



**Substitute House Bill No. 7312**

**Public Act No. 17-147**

**AN ACT CONCERNING STATE TAXATION AND COLLECTION, TAX GAP COMPLIANCE, TAX PREPARERS AND FACILITATORS, CHANGES TO THE TAX AND RELATED STATUTES, A MENTAL HEALTH COMMUNITY INVESTMENT ACCOUNT AND MUNICIPAL BONDS.**

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

Section 1. Section 12-39h of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2018*):

[Any] Notwithstanding any instructions by the payor to the contrary, [notwithstanding,] any partial payment against any tax outstanding shall be applied by the Commissioner of Revenue Services first to any penalties unless a waiver of penalty has been requested and approved in accordance with the general statutes, and any amount in excess of such penalty shall be applied first to [interest on] such tax and then to the interest on such tax.

Sec. 2. Subparagraph (A) of subdivision (20) of subsection (a) of section 12-701 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2017, and applicable to taxable years commencing on or after January 1, 2017*):

(A) There shall be added thereto (i) to the extent not properly

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includable in gross income for federal income tax purposes, any interest income from obligations issued by or on behalf of any state, political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity, exclusive of such income from obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut and exclusive of any such income with respect to which taxation by any state is prohibited by federal law, (ii) any exempt-interest dividends, as defined in Section 852(b)(5) of the Internal Revenue Code, exclusive of such exempt-interest dividends derived from obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut and exclusive of such exempt-interest dividends derived from obligations, the income with respect to which taxation by any state is prohibited by federal law, (iii) any interest or dividend income on obligations or securities of any authority, commission or instrumentality of the United States which federal law exempts from federal income tax but does not exempt from state income taxes, (iv) to the extent included in gross income for federal income tax purposes for the taxable year, the total taxable amount of a lump sum distribution for the taxable year deductible from such gross income in calculating federal adjusted gross income, (v) to the extent properly includable in determining the net gain or loss from the sale or other disposition of capital assets for federal income tax purposes, any loss from the sale or exchange of obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut, in the income year such loss was recognized, (vi) to the extent deductible in determining federal adjusted gross income, any income taxes imposed by this state, (vii) to the extent deductible in

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determining federal adjusted gross income, any interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest on which is exempt from tax under this chapter, (viii) expenses paid or incurred during the taxable year for the production or collection of income which is exempt from taxation under this chapter or the management, conservation or maintenance of property held for the production of such income, and the amortizable bond premium for the taxable year on any bond the interest on which is exempt from tax under this chapter to the extent that such expenses and premiums are deductible in determining federal adjusted gross income, (ix) for property placed in service after September 10, 2001, but prior to September 11, 2004, in taxable years ending after September 10, 2001, any additional allowance for depreciation under subsection (k) of Section 168 of the Internal Revenue Code, as provided by Section 101 of the Job Creation and Worker Assistance Act of 2002, to the extent deductible in determining federal adjusted gross income, (x) to the extent deductible in determining federal adjusted gross income, the deduction allowable as qualified domestic production activities income, pursuant to Section 199 of the Internal Revenue Code, (xi) to the extent not properly includable in gross income for federal income tax purposes for the taxable year, any income from the discharge of indebtedness, in taxable years ending after December 31, 2008, in connection with any reacquisition, after December 31, 2008, and before January 1, 2011, of an applicable debt instrument or instruments, as those terms are defined in Section 108 of the Internal Revenue Code, as amended by Section 1231 of the American Recovery and Reinvestment Act of 2009, the inclusion of which income in federal gross income for the taxable year is deferred, as provided by said Section 1231, [and] (xii) to the extent not properly includable in gross income for federal income tax purposes, an amount equal to (I) any distribution from a manufacturing reinvestment account not used in accordance with subdivision (3) of subsection (c) of section 32-9zz to the extent that a contribution to such account was subtracted from federal adjusted

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gross income pursuant to clause (xix) of subparagraph (B) of this subdivision in computing Connecticut adjusted gross income for the current or a preceding taxable year, and (II) any return of money from a manufacturing reinvestment account pursuant to subsection (d) of section 32-9zz to the extent that a contribution to such account was subtracted from federal adjusted gross income pursuant to clause (xix) of subparagraph (B) of this subdivision in computing Connecticut adjusted gross income for the current or a preceding taxable year, and (xiii) to the extent not properly includable in gross income for federal income tax purposes, an amount equal to any compensation required to be recognized under Section 457A of the Internal Revenue Code that is attributable to services performed within this state.

Sec. 3. Subsection (c) of section 12-409 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2017*):

(c) At the time of making an initial application for a permit, the applicant shall pay to the Commissioner of Revenue Services a permit fee of one hundred dollars for each permit. [Any permit issued on or after July 1, 1985, but prior to October 1, 2003, shall expire biennially on the anniversary date of the issuance of such permit unless renewed in accordance with such procedure and application form as prescribed by the commissioner.] Any permit issued on or after October 1, 2003, but prior to October 1, 2017, shall expire on the fifth anniversary date of the issuance of such permit unless renewed in accordance with such procedure and application form as prescribed by the commissioner. Any permit issued on or after October 1, 2017, shall expire biennially on the anniversary date of the issuance of such permit unless renewed in accordance with such procedure and application form as prescribed by the commissioner.

Sec. 4. Section 12-414 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2018*):

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(a) The taxes imposed [by] under this chapter are due and payable to the commissioner monthly on or before the last day of the month next succeeding each monthly period, except that (1) every person whose total tax liability for the twelve-month period ending on the preceding June thirtieth was less than one thousand dollars shall remit tax on an annual basis, (2) every person whose total tax liability for the twelve-month period ending on the preceding June thirtieth was one thousand dollars or more but less than four thousand dollars shall remit tax on a quarterly basis, and [(2)] (3) every person described in subdivision (2) of subsection (e) of this section shall remit tax as prescribed by the commissioner under said subdivision (2). ["Quarterly"] For purposes of this section, "quarterly" means a period of three calendar months commencing on the first day of January, April, July or October of each year or, if any seller commences business on a date other than the first day of January, April, July or October, a period beginning on the date of commencement of business and ending on March thirty-first, June thirtieth, September thirtieth or December thirty-first, respectively.

(b) (1) On or before the last day of the month following each monthly or quarterly period, as the case may be, or on the date or dates prescribed by the commissioner under subsection (e) of this section, a return for the preceding period shall be filed with the commissioner in such form as the commissioner may prescribe. Each person obligated to remit tax on an annual basis under subdivision (1) of subsection (a) of this section shall file an annual return on or before January thirty-first that reports sales for the previous calendar year.

(2) For purposes of the sales tax, a return shall be filed by every seller. For purposes of the use tax, a return shall be filed by every retailer engaged in business in the state and by every person purchasing services or tangible personal property, the storage, acceptance, consumption or other use of which is subject to the use tax,

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who has not paid the use tax due a retailer required to collect the tax, except that every person making such purchases for personal use or consumption in this state, and not for use or consumption in carrying on a trade, occupation, business or profession, need file only one use tax return covering purchases during a calendar year. Such return shall be filed and the tax due thereon paid on or before the fifteenth day of the fourth month succeeding the end of the calendar year for which such return is filed. Returns shall be signed by the person required to file the return or by his or her authorized agent but need not be verified by oath, provided a return required to be filed by a corporation shall be signed by an officer of such corporation.

(c) For purposes of the sales tax, the return shall show the gross receipts of the seller during the preceding reporting period. For purposes of the use tax, (1) in case of a return filed by a retailer, the return shall show the total sales price of the services or property sold by the retailer, the storage, acceptance, consumption or other use of which became subject to the use tax during the preceding reporting period, and (2) in case of a return filed by a purchaser, the return shall show the total sales price of the service or property purchased by the purchaser, the storage, acceptance, consumption or other use of which became subject to the use tax during the preceding reporting period. The return shall also show the amount of the taxes for the period covered by the return in such manner as the commissioner may require and such other information as the commissioner deems necessary for the proper administration of this chapter. The Commissioner of Revenue Services is authorized in his or her discretion, for purposes of expediency, to permit returns to be filed in an alternative form wherein the person filing the return may elect to report his or her gross receipts, including the tax reimbursement to be collected as provided for in this section, as a part of such gross receipts or to report his or her gross receipts exclusive of the tax collected in such cases where the gross receipts from sales have been segregated

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from tax collections. In the case of the former, the percentage of such tax-included gross receipts that may be considered to be the gross receipts from sales exclusive of the taxes collected thereon shall be computed by dividing the numeral one by the sum of the rate of tax provided in section 12-408, amended by this act, expressed as a decimal, and the numeral one.

(d) Returns, together with the amount of the tax due thereon, shall be filed with the Commissioner of Revenue Services.

(e) (1) The commissioner, if he or she deems it necessary in order to [insure] ensure payment to or facilitate the collection by the state of the amount of taxes, may permit or require returns and payment of the amount of taxes for other than monthly or quarterly periods.

(2) (A) For purposes of this subdivision, (i) "weekly period" means the seven-day period beginning on a Saturday and ending the following Friday, (ii) "financial institution" has the same meaning as provided in section 36a-41, (iii) "certified service provider" means any service provider certified by the Streamlined Sales Tax Governing Board, Incorporated, and (iv) "account" means a transaction account in the form of a deposit or share account from which the depositor is permitted to make transfers or withdrawals by negotiable or transferable instrument, payment orders of withdrawal, electronic transfers or other similar mechanisms for the purpose of making payments or transfers to third parties. "Account" includes demand deposit accounts, checking accounts, negotiable order of withdrawal accounts and share draft accounts.

(B) The commissioner may require any person who is delinquent, as described in section 12-7a, as amended by this act, to remit the tax collected during a weekly period on a weekly basis. Any person who is required to remit tax for a weekly period shall remit such tax to the commissioner on or before the Wednesday next succeeding the weekly

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period and shall do so in the manner and method prescribed [by the commissioner] in subparagraph (C) of this subdivision.

(C) The requirement to remit tax on a weekly basis shall not alter a person's obligation to file monthly or quarterly returns, as the case may be, as provided in subsection (b) of this section. To the extent that the end of one month and the beginning of the following month may fall within the same weekly period, each person required by the commissioner to remit tax under [this] subparagraph (B) of this subdivision shall report all of the tax collected and remitted during such weekly period, regardless of the month, along with the corresponding gross receipts, on the return covering the monthly period that ended during such weekly period. Each person obligated to file monthly or quarterly returns shall file such returns electronically with the Department of Revenue Services and shall make each weekly remittance by electronic funds transfer, in accordance with the provisions of chapter 228g.

[(B)] (D) The commissioner shall send a written notice, in accordance with the provisions of section 12-2f, informing each person required to remit tax on a weekly basis pursuant to this subdivision of such requirement. [Any person so required shall remit tax on a weekly basis for a period of one year commencing from the date set forth in such notice. Such notice shall also contain information regarding the manner and method of such remittal.] Such notice shall include (i) a statement that such person is required to establish a separate account as set forth in subparagraph (E) of this subdivision unless such person elects to remit tax through a certified service provider as set forth in subparagraph (F) of this subdivision, (ii) a form for such person to make such election, and (iii) a list of all certified service providers and the contact information for each such provider. A person making such election shall return the form to the commissioner not later than two business days after receipt of the form. If a person does not make such



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election or fails to return the form in the time period prescribed under this subparagraph, such person shall establish a separate account and make deposits into such account, in accordance with the provisions of subparagraph (E) of this subdivision. The election of a certified service provider or the determination that a person is required to establish a separate account shall be irrevocable and shall remain in effect until the commissioner notifies such person that, based on evidence of twelve months of continuous compliance, such person is no longer subject to the requirements of this subsection, except that the commissioner may provide such notice prior to the end of such period of compliance. The commissioner may authorize a certified service provider to retain a portion of each amount of sales tax remitted by such certified service provider on behalf of a person pursuant to this subparagraph, provided such retained portion shall not exceed the actual cost charged by the certified service provider to such person for the services provided pursuant to this subparagraph.

(E) (i) Each person who elects or is otherwise required to establish an account under subparagraph (D) of this subdivision shall, not later than thirty days after receiving the notice under said subparagraph, establish such account with a financial institution. Such account shall be separate from any other account of such person and shall be established under the designation, "(name of person required to establish such account), Trustee, Special Fund in Trust for the State of Connecticut, Department of Revenue Services, Under Section 12-408 of the Connecticut General Statutes". Such person shall (I) provide to the commissioner, upon request, the name of the financial institution where such account was established, the account number of such account and any other account-related information that the commissioner may require, and (II) provide, as trustee, written consent to the financial institution for the disclosure of account-related information to the commissioner pursuant to this subdivision. Such written consent shall constitute authorization for the disclosure of

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financial records under section 36a-42. For the purposes of this subparagraph, "account-related information" includes account balance information and information identifying the dates and amounts of debits and credits to such account, and may include such other nonpublic personal information pertaining to such account the commissioner may require.

(ii) Upon the establishment of such account, such person shall deposit into such account the tax collected or received by such person, not later than two business days after such collection or receipt. The taxes deposited in such account shall constitute a fund in trust for the state of Connecticut and deemed to be the property of the state, payable only to the Department of Revenue Services, and no liens shall be placed on the taxes deposited in such account. No other funds shall be deposited into such account for any reason except for maintenance of the account.

(iii) If, without the prior authorization of the commissioner, a person withdraws funds from such account for any purpose other than to remit tax due to the commissioner, such person shall be guilty of larceny, as defined in section 53a-119. Each unauthorized withdrawal shall constitute a separate offense.

(iv) The commissioner may request at any time from a financial institution account-related information pertaining to any account established pursuant to clause (i) of this subparagraph that is maintained by such institution. The commissioner shall identify, in consultation with representatives from the banking industry, acceptable methods for the provision of such account-related information.

(F) If a person elects under subparagraph (D) of this subdivision to remit tax through a certified service provider, such person shall, not later than thirty days after making such election, contract with a

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certified service provider and begin remitting tax through such provider. Such person shall provide to the commissioner, upon request, a copy of the executed contract, a written authorization for the commissioner to contact the certified service provider regarding such person and any other information with respect to the arrangement between such person and such provider that the commissioner may require. Each certified service provider remitting tax on behalf of any person required to remit tax for a weekly period shall do so in the manner and method prescribed in subparagraph (C) of this subdivision.

(G) (i) If any person who elects or is otherwise required to establish an account under subparagraph (D) of this subdivision fails to remit tax as provided in this subdivision and the commissioner determines that collection of such tax will be jeopardized by delay, the commissioner may serve notice on the financial institution where such account was established and order the payment of such tax from such account. The commissioner shall determine, in consultation with representatives from the banking industry, acceptable methods for the provision of such notice. Upon receipt of such notice, the financial institution shall remove from such account before such institution's midnight deadline, as defined in section 42a-4-104, the available funds in such account or the amount of the tax ordered paid by the commissioner, whichever is less. Any funds so removed by the financial institution shall be paid to the commissioner not later than two business days after such midnight deadline and such payment shall be applied toward the amount of tax due to the commissioner from such person. The commissioner shall not order payment from such account of any penalty or interest that may be owed by such person in connection with such tax. Such penalty or interest may be collected by the commissioner in accordance with the provisions of section 12-35, as amended by this act, and chapter 906.

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(ii) If the financial institution fails or refuses to pay to the commissioner the amount required under clause (i) of this subparagraph, the Attorney General may, upon request by the commissioner, bring an action in the superior court for the judicial district of Hartford to compel the financial institution to pay such amount.

(iii) Contemporaneously with the service of notice on the financial institution, the commissioner shall provide a written notice to the person who established the account pursuant to subparagraph (E)(i) of this subdivision of such person's right to file a claim with the commissioner if such account contains funds other than such taxes that constitute the property of the state. Such notice shall be provided in person, left at the person's dwelling or usual place of business, sent by first-class mail to such person's last-known address or sent by electronic mail or facsimile machine to such person. Such person shall have ten business days after receipt of such notice to file such claim on a form prescribed by the commissioner. Failure to file a claim within the time period prescribed shall constitute a waiver of any demand against the state.

(iv) Not later than ten business days after receipt of a claim filed pursuant to clause (iii) of this subparagraph, the commissioner shall determine whether such claim is valid. If the commissioner determines the claim is valid, the commissioner shall return to such person only those funds that are not the property of the state and such funds shall not be subject to offset by the state. If the commissioner determines the claim is not valid in whole or in part, the commissioner shall provide written notice of denial to such person.

(v) Not later than five business days after the date of mailing of a notice of denial, such person may file with the commissioner a written protest of the denial, setting forth the grounds on which the protest is based. If a protest is filed, the commissioner shall, not later than ten

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business days after receipt of such protest, reconsider the denial. The commissioner shall provide written notice to such person of the commissioner's determination of reconsideration, setting forth briefly the commissioner's findings of fact and the basis for the commissioner's decision in each case decided adversely in whole or in part to such person.

(vi) Any person aggrieved by a determination of the commissioner under this subsection may appeal to the superior court for the judicial district of New Britain, in accordance with the provisions of section 4-183. Such appeal shall not constitute an appeal from the Commissioner of Revenue Services for purposes of section 4-186.

(vii) Nothing in this subdivision shall affect the rights afforded to a financial institution with respect to uncollected funds that are credited to an account established pursuant to subparagraph (E) of this subdivision, including the right to remove funds as a charge-back to recover uncollected funds.

[(C)] (H) (i) Any person who fails to remit tax as provided in this subdivision shall be subject to all penalties imposed under this chapter, including revocation of such person's permit.

(ii) Any penalty imposed under this subdivision shall not be subject to waiver.

(3) (A) Nothing in this subsection shall affect the rights afforded under chapter 219 to persons subject to the provisions of this subsection, including the ability to file a claim for refund under section 12-425.

(B) Except as otherwise provided, no action taken by the commissioner under this subsection shall constitute collection actions for purposes of section 12-35, as amended by this act, or chapter 906.

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(f) Except for returns and payments required to be made under subdivision (2) of subsection (e) of this section, the commissioner for good cause may extend the time for making any return and paying any amount required to be paid under this chapter, if a written request therefor is filed with the commissioner together with a tentative return which must be accompanied by a payment of the tax, which shall be estimated in such tentative return, on or before the last day for filing the return. Any person to whom an extension is granted shall pay, in addition to the tax, interest at the rate of one per cent per month or fraction thereof from the date on which the tax would have been due without the extension until the date of payment.

Sec. 5. Section 12-707 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2017*):

(a) (1) Each employer required to deduct and withhold tax under this chapter from the wages of employees shall be liable for such tax and shall file a withholding return as prescribed by the Commissioner of Revenue Services and pay over to the commissioner, or to a depository designated by the commissioner, the taxes so required to be deducted and withheld at the times specified in subsection (b) of this section.

(2) Each payer [of nonpayroll amounts] shall deduct and withhold tax under this chapter from the nonpayroll amounts of payees, shall be liable for such tax [,] and shall file a withholding return as prescribed by the commissioner and pay over to the commissioner, or to a depository designated by the commissioner, the taxes so required to be deducted and withheld at the times specified in subsection (b) of this section.

(b) (1) (A) With respect to the tax required to be deducted and withheld under this chapter from wages paid during any calendar year beginning on or after January 1, 2005, and in accordance with an

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annual determination described in subdivision (2) of this subsection, each employer shall be either a weekly remitter, monthly remitter or quarterly remitter for the calendar year. If an employer is a weekly remitter, the employer shall pay over to the commissioner the tax required to be deducted and withheld under this chapter in accordance with subdivision (3) of this subsection. If an employer is a monthly remitter, the employer shall pay over to the commissioner the tax required to be deducted and withheld under this chapter in accordance with subdivision (4) of this subsection. If an employer is a quarterly remitter, the employer shall pay over to the commissioner the tax required to be deducted and withheld under this chapter in accordance with subdivision (5) of this subsection. Notwithstanding any provision of this subsection, if an employer is a household employer, the employer shall pay over to the commissioner the tax required to be deducted and withheld under this chapter in accordance with subdivision (6) of this subsection.

