



House of Representatives

General Assembly

File No. 661

February Session, 2016

Substitute House Bill No. 5637

House of Representatives, April 18, 2016

The Committee on Finance, Revenue and Bonding reported through REP. BERGER of the 73rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT MAKING MINOR AND CONFORMING CHANGES TO CERTAIN TAX STATUTES.

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

1 Section 1. Section 12-18b of the 2016 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2016*):

4 (a) For purposes of this section:

5 (1) "College and hospital property" means all real property
6 described in subsection (a) of section 12-20a;

7 (2) "District" means any district, as defined in section 7-324;

8 (3) "Qualified college and hospital property" means college and
9 hospital property described in subparagraph (B) of subdivision (2) of
10 subsection (b) of this section;

11 (4) "Qualified state, municipal or tribal property" means state,
12 municipal or tribal property described in subparagraphs (A) to (G),
13 inclusive, of subdivision (1) of subsection (b) of this section;

14 (5) "Municipality" means any town, city, borough, consolidated
15 town and city and consolidated town and borough;

16 (6) "Select college and hospital property" means college and hospital
17 property described in subparagraph (A) of subdivision (2) of
18 subsection (b) of this section;

19 (7) "Select payment in lieu of taxes account" means the account
20 established pursuant to section 12-18c, as amended by this act;

21 (8) "Select state property" means state property described in
22 subparagraph (H) of subdivision (1) of subsection (b) of this section;

23 (9) "State, municipal or tribal property" means all real property
24 described in subsection (a) of section 12-19a;

25 (10) "Tier one districts or municipalities" means the ten districts or
26 municipalities with the highest percentage of tax exempt property on
27 the list of municipalities prepared by the Secretary of the Office of
28 Policy and Management pursuant to subsection (c) of this section and
29 having a mill rate of twenty-five mills or more;

30 (11) "Tier two districts or municipalities" means the next twenty-five
31 districts or municipalities after tier one districts or municipalities with
32 the highest percentage of tax exempt property on the list of
33 municipalities prepared by the Secretary of the Office of Policy and
34 Management pursuant to subsection (c) of this section and having a
35 mill rate of twenty-five mills or more;

36 (12) "Tier three districts or municipalities" means all districts and
37 municipalities not included in tier one districts or municipalities or tier
38 two districts or municipalities;

39 (13) "Tier one municipalities" means the ten municipalities with the

40 highest percentage of tax exempt property on the list of municipalities
41 prepared by the Secretary of the Office of Policy and Management
42 pursuant to subsection (c) of this section and having a mill rate of
43 twenty-five mills or more;

44 (14) "Tier two municipalities" means the next twenty-five
45 municipalities after tier one municipalities with the highest percentage
46 of tax exempt property on the list of municipalities prepared by the
47 Secretary of the Office of Policy and Management pursuant to
48 subsection (c) of this section and having a mill rate of twenty-five mills
49 or more; [and]

50 (15) "Tier three municipalities" means all municipalities not
51 included in tier one municipalities or tier two municipalities; and

52 (16) "Mill rate" means the mill rate on real property and personal
53 property other than motor vehicles.

54 (b) Notwithstanding the provisions of sections 12-19a and 12-20a, all
55 funds appropriated for state grants in lieu of taxes shall be payable to
56 municipalities and districts pursuant to the provisions of this section.
57 On or before January first, annually, the Secretary of the Office of
58 Policy and Management shall determine the amount due, as a state
59 grant in lieu of taxes, to each municipality and district in this state
60 wherein college and hospital property is located and to each
61 municipality in this state wherein state, municipal or tribal property,
62 except that which was acquired and used for highways and bridges,
63 but not excepting property acquired and used for highway
64 administration or maintenance purposes, is located.

65 (1) The grant payable to any municipality for state, municipal or
66 tribal property under the provisions of this section in the fiscal year
67 ending June 30, 2017, and each fiscal year thereafter shall be equal to
68 the total of:

69 (A) One hundred per cent of the property taxes that would have
70 been paid with respect to any facility designated by the Commissioner

71 of Correction, on or before August first of each year, to be a
72 correctional facility administered under the auspices of the
73 Department of Correction or a juvenile detention center under
74 direction of the Department of Children and Families that was used for
75 incarcerative purposes during the preceding fiscal year. If a list
76 containing the name and location of such designated facilities and
77 information concerning their use for purposes of incarceration during
78 the preceding fiscal year is not available from the Secretary of the State
79 on August first of any year, the Commissioner of Correction shall, on
80 said date, certify to the Secretary of the Office of Policy and
81 Management a list containing such information;

82 (B) One hundred per cent of the property taxes that would have
83 been paid with respect to that portion of the John Dempsey Hospital
84 located at The University of Connecticut Health Center in Farmington
85 that is used as a permanent medical ward for prisoners under the
86 custody of the Department of Correction. Nothing in this section shall
87 be construed as designating any portion of The University of
88 Connecticut Health Center John Dempsey Hospital as a correctional
89 facility;

