



House of Representatives

File No. 855

General Assembly

January Session, 2015

(Reprint of File No. 750)

House Bill No. 6996
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 18, 2015

***AN ACT CONCERNING REGISTRATION REQUIREMENTS RELATED
TO THE DRY CLEANING ESTABLISHMENT SURCHARGE.***

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

1 Section 1. Subsection (b) of section 12-263m of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2015*):

4 (b) (1) There shall be paid to the Commissioner of Revenue Services
5 by each dry cleaning establishment a surcharge of one per cent of its
6 gross receipts at retail for any dry cleaning service performed on or
7 after January 1, 1995. Each [such] dry cleaning establishment shall
8 register with the Commissioner of Revenue Services on forms
9 prescribed by [him.] the commissioner. Each dry cleaning
10 establishment that is registered with the commissioner shall renew its
11 registration with the commissioner on October 1, 2015, and annually
12 thereafter, in such manner as the commissioner may prescribe. The
13 commissioner shall send a nonrenewal notice by first class mail to each
14 dry cleaning establishment that fails to renew its registration in

15 accordance with the provisions of this subsection. No dry cleaning
16 establishment may engage in or transact business as a dry cleaning
17 establishment unless it is registered with the commissioner in
18 accordance with the provisions of this subsection.

19 (2) (A) Any dry cleaning establishment that fails to register with the
20 commissioner in accordance with the provisions of this subsection
21 shall pay a penalty of one thousand dollars, which penalty shall not be
22 subject to waiver.

23 (B) Any dry cleaning establishment that fails to renew its
24 registration within forty-five days after a nonrenewal notice was sent
25 pursuant to subdivision (1) of this subsection shall pay a penalty of
26 two hundred dollars, which the commissioner may waive, subject to
27 the provisions of section 12-3a, when it is proven to the commissioner's
28 satisfaction that the failure to register was due to reasonable cause and
29 was not intentional or due to neglect. No penalty may be assessed
30 under this subparagraph more than once during any registration
31 period.

32 (3) Each [such] dry cleaning establishment shall submit a return
33 quarterly to the Commissioner of Revenue Services, applicable with
34 respect to the calendar quarter beginning January 1, 1995, and each
35 calendar quarter thereafter, on or before the last day of the month
36 immediately following the end of each such calendar quarter, on a
37 form prescribed by the commissioner, together with payment of the
38 quarterly surcharge determined and payable in accordance with the
39 provisions of this section. Whenever such surcharge is not paid when
40 due, a penalty of ten per cent of the amount due or fifty dollars,
41 whichever is greater, shall be imposed, and such surcharge shall bear
42 interest at the rate of one per cent per month or fraction thereof until
43 the same is paid. The Commissioner of Revenue Services shall cause
44 copies of a form prescribed for submitting returns as required under
45 this section to be distributed to persons subject to the surcharge.
46 Failure to receive such form shall not be construed to relieve anyone
47 subject to the surcharge under this section from the obligations of

48 submitting a return, together with payment of such surcharge within
 49 the time required. The provisions of sections 12-548 to 12-554,
 50 inclusive, and sections 12-555a and 12-555b shall apply to the
 51 provisions of this section in the same manner and with the same force
 52 and effect as if the language of said sections 12-548 to 12-554, inclusive,
 53 and sections 12-555a and 12-555b had been incorporated in full into
 54 this section and had expressly referred to the surcharge imposed under
 55 this section, except to the extent that any such provision is inconsistent
 56 with a provision of this section and except that the term "tax" shall be
 57 read as "dry cleaning establishment surcharge".

58 (4) Any moneys received by the state pursuant to this section shall
 59 be deposited into the account established pursuant to subsection (c) of
 60 this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2015	12-263m(b)

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:

Agency Affected	Fund-Effect	FY 16 \$	FY 17 \$
Department of Revenue Services	GF - Potential Revenue Gain	Less than 10,000	Less than 10,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill establishes an annual registration renewal process for dry cleaning establishments subject to the Dry Cleaning Surcharge, and a \$1,000 penalty for each registration violation, as well as \$200 late payment penalty for renewals. It is anticipated that fewer than ten such violations would occur in any given year. As such, the bill results in a potential revenue gain of less than \$10,000 annually to the Dry Cleaning Remediation Account beginning in FY 16.

There are currently approximately 460 dry cleaning establishments paying a total of \$650,000 annually under the Dry Cleaning Surcharge.

House "A" adds a \$200 late payment penalty provision, which may be waived by the Revenue Services commissioner.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**HB 6996 (as amended by House "A")*****AN ACT CONCERNING REGISTRATION REQUIREMENTS
RELATED TO THE DRY CLEANING ESTABLISHMENT
SURCHARGE****SUMMARY:**

By law, dry cleaning businesses must register with the revenue services commissioner and pay a 1% surcharge on their dry cleaning retail gross receipts. This bill imposes a \$1,000 penalty each time they fail to register and prohibits them from providing dry cleaning services until they register. The commissioner may not waive the penalty.

Annually, beginning in 2015, dry cleaning businesses must also renew their registrations, by October 1, as the commissioner specifies. He must send a "nonrenewal notice" to each business that fails to renew its registration, and those that fail to renew within 45 days of the notice face a \$200 penalty, which the commissioner may impose once during any registration period.

The commissioner may waive the renewal penalty if he is satisfied that the failure was unintentional or not due to neglect, but to reasonable cause. It appears that the Penalty Review Committee must approve the waiver. By law, this committee must approve waivers over \$1,000 (CGS § 12-3a). The committee consists of the revenue services commissioner, comptroller, and Office of Policy and Management secretary or their representatives.

By law, the revenue the dry cleaning surcharge generates funds grants for preventing, containing, or remediating pollution resulting from the hazardous chemicals used in dry cleaning. Eligible dry cleaners may apply for these grants to the Department of Economic

and Community Development.

*House Amendment "A" creates a separate \$200 penalty for failing to renew, limits its imposition to once per renewal period, and specifies conditions under which the commissioner may waive the penalty.

EFFECTIVE DATE: July 1, 2015

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 38 Nay 0 (04/16/2015)