(B) With respect to the tax required to be deducted and withheld under this chapter from nonpayroll amounts paid during any calendar year beginning on or after January 1, 2005, and in accordance with an annual determination described in subdivision (2) of this subsection, each payer shall be either a weekly remitter, monthly remitter or quarterly remitter for the calendar year. If a payer is a weekly remitter, the payer shall pay over to the commissioner the tax required to be deducted and withheld under this chapter in accordance with subdivision (3) of this subsection. If a payer is a monthly remitter, the payer shall pay over to the commissioner the tax required to be deducted and withheld under this chapter in accordance with subdivision (4) of this subsection. If a payer is a quarterly remitter, the payer shall pay over to the commissioner the tax required to be deducted and withheld under this chapter in accordance with subdivision (5) of this subsection.

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(2) (A) The annual determination for an employer required to deduct and withhold tax under this chapter shall be based on the employer's reported liability for the tax required to be deducted and withheld under this chapter during the twelve-month look-back period, provided, if any employer fails timely to file one or more required withholding tax returns for the four quarterly periods within the twelve-month look-back period, the commissioner may base the annual determination for the employer on any information available to the commissioner. If an employer's reported liability for the tax required to be deducted and withheld under this chapter during the twelve-month look-back period was more than ten thousand dollars, the employer is a weekly remitter for the calendar year next succeeding such twelve-month period. If an employer's reported liability for the tax required to be deducted and withheld under this chapter during the twelve-month look-back period was more than two thousand dollars but not more than ten thousand dollars, the employer is a monthly remitter for the calendar year next succeeding such twelve-month period. If an employer's reported liability for the tax required to be deducted and withheld under this chapter during the twelve-month look-back period was two thousand dollars or less, the employer is a quarterly remitter for the calendar year next succeeding such twelve-month period. Notwithstanding any provision of this section, if an employer is a seasonal employer, the annual determination shall be based on the seasonal employer's reported liability for the tax required to be deducted and withheld under this chapter during the twelve-month look-back period multiplied by a fraction, the numerator of which is four, and the denominator of which is the number of quarterly periods during such twelve-month period that the employer paid wages to employees.

(B) The annual determination for a payer required to deduct and withhold tax under this chapter shall be based on the payer's reported liability for the tax required to be deducted and withheld under this



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chapter during the look-back calendar year, provided, if any payer fails timely to file the required withholding tax return for the look-back calendar year, the commissioner may base the annual determination for the payer on any information available to the commissioner. If a payer's reported liability for the tax required to be deducted and withheld under this chapter during the look-back calendar year was more than ten thousand dollars, the payer is a weekly remitter for the calendar year for which the annual determination is being made. If a payer's reported liability for the tax required to be deducted and withheld under this chapter during the look-back calendar year was more than two thousand dollars but not more than ten thousand dollars, the payer is a monthly remitter for the calendar year for which the annual determination is being made. If a payer's reported liability for the tax required to be deducted and withheld under this chapter during the look-back calendar year was two thousand dollars or less, the payer is a quarterly remitter for the calendar year for which the annual determination is being made.

(3) (A) An employer that is a weekly remitter shall pay over to the department the tax required to be deducted and withheld from wages under this chapter on or before the Wednesday next succeeding the weekly period during which the wages from which the tax was required to be deducted and withheld were paid to employees.

(B) A payer that is a weekly remitter shall pay over to the department the tax required to be deducted and withheld from nonpayroll amounts under this chapter on or before the Wednesday next succeeding the weekly period during which the nonpayroll amounts from which the tax was required to be deducted and withheld were paid to payees.

(4) (A) An employer that is a monthly remitter shall pay over to the department the tax required to be deducted and withheld from wages under this chapter on or before the fifteenth day of the month next

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succeeding the month during which the wages from which the tax was required to be deducted and withheld were paid to employees.

(B) A payer that is a monthly remitter shall pay over to the department the tax required to be deducted and withheld from nonpayroll amounts under this chapter on or before the fifteenth day of the month next succeeding the month during which the nonpayroll amounts from which the tax was required to be deducted and withheld were paid to payees.

(5) (A) An employer that is a quarterly remitter shall pay over to the department the tax required to be deducted and withheld from wages under this chapter on or before the last day of the month next succeeding the quarterly period during which the wages from which the tax was required to be deducted and withheld were paid to employees.

(B) A payer that is a quarterly remitter shall pay over to the department the tax required to be deducted and withheld from nonpayroll amounts under this chapter on or before the last day of the month next succeeding the quarterly period during which the nonpayroll amounts from which the tax was required to be deducted and withheld were paid to payees.

(6) An employer that is a household employer shall pay over to the department the tax required to be deducted and withheld under this chapter on or before the April fifteenth next succeeding the calendar year during which the wages from which the tax was required to be deducted and withheld were paid to household employees.

(c) In the case of an overpayment of tax under this chapter by an employer, refund or credit shall be made to the employer only to the extent that the amount of such overpayment was not deducted and withheld by the employer.

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(d) The amount of tax required to be deducted and withheld and paid over to the commissioner under this chapter, when so deducted and withheld, shall be held to be a special fund in trust for the state. No employee or other person shall have any right of action against the employer [in] with respect to any moneys deducted and withheld from wages and paid over to the commissioner in compliance or in intended compliance with this chapter.

(e) (1) If an employer required to deduct and withhold tax under this chapter from the wages of employees and to pay over to the commissioner the taxes so required to be deducted and withheld sells out the employer's business or stock of goods or quits the employer's business, such employer's successors or assigns shall withhold a sufficient portion of the purchase price to cover the amount of such taxes, and any interest and penalties thereon, due and unpaid, as of the time of such sale or quitting of the business, until the employer produces a receipt from the commissioner showing that the taxes, interest and penalties have been paid or a certificate indicating that no such taxes are due.

(2) If the purchaser of a business or stock of goods fails to withhold a portion of the purchase price as required, the purchaser shall be personally liable for the payment of the amount required to be withheld by the purchaser, to the extent of the purchase price, valued in money. Not later than sixty days after the latest of the dates specified in subdivision (3) of this subsection, the commissioner shall either issue a certificate indicating that no taxes are due or mail notice to the purchaser in the manner provided in section 12-728 of the amount that must be paid as a condition of issuing the certificate. Failure of the commissioner to mail the notice shall release the purchaser from any further obligation to withhold a portion of the purchase price as provided in this subsection. The period within which the obligation of the successor may be enforced shall begin when the

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employer sells out the employer's business or stock of goods or quits the employer's business or when the assessment against the employer becomes final, whichever event occurs later.

(3) For purposes of subdivision (2) of this subsection, the latest of the following dates shall apply:

(A) The date that the commissioner receives a written request from the purchaser for a certificate;

(B) The date of the sale or quitting of the business; or

(C) The date that the employer's records are made available to the commissioner for audit.

(f) (1) Whenever any employer or payer required to deduct and withhold tax under this chapter (A) owes such taxes, which taxes have been finally due and payable for a period of ninety days or longer and for which any administrative or judicial remedies, or both, have been exhausted or have lapsed, or (B) has failed to file one or more withholding tax returns required under this chapter, the commissioner may require any employer or payer to deposit with the commissioner such security as the commissioner determines necessary, provided the amount of such security shall not be greater than six times the employer's or payer's estimated liability for the prior twelve-month period or the employer's or payer's liability for the next twelve-month period, determined in such manner as the commissioner deems proper. The commissioner may increase or decrease the amount of the security, subject to the limitations in this subsection.

(2) The commissioner may sell the security at public auction if it becomes necessary to do so to recover any tax or amount required to be collected or any interest or penalty due. Notice of such sale may be served personally or by mail upon the person that deposited the security. If the notice is served by mail, it shall be made in the manner

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prescribed for service of notice of a deficiency assessment and shall be addressed to such person at the person's address as it appears in the commissioner's records. Upon any sale, any surplus above the amounts due shall be returned to the person that deposited the security.

[(f)] (g) As used in this section:

(1) "Employer" means an employer, as defined in Section 3401 of the Internal Revenue Code;

(2) "Payer" means a person making a payment of nonpayroll amounts to one or more payees;

(3) "Payee" means a person receiving a payment of nonpayroll amounts from a payer;

(4) "Nonpayroll amounts" includes (A) gambling winnings, other than Connecticut lottery winnings, that are paid to a resident, or to a person receiving payment on behalf of a resident, and that are subject to federal income tax withholding; (B) Connecticut lottery winnings that are required to be reported by the Connecticut Lottery Corporation to the Internal Revenue Service, whether or not subject to federal income tax withholding, whether paid to a resident, nonresident or a part-year resident, and whether paid to an individual, trust or estate; (C) pension and annuity distributions, where the recipient is a resident individual and has requested that tax be deducted and withheld under this chapter; (D) military retired pay, where the payee is a resident individual and has requested that tax be deducted and withheld under this chapter; (E) unemployment compensation, where the recipient has requested that tax be deducted and withheld under this chapter; and (F) payments made to an athlete or entertainer, where the payments are not wages for federal income tax withholding purposes and where the commissioner requires the

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payer to deduct and withhold tax under this chapter;

(5) "Reported liability" means, in the case of an employer, the liability for the tax required to be deducted and withheld under this chapter, as shown on the employer's withholding tax returns for the four quarterly periods within the twelve-month look-back period, and, in the case of a payer, the liability for the tax required to be deducted and withheld under this chapter, as shown on the payer's withholding tax return for the look-back calendar year;

(6) "Twelve-month look-back period" means the twelve-month period that ended on the June thirtieth next preceding the calendar year for which the annual determination for an employer is made by the commissioner;

(7) "Look-back calendar year" means the calendar year preceding by two years the calendar year for which the annual determination for a payer is made by the commissioner;

(8) "Seasonal employer" means an employer that regularly in the same one or more quarterly periods of each calendar year pays no wages to employees;

(9) "Household employee" means an employee whose services of a household nature in or about a private home of an employer constitute domestic service in a private home of the employer, as the phrase is used in Section 3121(a)(7) of the Internal Revenue Code or in regulations adopted thereunder;

(10) "Household employer" means an employer of a household employee;

(11) "Weekly period" means the seven-day period beginning on a Saturday and ending on the following Friday; and

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(12) "Quarterly period" means the period of three full months beginning on the first day of January, April, July or October.

Sec. 6. Section 12-705 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2018*):

(a) (1) Each employer, as defined in section 12-707, as amended by this act, maintaining an office or transacting business within this state and making payment of any wages taxable under this chapter to a resident or nonresident individual shall deduct and withhold from such wages for each payroll period a tax computed in such manner as to result, so far as practicable, in withholding from the employee's wages during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter with respect to the amount of such wages during the calendar year. The method of determining the amount to be withheld shall be prescribed by regulations of the Commissioner of Revenue Services adopted in accordance with chapter 54.

(2) Each payer, as defined in section 12-707, as amended by this act, of pension or annuity distributions, including distributions from an employer pension, an annuity, a profit-sharing plan, a stock bonus, a deferred compensation plan, an individual retirement arrangement, an endowment or a life insurance contract, that (A) maintains an office or transacts business within this state, and (B) makes payment of any amounts taxable under this chapter to a resident individual, shall deduct and withhold from the taxable portion of any such distribution a tax computed in such manner as to result, so far as practicable, in withholding from the distributions paid during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the payee, as defined in section 12-707, as amended by this act, under this chapter with respect to such distributions during the calendar year. The method of determining the amount to be withheld shall be the same as the method used by employers with respect to the

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payment of wages, except that a lump sum distribution shall be taxable at the highest marginal rate unless (i) any portion of the lump sum distribution was previously subject to tax, or (ii) the lump sum distribution is a rollover that is effected as a direct trustee-to-trustee transfer. For purposes of this section, "lump sum distribution" means a payment from a payer to a resident payee of such resident payee's entire retirement account balance, exclusive of any other tax withholding and any administrative charges and fees.

(b) The commissioner may, if such action is deemed necessary for the protection of the revenue and under such regulations as [he] the commissioner may adopt in accordance with the provisions of chapter 54, require persons other than employers and payers (1) to deduct and withhold taxes from payments made by such persons to residents of this state, nonresidents and part-year residents, (2) to file a withholding return as prescribed by the commissioner, and (3) to pay over to the commissioner, or to a depository designated by the commissioner, the taxes so required to be deducted and withheld, in accordance with a schedule established in such regulations.

(c) The commissioner may adopt regulations providing for withholding from (1) remuneration for services performed by an employee for his or her employer [which] that does not constitute wages, (2) wages paid to an employee by an employer not maintaining an office or transacting business within this state, or (3) any other type of payment with respect to which the commissioner finds that withholding would be appropriate under the provisions of this chapter if the employer and the employee, or, in the case of any other type of payment, the person making and the person receiving such payment, agree to such withholding. Such agreement shall be made in such form and manner as the commissioner may [, by regulation,] prescribe by regulations adopted in accordance with the provisions of chapter 54. For purposes of this chapter, remuneration, wages or other payments



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with respect to which such an agreement is made shall be regarded as if they were wages paid to an employee by an employer maintaining an office or transacting business within this state to the extent that such remuneration or wages are paid or other payments are made during the period for which the agreement is in effect.

Sec. 7. Section 12-706 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2018*):

(a) The Commissioner of Revenue Services may enter into agreements with the tax officers of other states, which require income tax to be withheld from the payment of wages and salaries, so as to govern the amounts to be withheld from the wages and salaries of residents of such states under this chapter. Such agreements may provide for recognition of anticipated tax credits in determining the amounts to be withheld and, under regulations prescribed in accordance with the provisions of chapter 54 by said commissioner, may relieve employers in this state from withholding income tax on wages and salaries paid to nonresident employees. The agreements authorized by this subsection are subject to the condition that the tax officers of such other states grant similar treatment to residents of this state.

(b) (1) Each employer required to deduct and withhold tax under this chapter from the wages of an employee shall furnish to each such employee with respect to the wages paid by such employer to such employee during the calendar year, on or before January thirty-first of the next succeeding year, a written statement as prescribed by the Commissioner of Revenue Services showing the amount of wages paid by the employer to the employee, the amount deducted and withheld as tax [.] and such other information as said commissioner shall prescribe. Each such employer shall file a copy of such written statement with the Commissioner of Revenue Services on or before [said] such January thirty-first date.

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(2) Each payer and person other than a payer required to deduct and withhold tax under this chapter from nonpayroll amounts shall furnish to each payee, as defined in section 12-707, as amended by this act, with respect to the nonpayroll amounts paid to such payee during the calendar year, on or before January thirty-first of the next succeeding year, a written statement as prescribed by said commissioner showing the amount of nonpayroll amounts paid to the payee, the amount deducted and withheld as tax and such other information as said commissioner shall prescribe. Each such payer shall file a copy of such written statement with said commissioner on or before such January thirty-first date.

(c) [Wages] Amounts upon which tax is required to be withheld shall be taxable under this chapter as if no withholding were required, but any amount of tax actually deducted and withheld in any calendar year shall be deemed to have been paid to said commissioner on behalf of the [person] employee or payee from whom withheld [,] and such [person] employee or payee shall be credited with having paid that amount of tax for the taxable year beginning in such calendar year.

Sec. 8. Subsection (g) of section 12-707 of the general statutes, as amended by section 5 of this act, is repealed and the following is substituted in lieu thereof (*Effective January 1, 2018*):

(g) As used in this section and sections 12-705 and 12-706, as amended by this act:

(1) "Employer" means an employer, as defined in Section 3401 of the Internal Revenue Code;

(2) "Payer" means a person making a payment of nonpayroll amounts to one or more payees;

(3) "Payee" means a person receiving a payment of nonpayroll amounts from a payer;

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(4) "Nonpayroll amounts" includes (A) gambling winnings, other than Connecticut lottery winnings, that are paid to a resident, or to a person receiving payment on behalf of a resident, and that are subject to federal income tax withholding; (B) Connecticut lottery winnings that are required to be reported by the Connecticut Lottery Corporation to the Internal Revenue Service, whether or not subject to federal income tax withholding, whether paid to a resident, nonresident or a part-year resident, and whether paid to an individual, trust or estate; (C) pension and annuity distributions, [where the recipient is a resident individual and has requested that tax be deducted and withheld] for which the payer is required to deduct and withhold tax under this chapter; (D) military retired pay, where the payee is a resident individual and has requested that tax be deducted and withheld under this chapter; (E) unemployment compensation, where the recipient has requested that tax be deducted and withheld under this chapter; and (F) payments made to an athlete or entertainer, where the payments are not wages for federal income tax withholding purposes and where the commissioner requires the payer to deduct and withhold tax under this chapter;

(5) "Reported liability" means, in the case of an employer, the liability for the tax required to be deducted and withheld under this chapter, as shown on the employer's withholding tax returns for the four quarterly periods within the twelve-month look-back period, and, in the case of a payer, the liability for the tax required to be deducted and withheld under this chapter, as shown on the payer's withholding tax return for the look-back calendar year;

(6) "Twelve-month look-back period" means the twelve-month period that ended on the June thirtieth next preceding the calendar year for which the annual determination for an employer is made by the commissioner;

(7) "Look-back calendar year" means the calendar year preceding by

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two years the calendar year for which the annual determination for a payer is made by the commissioner;

(8) "Seasonal employer" means an employer that regularly in the same one or more quarterly periods of each calendar year pays no wages to employees;

(9) "Household employee" means an employee whose services of a household nature in or about a private home of an employer constitute domestic service in a private home of the employer, as the phrase is used in Section 3121(a)(7) of the Internal Revenue Code or in regulations adopted thereunder;

(10) "Household employer" means an employer of a household employee;

(11) "Weekly period" means the seven-day period beginning on a Saturday and ending on the following Friday; and

(12) "Quarterly period" means the period of three full months beginning on the first day of January, April, July or October.

Sec. 9. (NEW) (*Effective July 1, 2017, and applicable to information returns due for calendar years commencing on or after January 1, 2017*) (a) For purposes of this section, (1) "payment settlement entity", "third party settlement organization" and "electronic payment facilitator" have the same meanings as provided in Section 6050W of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, and (2) "reporting entity" means any payment settlement entity, third party settlement organization, electronic payment facilitator or other third party acting on behalf of a payment settlement entity, that processes reportable payment transactions with respect to a participating payee located in Connecticut.

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(b) (1) Each reporting entity shall file with the Department of Revenue Services, not later than thirty days after the reporting entity files information returns with the Internal Revenue Service, a duplicate of all such information returns, in such form and manner as prescribed by the commissioner.

(2) Any reporting entity that fails to file a duplicate information return required under subdivision (1) of this subsection within the time prescribed shall be subject to a civil penalty of (A) fifty dollars for each such failure if the failure is for not more than one month after such duplicate was required to be filed, and (B) an additional fifty dollars for each month or fraction thereof during which such failure continues, except the total amount of the penalty imposed on a reporting entity under this subdivision shall not exceed two hundred fifty thousand dollars annually. Subject to the provisions of section 12-3a of the general statutes, the commissioner may waive all or part of the penalties provided under this subdivision when it is proven to the commissioner's satisfaction that the failure to timely file such duplicate was due to reasonable cause and was not due to wilful neglect.