90 (C) One hundred per cent of the property taxes that would have
91 been paid on any land designated within the 1983 Settlement
92 boundary and taken into trust by the federal government for the
93 Mashantucket Pequot Tribal Nation on or after June 8, 1999;

94 (D) Subject to the provisions of subsection (c) of section 12-19a,
95 sixty-five per cent of the property taxes that would have been paid
96 with respect to the buildings and grounds comprising Connecticut
97 Valley Hospital in Middletown;

98 (E) With respect to any municipality in which more than fifty per
99 cent of the property is state-owned real property, one hundred per cent
100 of the property taxes that would have been paid with respect to such
101 state-owned property;

102 (F) Forty-five per cent of the property taxes that would have been

103 paid with respect to all municipally owned airports; except for the
104 exemption applicable to such property, on the assessment list in such
105 municipality for the assessment date two years prior to the
106 commencement of the state fiscal year in which such grant is payable.
107 The grant provided pursuant to this section for any municipally
108 owned airport shall be paid to any municipality in which the airport is
109 located, except that the grant applicable to Sikorsky Airport shall be
110 paid one-half to the town of Stratford and one-half to the city of
111 Bridgeport;

112 (G) Forty-five per cent of the property taxes that would have been
113 paid with respect to any land designated within the 1983 Settlement
114 boundary and taken into trust by the federal government for the
115 Mashantucket Pequot Tribal Nation prior to June 8, 1999, or taken into
116 trust by the federal government for the Mohegan Tribe of Indians of
117 Connecticut, provided the real property subject to this subparagraph
118 shall be the land only, and shall not include the assessed value of any
119 structures, buildings or other improvements on such land; and

120 (H) Forty-five per cent of the property taxes that would have been
121 paid with respect to all other state-owned real property.

122 (2) (A) The grant payable to any municipality or district for college
123 and hospital property under the provisions of this section in the fiscal
124 year ending June 30, 2017, and each fiscal year thereafter shall be equal
125 to the total of seventy-seven per cent of the property taxes that, except
126 for any exemption applicable to any [institution of higher education or
127 general hospital facility] college and hospital property under the
128 provisions of section 12-81, would have been paid with respect to
129 college and hospital property on the assessment list in such
130 municipality or district for the assessment date two years prior to the
131 commencement of the state fiscal year in which such grant is payable;
132 and

133 (B) Notwithstanding the provisions of subparagraph (A) of this
134 subdivision, the grant payable to any municipality or district with
135 respect to a campus of the United States Department of Veterans

136 Affairs Connecticut Healthcare Systems shall be one hundred per cent.

137 (c) The Secretary of the Office of Policy and Management shall list
138 municipalities, boroughs and districts based on the percentage of real
139 property on the 2012 grand list of each municipality that is exempt
140 from property tax under any provision of the general statutes other
141 than that property described in subparagraph (A) of subdivision (1) of
142 subsection (b) of this section. Boroughs and districts shall have the
143 same ranking as the town, city, consolidated town and city or
144 consolidated town and borough in which such borough or district is
145 located.

146 (d) For the fiscal year ending June 30, 2017, in the event that the total
147 of grants payable to each municipality and district in accordance with
148 the provisions of subsection (b) of this section exceeds the amount
149 appropriated for the purposes of said subsection (b) for said fiscal year:
150 (1) The amount of the grant payable to each municipality for state,
151 municipal or tribal property and to each municipality or district for
152 college and hospital property shall be reduced proportionately,
153 provided the percentage of the property taxes payable to a
154 municipality or district with respect to such property shall not be
155 lower than the percentage paid to the municipality or district for such
156 property for the fiscal year ending June 30, 2015; and (2) certain
157 municipalities and districts shall receive an additional payment in lieu
158 of taxes grant payable from the select payment in lieu of taxes account.
159 The total amount of the grant payment is as follows:

T1	Municipality/District	Grant Amount
T2	Ansonia	20,543
T3	Bridgeport	3,236,058
T4	Chaplin	11,177
T5	Danbury	620,540
T6	Deep River	1,961
T7	Derby	138,841
T8	East Granby	9,904
T9	East Hartford	214,997
T10	Hamden	620,903
T11	Hartford	12,422,113

