

# Finance, Revenue and Bonding Committee JOINT FAVORABLE REPORT

**Bill No.:** HB-5433

AN ACT CONCERNING MINOR AND TECHNICAL CHANGES TO THE TAX

**Title:** AND RELATED STATUTES.

**Vote Date:** 4/5/2018

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/16/2018

**File No.:**

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## **SPONSORS OF BILL:**

Introduced by:  
Finance, Revenue and Bonding Committee

## **REASONS FOR BILL:**

This bill makes minor, technical, and conforming changes to various tax-related statutes in an effort to make Connecticut tax law more effective, efficient, and fair for all residents and businesses.

## **RESPONSE FROM ADMINISTRATION/AGENCY:**

### **Kevin Sullivan, Commissioner, Department of Revenue Services**

Commissioner Sullivan offered testimony specifically on Section 7 of the proposal. The Commissioner points out that last year, legislation was enacted to provide income tax withholding for periodic payments. Despite support from the leaders of the Finance Committee, DRS's efforts to fix some problems did not get taken up during the last special session. He goes on to explain that initially confusing taxpayer information from DRS as well as hasty and incorrect actions by plan administrators responsible for implementation did not help. With much more effective outreach by DRS, things seem to have settled down but we can also make it clearer and easier going forward. Section 11 does that, assuring that no taxpayer will be penalized as result of the poor rollout and prevents one clear abuse that occurred when at least one plan administrator appears to have refused payments until it updated its processing system.

## **NATURE AND SOURCES OF SUPPORT:**

**Carling Dinkler, Vice President for Business Development at Enhanced Capital**

Mr. Dinkler submitted testimony specifically commenting on Section 2 of this bill which he believes corrects a possible drafting error in last year's budget bill. He goes onto explain that last year, Section 647 of SB 1502 (PA 17-2 JSS) was drafted in such a way that it creates ambiguity about the ability to claim the Green Building tax credits after November 30, 2017. He believes the legislature intended to close this tax credit program to new entries after November 30, 2017, but not to invalidate authorized existing Green Building tax credits, which are claimed over a four-year period. Conversations with the state Department of Revenue Services indicates they are of a similar mind and have submitted the language in Section 2 of this bill to permit the continued use of approved tax credits. Without such a technical correction, Enhance Capital risks their investors losing confidence that Green Building tax credits that have been earned can be redeemed.

**NATURE AND SOURCES OF OPPOSITION:**

None

**Reported by: Tom Spinella**

**Date: April 8, 2018**