Sec. 10. Subsection (b) of section 12-35 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2017*):

(b) (1) Any such warrant on any intangible personal property of any person may be served by mailing a certified copy of such warrant by certified mail, return receipt requested, to any third person in possession of, or obligated with respect to, receivables, bank accounts, evidences of debt, securities, salaries, wages, commissions, compensation or other intangible personal property subject to such warrant, ordering such third person to forthwith deliver such property or pay the amount due or payable to the state collection agency [which] that has made out such warrant, provided such warrant may be issued only after the state collection agency making out such

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warrant has notified the person owning such property, in writing, of its intention to issue such warrant. The notice of intent shall be: (A) Given in person; (B) left at the dwelling or usual place of business of such person; or (C) sent by certified mail, return receipt requested, to such person's last known address, not less than thirty days before the day the warrant is to be issued.

(2) Any such warrant on any intangible personal property of any person may be served by electronic mail or facsimile machine on any third person in possession of, or obligated with respect to, receivables, bank accounts, evidences of debt, securities, salaries, wages, commissions, compensation or other intangible personal property subject to such warrant, ordering such third person to forthwith deliver such property or pay the amount due or payable to the state collection agency [which] that has made out such warrant, provided such warrant may be issued only after the state collection agency making out such warrant has notified the person owning such property, in writing, of its intention to issue such warrant. The notice of intent shall be: (A) Given in person; (B) left at the dwelling or usual place of business of such person; or (C) sent by certified mail, return receipt requested, to such person's last-known address, not less than thirty days before the day the warrant is to be issued. Any such warrant for tax due may further include an order to such third person to continually deliver, during the one hundred eighty days immediately following the date of issuance of the warrant or until the tax is fully paid, whichever occurs earlier, all intangible property that is due and that becomes due to the person owing the tax. Except as otherwise provided in this subdivision, such warrant shall have the same force and effect as an execution issued pursuant to chapter 906.

Sec. 11. Section 12-3c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

The Commissioner of Revenue Services shall, subject to the

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provisions of section 31-51i, require each applicant for a position of employment with, [and] each employee applying for transfer to and, at least once every ten years, each current employee of, the Department of Revenue Services, to (1) state in writing whether such applicant or employee has ever been convicted of a crime or whether criminal charges are pending against such applicant or employee [at the time of application for employment or transfer] and, if so, to identify the charges and court in which such charges are pending, and (2) be fingerprinted and submit to state and national criminal history records checks. The criminal history records checks required by this section shall be conducted in accordance with section 29-17a.

Sec. 12. Subparagraph (B) of subdivision (1) of section 12-408 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2017, and applicable to sales occurring on or after October 1, 2017*):

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

(ii) At a rate of eleven per cent with respect to each transfer of occupancy, from the total amount of rent received by a bed and breakfast establishment for the first period not exceeding thirty consecutive calendar days;

Sec. 13. Subparagraph (B) of subdivision (1) of section 12-411 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2017, and applicable to sales occurring on or after October 1, 2017*):

(B) (i) At a rate of fifteen per cent of the rent paid [for occupancy of any room or rooms in] to a hotel or lodging house for the first period

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[of not more than] not exceeding thirty consecutive calendar days;

(ii) At a rate of eleven per cent of the rent paid to a bed and breakfast establishment for the first period not exceeding thirty consecutive calendar days;

Sec. 14. Section 12-407 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2017, and applicable to sales occurring on or after October 1, 2017*):

(a) Whenever used in this chapter:

(1) "Person" means and includes any individual, firm, copartnership, joint venture, association, association of persons however formed, social club, fraternal organization, corporation, limited liability company, foreign municipal electric utility as defined in section 12-59, estate, trust, fiduciary, receiver, trustee, syndicate, the United States, this state or any political subdivision thereof or any group or combination acting as a unit, and any other individual or officer acting under the authority of any court in this state.

(2) "Sale" and "selling" mean and include:

(A) Any transfer of title, exchange or barter, conditional or otherwise, in any manner or by any means whatsoever, of tangible personal property for a consideration;

(B) Any withdrawal, except a withdrawal pursuant to a transaction in foreign or interstate commerce, of tangible personal property from the place where it is located for delivery to a point in this state for the purpose of the transfer of title, exchange or barter, conditional or otherwise, in any manner or by any means whatsoever, of the property for a consideration;

(C) The producing, fabricating, processing, printing or imprinting of



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tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the producing, fabricating, processing, printing or imprinting, including, but not limited to, sign construction, photofinishing, duplicating and photocopying;

(D) The furnishing and distributing of tangible personal property for a consideration by social clubs and fraternal organizations to their members or others;

(E) The furnishing, preparing, or serving for a consideration of food, meals or drinks;

(F) A transaction whereby the possession of property is transferred but the seller retains the title as security for the payment of the price;

(G) A transfer for a consideration of the title of tangible personal property which has been produced, fabricated or printed to the special order of the customer, or of any publication, including, but not limited to, sign construction, photofinishing, duplicating and photocopying;

(H) A transfer for a consideration of the occupancy of any room or rooms in a hotel, [or] lodging house or bed and breakfast establishment for a period of thirty consecutive calendar days or less;

(I) The rendering of certain services, as defined in subdivision (37) of this subsection, for a consideration, exclusive of such services rendered by an employee for the employer;

(J) The leasing or rental of tangible personal property of any kind whatsoever, including, but not limited to, motor vehicles, linen or towels, machinery or apparatus, office equipment and data processing equipment, provided for purposes of this subdivision and the application of sales and use tax to contracts of lease or rental of tangible personal property, the leasing or rental of any motion picture

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film by the owner or operator of a motion picture theater for purposes of display at such theater shall not constitute a sale within the meaning of this subsection;

(K) The rendering of telecommunications service, as defined in subdivision (26) of this subsection, for a consideration on or after January 1, 1990, exclusive of any such service rendered by an employee for the employer of such employee, subject to the provisions related to telecommunications service in accordance with section 12-407a;

(L) (i) The rendering of community antenna television service, as defined in subdivision (27) of this subsection, for a consideration on or after January 1, 1990, exclusive of any such service rendered by an employee for the employer of such employee. For purposes of this chapter, "community antenna television service" includes service provided by a holder of a certificate of cable franchise authority pursuant to section 16-331p, and service provided by a community antenna television company issued a certificate of video franchise authority pursuant to section 16-331e for any service area in which it was not certified to provide community antenna television service pursuant to section 16-331 on or before October 1, 2007;

(ii) The rendering of certified competitive video service, as defined in subdivision (38) of this subsection, for consideration on or after October 1, 2007, exclusive of any such service rendered by an employee for the employer of such employee;

(M) The transfer for consideration of space or the right to use any space for the purpose of storage or mooring of any noncommercial vessel, exclusive of dry or wet storage or mooring of such vessel during the period commencing on the first day of October in any year to and including the thirty-first day of May of the next succeeding year;

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(N) The sale for consideration of naming rights to any place of amusement, entertainment or recreation within the meaning of subdivision (3) of section 12-540;

(O) The transfer for consideration of a prepaid telephone calling service, as defined in subdivision (34) of this subsection, and the recharge of a prepaid telephone calling service, provided, if the sale or recharge of a prepaid telephone calling service does not take place at the retailer's place of business and an item is shipped by the retailer to the customer, the sale or recharge shall be deemed to take place at the customer's shipping address, but, if such sale or recharge does not take place at the retailer's place of business and no item is shipped by the retailer to the customer, the sale or recharge shall be deemed to take place at the customer's billing address or the location associated with the customer's mobile telephone number; and

(P) The furnishing by any person, for a consideration, of space for storage of tangible personal property when such person is engaged in the business of furnishing such space, but "sale" and "selling" do not mean or include the furnishing of space which is used by a person for residential purposes. As used in this subparagraph, "space for storage" means secure areas, such as rooms, units, compartments or containers, whether accessible from outside or from within a building, that are designated for the use of a customer, where the customer can store and retrieve property, including self-storage units, mini-storage units and areas by any other name to which the customer has either unlimited free access or free access within reasonable business hours or upon reasonable notice to the service provider to add or remove property, but does not mean the rental of an entire building, such as a warehouse. For purposes of this subparagraph, furnishing space for storage shall not include general warehousing and storage, where the warehouse typically handles, stores and retrieves a customer's property using the warehouse's staff and equipment and does not

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allow the customer free access to the storage space and shall not include accepting specific items of property for storage, such as clothing at a dry cleaning establishment or golf bags at a golf club.

(3) (A) "Retail sale" or "sale at retail" means and includes a sale for any purpose other than resale in the regular course of business of tangible personal property or a transfer for a consideration of the occupancy of any room or rooms in a hotel, [or] lodging house or bed and breakfast establishment for a period of thirty consecutive calendar days or less, or the rendering of any service described in subdivision (2) of this subsection. The delivery in this state of tangible personal property by an owner or former owner thereof or by a factor, if the delivery is to a consumer pursuant to a retail sale made by a retailer not engaged in business in this state, is a retail sale in this state by the person making the delivery. Such person shall include the retail selling price of the property in such person's gross receipts.

(B) "Retail sale" or "sale at retail" does not include any sale of any tangible personal property, where, no later than one hundred twenty days after the original sale, the original purchaser sells or becomes contractually obligated to sell such property to a retailer who is contractually obligated to lease such property back to such original purchaser in a lease that is taxable under this chapter or the sale of such property by the original purchaser to the retailer who is contractually obligated to lease such property back to such original purchaser in a lease that is taxable under this chapter. If the original purchaser has paid sales or use tax on the original sale of such property to the original purchaser, such original purchaser may (i) claim a refund of such tax under the provisions of section 12-425, upon presentation of proof satisfactory to the commissioner that the mutual contractual obligations described in this subparagraph were undertaken no later than one hundred twenty days after the original sale and that such tax was paid to the original retailer on the original

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sale and was remitted to the commissioner by such original retailer or by such original purchaser, or (ii) issue at the time of such original sale or no later than one hundred twenty days thereafter a certificate, in the form prescribed by the commissioner, to the original retailer certifying that the mutual contractual obligations described in this subparagraph have been undertaken. If such certificate is issued to the original retailer at the time of the original sale, no tax on the original sale shall be collected by the original retailer from the original purchaser. If the certificate is issued after the time of the original sale but no later than one hundred twenty days thereafter, the original retailer shall refund to the original purchaser the tax collected on the original sale and, if the original retailer has previously remitted the tax to the commissioner, the original retailer may either treat the amount so refunded as a credit against the tax due on the return next filed under this chapter, or claim a refund under section 12-425. If such certificate is issued no later than one hundred twenty days after the time of the original sale but the tangible personal property originally purchased is not, in fact, subsequently leased by the original purchaser, such original purchaser shall be liable for and be required to pay the tax due on the original sale.

(4) "Storage" includes any keeping or retention in this state for any purpose except sale in the regular course of business or subsequent use solely outside this state of tangible personal property purchased from a retailer.

(5) "Use" includes the exercise of any right or power over tangible personal property incident to the ownership of that property, except that it does not include the sale of that property in the regular course of business.

(6) "Storage" and "use" do not include (A) keeping, retaining or exercising any right or power over tangible personal property shipped or brought into this state for the purpose of subsequently transporting

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it outside the state for use thereafter solely outside the state, or for the purpose of being processed, fabricated or manufactured into, attached to or incorporated into, other tangible personal property to be transported outside the state and thereafter used solely outside the state, or (B) keeping, retaining or exercising any right or power over tangible personal property acquired by the customer of a commercial printer while such property is located at the premises of the commercial printer in this state pursuant to a contract with such printer for printing and distribution of printed material if the commercial printer could have acquired such property without application of tax under this chapter.

(7) "Purchase" and "purchasing" means and includes: (A) Any transfer, exchange or barter, conditional or otherwise, in any manner or by any means whatsoever, of tangible personal property or of the occupancy of any room or rooms in a hotel, [or] lodging house or bed and breakfast establishment for a period of thirty consecutive calendar days or less for a consideration; (B) a transaction whereby the possession of property is transferred but the seller retains the title as security for the payment of the price; (C) a transfer for a consideration of tangible personal property which has been produced, fabricated or printed to the special order of the customer, or of any publication; (D) when performed outside this state or when the customer gives a resale certificate pursuant to section 12-410, the producing, fabricating, processing, printing or imprinting of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the producing, fabricating, processing, printing or imprinting; (E) the acceptance or receipt of any service described in any of the subparagraphs of subdivision (2) of this subsection; (F) any leasing or rental of tangible personal property. Wherever in this chapter reference is made to the purchase or purchasing of tangible personal property, it shall be construed to include purchases as described in this subsection.

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(8) (A) "Sales price" means the total amount for which tangible personal property is sold by a retailer, the total amount of rent for which occupancy of a room is transferred by an operator, the total amount for which any service described in subdivision (2) of this subsection is rendered by a retailer or the total amount of payment or periodic payments for which tangible personal property is leased by a retailer, valued in money, whether paid in money or otherwise, which amount is due and owing to the retailer or operator and, subject to the provisions of subdivision (1) of section 12-408, as amended by this act, whether or not actually received by the retailer or operator, without any deduction on account of any of the following: (i) The cost of the property sold; (ii) the cost of materials used, labor or service cost, interest charged, losses or any other expenses; (iii) for any sale occurring on or after July 1, 1993, any charges by the retailer to the purchaser for shipping or delivery, notwithstanding whether such charges are separately stated in a written contract, or on a bill or invoice rendered to such purchaser or whether such shipping or delivery is provided by the retailer or a third party. The provisions of subparagraph (A) (iii) of this subdivision shall not apply to any item exempt from taxation pursuant to section 12-412. Such total amount includes any services that are a part of the sale; except as otherwise provided in subparagraph (B)(v) or (B)(vi) of this subdivision, any amount for which credit is given to the purchaser by the retailer, and all compensation and all employment-related expenses, whether or not separately stated, paid to or on behalf of employees of a retailer of any service described in subdivision (2) of this subsection.

(B) "Sales price" does not include any of the following: (i) Cash discounts allowed and taken on sales; (ii) any portion of the amount charged for property returned by purchasers, which upon rescission of the contract of sale is refunded either in cash or credit, provided the property is returned within ninety days from the date of purchase; (iii) the amount of any tax, not including any manufacturers' or importers'

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excise tax, imposed by the United States upon or with respect to retail sales whether imposed upon the retailer or the purchaser; (iv) the amount charged for labor rendered in installing or applying the property sold, provided such charge is separately stated and exclusive of such charge for any service rendered within the purview of subparagraph (I) of subdivision (37) of this subsection; (v) unless the provisions of subdivision (4) of section 12-430 or of section 12-430a are applicable, any amount for which credit is given to the purchaser by the retailer, provided such credit is given solely for property of the same kind accepted in part payment by the retailer and intended by the retailer to be resold; (vi) the full face value of any coupon used by a purchaser to reduce the price paid to a retailer for an item of tangible personal property, whether or not the retailer will be reimbursed for such coupon, in whole or in part, by the manufacturer of the item of tangible personal property or by a third party; (vii) the amount charged for separately stated compensation, fringe benefits, workers' compensation and payroll taxes or assessments paid to or on behalf of employees of a retailer who has contracted to manage a service recipient's property or business premises and renders management services described in subparagraph (I) or (J) of subdivision (37) of this subsection, provided, the employees perform such services solely for the service recipient at its property or business premises and "sales price" shall include the separately stated compensation, fringe benefits, workers' compensation and payroll taxes or assessments paid to or on behalf of any employee of the retailer who is an officer, director or owner of more than five per cent of the outstanding capital stock of the retailer. Determination whether an employee performs services solely for a service recipient at its property or business premises for purposes of this subdivision shall be made by reference to such employee's activities during the time period beginning on the later of the commencement of the management contract, the date of the employee's first employment by the retailer or the date which is six months immediately preceding the date of such determination; (viii)



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the amount charged for separately stated compensation, fringe benefits, workers' compensation and payroll taxes or assessments paid to or on behalf of (I) a leased employee, or (II) a worksite employee by a professional employer organization pursuant to a professional employer agreement. For purposes of this subparagraph, an employee shall be treated as a leased employee if the employee is provided to the client at the commencement of an agreement with an employee leasing organization under which at least seventy-five per cent of the employees provided to the client at the commencement of such initial agreement qualify as leased employees pursuant to Section 414(n) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, or the employee is added to the client's workforce by the employee leasing organization subsequent to the commencement of such initial agreement and qualifies as a leased employee pursuant to Section 414(n) of said Internal Revenue Code of 1986 without regard to subparagraph (B) of paragraph (2) thereof. A leased employee, or a worksite employee subject to a professional employer agreement, shall not include any employee who is hired by a temporary help service and assigned to support or supplement the workforce of a temporary help service's client; (ix) any amount received by a retailer from a purchaser as the battery deposit that is required to be paid under subsection (a) of section 22a-245h; the refund value of a beverage container that is required to be paid under subsection (a) of section 22a-244; or a deposit that is required by law to be paid by the purchaser to the retailer and that is required by law to be refunded to the purchaser by the retailer when the same or similar tangible personal property is delivered as required by law to the retailer by the purchaser, if such amount is separately stated on the bill or invoice rendered by the retailer to the purchaser; and (x) the amount charged for separately stated compensation, fringe benefits, workers' compensation and payroll taxes or assessments paid to a media payroll services company, as defined in this subsection.

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(9) (A) "Gross receipts" means the total amount of the sales price from retail sales of tangible personal property by a retailer, the total amount of the rent from transfers of occupancy of rooms by an operator, the total amount of the sales price from retail sales of any service described in subdivision (2) of this subsection by a retailer of services, or the total amount of payment or periodic payments from leases or rentals of tangible personal property by a retailer, valued in money, whether received in money or otherwise, which amount is due and owing to the retailer or operator and, subject to the provisions of subdivision (1) of section 12-408, as amended by this act, whether or not actually received by the retailer or operator, without any deduction on account of any of the following: (i) The cost of the property sold; however, in accordance with such regulations as the Commissioner of Revenue Services may prescribe, a deduction may be taken if the retailer has purchased property for some other purpose than resale, has reimbursed the retailer's vendor for tax which the vendor is required to pay to the state or has paid the use tax with respect to the property, and has resold the property prior to making any use of the property other than retention, demonstration or display while holding it for sale in the regular course of business. If such a deduction is taken by the retailer, no refund or credit will be allowed to the retailer's vendor with respect to the sale of the property; (ii) the cost of the materials used, labor or service cost, interest paid, losses or any other expense; (iii) for any sale occurring on or after July 1, 1993, except for any item exempt from taxation pursuant to section 12-412, any charges by the retailer to the purchaser for shipping or delivery, notwithstanding whether such charges are separately stated in the written contract, or on a bill or invoice rendered to such purchaser or whether such shipping or delivery is provided by the retailer or a third party. The total amount of the sales price includes any services that are a part of the sale; all receipts, cash, credits and property of any kind; except as otherwise provided in subparagraph (B)(v) or (B)(vi) of this subdivision, any amount for which credit is allowed by the retailer to

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the purchaser; and all compensation and all employment-related expenses, whether or not separately stated, paid to or on behalf of employees of a retailer of any service described in subdivision (2) of this subsection.