T12	Killingly	46,615
T13	Ledyard	3,012
T14	Litchfield	13,907
T15	Mansfield	2,630,447
T16	Meriden	259,564
T17	Middletown	727,324
T18	Montville	26,217
T19	New Britain	2,085,537
T20	New Haven	15,246,372
T21	New London	1,356,780
T22	Newington	176,884
T23	North Canaan	4,393
T24	Norwich	259,862
T25	Plainfield	16,116
T26	Simsbury	21,671
T27	Stafford	43,057
T28	Stamford	552,292
T29	Suffield	53,767
T30	Wallingford	61,586
T31	Waterbury	3,284,145
T32	West Hartford	211,483
T33	West Haven	339,563
T34	Windham	1,248,096
T35	Windsor	9,660
T36	Windsor Locks	32,533
T37	Borough of Danielson (Killingly)	2,232
T38	Borough of Litchfield	143
T39	Middletown: South Fire District	1,172
T40	Plainfield - Plainfield Fire District	309
T41	West Haven First Center (D1)	1,187
T42	West Haven: Allingtown FD (D3)	53,053
T43	West Haven: West Shore FD (D2)	35,065

160 (e) (1) For the fiscal year ending June 30, 2018, and each fiscal year
 161 thereafter, in the event that the total of grants payable to each
 162 municipality and district in accordance with the provisions of
 163 subsection (b) of this section exceeds the amount appropriated for the
 164 purposes of said subsection (b) for said fiscal years:

165 (A) The amount of the grant payable to each municipality for
 166 qualified state, municipal or tribal property and to each municipality

167 or district for qualified college and hospital property shall be reduced
168 proportionately, provided the percentage of the property taxes payable
169 to a municipality or district with respect to such property shall not be
170 lower than the percentage paid to the municipality or district for such
171 property for the fiscal year ending June 30, 2015;

172 (B) The amount of the grant payable to each municipality or district
173 for select college and hospital property shall be reduced as follows: (i)
174 Tier one districts or municipalities shall each receive a grant in lieu of
175 taxes equal to forty-two per cent of the property taxes that, except for
176 any exemption applicable to any college and hospital property under
177 the provisions of section 12-81, would have been paid to such
178 municipality or district [on] with respect to select college and hospital
179 property; (ii) tier two districts or municipalities shall each receive a
180 grant in lieu of taxes equal to thirty-seven per cent of the property
181 taxes that, except for any exemption applicable to any college and
182 hospital property under the provisions of section 12-81, would have
183 been paid to such municipality or district [on] with respect to select
184 college and hospital property; and (iii) tier three districts or
185 municipalities shall each receive a grant in lieu of taxes equal to thirty-
186 two per cent of the property taxes that, except for any exemption
187 applicable to any college and hospital property under the provisions of
188 section 12-81, would have been paid to such municipality or district
189 [on] with respect to select college and hospital property. Grants in
190 excess of thirty-two per cent of the property taxes that, except for any
191 exemption applicable to any college and hospital property under the
192 provisions of section 12-81, would have been paid to tier one districts
193 or municipalities and to tier two districts or municipalities [on] with
194 respect to select college and hospital property shall be payable from
195 the select payment in lieu of taxes account; and

196 (C) The amount of the grant payable to each municipality for select
197 state property shall be reduced as follows: (i) Tier one municipalities
198 shall each receive a grant in lieu of taxes equal to thirty-two per cent of
199 the property taxes that, except for any exemption applicable to any
200 state, municipal and tribal property under the provisions of section 12-

201 81, would have been paid to such municipality [for] with respect to
202 select state property; (ii) tier two municipalities shall each receive a
203 grant in lieu of taxes equal to twenty-eight per cent of the property
204 taxes that, except for any exemption applicable to any state, municipal
205 and tribal property under the provisions of section 12-81, would have
206 been paid to such municipality [for] with respect to select state
207 property; and (iii) tier three municipalities shall each receive a grant in
208 lieu of taxes equal to twenty-four per cent of the property taxes that,
209 except for any exemption applicable to any state, municipal and tribal
210 property under the provisions of section 12-81, would have been paid
211 to such municipality [for] with respect to select state property. Grants
212 in excess of twenty-four per cent of the property taxes that, except for
213 any exemption applicable to any state, municipal and tribal property
214 under the provisions of section 12-81, would have been paid to tier one
215 municipalities and to tier two municipalities [on] with respect to select
216 state property shall be payable from the select payment in lieu of taxes
217 account.

218 (2) In the event that the total of grants payable to each municipality
219 and district in accordance with the provisions of subsection (b) of this
220 section and subdivision (1) of this subsection exceeds the amount
221 appropriated for the purposes of said section and said subsection and
222 the amount available in the select payment in lieu of taxes account in
223 any fiscal year, the amount of the grant payable to each municipality
224 for state, municipal or tribal property and to each municipality or
225 district for college and hospital property shall be reduced
226 proportionately, provided (A) the grant payable to tier one districts or
227 municipalities for select college and hospital property shall be ten
228 percentage points more than the grant payable to tier three districts or
229 municipalities for such property, (B) the grant payable to tier two
230 districts or municipalities for select college and hospital property shall
231 be five percentage points more than the grant payable to tier three
232 districts or municipalities for such property, (C) the grant payable to
233 tier one municipalities for select state property shall be eight
234 percentage points more than the grant payable to tier three
235 municipalities for such property, and (D) the grant payable to tier two

236 municipalities for select state property shall be four percentage points
237 more than the grant payable to tier three municipalities for such
238 property. Grants to tier one municipalities or districts and grants to tier
239 two municipalities or districts in excess of grants paid to tier three
240 municipalities or districts [that would have been paid on select college
241 and hospital property] pursuant to this subsection shall be payable
242 from the select payment in lieu of taxes account. Grants to tier one
243 municipalities and grants to tier two municipalities in excess of grants
244 paid to tier three municipalities [that would have been paid on select
245 state property] pursuant to this subsection shall be payable from the
246 select payment in lieu of taxes account.

