



General Assembly

**Substitute Bill No. 5637**

February Session, 2016

\* \_\_\_\_\_HB05637FIN\_\_\_\_040116\_\_\_\_\_\*

**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2 statutes is repealed and the following is substituted in lieu thereof  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: Allintown 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.*