(B) "Gross receipts" do not include any of the following: (i) Cash discounts allowed and taken on sales; (ii) any portion of the sales price of property returned by purchasers, which upon rescission of the contract of sale is refunded either in cash or credit, provided the property is returned within ninety days from the date of sale; (iii) the amount of any tax, not including any manufacturers' or importers' excise tax, imposed by the United States upon or with respect to retail sales whether imposed upon the retailer or the purchaser; (iv) the amount charged for labor rendered in installing or applying the property sold, provided such charge is separately stated and exclusive of such charge for any service rendered within the purview of subparagraph (I) of subdivision (37) of this subsection; (v) unless the provisions of subdivision (4) of section 12-430 or of section 12-430a are applicable, any amount for which credit is given to the purchaser by the retailer, provided such credit is given solely for property of the same kind accepted in part payment by the retailer and intended by the retailer to be resold; (vi) the full face value of any coupon used by a purchaser to reduce the price paid to the retailer for an item of tangible personal property, whether or not the retailer will be reimbursed for such coupon, in whole or in part, by the manufacturer of the item of tangible personal property or by a third party; (vii) the amount charged for separately stated compensation, fringe benefits, workers' compensation and payroll taxes or assessments paid to or on behalf of employees of a retailer who has contracted to manage a service recipient's property or business premises and renders management services described in subparagraph (I) or (J) of subdivision (37) of this subsection, provided the employees perform such services solely for the service recipient at its property or business premises and "gross

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receipts" shall include the separately stated compensation, fringe benefits, workers' compensation and payroll taxes or assessments paid to or on behalf of any employee of the retailer who is an officer, director or owner of more than five per cent of the outstanding capital stock of the retailer. Determination whether an employee performs services solely for a service recipient at its property or business premises for purposes of this subdivision shall be made by reference to such employee's activities during the time period beginning on the later of the commencement of the management contract, the date of the employee's first employment by the retailer or the date which is six months immediately preceding the date of such determination; (viii) the amount charged for separately stated compensation, fringe benefits, workers' compensation and payroll taxes or assessments paid to or on behalf of (I) a leased employee, or (II) a worksite employee by a professional employer organization pursuant to a professional employer agreement. For purposes of this subparagraph, an employee shall be treated as a leased employee if the employee is provided to the client at the commencement of an agreement with an employee leasing organization under which at least seventy-five per cent of the employees provided to the client at the commencement of such initial agreement qualify as leased employees pursuant to Section 414(n) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, or the employee is added to the client's workforce by the employee leasing organization subsequent to the commencement of such initial agreement and qualifies as a leased employee pursuant to Section 414(n) of said Internal Revenue Code of 1986 without regard to subparagraph (B) of paragraph (2) thereof. A leased employee, or a worksite employee subject to a professional employer agreement, shall not include any employee who is hired by a temporary help service and assigned to support or supplement the workforce of a temporary help service's client; (ix) the amount received by a retailer from a purchaser as the battery deposit that is required to be paid under

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subsection (a) of section 22a-256h; the refund value of a beverage container that is required to be paid under subsection (a) of section 22a-244 or a deposit that is required by law to be paid by the purchaser to the retailer and that is required by law to be refunded to the purchaser by the retailer when the same or similar tangible personal property is delivered as required by law to the retailer by the purchaser, if such amount is separately stated on the bill or invoice rendered by the retailer to the purchaser; and (x) the amount charged for separately stated compensation, fringe benefits, workers' compensation and payroll taxes or assessments paid to a media payroll services company, as defined in this subsection.

(10) "Business" includes any activity engaged in by any person or caused to be engaged in by any person with the object of gain, benefit or advantage, either direct or indirect.

(11) "Seller" includes every person engaged in the business of selling tangible personal property or rendering any service described in any of the subparagraphs of subdivision (2) of this subsection, the gross receipts from the retail sale of which are required to be included in the measure of the sales tax and every operator as defined in subdivision (18) of this subsection.

(12) "Retailer" includes: (A) Every person engaged in the business of making sales at retail or in the business of making retail sales at auction of tangible personal property owned by the person or others; (B) every person engaged in the business of making sales for storage, use or other consumption or in the business of making sales at auction of tangible personal property owned by the person or others for storage, use or other consumption; (C) every operator, as defined in subdivision (18) of this subsection; (D) every seller rendering any service described in subdivision (2) of this subsection; (E) every person under whom any salesman, representative, peddler or canvasser operates in this state, or from whom such salesman, representative,

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peddler or canvasser obtains the tangible personal property that is sold; (F) every person with whose assistance any seller is enabled to solicit orders within this state; (G) every person making retail sales from outside this state to a destination within this state and not maintaining a place of business in this state who engages in regular or systematic solicitation of sales of tangible personal property in this state (i) by the display of advertisements on billboards or other outdoor advertising in this state, (ii) by the distribution of catalogs, periodicals, advertising flyers or other advertising by means of print, radio or television media, or (iii) by mail, telegraphy, telephone, computer data base, cable, optic, microwave or other communication system, for the purpose of effecting retail sales of tangible personal property, provided such person has made one hundred or more retail sales from outside this state to destinations within this state during the twelve-month period ended on the September thirtieth immediately preceding the monthly or quarterly period with respect to which such person's liability for tax under this chapter is determined; (H) any person owned or controlled, either directly or indirectly, by a retailer engaged in business in this state which is the same as or similar to the line of business in which such person so owned or controlled is engaged; (I) any person owned or controlled, either directly or indirectly, by the same interests that own or control, either directly or indirectly, a retailer engaged in business in this state which is the same as or similar to the line of business in which such person so owned or controlled is engaged; (J) any assignee of a person engaged in the business of leasing tangible personal property to others, where leased property of such person which is subject to taxation under this chapter is situated within this state and such assignee has a security interest, as defined in subdivision (35) of subsection (b) of section 42a-1-201, in such property; (K) every person making retail sales of items of tangible personal property from outside this state to a destination within this state and not maintaining a place of business in this state who repairs or services such items, under a warranty, in this state, either directly or

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indirectly through an agent, independent contractor or subsidiary; and (L) every person making sales of tangible personal property or services through an agreement with another person located in this state under which such person located in this state, for a commission or other consideration that is based upon the sale of tangible personal property or services by the retailer, directly or indirectly refers potential customers, whether by a link on an Internet web site or otherwise, to the retailer, provided the cumulative gross receipts from sales by the retailer to customers in the state who are referred to the retailer by all such persons with this type of an agreement with the retailer, is in excess of two thousand dollars during the preceding four quarterly periods ending on the last day of March, June, September and December.

(13) "Tangible personal property" means personal property which may be seen, weighed, measured, felt or touched or which is in any other manner perceptible to the senses including canned or prewritten computer software. Tangible personal property includes the distribution, generation or transmission of electricity.

(14) "In this state" or "in the state" means within the exterior limits of the state of Connecticut and includes all territory within these limits owned by or ceded to the United States of America.

(15) (A) "Engaged in business in the state" means and includes but shall not be limited to the following acts or methods of transacting business: (i) Selling in this state, or any activity in this state in connection with selling in this state, tangible personal property for use, storage or consumption within the state; (ii) engaging in the transfer for a consideration of the occupancy of any room or rooms in a hotel, [or] lodging house or bed and breakfast establishment for a period of thirty consecutive calendar days or less; (iii) rendering in this state any service described in any of the subparagraphs of subdivision (2) of this subsection; (iv) maintaining, occupying or using, permanently or

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temporarily, directly or indirectly, through a subsidiary or agent, by whatever name called, any office, place of distribution, sales or sample room or place, warehouse or storage point or other place of business or having any representative, agent, salesman, canvasser or solicitor operating in this state for the purpose of selling, delivering or taking orders; (v) notwithstanding the fact that retail sales are made from outside this state to a destination within this state and that a place of business is not maintained in this state, engaging in regular or systematic solicitation of sales of tangible personal property in this state by the display of advertisements on billboards or other outdoor advertising in this state, by the distribution of catalogs, periodicals, advertising flyers or other advertising by means of print, radio or television media, or by mail, telegraphy, telephone, computer data base, cable, optic, microwave or other communication system, for the purpose of effecting retail sales of tangible personal property, provided one hundred or more retail sales from outside this state to destinations within this state are made during the twelve-month period ended on the September thirtieth immediately preceding the monthly or quarterly period with respect to which liability for tax under this chapter is determined; (vi) being owned or controlled, either directly or indirectly, by a retailer engaged in business in this state which is the same as or similar to the line of business in which the retailer so owned or controlled is engaged; (vii) being owned or controlled, either directly or indirectly, by the same interests that own or control, either directly or indirectly, a retailer engaged in business in this state which is the same as or similar to the line of business in which the retailer so owned or controlled is engaged; (viii) being the assignee of a person engaged in the business of leasing tangible personal property to others, where leased property of such person is situated within this state and such assignee has a security interest, as defined in subdivision (35) of subsection (b) of section 42a-1-201, in such property; (ix) notwithstanding the fact that retail sales of items of tangible personal property are made from outside this state to a



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destination within this state and that a place of business is not maintained in this state, repairing or servicing such items, under a warranty, in this state, either directly or indirectly through an agent, independent contractor or subsidiary; and (x) selling tangible personal property or services through an agreement with a person located in this state, under which such person located in this state, for a commission or other consideration that is based upon the sale of tangible personal property or services by the retailer, directly or indirectly refers potential customers, whether by a link on an Internet web site or otherwise, to the retailer, provided the cumulative gross receipts from sales by the retailer to customers in the state who are referred to the retailer by all such persons with this type of agreement with the retailer is in excess of two thousand dollars during the four preceding four quarterly periods ending on the last day of March, June, September and December.

(B) A retailer who has contracted with a commercial printer for printing and distribution of printed material shall not be deemed to be engaged in business in this state because of the ownership or leasing by the retailer of tangible or intangible personal property located at the premises of the commercial printer in this state, the sale by the retailer of property of any kind produced or processed at and shipped or distributed from the premises of the commercial printer in this state, the activities of the retailer's employees or agents at the premises of the commercial printer in this state, which activities relate to quality control, distribution or printing services performed by the printer, or the activities of any kind performed by the commercial printer in this state for or on behalf of the retailer.

(C) A retailer not otherwise a retailer engaged in business in the state who purchases fulfillment services carried on in this state by a person other than an affiliated person, or who owns tangible personal property located on the premises of an unaffiliated person performing

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fulfillment services for such retailer shall not be deemed to be engaged in business in the state. For purposes of this subparagraph, persons are affiliated persons with respect to each other where one of such persons has an ownership interest of more than five per cent, whether direct or indirect, in the other, or where an ownership interest of more than five per cent, whether direct or indirect, is held in each of such persons by another person or by a group of other persons who are affiliated persons with respect to each other. For purposes of this subparagraph, "fulfillment services" means services that are performed by a person on its premises on behalf of a purchaser of such services and that involve the receipt of orders from the purchaser of such services or an agent thereof, which orders are to be filled by the person from an inventory of products that are offered for sale by the purchaser of such services, and the shipment of such orders to customers of the purchaser of such services.

(D) A retailer not otherwise a retailer engaged in business in this state that participates in a trade show or shows at the convention center, as defined in subdivision (3) of section 32-600, shall not be deemed to be engaged in business in this state, regardless of whether the retailer has employees or other staff present at such trade shows, provided the retailer's activity at such trade shows is limited to displaying goods or promoting services, no sales are made, any orders received are sent outside this state for acceptance or rejection and are filled from outside this state, and provided further that such participation is not more than fourteen days, or part thereof, in the aggregate during the retailer's income year for federal income tax purposes.

(16) "Hotel" means any building regularly used and kept open as such for the feeding and lodging of guests where any person who conducts himself properly and who is able and ready to pay for such services is received if there are accommodations for such person and

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which derives the major portion of its operating receipts from the renting of rooms and the sale of food. "Hotel" [shall include] includes any apartment hotel wherein apartments are rented for fixed periods of time, furnished or unfurnished, while the keeper of such hotel supplies food to the occupants thereof, if required, but does not include a bed and breakfast establishment.

(17) "Lodging house" means any building or portion of a building, other than a hotel, [or] an apartment hotel or a bed and breakfast establishment, in which persons are lodged for hire with or without meals, including, but not limited to, any motel, motor court, motor inn, tourist court, furnished residence or similar accommodation; provided the terms "hotel", "apartment hotel", [and] "lodging house" and "bed and breakfast" shall not be construed to include: (A) Privately owned and operated convalescent homes, residential care homes, homes for the infirm, indigent or chronically ill; (B) religious or charitable homes for the aged, infirm, indigent or chronically ill; (C) privately owned and operated summer camps for children; (D) summer camps for children operated by religious or charitable organizations; (E) lodging accommodations at educational institutions; or (F) lodging accommodations at any facility operated by and in the name of any nonprofit charitable organization, provided the income from such lodging accommodations at such facility is not subject to federal income tax.

(18) "Operator" means any person operating a hotel, [or] lodging house or bed and breakfast establishment in the state, including, but not limited to, the owner or proprietor of such premises, lessee, sublessee, mortgagee in possession, licensee or any other person otherwise operating such hotel, [or] lodging house or bed and breakfast establishment.

(19) "Occupancy" means the use or possession, or the right to the use or possession, of any room or rooms in a hotel, [or] lodging house

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or bed and breakfast establishment, or the right to the use or possession of the furnishings or the services and accommodations accompanying the use and possession of such room or rooms, for the first period of not more than thirty consecutive calendar days.

(20) "Room" means any room or rooms of any kind in any part or portion of a hotel, [or] lodging house or bed and breakfast establishment let out for use or possession for lodging purposes.

(21) "Rent" means the consideration received for occupancy and any meals included with such occupancy, valued in money, whether received in money or otherwise, including all receipts, cash, credits and property or services of any kind or nature, and also any amount for which credit is allowed by the operator to the occupant, without any deduction therefrom whatsoever.

(22) "Certificated air carrier" means a person issued a certificate or certificates by the Federal Aviation Administration pursuant to Title 14, Chapter I, Subchapter G, Part 121, 135, 139 or 141 of the Code of Federal Regulations or the Civil Aeronautics Board pursuant to Title 14, Chapter II, Subchapter A, Parts 201 to 208, inclusive, and 298 of the Code of Federal Regulations, as such regulations may hereafter be amended or reclassified.

(23) "Aircraft" means aircraft, as the term is defined in section 15-34.

(24) "Vessel" means vessel, as the term is defined in section 15-127.

(25) "Licensed marine dealer" means a marine dealer, as the term is defined in section 15-141, who has been issued a marine dealer's certificate by the Commissioner of Energy and Environmental Protection.

(26) (A) "Telecommunications service" means the electronic transmission, conveyance or routing of voice, image, data, audio, video

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or any other information or signals to a point or between or among points. "Telecommunications service" includes such transmission, conveyance or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether such service is referred to as a voice over Internet protocol service or is classified by the Federal Communications Commission as enhanced or value added. "Telecommunications service" does not include (i) value-added nonvoice data services, (ii) radio and television audio and video programming services, regardless of the medium, including the furnishing of transmission, conveyance or routing of such services by the programming service provider. Radio and television audio and video programming services shall include, but not be limited to, cable service as defined in 47 USC 522(6), audio and video programming services delivered by commercial mobile radio service providers, as defined in 47 CFR 20, and video programming service by certified competitive video service providers, (iii) any telecommunications service (I) rendered by a company in control of such service when rendered for private use within its organization, or (II) used, allocated or distributed by a company within its organization, including in such organization affiliates, as defined in section 33-840, for the purpose of conducting business transactions of the organization if such service is purchased or leased from a company rendering telecommunications service and such purchase or lease is subject to tax under this chapter, (iv) access or interconnection service purchased by a provider of telecommunications service from another provider of such service for purposes of rendering such service, provided the purchaser submits to the seller a certificate attesting to the applicability of this exclusion, upon receipt of which the seller is relieved of any tax liability for such sale so long as the certificate is taken in good faith by the seller, (v) data processing and information services that allow data to be generated, acquired, stored, processed or retrieved and delivered by an electronic transmission to a purchaser where such purchaser's

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primary purpose for the underlying transaction is the processed data or information, (vi) installation or maintenance of wiring equipment on a customer's premises, (vii) tangible personal property, (viii) advertising, including, but not limited to, directory advertising, (ix) billing and collection services provided to third parties, (x) Internet access service, (xi) ancillary services, and (xii) digital products delivered electronically, including, but not limited to, software, music, video, reading materials or ring tones.

(B) For purposes of the tax imposed under this chapter (i) gross receipts from the rendering of telecommunications service shall include any subscriber line charge or charges as required by the Federal Communications Commission and any charges for access service collected by any person rendering such service unless otherwise excluded from such gross receipts under this chapter, and such gross receipts from the rendering of telecommunications service shall also include any charges for vertical service, for the installation or maintenance of wiring equipment on a customer's premises, and for directory assistance service; (ii) gross receipts from the rendering of telecommunications service shall not include any local charge for calls from public or semipublic telephones; and (iii) gross receipts from the rendering of telecommunications service shall not include any charge for calls purchased using a prepaid telephone calling service, as defined in subdivision (34) of this subsection.

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

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(28) "Hospital" means a hospital included within the definition of health care facilities or institutions under section 19a-630 and licensed as a short-term general hospital by the Department of Public Health, but does not include (A) any hospital which, on January 30, 1997, is within the class of hospitals licensed by the department as children's general hospitals, or (B) a short-term acute hospital operated exclusively by the state other than a short-term acute hospital operated by the state as a receiver pursuant to chapter 920.

(29) "Patient care services" means therapeutic and diagnostic medical services provided by the hospital to inpatients and outpatients including tangible personal property transferred in connection with such services.

(30) "Another state" or "other state" means any state of the United States or the District of Columbia excluding the state of Connecticut.

(31) "Professional employer agreement" means a written contract between a professional employer organization and a service recipient whereby the professional employer organization agrees to provide at least seventy-five per cent of the employees at the service recipient's worksite, which contract provides that such worksite employees are intended to be permanent employees rather than temporary employees, and employer responsibilities for such worksite employees, including hiring, firing and disciplining, are allocated between the professional employer organization and the service recipient.

(32) "Professional employer organization" means any person that enters into a professional employer agreement with a service recipient whereby the professional employer organization agrees to provide at least seventy-five per cent of the employees at the service recipient's worksite.

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(33) "Worksite employee" means an employee, the employer responsibilities for which, including hiring, firing and disciplining, are allocated, under a professional employer agreement, between a professional employer organization and a service recipient.

(34) "Prepaid telephone calling service" means the right to exclusively purchase telecommunications service, that must be paid for in advance and that enables the origination of calls using an access number or authorization code, or both, whether manually or electronically dialed, provided the remaining amount of units of service that have been prepaid shall be known on a continuous basis.

(35) "Canned or prewritten software" means all software, other than custom software, that is held or existing for general or repeated sale, license or lease. Software initially developed as custom software for in-house use and subsequently sold, licensed or leased to unrelated third parties shall be considered canned or prewritten software.

(36) "Custom software" means a computer program prepared to the special order of a single customer.