247 (f) Notwithstanding the provisions of subsections (a) to (d),
248 inclusive, of this section, for any municipality receiving payments
249 under section 15-120ss, property located in such municipality at
250 Bradley International Airport shall not be included in the calculation of
251 any state grant in lieu of taxes pursuant to this section.

252 (g) For purposes of this section, any real property which is owned
253 by the John Dempsey Hospital Finance Corporation established
254 pursuant to the provisions of sections 10a-250 to 10a-263, inclusive, or
255 by one or more subsidiary corporations established pursuant to
256 subdivision (13) of section 10a-254 and which is free from taxation
257 pursuant to the provisions of section 10a-259 shall be deemed to be
258 state-owned real property.

259 (h) The Office of Policy and Management shall report, in accordance
260 with the provisions of section 11-4a, to the joint standing committee of
261 the General Assembly having cognizance of matters relating to finance,
262 revenue and bonding, on or before July 1, 2017, and on or before July
263 first annually thereafter until July 1, 2020, with regard to the grants
264 distributed in accordance with this section, and shall include in such
265 reports any recommendations for changes in the grants.

266 Sec. 2. Section 12-18c of the 2016 supplement to the general statutes
267 is repealed and the following is substituted in lieu thereof (*Effective July*
268 *1, 2016*):

269 There is established an account to be known as the "select payment
270 in lieu of taxes account" which shall be a separate, nonlapsing account
271 within the General Fund. The account shall contain any moneys
272 required by law to be deposited in the account. Moneys in the account
273 shall be expended by the Office of Policy and Management for the
274 purposes of making select grants to municipalities and districts for
275 payments in lieu of taxes as provided for in subdivision (2) of
276 subsection (d) of [this section] section 12-18b, as amended by this act,
277 subparagraphs (B) and (C) of subdivision (1) of subsection (e) of
278 section 12-18b, as amended by this act, and subdivision (2) of
279 subsection (e) of section 12-18b, as amended by this act.

280 Sec. 3. Subsections (a) to (c), inclusive, of section 3-55j of the 2016
281 supplement to the general statutes are repealed and the following is
282 substituted in lieu thereof (*Effective from passage*):

283 (a) Twenty million dollars of the moneys available in the
284 Mashantucket Pequot and Mohegan Fund established by section 3-55i
285 shall be paid to municipalities eligible for a state grant in lieu of taxes
286 pursuant to subsection (b) of section 12-18b, as amended by this act, in
287 addition to the grants payable to such municipalities pursuant to
288 section 12-18b, as amended by this act, subject to the provisions of
289 subsection (b) of this section. Such grant shall be equal to that paid to
290 the municipality pursuant to this [section] subsection for the fiscal year
291 ending June 30, 2015. Any eligible special services district shall receive
292 a portion of the grant payable under this subsection to the town in
293 which such district is located. The portion payable to any such district
294 under this subsection shall be the amount of the grant to the town
295 under this subsection which results from application of the district mill
296 rate to exempt property in the district. As used in this subsection and
297 subsection (c) of this section, "eligible special services district" means
298 any special services district created by a town charter, having its own
299 governing body and for the assessment year commencing October 1,
300 1996, containing fifty per cent or more of the value of total taxable
301 property within the town in which such district is located.

302 (b) No municipality shall receive a grant pursuant to subsection (a)
303 of this section which, when added to the amount of the grant payable
304 to such municipality pursuant to subsection (b) of section 12-18b, as
305 amended by this act, would exceed one hundred per cent of the
306 property taxes which would have been paid with respect to all state-
307 owned real property, except for the exemption applicable to such
308 property, on the assessment list in such municipality for the
309 assessment date two years prior to the commencement of the state
310 fiscal year in which such grants are payable, except that,
311 notwithstanding the provisions of said subsection (a), no municipality
312 shall receive a grant pursuant to said subsection which is less than one
313 thousand six hundred sixty-seven dollars.

