SB-417
AN ACT CONCERNING THE DEPARTMENT OF REVENUE SERVICES' RECOMMENDATIONS REGARDING STATE TAXATION AND COLLECTION.

As Amended by Senate "A" (LCO 5810)
House Calendar No.: 585
Senate Calendar No.: 388

OFA Fiscal Note

State Impact:

<table>
<thead>
<tr>
<th>Agency Affected</th>
<th>Fund-Effect</th>
<th>FY 19 $</th>
<th>FY 20 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Revenue Services</td>
<td>GF - Revenue</td>
<td>At least 300,000</td>
<td>At least 300,000</td>
</tr>
<tr>
<td></td>
<td>Gain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connecticut Lottery Corporation</td>
<td>Lottery Enterprise</td>
<td>Approx. 100,000</td>
<td>Approx. 100,000</td>
</tr>
<tr>
<td></td>
<td>Fund - Cost</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes a number of changes relating to the Department of Revenue Services' policies and procedures which result in the following fiscal impacts:

Section 1 lowers the threshold for Connecticut Lottery Corporation (CLC) offsets for delinquent taxes from $5,000 in winnings to $2,000. This results in an estimated revenue gain of $300,000 annually to the General Fund beginning in FY 19, as well as an ongoing annual cost to the CLC of approximately $100,000 beginning in FY 19 for salary and
fringe costs.¹

Sections 2 – 6 amend various definitions related to Sales and Use Tax collections. To the extent this increases sales tax compliance, this results in a potentially significant revenue gain.

Senate “A” strikes a proposed fee in the bill which eliminates the annual revenue gain of less than $50,000 identified in the fiscal note on the underlying bill, and alters the sales tax compliance provisions.

The Out Years

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

¹ Based on current CLC claims statistics, it is estimated that the lower threshold will result in approximately 1,000 new claims each year at CLC headquarters.