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

(A) Computer and data processing services, including, but not limited to, time, programming, code writing, modification of existing programs, feasibility studies and installation and implementation of software programs and systems even where such services are rendered in connection with the development, creation or production of canned or custom software or the license of custom software;

(B) Credit information and reporting services;

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



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(D) Private investigation, protection, patrol work, watchman and armored car services, exclusive of (i) services of off-duty police officers and off-duty firefighters, and (ii) coin and currency services provided to a financial services company by or through another financial services company. For purposes of this subparagraph, "financial services company" has the same meaning as provided under subparagraphs (A) to (H), inclusive, of subdivision (6) of subsection (a) of section 12-218b;

(E) Painting and lettering services;

(F) Photographic studio services;

(G) Telephone answering services;

(H) Stenographic services;

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

(J) Business analysis, management, management consulting and public relations services, excluding (i) any environmental consulting services, (ii) any training services provided by an institution of higher education licensed or accredited by the Board of Regents for Higher Education or Office of Higher Education pursuant to sections 10a-35a and 10a-34, respectively, and (iii) on and after January 1, 1994, any business analysis, management, management consulting and public relations services when such services are rendered in connection with

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an aircraft leased or owned by a certificated air carrier or in connection with an aircraft which has a maximum certificated take-off weight of six thousand pounds or more;

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

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

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

(N) Motor vehicle parking, including the provision of space, other than metered space, in a lot having thirty or more spaces, excluding (i) space in a parking lot owned or leased under the terms of a lease of not less than ten years' duration and operated by an employer for the exclusive use of its employees, (ii) space in municipally operated railroad parking facilities in municipalities located within an area of the state designated as a severe nonattainment area for ozone under the federal Clean Air Act or space in a railroad parking facility in a municipality located within an area of the state designated as a severe nonattainment area for ozone under the federal Clean Air Act owned or operated by the state on or after April 1, 2000, (iii) space in a seasonal parking lot provided by an entity subject to the exemption set forth in subdivision (1) of section 12-412, and (iv) space in a municipally owned parking lot;

(O) Radio or television repair services;

(P) Furniture reupholstering and repair services;

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

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

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

(T) Locksmith services;

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

(V) Landscaping and horticulture services;

(W) Window cleaning services;

(X) Maintenance services;

(Y) Janitorial services;

(Z) Exterminating services;

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(AA) Swimming pool cleaning and maintenance services;

(BB) Miscellaneous personal services included in industry group 729 in the Standard Industrial Classification Manual, United States Office of Management and Budget, 1987 edition, or U.S. industry 532220, 812191, 812199 or 812990 in the North American Industrial Classification System United States Manual, United States Office of Management and Budget, 1997 edition, exclusive of (i) services rendered by massage therapists licensed pursuant to chapter 384a, and (ii) services rendered by an electrologist licensed pursuant to chapter 388;

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

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

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

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

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

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

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

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

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

(LL) Services in connection with a cosmetic medical procedure. For purposes of this subparagraph, "cosmetic medical procedure" means

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

(MM) Manicure services, pedicure services and all other nail services, regardless of where performed, including airbrushing, fills, full sets, nail sculpting, paraffin treatments and polishes;

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

(OO) Car wash services, including coin-operated car washes.

(38) "Media payroll services company" means a retailer whose principal business activity is the management and payment of compensation, fringe benefits, workers' compensation, payroll taxes or assessments to individuals providing services to an eligible production company pursuant to section 12-217jj.

(39) "Certified competitive video service" means video programming service provided through wireline facilities, a portion of which are located in the public right-of-way, without regard to delivery technology, including Internet protocol technology. "Certified competitive video service" does not include any video programming provided by a commercial mobile service provider, as defined in 47

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USC 332(d); any video programming provided as part of community antenna television service; any video programming provided as part of, and via, a service that enables users to access content, information, electronic mail or other services over the Internet.

(40) "Directory assistance" means an ancillary service of providing telephone number information or address information.

(41) "Vertical service" means an ancillary service that is offered in connection with one or more telecommunications services, offering advanced calling features that allow customers to identify callers and to manage multiple calls and call connections, including conference bridging services.

(42) "Bed and breakfast establishment" means any private operator-occupied house, other than a hotel or lodging house, with twelve or fewer rooms in which persons are lodged for hire and a full morning meal is included in the rent.

(b) Wherever in this chapter reference is made to the sale of tangible personal property or services, it shall be construed to include sales described in subdivision (2) of subsection (a) of this section, except as may be specifically provided to the contrary.

Sec. 15. (NEW) (*Effective October 1, 2017*) (a) As used in this section:

(1) "Attorney" means an attorney admitted to practice law in this state or one or more of the other states or jurisdictions of the United States;

(2) "Certified public accountant" means a certified public accountant licensed pursuant to chapter 389 of the general statutes or a similar law of one or more of the other states or jurisdictions of the United States;

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

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or the commissioner's designee;

(4) "Creditor" means any person who makes a refund anticipation loan or who takes an assignment of a refund anticipation loan;

(5) "Facilitator" means a person that individually or in conjunction or cooperation with another person: (A) Solicits the execution of, processes, receives or accepts an application or agreement for a refund anticipation loan or refund anticipation check; (B) serves or collects upon a refund anticipation loan or refund anticipation check; or (C) in any other manner, facilitates the making of a refund anticipation loan or refund anticipation check. "Facilitator" does not include any employee of a facilitator who provides only clerical or other comparable support services to such facilitator;

(6) "Person" has the same meaning as provided in section 12-1 of the general statutes;

(7) "Refund anticipation check" means a check, debit card, stored value card or other payment mechanism that: (A) Represents the proceeds of a federal or state personal income tax refund; (B) is issued by a bank or other person that received a direct deposit of the tax refund or tax credits; and (C) is paid for by a fee or other consideration;

(8) "Refund anticipation loan" means a loan that is secured by or that the creditor arranges to be repaid directly or indirectly from the proceeds of a federal or state personal income tax refund. "Refund anticipation loan" includes any sale, assignment or purchase of such tax refund at a discount or for a fee, whether or not the amount is required to be repaid to the buyer or assignee if the Internal Revenue Service or the Department of Revenue Services denies or reduces the amount of the tax refund;

(9) "Return" means a tax return or report relating to the federal or



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state personal income tax administered by the Internal Revenue Service or the Department of Revenue Services;

(10) "Tax preparation services" means the preparation of or assistance in the preparation of another person's federal or state personal income tax return, for a fee or other consideration; and

(11) "Tax preparer" means an individual who provides federal or state personal income tax preparation services for a fee or other consideration.

(b) (1) No person that provides tax preparation services or acts as a facilitator shall:

(A) Impose any fee or other consideration in the making or facilitating of a refund anticipation loan or refund anticipation check other than the fee charged by the creditor or bank that originated such loan or check;

(B) Engage in unfair or deceptive acts or practices in the making or facilitating of a refund anticipation loan or refund anticipation check, including making any written or oral statement that contradicts any information required to be disclosed under the Taxpayer Bill of Rights, as set forth in the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, or the Connecticut Taxpayer's Bill of Rights, as set forth in section 12-39n of the general statutes;

(C) Directly or indirectly arrange for a third party, other than the originating creditor or bank, to impose any interest, fee or charge related to a refund anticipation loan or refund anticipation check;

(D) Include any of the following provisions in any documents provided with respect to a refund anticipation loan or refund anticipation check, including in the loan application or agreement: (i)

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A hold harmless clause; (ii) a confession of judgment clause; (iii) any assignment of or order for payment of wages or other compensation for services; (iv) a waiver of any provision of the Taxpayer Bill of Rights or the Connecticut Taxpayer's Bill of Rights; or (v) a waiver of the right to injunctive, declaratory or other equitable relief or relief on a class-wide basis;

(E) Take or arrange for a creditor to take a security interest in any property interest of the taxpayer other than the proceeds of the tax refund to secure payment of a refund anticipation loan;

(F) Engage in the collection of an outstanding or delinquent refund anticipation loan for any creditor or assignee;

(G) Make a material misrepresentation of fact in obtaining or attempting to obtain a permit under section 16 of this act;

(H) Fail or refuse to return to a taxpayer, within a reasonable period of time, any documents or copies of such documents provided by the taxpayer;

(I) Fail or refuse to provide to a taxpayer, for the taxpayer's own records, a copy of any document requiring the taxpayer's signature, within a reasonable time after the taxpayer signs the document;

(J) Fail to maintain a copy of any return prepared for a taxpayer for a period of four years from the date of completion or the due date of the return, whichever is later;

(K) Require or allow a taxpayer to sign blank or incomplete tax forms;

(L) Require a taxpayer to designate the tax preparer or facilitator as the payee for a federal or state personal income tax refund; or

(M) Require a taxpayer to designate and use a specific depository

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institution or debit card or stored value card provider for the purposes of receiving a federal or state personal income tax refund.

(2) Each tax preparer preparing any return shall sign the return and include his or her preparer tax identification number issued by the Internal Revenue Service.

(3) The commissioner may impose on any person providing tax preparation services or acting as a facilitator that violates any provision of subdivision (1) or (2) of this subsection a civil penalty of not more than five hundred dollars for each violation. Subject to the provisions of section 12-3a of the general statutes, the commissioner may waive all or part of the penalty provided under this subdivision when it is proven to the commissioner's satisfaction that the violation was due to reasonable cause and not intentional or due to neglect.

Sec. 16. (NEW) (*Effective October 1, 2018*) (a) As used in sections 16 to 18, inclusive, of this act, "attorney", "certified public accountant", "commissioner", "creditor", "facilitator", "refund anticipation check", "refund anticipation loan", "return", "tax preparation services" and "tax preparer" have the same meanings as provided in section 15 of this act, and "commercial tax return preparation business" means a person that employs tax preparers.

(b) (1) On and after January 1, 2019, no person, except as provided in subsection (e) of this section, shall engage in the business of, solicit business as or advertise as furnishing tax preparation services or acting as a facilitator or make representations to be a tax preparer or facilitator, without a tax preparer permit or a facilitator permit, as applicable, issued by the commissioner. Each applicant for such permit and renewal of such permit shall apply by electronic means in the form and manner prescribed by the commissioner.

(2) Each individual applying for a permit shall (A) be eighteen years

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of age or older, (B) have obtained a high school diploma, (C) possess a preparer tax identification number issued by the Internal Revenue Service that shall be used by the tax preparer or facilitator for each return such tax preparer is required to sign and each refund anticipation loan or refund anticipation check such facilitator is required to sign, and (D) present evidence satisfactory to the commissioner that the applicant has experience, education or training in tax preparation services, which evidence shall include, on and after January 1, 2020, a certificate of completion of an annual filing season program administered by the Internal Revenue Service.

(3) The commissioner may issue a permit under this subsection to an applicant that presents evidence satisfactory to the commissioner that the applicant is authorized to act as a tax preparer or facilitator in a state that has professional requirements substantially similar to the requirements for tax preparers or facilitators in this state. The commissioner shall provide written notice of the commissioner's decision approving or denying an application for issuance or renewal of a permit not later than sixty days after receipt of the application.

(4) The fee for an initial application shall be one hundred dollars. A permit issued pursuant to this subsection shall expire after two years and a tax preparer or facilitator seeking renewal shall submit a renewal application and renewal fee of fifty dollars.

(5) If an individual acts as both a tax preparer and a facilitator, the commissioner shall issue a single permit covering both activities.

(c) (1) If, at any time following the issuance or renewal of a permit issued pursuant to subsection (b) of this section, any information provided to the commissioner by the tax preparer or facilitator is no longer accurate, such tax preparer or facilitator shall promptly provide updated information to the commissioner.

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(2) The issuance of a tax preparer permit or a facilitator permit shall not be advertised as an endorsement by the commissioner of the tax preparer's or facilitator's services.

(d) (1) On and after January 1, 2019, the commissioner may impose on any tax preparer or facilitator that has not been issued a permit pursuant to this section a civil penalty of one hundred dollars for each day that the commissioner finds such tax preparer or facilitator to have provided tax preparation services or acted as a facilitator.

(2) On and after January 1, 2019, if a tax preparer, facilitator or commercial tax return preparation business employs an individual to provide tax preparation services or a person to act as a facilitator that is not exempt under subsection (e) of this section and has not been issued a permit pursuant to this section, the commissioner may impose on such employing tax preparer, facilitator or business a civil penalty of five hundred dollars per violation.

(3) On and after January 1, 2019, whenever a tax preparer ceases to engage in the preparation of or in advising or assisting in the preparation of personal income tax returns or a facilitator ceases to engage in the activities of a facilitator, such tax preparer or facilitator may apply to the commissioner for inactive permit status. A permit that is granted inactive status shall not require renewal, except that such permit may be reactivated upon application to the commissioner with a payment of the renewal fee.

(4) A tax preparer or facilitator whose permit is inactive shall neither act as a tax preparer or facilitator nor advertise such tax preparer's or facilitator's status as being permitted to act as a tax preparer or facilitator.

(e) The following persons shall be exempt from the provisions of sections 16 to 18, inclusive, of this act:

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(1) An accountant holding (A) an active license issued by the State Board of Accountancy, or (B) a valid and active permit, license or equivalent professional credential issued by another state or jurisdiction of the United States;

(2) An attorney and any person engaged in providing tax preparation services under the supervision of such attorney;

(3) An individual enrolled to practice before the Internal Revenue Service under Circular 230;

(4) An individual employed by a local, state or federal governmental agency while engaged in the performance of such person's official duties;

(5) An individual serving as an employee of or assistant to a tax preparer or a person exempted under this subsection, in the performance of official duties for such tax preparer or exempt person;

(6) An individual employed, full-time or part-time, to act as a tax preparer solely for the business purposes of such individual's employer;

(7) A person acting as a fiduciary on behalf of an estate; and

(8) An Internal Revenue Services qualified tax preparer, including, but not limited to, a tax preparer sponsored by the Tax Counseling for the Elderly program or the Volunteer Income Tax Assistance program.

(f) The commissioner shall maintain a public registry containing the names and principal business address of each person holding a permit pursuant to this section.

(g) The commissioner shall keep confidential any personal financial information gathered pursuant to an investigation of any alleged violation of sections 16 to 18, inclusive, of this act, unless disclosure is

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(1) considered necessary for the investigation or prosecution of an alleged violation of this section or any regulation or order adopted thereunder, or (2) otherwise expressly authorized under the provisions of federal or state law. For purposes of this subsection, "personal financial information" includes, but is not limited to, returns and return information, as defined under federal and state law.

Sec. 17. (NEW) (*Effective October 1, 2018*) Prior to providing tax preparation services, a tax preparer shall provide to any person requesting such services a written disclosure that includes:

(1) The tax preparer's name, principal business address and primary business telephone number;

(2) An estimate of the total charge for completion of all requested tax preparation services; and

(3) A warranty that the tax preparer shall, by encryption or other means, provide for the secure storage and transmission of a taxpayer's personal and tax record information.

Sec. 18. (NEW) (*Effective October 1, 2018*) (a) (1) No tax preparer or facilitator shall do or commit any of the following acts or omissions, and the commissioner may deny the issuance of an initial or a renewal permit and may suspend or revoke any such permit for the following acts or omissions or for a violation of any provision of sections 16 and 17 of this act:

(A) Engage in a criminal act resulting in conviction of the tax preparer or facilitator or in unprofessional conduct resulting in final disciplinary action by the federal government, any state or jurisdiction of the United States, any other governmental agency or a professional licensing board or similar entity, provided such act or conduct is substantially related to qualification as a tax preparer or facilitator;

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(B) Procure or attempt to procure a permit under section 16 of this act by material misrepresentation or fraud; or

(C) Violate, attempt to violate or assist in or abet the violation of any provision of section 16 or 17 of this act.

(2) The commissioner may discipline a tax preparer or facilitator by (A) issuing a written warning, (B) suspending the tax preparer's or facilitator's permit for a period not to exceed one year, or (C) revoking such permit.

(b) (1) The commissioner may issue a written order notifying a tax preparer or facilitator of the suspension or revocation of such tax preparer's or facilitator's permit for good cause shown. Such notice shall include the right of the tax preparer or facilitator to request, in writing, a hearing before the commissioner, provided such request is received by the commissioner not later than thirty days after the date of such notice.

(2) If a hearing is timely requested, the commissioner shall, not later than thirty days after the receipt of the request, convene such hearing as a contested case in accordance with the provisions of chapter 54 of the general statutes. Not later than sixty days after the receipt of the request, the commissioner shall issue a final decision vacating, modifying or affirming the commissioner's order. Any person aggrieved by such final decision may appeal such decision in accordance with the provisions of section 4-183 of the general statutes.

(c) Nothing in sections 15 to 18, inclusive, of this act shall be construed to prevent the state from pursuing any other remedy available under law for actions taken by a tax preparer or facilitator.

Sec. 19. Subsection (b) of section 12-7a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):



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(b) [The commissioner shall annually] If requested by the Secretary of the Office of Policy and Management, the commissioner shall prepare, from the list prepared pursuant to subsection (a) of this section, a list of taxpayers who are delinquent in the payment of the corporation business tax under chapter 208. The list [shall be arranged in sequential order by the] may also include taxpayer identification [number] numbers assigned by the commissioner. [and shall be provided to the Secretary of the Office of Policy and Management not later than July fifteenth annually, commencing July 15, 1998.]

Sec. 20. Subsection (b) of section 12-15 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) The commissioner may disclose (1) returns or return information to (A) an authorized representative of another state agency or office, upon written request by the head of such agency or office, when required in the course of duty or when there is reasonable cause to believe that any state law is being violated, or (B) an authorized representative of an agency or office of the United States, upon written request by the head of such agency or office, when required in the course of duty or when there is reasonable cause to believe that any federal law is being violated, provided no such agency or office shall disclose such returns or return information, other than in a judicial or administrative proceeding to which such agency or office is a party pertaining to the enforcement of state or federal law, as the case may be, in a form which can be associated with, or otherwise identify, directly or indirectly, a particular taxpayer except that the names and addresses of jurors or potential jurors and the fact that the names were derived from the list of taxpayers pursuant to chapter 884 may be disclosed by the Judicial Branch; (2) returns or return information to the Auditors of Public Accounts, when required in the course of duty under chapter 23; (3) returns or return information to tax officers of

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another state or of a Canadian province or of a political subdivision of such other state or province or of the District of Columbia or to any officer of the United States Treasury Department or the United States Department of Health and Human Services, authorized for such purpose in accordance with an agreement between this state and such other state, province, political subdivision, the District of Columbia or department, respectively, when required in the administration of taxes imposed under the laws of such other state, province, political subdivision, the District of Columbia or the United States, respectively, and when a reciprocal arrangement exists; (4) returns or return information in any action, case or proceeding in any court of competent jurisdiction, when the commissioner or any other state department or agency is a party, and when such information is directly involved in such action, case or proceeding; (5) returns or return information to a taxpayer or its authorized representative, upon written request for a return filed by or return information on such taxpayer; (6) returns or return information to a successor, receiver, trustee, executor, administrator, assignee, guardian or guarantor of a taxpayer, when such person establishes, to the satisfaction of the commissioner, that such person has a material interest which will be affected by information contained in such returns or return information; (7) information to the assessor or an authorized representative of the chief executive officer of a Connecticut municipality, when the information disclosed is limited to (A) a list of real or personal property that is or may be subject to property taxes in such municipality, or (B) a list containing the name of each person who is issued any license, permit or certificate which is required, under the provisions of this title, to be conspicuously displayed and whose address is in such municipality; (8) real estate conveyance tax return information or controlling interest transfer tax return information to the town clerk or an authorized representative of the chief executive officer of a Connecticut municipality to which the information relates; (9) estate tax returns and estate tax return information to the Probate

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Court Administrator or to the court of probate for the district within which a decedent resided at the date of the decedent's death, or within which the commissioner contends that a decedent resided at the date of the decedent's death or, if a decedent died a nonresident of this state, in the court of probate for the district within which real estate or tangible personal property of the decedent is situated, or within which the commissioner contends that real estate or tangible personal property of the decedent is situated; (10) returns or return information to the (A) Secretary of the Office of Policy and Management for purposes of subsection (b) of section 12-7a, as amended by this act, and (B) Office of Fiscal Analysis for purposes of, and subject to the provisions of, subdivision (2) of subsection (f) of section 12-7b; (11) return information to the Jury Administrator, when the information disclosed is limited to the names, addresses, federal Social Security numbers and dates of birth, if available, of residents of this state, as defined in subdivision (1) of subsection (a) of section 12-701; (12) [pursuant to regulations adopted by the commissioner,] returns or return information to any person to the extent necessary in connection with the processing, storage, transmission or reproduction of such returns or return information, and the programming, maintenance, repair, testing or procurement of equipment, or the providing of other services, for purposes of tax administration; (13) without written request and unless the commissioner determines that disclosure would identify a confidential informant or seriously impair a civil or criminal tax investigation, returns and return information which may constitute evidence of a violation of any civil or criminal law of this state or the United States to the extent necessary to apprise the head of such agency or office charged with the responsibility of enforcing such law, in which event the head of such agency or office may disclose such return information to officers and employees of such agency or office to the extent necessary to enforce such law; (14) names and addresses of operators, as defined in section 12-407, as amended by this act, to tourism districts, as defined in section 10-397; (15) names of each

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licensed dealer, as defined in section 12-285, and the location of the premises covered by the dealer's license; (16) to a tobacco product manufacturer that places funds into escrow pursuant to the provisions of subsection (a) of section 4-28i, return information of a distributor licensed under the provisions of chapter 214 or chapter 214a, provided the information disclosed is limited to information relating to such manufacturer's sales to consumers within this state, whether directly or through a distributor, dealer or similar intermediary or intermediaries, of cigarettes, as defined in section 4-28h, and further provided there is reasonable cause to believe that such manufacturer is not in compliance with section 4-28i; (17) returns, which shall not include a copy of the return filed with the commissioner, or return information for purposes of section 12-217z; (18) returns or return information to the State Elections Enforcement Commission, upon written request by said commission, when necessary to investigate suspected violations of state election laws; and (19) returns or return information for purposes of, and subject to the conditions of, subsection (e) of section 5-240.