314 (c) Twenty million one hundred twenty-three thousand nine
315 hundred sixteen dollars of the moneys available in the Mashantucket
316 Pequot and Mohegan Fund established by section 3-55i shall be paid to
317 municipalities eligible for a state grant in lieu of taxes pursuant to
318 subsection (b) of section 12-18b, as amended by this act, in addition to
319 the grants payable to such municipalities pursuant to section 12-18b, as
320 amended by this act, subject to the provisions of subsection (d) of this
321 section. Such grant shall be equal to that paid to the municipality
322 pursuant to this [section] subsection for the fiscal year ending June 30,
323 2015. Any eligible special services district shall receive a portion of the
324 grant payable under this subsection to the town in which such district
325 is located. The portion payable to any such district under this
326 subsection shall be the amount of the grant to the town under this
327 subsection which results from application of the district mill rate to
328 exempt property in the district.

329 Sec. 4. Section 12-71e of the 2016 supplement to the general statutes
330 is repealed and the following is substituted in lieu thereof (*Effective*
331 *from passage*):

332 Notwithstanding the provisions of any special act, municipal
333 charter or home rule ordinance, for the assessment year commencing
334 October 1, 2015, and each assessment year thereafter, each

335 municipality and district shall tax motor vehicles in accordance with
336 this section. For the assessment year commencing October 1, 2015, the
337 mill rate for motor vehicles shall not exceed 32 mills. For the
338 assessment year commencing October 1, 2016, and each assessment
339 year thereafter, the mill rate for motor vehicles shall not exceed 29.36
340 mills. Any municipality or district may establish a mill rate for motor
341 vehicles that is different from its mill rate for real property and
342 personal property other than motor vehicles to comply with the
343 provisions of this section. No district or borough may set a motor
344 vehicle mill rate that if combined with the motor vehicle mill rate of
345 the municipality in which such district is located would result in a
346 combined motor vehicle mill rate above 32 mills for the assessment
347 year commencing October 1, 2015, or above 29.36 mills for the
348 assessment year commencing October 1, 2016, and each assessment
349 year thereafter. For the purposes of this section, "municipality" means
350 any town, city, borough, consolidated town and city, consolidated
351 town and borough and "district" means any district, as defined in
352 section 7-324.

353 Sec. 5. Section 12-63k of the 2016 supplement to the general statutes
354 is repealed and the following is substituted in lieu thereof (*Effective*
355 *from passage*):

356 (a) As used in this section:

357 (1) "Average increase in assessed value" means, for the assessment
358 years commencing October 1, 2012, October 1, 2013, and October 1,
359 2014, the average of the increase in assessed value of commercial and
360 industrial property, and personal property used exclusively for
361 commercial or industrial purposes;

362 (2) "Base year" means the assessment year commencing October 1,
363 2014;

364 (3) "Increase from the base year" means the assessed value of
365 commercial or industrial property for the current assessment year plus
366 the current assessment year assessed value of any personal property

367 acquired after the base year to be used exclusively for commercial or
368 industrial purposes, less the assessed value of the commercial or
369 industrial property for the base year; [and]

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

374 (5) "Mill rate" means the mill rate on real property and personal
375 property other than motor vehicles.

376 (b) (1) Notwithstanding any provision of the general statutes or any
377 special act, charter or home rule ordinance, a municipality that
378 contains an enterprise zone designated pursuant to section 32-70 may,
379 by vote of its legislative body, or in a municipality where the
380 legislative body is a town meeting, by vote of the board of selectmen,
381 provide that, for improvements to commercial or industrial property
382 that result in an increase from the base year, (A) the assessment of such
383 improvement shall be reduced as provided in subparagraph (B) of
384 subdivision (2) of this subsection, and (B) the increase in tax revenue
385 attributable to such improvement shall be allocated to reduce the
386 assessments and total tax imposed on commercial and industrial
387 properties located within the municipality as provided in
388 subparagraph (C) of subdivision (2) of this subsection. The reduced
389 assessments and allocations shall continue until the earlier of (i) the
390 assessment year in which the mill rate for the municipality is not more
391 than ten per cent greater than the average regional mill rate calculated
392 pursuant to subdivision (2) of this subsection, or (ii) a date determined
393 by such vote of the legislative body or the board of selectmen.

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

399 (B) With respect to an improvement to commercial or industrial
400 property that results in an increase from the base year of at least ten
401 thousand dollars, the assessor of such municipality shall annually (i)
402 determine the amount of the current assessment year increase in
403 assessed value of the property that exceeds the average increase in
404 assessed value with respect to the property, and (ii) reduce the
405 assessment of the amount determined under clause (i) of this
406 subparagraph to an amount that yields a total tax on such amount
407 equal to the tax that would be imposed at the applicable average
408 regional mill rate.

