



General Assembly

February Session, 2018

Raised Bill No. 5433

LCO No. 1085



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT CONCERNING MINOR AND TECHNICAL CHANGES TO THE TAX AND RELATED STATUTES.

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

1 Section 1. Section 12-35a of the general statutes is amended by
2 adding subsection (h) as follows (*Effective from passage*):

3 (NEW) (h) The commissioner may use an electronic signature, as
4 defined in section 1-267, for any filing authorized under this section.

5 Sec. 2. Subsections (b) to (d), inclusive, of section 12-217mm of the
6 2018 supplement to the general statutes are repealed and the following
7 is substituted in lieu thereof (*Effective from passage*):

8 (b) For income years commencing on and after January 1, 2012, [but
9 prior to December 1, 2017,] there may be allowed a credit for all
10 taxpayers against any tax due under the provisions of this chapter for
11 the construction or renovation of an eligible project that meets the
12 requirements of subsection (c) of this section, and, in the case of a
13 newly constructed building, for which a certificate of occupancy has

14 been issued not earlier than January 1, 2010.

15 (c) (1) To be eligible for a tax credit under this section a project shall:
16 (A) Not have energy use that exceeds (i) seventy per cent of the energy
17 use permitted by the state building code for new construction, or (ii)
18 eighty per cent of the energy use permitted by the state energy code
19 for renovation or rehabilitation of a building; and (B) use equipment
20 and appliances that meet Energy Star standards, if applicable,
21 including, but not limited to, refrigerators, dishwashers and washing
22 machines.

23 (2) The credit shall be equivalent to a base credit as follows: (A) For
24 new construction or major renovation of a building but not other site
25 improvements certified by the LEED Green Building Rating System or
26 other system determined by the Commissioner of Energy and
27 Environmental Protection to be equivalent, (i) eight per cent of
28 allowable costs for a gold rating or other rating determined by the
29 Commissioner of Energy and Environmental Protection to be
30 equivalent, and (ii) ten and one-half per cent of allowable costs for a
31 platinum rating or other rating determined by the Commissioner of
32 Energy and Environmental Protection to be equivalent; and (B) for core
33 and shell or commercial interior projects, (i) five per cent of allowable
34 costs for a gold rating or other rating determined by the Commissioner
35 of Energy and Environmental Protection to be equivalent, and (ii)
36 seven per cent of allowable costs for a platinum rating or other rating
37 determined by the Commissioner of Energy and Environmental
38 Protection to be equivalent. There shall be added to the base credit
39 one-half of one per cent of allowable costs for a development project
40 that is (I) a mixed-use development, (II) located in a brownfield or
41 enterprise zone, (III) does not require a sewer extension of more than
42 one-eighth of a mile, or (IV) located within one-quarter of a mile
43 walking distance of publicly available bus transit service or within
44 one-half of a mile walking distance of adequate rail, light rail, streetcar
45 or ferry transit service, provided, if a single project has more than one
46 building, at least one building shall be located within either such

47 distance. Allowable costs shall not exceed two hundred fifty dollars
48 per square foot for new construction or one hundred fifty dollars per
49 square foot for renovation or rehabilitation of a building.

50 (d) (1) The Secretary of the Office of Policy and Management may
51 issue an initial credit voucher upon determination that the applicant is
52 likely, within a reasonable time, to place in service property qualifying
53 for a credit under this section. Such voucher shall state: (A) The first
54 income year for which the credit may be claimed, (B) the maximum
55 amount of credit allowable, and (C) the expiration date by which such
56 property shall be placed in service. The expiration date may be
57 extended at the discretion of the secretary. Such voucher shall reserve
58 the credit allowable for the applicant named in the application until
59 the expiration date. If the expiration date is extended, the reservation
60 of the tax credit may also be extended at the discretion of the secretary.
61 No initial credit voucher may be issued by the secretary after
62 November 30, 2017.