Sec. 21. Section 12-39cc of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Commissioner of Revenue Services [shall enter into agreements with] and financial institutions, as defined in Section 469A(d)(1) of the Social Security Act, as amended from time to time, doing business in this state, [to] shall develop and operate a data match system using automated data exchanges to the maximum extent feasible and enter into agreements regarding the administration of such system. The commissioner may waive, for any financial institution, the requirement to enter into such agreement. Notwithstanding the provisions of section 12-15, as amended by this act, the commissioner or the commissioner's designee shall provide to each financial institution a list of taxpayers who owe taxes to the state,

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which taxes are finally due and payable and with respect to which every administrative or judicial remedy, or both, has been exhausted or has lapsed. Such list shall include each taxpayer's address, Social Security number or other taxpayer identification number and such other information as may be necessary or convenient for the administration of the data match system. Not later than ninety days after receipt of such list from the commissioner, each financial institution shall provide the commissioner with [the names of] account information for those taxpayers who appear on the commissioner's list and who maintain an account with such financial institution, including the taxpayer's name, the address and Social Security number or other taxpayer identification number associated with each such account, [and a statement as to whether the balance of each such account exceeds one thousand dollars] the account number and balance in each such account and such other information as may be required by the commissioner for the purposes of administering the data match system. For the purposes of this section, "account" means a demand deposit account, checking or negotiable order of withdrawal account, savings account, time deposit account or money market mutual fund account.

(b) ~~(1)~~ A financial institution shall not be liable to any person for ~~[(1)]~~ ~~(A)~~ disclosing information to the [Commissioner of Revenue Services] commissioner or the commissioner's designee pursuant to this section, or ~~[(2)]~~ ~~(B)~~ any other action taken in good faith to comply with the requirements of subsection (a) of this section.

(2) Notwithstanding the provisions of section 12-15, as amended by this act, a financial institution may provide return information received pursuant to the data match system to (A) a service provider engaged by the financial institution to carry out the data processing and data receipt and transmission functions, to the extent necessary for the financial institution to comply with the requirements of subsection

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(a) of this section, and (B) an authorized representative of a government regulatory authority having jurisdiction over the financial institution, to the extent required by such representative in the course of such representative's duties. No person receiving return information pursuant to this subdivision shall further disclose such return information.

Sec. 22. Section 12-80b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) Each taxpayer described in subsection (a) of section 12-80a that owns tangible personal property used both to render telecommunications service subject to tax under chapter 219 and to render community antenna television service or a certified competitive video service subject to tax under [said] chapter 219 [,] shall have part of such property taxed as provided in [said] section 12-80a and part of such property exempt from property tax in accordance with section 12-268j.

(2) The portion of such property to be taxed as provided in section 12-80a and the portion exempt under section 12-268j shall be computed [, as provided in regulations adopted by the Commissioner of Revenue Services in accordance with the provisions of chapter 54] on the basis of the taxpayer's gross receipts from rendering telecommunications service or a certified competitive video service, as defined in chapter 219, and from rendering community antenna television service, as defined in [said] chapter 219, or on some other basis permitted under [such] regulations the commissioner may adopt in accordance with the provisions of chapter 54.

(b) (1) Each taxpayer not described in subsection (a) of section 12-80a that owns tangible personal property used both to render telecommunications service subject to tax under chapter 219 and to render community antenna television service or a certified competitive

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video service subject to tax under [said] chapter 219 shall have part of such property taxed as provided in this chapter, without regard to [said] section 12-80a, and part of such property exempt from property tax in accordance with section 12-268j.

(2) The portion of such property to be taxed as provided in this chapter, without regard to section 12-80a and the portion exempt under section 12-268j, shall be computed [ , as provided in regulations adopted by the Commissioner of Revenue Services in accordance with the provisions of chapter 54,] on the basis of the taxpayer's gross receipts from rendering telecommunications service, as defined in chapter 219, and from rendering community antenna television service or a certified competitive video service, as defined in [said] chapter 219, or on some other basis permitted under [such] regulations the commissioner may adopt in accordance with the provisions of chapter 54.

(c) For purposes of this section, "assessment year" means the assessment year under this chapter.

(d) For purposes of this section, "community antenna television service" shall include service provided by a holder of a certificate of cable franchise authority pursuant to section 16-331p.

Sec. 23. Subdivision (28) of subsection (a) of section 12-213 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(28) (A) "Captive real estate investment trust" means, except as provided in subparagraph (B) of this subdivision, a corporation, a trust or an association (i) that is considered a real estate investment trust for the taxable year under Section 856 of the Internal Revenue Code; (ii) that is not regularly traded on an established securities market; (iii) in which more than fifty per cent of the voting power, beneficial interests

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or shares are owned or controlled, directly or constructively, by a single entity that is subject to Subchapter C of Chapter 1 of the Internal Revenue Code; and (iv) that is not a qualified real estate investment trust, as defined in subdivision (3) of subsection (a) of section 12-217. Any voting power, beneficial interests or shares in a real estate investment trust that are directly owned or controlled by a segregated asset account of a life insurance company, as described in Section 817 of the Internal Revenue Code, shall not be taken into account for purposes of determining whether a real estate investment trust is a captive real estate investment trust.

(B) "Captive real estate investment trust" does not include a corporation, a trust or an association, in which more than fifty per cent of the entity's voting power, beneficial interests or shares are owned by a single entity described in subparagraph (A)(iii) of this subdivision that is owned or controlled, directly or constructively, by (i) a corporation, a trust or an association that is considered a real estate investment trust under Section 856 of the Internal Revenue Code; (ii) a person exempt from taxation under Section 501 of the Internal Revenue Code; (iii) a listed property trust or other foreign real estate investment trust that is organized in a country that has a tax treaty with the United States Treasury Department governing the tax treatment of these trusts; or (iv) a real estate investment trust that is intended to become regularly traded on an established securities market and that satisfies the requirements of Sections 856(a)(5) and 856(a)(6) of the Internal Revenue Code, as determined under Section 856(h) of the Internal Revenue Code.

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



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Sec. 24. Subsection (b) of section 12-222 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage, and applicable to income years commencing on or after January 1, 2017*):

(b) Such return shall be due on or before the [first] fifteenth day of the month next succeeding the due date of the company's corresponding federal income tax return for the income year, determined without regard to any extension of time for filing, or, in the case of any company that is not required to file a federal income tax return for the income year, on or before the [first] fifteenth day of the [fourth] fifth month next succeeding the end of the income year.

Sec. 25. Subsection (d) of section 12-242d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage, and applicable to income years commencing on or after January 1, 2017*):

(d) For purposes of this section, the amount of the underpayment shall be the excess of the required installment, over the amount, if any, of the installment paid on or before the due date for the installment. The period of the underpayment shall run from the due date for the installment to whichever of the following dates is earlier: (1) The [first] fifteenth day of the [fourth] fifth month of the next succeeding income year; [,] (2) with respect to any portion of the underpayment, the date on which such portion is paid. For purposes of this subsection, a payment of estimated tax shall be credited against unpaid required installments in the order in which such installments are required to be paid.

Sec. 26. Subsection (a) of section 12-263m of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2017, and applicable to calendar quarters commencing on or after October 1, 2017*):

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(a) As used in this section: (1) "Eligible dry cleaning establishment" means any place of business engaged in the cleaning of clothing or other fabrics using tetrachlorethylene, Stoddard solvent or other chemicals, [or any place of business that accepts clothing or other fabrics to be cleaned by another establishment using such chemicals,] (2) "gross receipts at retail" means the total amount accruing from dry cleaning services, [at retail,] valued in money, without any deduction for the cost of the materials used, labor or service cost or any other expense, and (3) "eligible applicant" means (A) a business owner or operator of an eligible dry cleaning establishment, or (B) an owner of property that is or that was occupied by an eligible dry cleaning establishment.

Sec. 27. Section 12-264 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2017*):

(a) Each (1) municipality, or department or agency thereof, or district manufacturing, selling or distributing gas to be used for light, heat or power, (2) company the principal business of which is manufacturing, selling or distributing gas or steam to be used for light, heat or power, including each foreign [municipal electric utility, as defined in section 12-59, and given authority to engage in business in this state pursuant to the provisions of section 16-246c] electric company, as defined in section 16-246f, that holds property in this state, and (3) company required to register pursuant to section 16-258a, shall pay a quarterly tax upon gross earnings from such operations in this state. Gross earnings from such operations under subdivisions (1) and (2) of this subsection shall include, as determined by the Commissioner of Revenue Services, (A) all income [classified as operating revenues by the Public Utilities Regulatory Authority] included in operating revenue accounts in the uniform systems of accounts prescribed by [said authority] the Public Utilities Regulatory Authority for operations within the taxable quarter and, with respect

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to each such company, (B) all income [classified] identified in said uniform systems of accounts as income from merchandising, jobbing and contract work, (C) all revenues identified in said uniform systems of accounts as income from nonutility operations, (D) all revenues [from lease of physical property not devoted to utility operation] identified in said uniform systems of accounts as nonoperating retail income, and (E) receipts from the sale of residuals and other by-products obtained in connection with the production of gas, electricity or steam. Gross earnings from such operations under subdivision (3) of this subsection shall be gross income from the sales of natural gas, provided gross income shall not include income from the sale of natural gas to an existing combined cycle facility comprised of three gas turbines providing electric generation services, as defined in section 16-1, with a total capacity of seven hundred seventy-five megawatts, for use in the production of electricity. Gross earnings of a gas company, as defined in section 16-1, shall not include income earned in a taxable quarter commencing prior to June 30, 2008, from the sale of natural gas or propane as a fuel for a motor vehicle. No deductions shall be allowed from such gross earnings for any commission, rebate or other payment, except a refund resulting from an error or overcharge and those specifically mentioned in section 12-265. Gross earnings of a company, as described in subdivision (2) of this subsection, shall not include income earned in any taxable quarter commencing on or after July 1, 2000, from the sale of steam.

(b) (1) Each such company and municipality, or department or agency thereof, or district manufacturing, selling or distributing gas to be used for light, heat or power shall, on or before the last day of January, April, July and October of each year, render to the Commissioner of Revenue Services a return on forms prescribed or furnished by the commissioner and signed by its treasurer or the person performing the duties of treasurer, or by an authorized agent or officer, specifying (A) the name and location of such company or

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municipal utility, (B) the amount of gross earnings from operations for the quarter ending with the last day of the preceding month, (C) the gross earnings from the sale or rental of appliances using water, steam, gas or electricity and the cost of such appliances sold, cost to be interpreted as net invoice price plus transportation costs of such appliances, (D) the gross earnings from all sales for resale of water, steam, gas and electricity, whether or not the purchasers are public service corporations, municipal utilities, located in the state or subject to the tax imposed by this chapter, (E) the number of miles of water or steam pipes, gas mains or electric wires operated by such company or municipal utility within this state on the first day and on the last day of the calendar year immediately preceding, and (F) the number of miles of water or steam pipes, gas mains or electric wires wherever operated by such company or municipal utility on said dates. Gas pipeline and gas transmission companies [which] that do not manufacture or buy gas in this state for resale in this state shall be subject to the provisions of chapter 208 and shall not be subject to the provisions of this chapter and chapter 212a.

(2) No person, firm, corporation or municipality that is chartered or authorized by this state to transmit or sell gas within a franchise area shall transmit gas for any person that sells gas to be used for light, heat or power to an end user or users located in this state, unless such seller has registered with the Department of Revenue Services for purposes of the tax imposed under this chapter. The provisions of this subdivision shall not apply to the transmission of gas for any seller that is a gas company, as defined in section 16-1, municipal gas utility established under chapter 101 or any other gas utility owned, leased, maintained, operated, managed or controlled by any unit of local government under any general statute or any public or special act, or a gas pipeline or gas transmission company subject to the provisions of chapter 208.

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(3) The Commissioner of Revenue Services may make public the names and addresses of each person that sells gas to be used for light, heat or power to an end user or users located in this state and has registered with the Department of Revenue Services for purposes of the tax imposed under this chapter, and that is not a gas company, as defined in section 16-1, a municipal gas utility established under chapter 101 or any other gas utility owned, leased, maintained, operated, managed or controlled by any unit of local government under any general statute or any public or special act, or a gas pipeline or gas transmission company subject to the provisions of chapter 208.

(c) (1) Each electric distribution company, as defined in section 16-1, or municipality, or department or agency thereof, or district manufacturing, selling or distributing electricity to be used for light, heat or power, providing electric transmission services, as defined in [said] section 16-1, or electric distribution services, as defined in [said] section 16-1, shall pay a quarterly tax upon its gross earnings in each calendar quarter at the rate of (A) eight and one-half per cent of its gross earnings from providing electric transmission services or electric distribution services allocable to other than residential service, and (B) six and eight-tenths per cent of such gross earnings from providing electric transmission services or electric distribution services allocable to residential service.

(2) For purposes of this subsection, gross earnings from providing electric transmission services or electric distribution services shall include (A) all income classified as income from providing electric transmission services or electric distribution services, [by the Public Utilities Regulatory Authority in the uniform system of accounts prescribed by said authority] as determined by the Commissioner of Revenue Services in consultation with the Public Utilities Regulatory Authority, and (B) the competitive transition assessment collected pursuant to section 16-245g, other than any component of such

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assessment that constitutes transition property as to which an electric distribution company has no right, title or interest pursuant to subsection (a) of section 16-245h, the systems benefits charge collected pursuant to section 16-245l, and the assessments charged under sections 16-245m and 16-245n. Such gross earnings shall not include income from providing electric transmission services or electric distribution services to a company described in subsection (c) of section 12-265.

(3) Each electric distribution company and municipality, or department or agency thereof, or district manufacturing, selling or distributing electricity to be used for light, heat or power shall, on or before the last day of January, April, July and October of each year, render to the Commissioner of Revenue Services a return on forms prescribed or furnished by the commissioner and signed by its treasurer, or the person performing the duties of treasurer, or of an authorized agent or officer, with such other information as the Commissioner of Revenue Services deems necessary.

(d) The tax imposed by this chapter is due and payable to the Commissioner of Revenue Services quarterly on or before the last day of the month next succeeding each calendar quarter.

Sec. 28. Section 12-294 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2017*):

(a) If a distributor or dealer removes his or her business from one location to another during the period in which the license is in force, the commissioner shall transfer the license to the new location without an additional fee.

(b) (1) If any distributor or dealer liable for any amount due under this chapter sells out his or her business or stock of goods or quits the business, such distributor's or dealer's successors or assigns shall

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withhold a sufficient amount of the purchase price to pay the amount due under this chapter from the distributor or dealer until the distributor or dealer provides to such successor or assignee a receipt from the commissioner showing that such amount has been paid or a certificate stating that no amount is due.

(2) If any such successor or assignee fails to withhold the purchase price as required, such successor or assignee shall be personally liable for the payment of the amount required to be withheld by such successor or assignee to the extent of the purchase price, valued in money.

(c) (1) No later than the sixtieth day after the latest of the dates specified in subdivision (2) of this subsection, the commissioner shall either issue the certificate stating that no amount is due or mail notice of the amount that must be paid as a condition of issuing the certificate. Such notice shall be mailed to such successor or assignee at such successor's or assignee's address as it appears on the records of the commissioner.

(2) For purposes of subdivision (1) of this subsection, the latest of the following dates shall apply: (A) The date the commissioner receives a written request from the successor or assignee for a certificate; (B) the date of the sale of the business or stock of goods; or (C) the date the former owner's records are made available for audit.

(d) Failure of the commissioner to mail the notice referred to in subsection (c) of this section shall release the successor or assignee from any further obligation to withhold the purchase price as provided in subsection (b) of this section. The period within which the obligation of the successor or assignee may be enforced shall commence on the date the [person] distributor or dealer sells out his or her business or stock of goods or quits the business or on the date that the assessment against such [person] distributor or dealer becomes final, whichever

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event occurs later, and shall end three years after such date.

(e) The certificate provided for in subsection (c) of this section may be issued after the payment of all amounts due under this chapter, according to the records of the department as of the date of the certificate, or after the payment of the amounts is secured to the satisfaction of the commissioner.

(f) The obligation of the successor or assignee shall be enforced by serving a notice of successor liability on the successor or assignee. The notice shall be served in the manner prescribed under section 12-309 for service of a notice of assessment, not later than three years after the date the commissioner is notified by the successor or assignee of the purchase of the business or stock of goods. The successor or assignee may protest the assessment in the manner provided in section 12-311. Sixty days after the date on which a notice of assessment is mailed, an assessment shall become final except for any amount as to which the successor or assignee has filed a written protest with the commissioner, as provided in section 12-311.

Sec. 29. Section 12-297 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

The tax imposed under the provisions of section 12-296 shall not apply: [to] (1) To cigarettes sold to any state institution other than a correctional institution for distribution to patients or inmates, or to cigarettes purchased with revolving funds under the jurisdiction of any state institution other than a correctional institution, when the cigarettes purchased are to be consumed by patients or inmates confined at such institution; or (2) to the extent prohibited by federal law, to cigarettes sold to United States veterans' hospitals or to members of the armed forces of the United States through officially recognized agencies, established pursuant to regulations issued by the appropriate branch of the United States Armed Forces, that are



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physically located at military bases.

Sec. 30. Section 12-330b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2017*):

(a) Each distributor or unclassified importer shall obtain a license issued by the commissioner before manufacturing, purchasing, importing, receiving or acquiring any untaxed tobacco products in this state. The commissioner may, in his or her discretion, refuse to issue a license if such commissioner has reasonable ground to believe (1) that the applicant has wilfully made any false statement of substance with respect to such application for license, (2) that the applicant has neglected to pay any taxes due to this state, or (3) that the applicant has been convicted of violating any of the cigarette or other tobacco product tax laws of this or any other state or the cigarette tax laws of the United States or has such a criminal record that the commissioner reasonably believes that such applicant is not a suitable person to be issued a license, provided no refusal shall be rendered under this subdivision except in accordance with the provisions of sections 46a-80 and 46a-81. The fee for a distributor's license shall be two hundred dollars a year. There shall be no fee for an unclassified importer's license. Each distributor's license shall be conspicuously displayed on the premises covered by the license. Notwithstanding the provisions of section 12-15, as amended by this act, the commissioner shall publish on the Internet web site of the Department of Revenue Services a list of every distributor licensed under this chapter. The commissioner shall prescribe the form of application for a distributor's license and for an unclassified importer's license.