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

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

425 Sec. 6. Subparagraph (LL) of subdivision (37) of subsection (a) of
426 section 12-407 of the 2016 supplement to the general statutes is
427 repealed and the following is substituted in lieu thereof (*Effective from*
428 *passage*):

429 (LL) Services in connection with a cosmetic medical procedure. For
430 purposes of this subparagraph, "cosmetic medical procedure" means
431 any medical procedure performed on an individual that is directed at

432 improving the individual's appearance and that does not meaningfully
433 promote the proper function of the body or prevent or treat illness or
434 disease. "Cosmetic medical procedure" includes, but is not limited []
435 to, cosmetic surgery, hair transplants, cosmetic injections, cosmetic soft
436 tissue fillers, dermabrasion and chemical peel, laser hair removal, laser
437 skin resurfacing, laser treatment of leg veins and sclerotherapy.
438 "Cosmetic medical procedure" does not include reconstructive surgery.
439 "Reconstructive surgery" includes any surgery performed on abnormal
440 structures caused by or related to congenital defects, developmental
441 abnormalities, trauma, infection, tumors or disease, including
442 procedures to improve function or give a more normal appearance;

443 Sec. 7. Subsection (b) of section 2-36c of the 2016 supplement to the
444 general statutes is repealed and the following is substituted in lieu
445 thereof (*Effective October 1, 2016*):

446 (b) Not later than January fifteenth annually and April thirtieth
447 annually, the Secretary of the Office of Policy and Management and
448 the director of the legislative Office of Fiscal Analysis shall issue
449 revisions to the consensus revenue estimate developed pursuant to
450 subsection (a) of this section, or a statement that no revisions are
451 necessary. If no agreement on revisions to the consensus revenue
452 estimate revenue estimate is reached by the required date, (1) the
453 Secretary of the Office of Policy and Management and the director of
454 the legislative Office of Fiscal Analysis shall each issue a revised
455 estimate of state revenues for the current biennium and the next
456 ensuing three fiscal years, and (2) the Comptroller shall, not later than
457 five days after the failure to issue revisions to the consensus revenue
458 estimate, issue the revised consensus revenue estimate. In issuing the
459 revised consensus revenue estimate required by this subsection, the
460 Comptroller shall consider such revised revenue estimates provided
461 by the Office of Policy and Management and the legislative Office of
462 Fiscal Analysis, and shall issue the revised consensus revenue estimate
463 based on such revised revenue estimates, in an amount that is equal to
464 or between such revised revenue estimates.

465 Sec. 8. Subsection (b) of section 2-36c of the 2016 supplement to the
466 general statutes, as amended by section 168 of public act 15-244, is
467 repealed and the following is substituted in lieu thereof (*Effective July*
468 *1, 2019*):

469 (b) Not later than January fifteenth annually and April thirtieth
470 annually, the Secretary of the Office of Policy and Management and
471 the director of the legislative Office of Fiscal Analysis shall issue
472 revisions to the consensus revenue estimate developed pursuant to
473 subsection (a) of this section, or a statement that no revisions are
474 necessary. If no agreement on revisions to the consensus revenue
475 estimate revenue estimate is reached by the required date, (1) the
476 Secretary of the Office of Policy and Management and the director of
477 the legislative Office of Fiscal Analysis shall each issue a revised
478 estimate of state revenues for the current biennium and the next
479 ensuing three fiscal years, and (2) the Comptroller shall, not later than
480 five days after the failure to issue revisions to the consensus revenue
481 estimate, issue the revised consensus revenue estimate. In issuing the
482 revised consensus revenue estimate required by this subsection, the
483 Comptroller shall consider such revised revenue estimates provided
484 by the Office of Policy and Management and the legislative Office of
485 Fiscal Analysis, and shall issue the revised consensus revenue estimate
486 based on such revised revenue estimates, in an amount that is equal to
487 or between such revised revenue estimates.

488 Sec. 9. Subdivision (2) of subsection (f) of section 38a-88a of the 2016
489 supplement to the general statutes is repealed and the following is
490 substituted in lieu thereof (*Effective from passage*):

491 (2) The amount of the combined [unity] unitary tax for all
492 corporations properly included in a combined unitary tax return that is
493 attributable to the corporations that are treated as one taxpayer under
494 the provisions of this subsection shall be in the same ratio to such
495 combined unitary tax that the net income apportioned to this state of
496 each corporation treated as one taxpayer bears to the net income
497 apportioned to this state, in the aggregate, of all corporations included

498 in such combined unitary tax return. Solely for the purpose of
 499 computing such ratio, any net loss apportioned to this state by a
 500 corporation treated as one taxpayer or by a corporation included in
 501 such combined unitary tax return shall be disregarded.

