sales tax revenue generated by the Downtown North Development Project may be used to repay the bonds CI issued to help finance the project. CI must determine the amount of bonds it will

issue for the project based on its funding plan and impact on Hartford and the capital region. To help CI make this determination, Hartford must provide any information CI needs about the project, including:

1. the types of businesses proposed to be established in the project area;
2. the number of jobs that will be created or retained and their average wage rates;
3. feasibility studies, business plans, or other information needed to determine the project's financial viability;
4. the amount and types of bonds proposed for the project and how the proceeds will be used;
5. other sources for repaying the bonds, including incremental property tax revenue;
6. a description of the project area and the firms operating there;
7. an assessment of the project's local and regional economic impact and its projected incremental sales taxes;
8. an analysis of the infrastructure needed to support the project and any available funding sources; and
9. information that demonstrates the incremental sales tax revenue the project generates plus any funds Hartford provides are enough to repay the bonds.

The agreement (1) may require Hartford to reimburse CI for the cost of conducting the independent financial assessment described below and (2) must require Hartford to reimburse OPM for the annual independent financial analysis, which is also described below.

CI Review

CI must review the information Hartford provided about the project and obtain any other information it needs to determine the amount of

bonds it will issue for the project, whether the bonds can be repaid with the incremental sales taxes the project will generate, and how the project will affect the city and the region.

CI must also retain financial advisors and other experts it deems necessary to assess independently Hartford's information, including incremental sales tax projections, assessments of the project's economic viability, and whether the project will generate enough incremental revenue to repay the bonds.

Lastly, CI must prepare a revenue impact assessment that estimates the:

1. project's projected incremental sales tax revenues;
2. other state and local tax revenue the project will generate;
3. foregone sales tax revenue resulting from the project; and
4. the economic benefits resulting from the project's construction, including its revenue impact.

CI's board of directors must consider all of the above information to determine the amount and type of bonds it will issue to support the project, how Hartford must use the bond proceeds, and the amount of incremental sales tax revenue CI allocated for repaying the bonds' principal and interest. That amount cannot exceed the projected incremental sales taxes, and the bill deems that amount appropriated from the General Fund.

Besides issuing bonds for the project, CI can use any of its other powers to assist the project, including providing other forms of financial assistance, which, together with the bond proceeds, may be combined with other federal, state, and private funds to support the project.

Bond Authorization

CI may issue one or more taxable or tax-exempt bonds as the law

allows backed by incremental sales tax revenue and any funds Hartford contributes toward the project. It can also issue bonds to refund the initial ones. In conjunction with the state treasurer, CI, before issuing the bonds, must determine:

1. their interest rates;
2. maturity dates;
3. payment medium;
4. redemption terms and privileges;
5. whether CI will sell the bonds by negotiation or competitive sale; and
6. any other terms and conditions for issuing the bonds that are consistent with the bill, including pledging a special capital reserve to secure their repayment.

State Bond Commission Approval

CI cannot issue the bonds without the State Bond Commission's approval. It must notify the commission about the amount of bonds it proposes to issue for the project, and the commission may approve the issuance only if CI submits the proposal and the supporting information to the commission at least 10 days before it meets to consider the proposal. During that time, CI must also give the commission any other information it deems appropriate. The commission may consider the information from CI in deciding whether to approve the bonds, which require no subsequent approvals.

Bond Proceeds

CI may grant the bond proceeds to the city, which may use them to acquire, construct, or equip the project. It may also allow Hartford to use an unspecified portion of the proceeds to implement or administer redevelopment or development plans the law authorizes.

Repaying Bonds

While the bonds are outstanding, the treasurer must make principal and interest payments to the trustee when they are due, up to the amounts deemed appropriated for that year from the General Fund.

Hartford may contribute incremental property tax revenues toward repaying the bonds according to the method the statutes prescribe for using such revenues to repay municipal bonds issued to finance redevelopment or municipal development projects. That method allows municipalities to use the increase in property tax revenue generated by property that was improved under a redevelopment or municipal development plan to repay the municipal bonds issued to finance development activities the plans authorize (CGS §§ 8-134a and 8-192a).

Annual Report

By July 1 during each year that the bonds are outstanding, CI must report to Hartford's mayor and the OPM secretary about the project's operations, finances, and progress toward meeting the project's economic development objectives. In doing so, CI must review and evaluate the project's progress, devising and using forecasting techniques and relevant performance indices. The review must:

1. compare actual and estimated expenditures;
2. identify significant cost overruns;
3. track the number of jobs the project created or expects to create;
4. determine the actual or estimated job creation costs for CI;
5. calculate the private dollars invested in the project, the private investment it stimulated, and how those direct and indirect investments compare to the public investment;
6. determine the number of new businesses and jobs that were created; and

7. assess how the project affected tourism.

Annual Independent Revenue Analysis

By July 1 during each year that the bonds are outstanding, OPM must hire independent financial analysts to assess the project's financial status, including whether the:

1. actual incremental sales tax revenue meets the projected revenue,
2. project is economically viable, and
3. incremental sales tax and other revenue sources are generating enough revenue to repay the bonds.

BACKGROUND

Consensus Revenue Estimates

By law, the OPM secretary and OFA director must annually issue consensus revenue estimates by November 10 and any necessary consensus revisions of those estimates by January 15 and April 30. The estimates must (1) cover the current biennium and the three following years and (2) be the basis for the governor's proposed budget and the revenue statement included in the budget act the legislature passes.

Legislative Entrenchment

Legislative entrenchment refers to one legislature restricting a future legislature's ability to enact legislation. For example, CGS § 2-35 previously prohibited appropriations bills from containing general legislation. (This provision has since been repealed.) In *Patterson v. Dempsey*, 152 Conn. 431 (1965), the Connecticut Supreme Court held that this provision of CGS § 2-35 was unenforceable, writing that, "to hold otherwise would be to hold that one General Assembly could effectively control the enactment of legislation by a subsequent General Assembly. This obviously is not true, except where vested rights, protected by the constitution, have accrued under the earlier act."

Related Bills

sSB 1, reported favorably by the Planning and Development and Finance, Revenue and Bonding committees, establishes a mechanism for sharing state sales and use tax revenue in the Municipal Revenue Sharing Account with municipalities and the state's nine regional councils of government.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 27 Nay 21 (04/30/2015)