(b) (1) If any distributor or unclassified importer liable for any amount due under this chapter sells out his or her business or stock of goods or quits the business, such distributor's or importer's successors or assigns shall withhold a sufficient amount of the purchase price to pay the amount due under this chapter from the distributor or

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importer until the distributor or importer provides to such successor or assignee a receipt from the commissioner showing that such amount has been paid or a certificate stating that no amount is due.

(2) If any such successor or assignee fails to withhold the purchase price as required, such successor or assignee shall be personally liable for the payment of the amount required to be withheld by such successor or assignee to the extent of the purchase price, valued in money.

(c) (1) Not later than the sixtieth day after the latest of the dates specified in subdivision (2) of this subsection, the commissioner shall either issue the certificate stating that no amount is due or mail notice of the amount that must be paid as a condition of issuing the certificate. Such notice shall be mailed to such successor or assignee at such successor's or assignee's address as it appears on the records of the commissioner.

(2) For purposes of subdivision (1) of this subsection, the latest of the following dates shall apply: (A) The date the commissioner receives a written request from the successor or assignee for a certificate; (B) the date of the sale of the business or stock of goods; or (C) the date the former owner's records are made available for audit.

(d) Failure of the commissioner to mail the notice referred to in subsection (c) of this section shall release the successor or assignee from any further obligation to withhold the purchase price as provided in subsection (b) of this section. The period within which the obligation of the successor or assignee may be enforced shall commence on the date the distributor or importer sells out his or her business or stock of goods or quits the business or on the date that the assessment against such distributor or importer becomes final, whichever event occurs later, and shall end three years after such date.

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(e) The certificate provided for in subsection (c) of this section may be issued after the payment of all amounts due under this chapter, according to the records of the department as of the date of the certificate, or after the payment of the amounts is secured to the satisfaction of the commissioner.

(f) The obligation of the successor or assignee shall be enforced by serving a notice of successor liability on the successor or assignee. The notice shall be served in the manner prescribed under section 12-330i, as amended by this act, for service of a notice of assessment, not later than three years after the date the commissioner is notified by the successor or assignee of the purchase of the business or stock of goods. The successor or assignee may protest the assessment by requesting a hearing in accordance with the provisions of section 12-330l. Sixty days after the date on which a notice of assessment is mailed, an assessment shall become final except for any amount as to which the successor or assignee has requested a hearing with the commissioner in accordance with the provisions of section 12-330l.

Sec. 31. Section 12-330i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2017*):

(a) (1) Each distributor and each unclassified importer shall keep complete and accurate records of all tobacco products manufactured, produced, purchased and sold. Such records shall be of such kind and in such form as the commissioner may prescribe and shall be [safely preserved for three years in such manner as to ensure permanency and accessibility] maintained for three years on the premises where such tobacco products are possessed, stored or sold and shall be available at all times for inspection by the commissioner and [his] the commissioner's authorized agents. The commissioner and [his] the commissioner's authorized agents may examine the books, papers and records of any distributor or unclassified importer in this state for the purpose of determining whether the tax imposed by this chapter has

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been fully paid, and may investigate and examine the stock of tobacco products in or upon any premises where such tobacco products are possessed, stored or sold for the purpose of determining whether the provisions of this chapter are being obeyed. If, after an examination of the invoices, books and records of a licensed distributor or an unclassified importer, or if, from any other information obtained by [him or his] the commissioner or the commissioner's authorized agents, the commissioner determines that the report of any licensed distributor or licensed unclassified importer is incorrect, [he] the commissioner shall [thereupon] assess the deficiency in tax. Such amount shall bear interest at the rate of one per cent per month or fraction thereof from the date when the original tax was due and payable.

(2) When it appears that any part of the deficiency for which a deficiency assessment is made is due to negligence or intentional disregard of the provisions of this chapter or regulations promulgated thereunder, there shall be imposed a penalty equal to ten per cent of the amount of such deficiency assessment, or fifty dollars, whichever is greater. When it appears that any part of the deficiency for which a deficiency assessment is made is due to fraud or intent to evade the provisions of this chapter or regulations promulgated thereunder, there shall be imposed a penalty equal to twenty-five per cent of the amount of such deficiency assessment.

(3) No taxpayer shall be subject to more than one penalty under this subsection in relation to the same tax period. The amount of any tax, penalty or interest due and unpaid under the provisions of this chapter may be collected under the provisions of section 12-35, as amended by this act. The warrant [therein] provided for under section 12-35, as amended by this act, shall be signed by the commissioner or [his] the commissioner's authorized agent. The amount of any such tax, penalty and interest shall be a lien, from the last day of the month next

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preceding the due date of such tax until discharged by payment, against all real estate of the taxpayer within the state, and a certificate of such lien signed by the commissioner may be filed for record in the office of the clerk of any town in which such real estate is situated, provided no such lien shall be effective as against any bona fide purchaser or qualified encumbrancer of any interest in any such property. When any tax with respect to which a lien has been recorded under the provisions of this section has been satisfied, the commissioner, upon request of any interested party, shall issue a certificate discharging such lien, which certificate shall be recorded in the same office in which the lien is recorded. Any action for the foreclosure of such lien shall be brought by the Attorney General in the name of the state in the superior court for the judicial district in which the property subject to such lien is situated, or, if such property is located in two or more judicial districts, in the superior court for any one such judicial district, and the court may limit the time for redemption or order the sale of such property or make such other or further decree as it judges equitable.

(b) Except in the case of a wilfully false or fraudulent return with intent to evade the tax, no assessment of additional tax with respect to any return shall be made after the expiration of more than three years from the date of the filing of such return or from the original due date of such return, whichever is later. If no return has been filed as provided in this chapter the commissioner may make such return at any time thereafter, according to the best information obtainable and according to the form prescribed. [To] There shall be added to the tax imposed upon the basis of such return [, there shall be added] an amount equal to ten per cent of such tax, or fifty dollars, whichever is greater. The tax shall bear interest at the rate of one per cent per month or fraction thereof from the due date of such tax to the date of payment. If, prior to the expiration of the period prescribed in this section for the assessment of additional tax, a taxpayer has consented

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in writing that such period may be extended, the amount of such additional tax due may be determined at any time within such extended period. Any such extended period may be further extended by consent in writing before the expiration of such extended period.

(c) If, upon request by the commissioner or the commissioner's authorized agent, a distributor or an unclassified importer fails to immediately produce or immediately provide electronic access to the records required under subsection (a) of this section, such distributor or importer shall be subject to a civil penalty of one thousand dollars per day until the date such records are produced or electronic access is provided to the commissioner. Subject to the provisions of section 12-3a, the commissioner may waive all or part of the penalty provided under this subsection when it is proven to the commissioner's satisfaction that the failure to immediately produce or immediately provide electronic access to such records was due to reasonable cause.

Sec. 32. Section 12-408c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) Whenever any person carrying on a trade, occupation, business or profession in this state purchases from a retailer tangible personal property for use or consumption in carrying on such trade, occupation, business or profession, (A) for purposes of subsequently transporting such property outside this state by common or contract carrier for use or consumption thereafter solely outside this state, or (B) for the purpose of being processed, fabricated or manufactured into, attached to or incorporated into, other tangible personal property to be transported outside this state by common or contract carrier [,] and thereafter used or consumed solely outside this state, such person may claim a refund of the taxes imposed by this chapter on the purchase of such property. A claim for refund of the taxes imposed by this chapter on all such purchases of property during the calendar year may be filed, along with substantiating documentation, annually with

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the Commissioner of Revenue Services on a form prepared for such purpose by the commissioner not later than the first day of the fourth month next succeeding the end of the calendar year for which such claim is filed.

(2) The commissioner shall make a determination as to any such claim not later than ninety days after receipt thereof and, if approved, transmit such approval to the State Comptroller who shall draw his or her order on the State Treasurer for payment of such refund. If the commissioner determines that such claim is not valid, either in whole or in part, notice of the proposed disallowance shall be mailed to the claimant and such notice shall set forth briefly the commissioner's findings of fact and the basis of disallowance in each case decided in whole or in part adversely to the claimant. Sixty days after the date on which it is mailed, a notice of proposed disallowance shall constitute a final disallowance except for such amounts as to which the claimant has filed, as provided in subdivision (3) of this subsection, a written protest with the commissioner.

(3) [~~Within~~] Not later than sixty days after the mailing of a proposed disallowance, the claimant may file with the commissioner a written protest against the proposed disallowance in which the claimant shall set forth the grounds on which the protest is based. If a protest is filed, the commissioner shall reconsider the proposed disallowance and, if the claimant has so requested, may grant or deny the claimant or the claimant's authorized representatives an oral hearing.

(4) Notice of the commissioner's determination shall be mailed to the claimant and such notice shall set forth briefly the commissioner's findings of fact and the basis of decision in each case decided in whole or in part adversely to the claimant.

(5) The action of the commissioner on the claimant's protest shall be final upon the expiration of one month from the date on which [he] the

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commissioner mails notice of his action to the claimant unless, within such period, the claimant seeks judicial review of the commissioner's determination pursuant to section 12-422.

(6) The commissioner may, at any time within three years after the date of receipt of such claim for refund, examine such claim and supporting documentation and, [in the case of] if any error is disclosed by such examination, mail a notice of assessment in the manner provided in section 12-415 as if a return had been filed with which the commissioner was not satisfied. In such event, the claimant may petition for reassessment in the time and manner provided in section 12-418. The order or decision of the commissioner upon the petition for reassessment shall be subject to judicial review in the time and manner provided in section 12-422.

(b) (1) Whenever any holder of a permit issued under this subsection purchases from a retailer tangible personal property for use or consumption in carrying on the trade, occupation, business or profession of such person, (A) for the purpose of subsequently transporting it outside this state for use or consumption thereafter solely outside this state, or (B) for the purpose of being processed, fabricated or manufactured into, attached to or incorporated into, other tangible personal property to be transported outside this state and thereafter used or consumed solely outside this state, such holder may purchase such property without payment of the taxes otherwise imposed by this chapter on the purchase of such property.

(2) The Commissioner of Revenue Services may [pursuant to regulations adopted in accordance with chapter 54] issue a permit to any person carrying on a trade, occupation, business or profession in this state who purchases from a retailer tangible personal property for use or consumption in carrying on such trade, occupation, business or profession, (A) for the purpose of subsequently transporting it outside this state for use or consumption thereafter solely outside this state, or



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(B) for the purpose of being processed, fabricated or manufactured into, attached to or incorporated into, other tangible personal property to be transported outside this state and thereafter used or consumed solely outside this state, if the commissioner determines that the person is carrying on a trade, occupation, business or profession in this state and is filing the returns required to be filed by such person under section 12-414, as amended by this act, and that the enforcement of the provisions of this chapter shall not be adversely affected.

(3) The permit issued under subdivision (2) of this subsection shall authorize the holder to the extent and in the manner specified [in the regulations adopted under said subdivision (2),] by the commissioner to purchase tangible personal property from a retailer on which the taxes imposed by this chapter shall not be payable. The [regulations adopted under this subsection] commissioner shall require (A) a declaration, prescribed as to form by the commissioner and bearing notice to the effect that false statements made in such declaration are punishable, stating that such property is purchased for a purpose permitted by this subsection, (B) a report to be submitted with, and to be a part of, each return that is required to be filed under section 12-414, as amended by this act, by the holder of such permit, detailing the persons from whom such tangible personal property was purchased during the period covered by such return, the quantities in which and the dates on which such property was purchased and any other information deemed necessary by the commissioner, and (C) periodic registration, at least annually, for the purpose of the issuance of a permit, [including] and the commissioner shall establish procedures relating to the application for the permit and notice concerning the penalty for misuse of the permit.

Sec. 33. Subdivision (1) of section 12-411 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

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(1) (A) An excise tax is hereby imposed on the storage, acceptance, consumption or any other use in this state of tangible personal property purchased from any retailer for storage, acceptance, consumption or any other use in this state, the acceptance or receipt of any services constituting a sale in accordance with subdivision (2) of subsection (a) of section 12-407, as amended by this act, purchased from any retailer for consumption or use in this state, or the storage, acceptance, consumption or any other use in this state of tangible personal property which has been manufactured, fabricated, assembled or processed from materials by a person, either within or without this state, for storage, acceptance, consumption or any other use by such person in this state, to be measured by the sales price of materials, at the rate of six and thirty-five-hundredths per cent of the sales price of such property or services, except, in lieu of said rate of six and thirty-five-hundredths per cent;

(B) At a rate of fifteen per cent of the rent paid for occupancy of any room or rooms in a hotel or lodging house for the first period of not more than thirty consecutive calendar days;

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

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(D) (i) With respect to the acceptance or receipt in this state of labor that is otherwise taxable under subparagraph (C) or (G) of subdivision (2) of subsection (a) of section 12-407, as amended by this act, on existing vessels and repair or maintenance services on vessels occurring on and after July 1, 1999, such services shall be exempt from such tax;

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

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

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

(G) With respect to the rental or leasing of a passenger motor vehicle for a period of thirty consecutive calendar days or less, at a rate

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of nine and thirty-five-hundredths per cent;

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

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

(I) (i) Notwithstanding the provisions of this section, for calendar months commencing on or after May 1, 2016, but prior to July 1, 2016, the commissioner shall deposit into the municipal revenue sharing

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account, established pursuant to section 4-66l, four and seven-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision and shall transfer any accrual related to such months on or after July 1, 2016;

(ii) For calendar months commencing on or after July 1, 2017, the commissioner shall deposit into said municipal revenue sharing account seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision;

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

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

(iii) For calendar months commencing on or after July 1, 2017, the commissioner shall deposit into said Special Transportation Fund seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision.

Sec. 34. (*Effective from passage*) Notwithstanding the provisions of subparagraph (K) of subdivision (1) of section 12-411 of the general statutes, as amended by this act, for the fiscal year ending June 30, 2017, the Commissioner of Revenue Services shall reduce each monthly deposit into the Special Transportation Fund established

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pursuant to section 13b-68 of the general statutes by four million one hundred sixty-six thousand six hundred sixty-seven dollars.

Sec. 35. Section 12-580 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

This chapter shall be administered by the tax collector of the municipality. All forms necessary or convenient for the enforcement of this chapter shall be prescribed by the Commissioner of Revenue Services and shall be printed and furnished by [said] such tax collector. The Commissioner of Revenue Services [shall] may adopt and enforce rules and regulations relating to the administration and enforcement of this chapter.

Sec. 36. Subdivision (6) of subsection (b) of section 12-711 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(6) For purposes of subparagraph (A) of subdivision (1) of this subsection, "real property in this state" includes an interest in an entity, and "entity" means a partnership, limited liability company or S corporation that owns, directly or indirectly, real property that is located within this state and has a fair market value that equals or exceeds fifty per cent of all the assets of the entity on the date of sale or disposition by a nonresident natural person of such person's interest in the entity. Only those assets that the entity owned, directly or indirectly, for at least two years prior to the date of the sale or disposition of the person's interest in the entity shall be used in determining the fair market value of all the assets of the entity on the date of such sale or disposition. The gain or loss derived from Connecticut sources from such person's sale or disposition of an interest in such entity is the total gain or loss for federal income tax purposes from such sale or disposition multiplied by a fraction, the numerator of which is the fair market value of all real property located

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in this state owned, directly or indirectly, by the entity on the date of such sale or disposition, and the denominator of which is the fair market value of all the assets of the entity on the date of such sale or disposition.

Sec. 37. Subsection (a) of section 12-719 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The income tax return required under this chapter shall be filed on or before the fifteenth day of the fourth month following the close of the taxpayer's taxable year. A person required to make and file a return shall, without assessment, notice or demand, pay any tax due thereon to the Commissioner of Revenue Services on or before the date fixed for filing such return, determined without regard to any extension of time for filing the return. [The commissioner shall prescribe by regulation the place for filing any return, declaration, statement or other document required pursuant to this chapter and for the payment of any tax.]

Sec. 38. Subsection (a) of section 12-727 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1, 2017*):

(a) [The Commissioner of Revenue Services may adopt regulations requiring returns] Returns of information [to] shall be made and filed on or before the last day of [February] January each year by any person making payment or crediting in [any] the previous calendar year amounts of six hundred dollars or more, or ten dollars or more in the case of interest or dividends, to any person who may be subject to the tax imposed under this chapter. Such returns may be required of any person, including lessees or mortgagors of real or personal property, fiduciaries, employers [,] and all officers and employees of this state, or

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of any municipal corporation or political subdivision of this state, having the control, receipt, custody, disposal or payment of dividends, interest, rents, salaries, wages, premiums, annuities, compensations, remunerations, pensions, gambling winnings, emoluments or other fixed or determinable gains, profits or income, except interest coupons payable to bearer. A duplicate of the statement as to tax withheld on wages, required to be furnished by an employer to an employee, shall constitute the return of information required to be made under this section with respect to such wages. [The commissioner may adopt regulations providing standards for determining which returns must be filed on magnetic media or in other machine-readable form.]

Sec. 39. (NEW) (*Effective July 1, 2017, and applicable to waiver requests received on or after July 1, 2017*) To the extent that the Commissioner of Revenue Services is authorized to waive all or part of a penalty provided under title 12 of the general statutes, the commissioner shall not consider any waiver request received more than one year from the date a notice of such penalty was first sent to the person on whom the penalty was imposed. For any penalty that is reported by a taxpayer on a return filed by such taxpayer in accordance with title 12 of the general statutes, the filing date of such return shall be considered the date on which the person was notified of such penalty. Nothing in this section shall extend the date by which a protest or appeal must be filed in connection with a determination made by the commissioner.

Sec. 40. Subsection (c) of section 16-331cc of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(c) (1) The account shall be supported solely through a tax equal to one-half of one per cent of the gross earnings from rendering community antenna television service, video programming service by satellite and certified competitive video service in this state for quarterly periods beginning on or after October 1, 2007, and before



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October 1, 2009, and a tax equal to one-quarter of one per cent of the gross earnings from rendering community antenna television service, video programming service by satellite and certified competitive video service in this state for quarterly periods beginning on or after October 1, 2009, by each person operating a community antenna television system under this chapter or a certified competitive video service pursuant to sections 16-331e to 16-331p, inclusive, and each person operating a business that provides one-way transmission to subscribers of video programming by satellite. Such tax for a quarterly period shall be remitted to the Department of Revenue Services, on or before the last day of the month next succeeding the quarterly period, on a form prescribed by the Commissioner of Revenue Services, which form shall be signed by the person performing the duties of treasurer or an authorized agent or officer. For the purposes of this section, gross earnings in this state shall be determined in a manner consistent with chapter 211.

(2) The amount of any tax due and unpaid under this section shall be subject to the penalties and interest established in [section] sections 12-268d [and the] and 12-268e, and the taxpayer from which such tax is due and unpaid shall be subject to the administrative provisions of sections 12-268f, 12-268g, 12-268i and 12-268l. The amount of any tax, penalty or interest due and unpaid under this section may be collected under the provisions of section 12-35, as amended by this act.