502 Sec. 10. Subparagraph (B) of subdivision (9) of subsection (a) of
 503 section 12-700 of the 2016 supplement to the general statutes is
 504 repealed and the following is substituted in lieu thereof (*Effective from*
 505 *passage*):

506 (B) (i) For any person who files a return under the federal income
 507 tax for such taxable year as a head of household, as defined in Section
 508 2(b) of the Internal Revenue Code:

T1	Connecticut Taxable Income	Rate of Tax
T2	Not over \$16,000	3.0%
T3	Over \$16,000 but not	\$480.00, plus 5.0% of the
T4	over \$80,000	excess over \$16,000
T5	Over \$80,000 but not	\$3,680, plus 5.5% of the
T6	over \$160,000	excess over \$80,000
T7	Over \$160,000 but not	\$8,080, plus 6.0% of the
T8	over \$320,000	excess over \$160,000
T9	Over \$320,000 but not	\$17,680, plus 6.5% of the
T10	over \$400,000	excess over \$320,000
T11	Over \$400,000 but not	\$22,880, plus 6.9% of the
T12	over \$800,000	excess over \$400,000
T13	Over \$800,000	[\$50,400] <u>\$50,480</u> , plus 6.99% of
T14		the excess over \$800,000

509 (ii) Notwithstanding the provisions of subparagraph (B)(i) of this
 510 subdivision, for each taxpayer whose Connecticut adjusted gross
 511 income exceeds seventy-eight thousand five hundred dollars, the
 512 amount of the taxpayer's Connecticut taxable income to which the
 513 three-per-cent tax rate applies shall be reduced by one thousand six
 514 hundred dollars for each four thousand dollars, or fraction thereof, by
 515 which the taxpayer's Connecticut adjusted gross income exceeds said

516 amount. Any such amount of Connecticut taxable income to which, as
517 provided in the preceding sentence, the three-per-cent tax rate does
518 not apply shall be an amount to which the five-per-cent tax rate shall
519 apply.

520 (iii) Each taxpayer whose Connecticut adjusted gross income
521 exceeds three hundred twenty thousand dollars shall pay, in addition
522 to the tax computed under the provisions of subparagraphs (B)(i) and
523 (B)(ii) of this subdivision, an amount equal to one hundred forty
524 dollars for each eight thousand dollars, or fraction thereof, by which
525 the taxpayer's Connecticut adjusted gross income exceeds three
526 hundred twenty thousand dollars, up to a maximum payment of four
527 thousand two hundred dollars.

528 (iv) Each taxpayer whose Connecticut adjusted gross income
529 exceeds eight hundred thousand dollars shall pay, in addition to the
530 tax computed under the provisions of subparagraphs (B)(i), (B)(ii) and
531 (B)(iii) of this subdivision, an amount equal to eighty dollars for each
532 eight thousand dollars, or fraction thereof, by which the taxpayer's
533 Connecticut adjusted gross income exceeds eight hundred thousand
534 dollars, up to a maximum payment of seven hundred twenty dollars.

535 Sec. 11. Subparagraph (A) of subdivision (26) of subsection (a) of
536 section 12-407 of the 2016 supplement to the general statutes is
537 repealed and the following is substituted in lieu thereof (*Effective from*
538 *passage*):

539 (26) (A) "Telecommunications service" means the electronic
540 transmission, conveyance or routing of voice, image, data, audio, video
541 or any other information or signals to a point or between or among
542 points. "Telecommunications service" includes such transmission,
543 conveyance or routing in which computer processing applications are
544 used to act on the form, code or protocol of the content for purposes of
545 transmission, conveyance or routing without regard to whether such
546 service is referred to as a voice over Internet protocol service or is
547 classified by the Federal Communications Commission as enhanced or
548 value added. "Telecommunications service" does not include (i) value-

549 added nonvoice data services, (ii) radio and television audio and video
550 programming services, regardless of the medium, including the
551 furnishing of transmission, conveyance or routing of such services by
552 the programming service provider. Radio and television audio and
553 video programming services shall include, but not be limited to, cable
554 service as defined in 47 USC 522(6), audio and video programming
555 services delivered by commercial mobile radio service providers, as
556 defined in 47 CFR 20, and video programming service by certified
557 competitive video service providers, (iii) any telecommunications
558 service (I) rendered by a company in control of such service when
559 rendered for private use within its organization, or (II) used, allocated
560 or distributed by a company within its organization, including in such
561 organization affiliates, as defined in section 33-840, for the purpose of
562 conducting business transactions of the organization if such service is
563 purchased or leased from a company rendering telecommunications
564 service and such purchase or lease is subject to tax under this chapter,
565 (iv) access or interconnection service purchased by a provider of
566 telecommunications service from another provider of such service for
567 purposes of rendering such service, provided the purchaser submits to
568 the seller a certificate attesting to the applicability of this exclusion,
569 upon receipt of which the seller is relieved of any tax liability for such
570 sale so long as the certificate is taken in good faith by the seller, (v)
571 data processing and information services that allow data to be
572 generated, acquired, stored, processed or retrieved and delivered by
573 an electronic transmission to a purchaser where such purchaser's
574 primary purpose for the underlying transaction is the processed data
575 or information, (vi) installation or maintenance of wiring equipment
576 on a customer's premises, (vii) tangible personal property, (viii)
577 advertising, including, but not limited to, directory advertising, (ix)
578 billing and collection services provided to third parties, (x) Internet
579 access service, (xi) ancillary services, and (xii) digital products
580 delivered electronically, including, but not limited to, software, music,
581 video, reading materials or ring tones.

582 Sec. 12. Section 12-217o of the 2016 supplement to the general
583 statutes is repealed and the following is substituted in lieu thereof

584 (Effective from passage):

585 There shall be allowed as a credit against the tax imposed on any
586 corporation under this chapter with respect to any taxable year of such
587 corporation commencing on or after January 1, 1997, (1) that has more
588 than two hundred fifty full-time, permanent employees but not more
589 than eight hundred full-time, permanent employees whose wages,
590 salaries or other compensation is paid in this state, as the phrase is
591 used in subsection (b) of section 12-218, an amount equal to five per
592 cent of the amount spent by the corporation on machinery and
593 equipment acquired for and installed in a facility in this state, which
594 amount exceeds the amount spent by such corporation during the
595 preceding income year of the corporation for such expenditures or (2)
596 that has not more than two hundred fifty full-time, permanent
597 employees whose wages, salaries or other compensation is paid in this
598 state, as the phrase is used in subsection (b) of section 12-218, an
599 amount equal to ten per cent of the amount spent by the corporation
600 on machinery and equipment acquired for and installed in a facility in
601 this state, which amount exceeds the amount spent by such
602 corporation during the preceding income year of the corporation for
603 such expenditures. In addition, any amount spent [(1)] (A) by a
604 corporation whose income year, for federal income tax purposes,
605 commences on the first day of January, February, March, April or May,
606 [(2)] (B) on machinery and equipment acquired for and installed in a
607 facility in this state, [(3)] (C) during that portion of its income year in
608 1995 that expired on May 31, 1995, shall be deemed to have been spent
609 during its income year commencing in 1997 and shall be added to any
610 amount actually spent on machinery and equipment acquired for and
611 installed in a facility in this state during its income year commencing
612 in 1997, provided the credit percentage to which such corporation shall
613 be entitled for its income year commencing in 1997 shall be based on
614 the number of full-time, permanent employees during its income year
615 commencing in 1997.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	12-18b
Sec. 2	<i>July 1, 2016</i>	12-18c
Sec. 3	<i>from passage</i>	3-55j(a) to (c)
Sec. 4	<i>from passage</i>	12-71e
Sec. 5	<i>from passage</i>	12-63k
Sec. 6	<i>from passage</i>	12-407(a)(37)(LL)
Sec. 7	<i>October 1, 2016</i>	2-36c(b)
Sec. 8	<i>July 1, 2019</i>	2-36c(b)
Sec. 9	<i>from passage</i>	38a-88a(f)(2)
Sec. 10	<i>from passage</i>	12-700(a)(9)(B)
Sec. 11	<i>from passage</i>	12-407(a)(26)(A)
Sec. 12	<i>from passage</i>	12-217o

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: None

Municipal Impact: None

Explanation

The bill, which makes technical and clarifying changes to various tax statutes, has no fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis

sHB 5637

AN ACT MAKING MINOR AND CONFORMING CHANGES TO CERTAIN TAX STATUTES.

SUMMARY:

This bill aligns the motor vehicle mill rate cap for special taxing districts and boroughs with the existing cap on municipalities. Current law bars districts and boroughs from setting a mill rate that, if combined with the municipality's motor vehicle mill rate, would exceed 32 mills for the 2015 assessment year and 29.36 mills for the 2016 assessment year. The bill extends the 29.36 mill rate cap to the 2017 assessment year and thereafter, thus aligning it with the cap on municipalities for those assessment years.

The bill also does the following:

1. amends two statutes to reflect the separate mill rates on motor vehicles and real and personal property other than motor vehicles beginning in FY 17;
2. corrects statutory references in the payment in lieu of taxes (PILOT) program and Mashantucket Pequot and Mohegan Fund distribution formula statutes;
3. corrects a personal income tax bracket calculation for head of household filers, thus conforming the statutes to current practice; and
4. makes other technical and conforming changes.

EFFECTIVE DATE: Upon passage, except the (1) changes to the PILOT statutes are effective July 1, 2016 and (2) technical changes to the consensus revenue estimate statutes are effective October 1, 2016

and July 1, 2019.

MILL RATES

Beginning in FY 18, the law establishes a mechanism for increasing PILOT grants for municipalities with mill rates of at least 25 and a relatively high percentage of tax-exempt property on their grand lists. The bill specifies that the mill rate used to determine which municipalities qualify for the increased PILOTs is the mill rate imposed on real and personal property other than motor vehicles.

The bill makes a similar change to the mill rate used to calculate reduced property tax assessments under a local option property tax relief program for qualifying commercial and industrial property owners in municipalities with state-approved enterprise zones.

BACKGROUND

Related Bill

sHB 5046, favorably reported by the Finance, Revenue and Bonding Committee, delays the implementation of the increased PILOT grants for qualifying municipalities from FY 18 until FY 20.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 49 Nay 1 (03/31/2016)