Sec. 41. Subsection (a) of section 53-394 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2017*):

(a) "Racketeering activity" means to commit, to attempt to commit, to conspire to commit, or to intentionally aid, solicit, coerce or intimidate another person to commit any crime which, at the time of its commission, was a felony chargeable by indictment or information under the following provisions of the general statutes then applicable:

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(1) Sections 53-278a to 53-278f, inclusive, relating to gambling activity; (2) chapter 949a, relating to extortionate credit transactions; (3) chapter 952, part IV, relating to homicide; (4) chapter 952, part V, relating to assault, except assault with a motor vehicle as defined in section 53a-60d; (5) sections 53a-85 to 53a-88, inclusive, relating to prostitution; (6) chapter 952, part VII, relating to kidnapping; (7) chapter 952, part VIII, relating to burglary, arson and related offenses; (8) chapter 952, part IX, relating to larceny, robbery and related offenses; (9) chapter 952, part X, relating to forgery and related offenses; (10) chapter 952, part XI, relating to bribery and related offenses; (11) chapter 952, part XX, relating to obscenity and related offenses; (12) chapter 952, part XIX, relating to coercion; (13) sections 53-202, 53-206, 53a-211 and 53a-212, relating to weapons and firearms; (14) section 53-80a, relating to the manufacture of bombs; (15) sections 36b-2 to 36b-34, inclusive, relating to securities fraud and related offenses; (16) sections 21a-277, 21a-278 and 21a-279, relating to drugs; (17) section 22a-131a, relating to hazardous waste; (18) chapter 952, part XXIII, relating to money laundering; (19) section 53a-192a, relating to trafficking in persons; or (20) subdivision (1) of subsection (b) of section 12-304 or section 12-308, relating to cigarettes, or subsection (c) of section 12-330f or subsection (b) of section 12-330j, relating to tobacco products.

Sec. 42. (NEW) (*Effective July 1, 2017*) There is established an account to be known as the "mental health community investment account" which shall be a separate, nonlapsing account within the General Fund. The account shall contain any moneys required by law to be deposited in the account. Moneys in the account shall be expended by the Commissioner of Mental Health and Addiction Services, in consultation with nonprofit mental health organizations, for the purposes of improving services and programs in the state, including, but not limited to, residential services, job training and placement services, educational programs and support groups, designed to support individuals diagnosed with mental health conditions.

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Sec. 43. Section 12-743 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2017*):

(a) Any taxpayer filing a return under this chapter may contribute any part of a refund under this chapter to (1) the organ transplant account established pursuant to section 17b-288, (2) the AIDS research education account established pursuant to section 19a-32a, (3) the endangered species, natural area preserves and watchable wildlife account established pursuant to section 22a-27l, (4) the breast cancer research and education account established pursuant to section 19a-32b, (5) the safety net services account established pursuant to section 17b-112f, [or] (6) an individual savings plan established under the Connecticut Higher Education Trust established pursuant to sections 3-22f to 3-22p, inclusive, or to the CHET Baby Scholars fund established pursuant to section 3-22u, or (7) the mental health community investment account established pursuant to section 42 of this act. Such contribution shall be made by indicating on the tax return, in a manner provided for by the Commissioner of Revenue Services pursuant to subsection (b) of this section, the amount to be contributed to the account.

(b) (1) The Commissioner of Revenue Services shall revise the tax return form to implement the provisions of subsection (a) of this section, which form shall include spaces on the return in which taxpayers may indicate their intention to make a contribution, in a whole dollar amount, in accordance with this section. The commissioner shall include in the instructions accompanying the tax return a description of the purposes for which the [organ transplant account, the AIDS research education account, the endangered species, natural area preserves and watchable wildlife account, the breast cancer research and education account, the safety net services account and the Connecticut Higher Education Trust] accounts and funds set forth in subsection (a) of this section were created.

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(2) For purposes of facilitating the registration of a taxpayer as an organ donor, the commissioner shall include information in the instructions accompanying the tax return that (A) indicates the manner by which a taxpayer may contact an organ donor registry organization, or (B) provides electronic links to appropriate organ donor registry organizations for such purpose.

(3) For purposes of facilitating the participation of a taxpayer in the Connecticut Higher Education Trust and the CHET Baby Scholars fund, the commissioner shall include spaces on the return, as provided in subdivision (1) of this subsection as follows: (A) There shall be a space indicating a taxpayer's intention to contribute any part of a refund to someone known to the taxpayer who is a designated beneficiary, as defined in section 3-22f, including a space for the taxpayer to provide the name and Social Security number of such designated beneficiary; and (B) there shall be a space indicating a taxpayer's intention to contribute any part of a refund to the CHET Baby Scholars fund, including a description of such fund and a statement that such contribution shall not benefit a specific child. The commissioner shall include information in the instructions accompanying the tax return that indicates the manner by which the taxpayer may contact the administrator of the Connecticut Higher Education Trust and the CHET Baby Scholars fund, or provides electronic links to such administrator for such purpose.

(c) A designated contribution of all or part of any refund shall be irrevocable upon the filing of the return and shall be made in the full amount designated if the refund found due the taxpayer upon the initial processing of the return, and after any deductions required by this chapter, is greater than or equal to the designated contribution. If the refund due, as determined upon initial processing, and after any deductions required by this chapter, is less than the designated contribution, the contribution shall be made in the full amount of the

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refund. The Commissioner of Revenue Services shall subtract the amount of any contribution of all or part of any refund from the amount of the refund initially found due the taxpayer and shall certify the difference to the Secretary of the Office of Policy and Management and the Treasurer for payment to the taxpayer in accordance with this chapter. For the purposes of any subsequent determination of the taxpayer's net tax payment, such contribution shall be considered a part of the refund paid to the taxpayer.

(d) Except for any funds collected for purposes of subdivision (6) of subsection (a) of this section, the Commissioner of Revenue Services, after notification of and approval by the Secretary of the Office of Policy and Management, may deduct and retain from the remaining funds so collected an amount equal to the costs of implementing this section and sections 17b-288, 19a-32a, 22a-27l, 19a-32b and 17b-112f but not to exceed seven and one-half per cent of the funds contributed in any fiscal year and in no event shall exceed the total cost of implementation of said sections.

Sec. 44. Subdivision (1) of section 12-430 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(1) [The commissioner, whenever he deems it necessary to insure compliance with this chapter,] Whenever any person (A) owes taxes under this chapter, which taxes have been finally due and payable for a period of ninety days or longer and for which any administrative or judicial remedies, or both, have been exhausted or have lapsed, or (B) has failed to file three or more returns required to be filed with the commissioner under this chapter, the commissioner may require any such person [subject thereto] to deposit with [him] the commissioner such security as the commissioner determines. The amount of the security shall be fixed by the commissioner but shall not be greater than six times the person's estimated average liability for the period for

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which [he] such person files returns, determined in such manner as the commissioner deems proper. The amount of the security may be increased or decreased by the commissioner subject to the limitations herein provided. The commissioner may sell the security at public auction if it becomes necessary so to do in order to recover any tax or any amount required to be collected, or any interest or penalty due. Notice of the sale may be served upon the person who deposited the security personally or by mail. If by mail, service shall be made in the manner prescribed for service of a notice of a deficiency assessment and shall be addressed to the person at [his] the person's address as it appears in the records of the commissioner's office. [Security in the form of a bearer bond, issued by the United States or the state of Connecticut, which has a prevailing market price may, however, be sold by the commissioner at private sale at a price not lower than the prevailing market price thereof.] Upon any sale any surplus above the amounts due shall be returned to the person who deposited the security.

Sec. 45. Section 12-555 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

[The commissioner, whenever he deems it necessary to insure compliance with this chapter,] Whenever any person (1) owes taxes under this chapter, which taxes have been finally due and payable for a period of ninety days or longer and for which any administrative or judicial remedies, or both, have been exhausted or have lapsed, or (2) has failed to file three or more returns required to be filed with the commissioner under this chapter, the commissioner may require any such person [subject thereto] to deposit with [him] the commissioner such security as the commissioner determines. The amount of the security shall be fixed by the commissioner but shall not be greater than six times the person's estimated average liability for the period for which [he] such person files returns, determined in such manner as the

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commissioner deems proper. The amount of the security may be increased or decreased by the commissioner subject to the limitations herein provided. The commissioner may sell the security at public auction if it becomes necessary so to do in order to recover any tax or any amount required to be collected, or any interest or penalty due. Notice of the sale may be served upon the person who deposited the security personally or by mail. If by mail, service shall be made in the manner prescribed for service of a notice of a deficiency assessment and shall be addressed to the person at [his] the person's address as it appears in the records of the commissioner's office. [Security in the form of a bearer bond, issued by the United States or the state of Connecticut, which has a prevailing market price may, however, be sold by the commissioner at private sale at a price not lower than the prevailing market price thereof.] Upon any sale any surplus above the amounts due shall be returned to the person who deposited the security.

Sec. 46. (NEW) (*Effective July 1, 2017*) If the commissioner provides written notice to a person specifying a deadline by which such person is required to produce books, papers or records for examination or investigation under subdivision (4) of section 12-426 of the general statutes or file an information report under subdivision (5) of said section, and such person fails to comply by such deadline, the commissioner may impose on such person a civil penalty of five hundred dollars per violation. Each distinct violation of said subdivision (4) or (5) shall be a separate offense and, in the case of a continued violation, each day thereof shall be deemed a separate offense. Any penalty imposed under the provisions of this subsection may be collected under the provisions of section 12-35 of the general statutes, as amended by this act.

Sec. 47. Section 7-370c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2017*):

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(a) Any municipality, as defined in section 7-369, which has issued bonds, notes or other obligations pursuant to any public or special act may issue refunding bonds for the purpose of paying, funding or refunding prior to maturity all or any part of such municipality's bonds, notes or other obligations, the redemption premium, if any, with respect thereto, the interest thereon, the costs with respect to the issuance of such refunding bonds and the payment of such refunded bonds, notes or other obligations. Such refunding bonds shall mature not later than (1) in the case of a single series of bonds, notes or other obligations being refunded, the final maturity date thereof; and (2) in the case of multiple series of bonds, notes or other obligations being refunded, the final maturity date of any such series last to occur.

(b) (1) Notwithstanding the provisions of subdivisions (1) and (2) of subsection (a) of this section and contingent on the passage of a resolution by a two-thirds vote of the legislative body of the municipality, any such refunding bonds issued on or after July 1, 2017, but prior to July 1, 2022, shall mature not later than thirty years from the date of the issuance of such refunding bonds.

(2) Refunding bonds issued pursuant to subdivision (1) of this subsection may be secured by a statutory lien, if provided for in such resolution, on all revenues received by the municipality from its tax levy and collection. Such lien shall arise by operation of this subdivision automatically without any further action or authorization by the municipality and such revenues shall be immediately subject to the lien. The lien shall immediately attach to such revenues and be valid and binding as against the municipality, its successors, transferees and creditors and all other parties asserting rights to such revenues, without any physical delivery, recordation or filing of the lien or further act, irrespective of whether such successors, transferees, creditors or other parties have notice of the lien.

(c) Notwithstanding the provisions of the general statutes or any



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special act, local law or charter governing the authorization and issuance of bonds, notes or other obligations and the appropriation of the proceeds thereof, such refunding bonds shall be authorized, and the proceeds appropriated for the purposes permitted under this section, by resolution of the legislative body of the municipality, and shall be subject to the same limitations and requirements as bonds issued pursuant to this chapter, provided the provisions of section 7-371, as amended by this act, regarding limitations on the date of the first maturity, or on the amount of any principal or on any principal and interest installments on any bonds, shall not apply to refunding bonds issued (1) under subsection (b) of this section, or (2) under subsection (a) of this section [which shall] that achieve net present value savings after comparing total debt service payable on the refunding bonds to the total debt service payable on the refunded bonds, after accounting for costs of issuance and underwriters' discount.

(d) As used in this section, "legislative body" means [(A)] (1) the board of selectmen in a town that does not have a charter, special act or home rule ordinance relating to its government, [(B)] (2) the council, board of aldermen, representative town meeting, board of selectmen or other elected legislative body described in a charter, special act or home rule ordinance relating to government in a city, consolidated town and city, consolidated town and borough or a town having a charter, special act, consolidation ordinance or home rule ordinance relating to its government, [(C)] (3) the board of burgesses or other elected legislative body in a borough, or [(D)] (4) the district committee or other elected legislative body in a district, metropolitan district or other municipal corporation.

Sec. 48. Section 7-371 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2017*):

Unless otherwise provided by the general statutes or any special act,

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bonds issued by any municipality, as defined in section 7-369, by authority of any provision of the general statutes or of any special act shall be serial bonds maturing in annual or semiannual installments of principal that shall substantially equalize the aggregate amount of principal and interest due in each annual period commencing with the first annual period in which an installment of principal is due, or maturing in annual or semiannual installments of principal no one of which shall exceed by more than fifty per cent the amount of any prior installment, or shall be term bonds with mandatory deposit of sinking fund payments into a sinking fund of amounts sufficient to redeem or amortize the principal of the bonds in annual or semiannual installments that shall substantially equalize the aggregate amount of principal redeemed or amortized and interest due in each annual period commencing with the first annual period in which a mandatory sinking fund payment becomes due, or sufficient to redeem or amortize the principal of the bonds in annual or semiannual installments no one of which shall exceed by more than fifty per cent the amount of any prior installment. The first installment of any series of bonds shall mature or the first sinking fund payment of any series of bonds shall be due not later than three years from the date of the issue of such series and the last installment of such series shall mature or the last sinking fund payment of such series shall be due not later than twenty years therefrom, except that for bonds issued on or after July 1, 2017, but prior to July 1, 2022, the last installment of such series shall mature or the last sinking fund payment of such series shall be due not later than thirty years from the date of the issue of such series.

Sec. 49. Section 7-560 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

Whenever used in subsection (a) of section 7-394b and sections 7-560 to 7-579, inclusive, the following definitions shall apply:

(1) "Attorney General" means the Attorney General of the state of

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(2) "Certified municipality" means a tier I or tier II municipality.

(3) "Chief executive officer" means the officer described in section 7-193.

(4) "Debt service payment fund" means the fund into which the proceeds of the property tax intercept procedure are deposited and from which debt service on all outstanding general obligations of a municipality which have a term of more than one year and additionally all outstanding general obligations which the municipality determines are to be supported by the tax intercept procedure shall be paid as provided in subsection (a) of section 7-394b and sections 7-560 to 7-579, inclusive.

(5) "Debt service payment fund requirement" means an amount at least equal to the aggregate amount of principal, sinking fund installments, if any, and interest during the then current fiscal year as the same become due and payable on all outstanding general obligations of the municipality which have a term of more than one year and additionally all outstanding general obligations which the municipality determines are to be supported by the tax intercept procedure.

(6) "Deficit" means with respect to the general fund of any municipality, any cumulative excess of expenditures, encumbrances, or other uses of funds for any fiscal year and all prior fiscal years over revenues of the municipality for such period and the prior year's [undesignated] unassigned fund balance, as reflected in the most recent audited financial statements of such municipality. For purposes of determining such excess, revenues shall not include the proceeds of tax anticipation notes and expenditures shall not include any principal payment of tax anticipation notes.

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(7) "Deficit obligation" means any general obligation with a term of more than one year or any bond or any note issued in anticipation thereof, issued by a municipality either for the purpose of or having the effect of reducing, eliminating or preventing a general fund, special revenue fund or enterprise fund deficiency, other than any obligation issued pursuant to chapter 110.

(8) "General fund deficiency" means a deficit or a projected fiscal year deficit, or both.

(9) "General obligation" means an obligation issued by a municipality and secured by the full faith and credit and taxing power of such municipality including any contingent obligation which is payable from the general fund and is subject to annual appropriation.

(10) "Maximum required capital reserve" means the maximum aggregate amount of principal, interest and other amounts due and owing during any succeeding fiscal year, excluding any sinking fund installments payable in a prior fiscal year on outstanding general obligations of a certified municipality supported by a special capital reserve fund issued pursuant to subsection (a) of section 7-394b and sections 7-568 to 7-579, inclusive.

(11) "Minimum required capital reserve" means the aggregate amount of principal, sinking fund installments, interest and other amounts due and owing during the next succeeding fiscal year on outstanding general obligations of a certified municipality supported by a special capital reserve fund pursuant to subsection (a) of section 7-394b and sections 7-560 to 7-579, inclusive.

(12) "Municipal Finance Advisory Commission" means the Municipal Finance Advisory Commission established in section 7-394b.

(13) "Municipality" means any town, city, borough, consolidated

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town and city, consolidated city and borough, any metropolitan district, any district, as defined in section 7-324, and any other political subdivision of the state having the power to levy taxes and to issue bonds, notes or other obligations.

(14) "Obligation" means any bond, bond anticipation note [, tax anticipation note] or other interim funding obligation, certificate of participation, security, financing lease, installment purchase agreements, capital lease, receivable or other asset sale, refinancing covered by this definition and any other transaction which constitutes debt in accordance with both municipal reporting standards in section 7-394a and the regulations prescribing municipal financial reporting adopted by the secretary.

(15) "Outstanding obligation" means any obligation with respect to which a principal or interest payment, sinking fund installment or other payment or deposit is, or will be, due in the future and for which moneys or defeasance securities have not been deposited in escrow.

(16) "Projected fiscal year deficit" means, with respect to the general fund of any municipality during any fiscal year, the excess of estimated expenditures and uses of funds for the fiscal year over estimated revenues and any cumulative [undesigned] unassigned general fund balance from the prior fiscal year. For purposes of determining such excess, estimated revenues shall not include the proceeds of tax anticipation notes and estimated expenditures shall not include any principal payment of tax anticipation notes.

(17) "Property taxes" means all taxes on real and personal property levied by the municipality in accordance with the general statutes including any interest, penalties and other related charges, and shall not mean any rent, rate, fee, special assessment or other charge based on benefit or use.

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(18) "Property tax intercept procedure" means a procedure where a municipality provides for the collection and deposit in a debt service payment fund maintained with a trustee of all property taxes needed to meet the debt service payment fund requirement and which meets all the requirements of section 7-562.

(19) "Revenues" means, with respect to the general fund for any municipality for any fiscal year, property taxes and other moneys that are generally available for, accounted for and deposited in the municipality's general fund.

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

(21) "Special capital reserve fund" means the fund established pursuant to section 7-571 to secure the timely payment of principal and interest on general obligations issued by a certified municipality approved by the Treasurer pursuant to section 7-573.

(22) "State" means the state of Connecticut.

(23) "Tier I municipality" means any municipality which has applied to and been certified by the secretary as a tier I municipality.

(24) "Tier II municipality" means any municipality which has applied to and been certified by the secretary as a tier II municipality.

(25) "Treasurer" means the Treasurer of the state of Connecticut.

(26) "Trustee" means any trust company or bank having the powers of a trust company within or without the state, appointed by the municipality as trustee for the municipality's tax intercept procedure or special capital reserve fund and approved by the Treasurer, as well as any successor trust company or bank having the powers of a trust company within or without the state succeeding a prior trust company

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or bank as trustee, so appointed and approved.

Sec. 50. (*Effective from passage*) (a) Notwithstanding the provisions of subdivision (6) of section 7-560 of the general statutes, as amended by this act, for purposes of determining the cumulative excess of expenditures under said subdivision for any fiscal year ending on or after the effective date of this section and on or before June 30, 2022, such excess shall not include the impact of any refunding bonds issued pursuant to section 7-370c of the general statutes, as amended by this act.

(b) Notwithstanding the provisions of subdivision (16) of section 7-560 of the general statutes, as amended by this act, for purposes of determining the excess of estimated expenditures under said subdivision for any fiscal year ending on or after the effective date of this section and on or before June 30, 2022, such excess shall not include the impact of any refunding bonds issued pursuant to section 7-370c of the general statutes, as amended by this act.

Approved July 7, 2017