63 (2) The aggregate amount of all tax credits in initial credit vouchers
64 issued by the secretary shall not exceed twenty-five million dollars.

65 (3) For each income year for which a taxpayer claims a credit under
66 this section, the taxpayer shall obtain an eligibility certificate from an
67 architect or professional engineer licensed to practice in this state and
68 accredited through the LEED Accredited Professional Program or
69 other program determined by the Commissioner of Energy and
70 Environmental Protection to be equivalent. Such certificate shall
71 consist of a certification, under the seal of such architect or engineer,
72 that the building, base building or tenant space with respect to which
73 the credit is claimed, meets or exceeds the applicable LEED Green
74 Building Rating System gold certification, or other certification
75 determined by the Commissioner of Energy and Environmental
76 Protection to be equivalent in effect at the time such certification is
77 made. Such certification shall set forth the specific findings upon
78 which the certification is based and shall state that the architect or

79 engineer is accredited through the LEED Accredited Professional
80 Program or other program determined by the Commissioner of Energy
81 and Environmental Protection to be equivalent.

82 (4) To obtain the credit, the taxpayer shall file the initial credit
83 voucher described in subdivision (1) of this subsection, the eligibility
84 certificate described in subdivision (3) of this subsection and an
85 application to claim the credit with the Commissioner of Revenue
86 Services. The commissioner shall approve the claim upon
87 determination that the taxpayer has submitted the voucher and
88 certification required under this subdivision. The applicant shall send
89 a copy of all such documents to the secretary.

90 Sec. 3. Subsection (a) of section 12-204 of the general statutes is
91 repealed and the following is substituted in lieu thereof (*Effective from*
92 *passage*):

93 (a) The commissioner shall, within three years after the due date for
94 the filing of a return or within three years after the date of receipt of
95 such return by [him] the commissioner, whichever period expires later,
96 examine it and, in case any error is disclosed by such examination,
97 shall, within thirty days after such disclosure, notify the taxpayer [and
98 the State Comptroller thereof] of such error. When it appears that any
99 part of the deficiency for which a deficiency assessment is made is due
100 to negligence or intentional disregard of the provisions of this chapter
101 or regulations promulgated thereunder, there shall be imposed a
102 penalty equal to ten per cent of the amount of such deficiency
103 assessment, or fifty dollars, whichever is greater. When it appears that
104 any part of the deficiency for which a deficiency assessment is made is
105 due to fraud or intent to evade the provisions of this chapter or
106 regulations promulgated thereunder, there shall be imposed a penalty
107 equal to twenty-five per cent of the amount of such deficiency
108 assessment. No taxpayer shall be subject to more than one penalty
109 under this section in relation to the same tax period. [Within] Not later
110 than thirty days [of] after the mailing of such notice, the taxpayer shall

111 pay to the commissioner, in cash or by check, draft or money order
112 drawn to the order of the Commissioner of Revenue Services, any
113 additional amount of tax shown to be due by the examination, or shall
114 be paid by the State Treasurer, upon order of the Comptroller, any
115 amount shown to be due it by such examination. The failure of the
116 taxpayer to receive any notice required by this section shall not relieve
117 it of the obligation to pay the tax or any interest or penalties thereon. If,
118 before the expiration of the time prescribed by this section for the
119 examination of the return or the assessment of the tax, both the
120 commissioner and the taxpayer consent in writing to such examination
121 or assessment after such time, the return may be examined and the tax
122 may be assessed at any time prior to the expiration of the period
123 agreed upon. The period so agreed upon may be extended by
124 subsequent agreements in writing made before the expiration of the
125 period agreed upon. The commissioner may also in such a case extend
126 the period during which a claim for refund may be made by such
127 taxpayer.

128 Sec. 4. Section 12-340 of the general statutes is repealed and the
129 following is substituted in lieu thereof (*Effective from passage*):

130 (a) The provisions of this chapter shall apply only to estates of
131 decedents dying on or prior to January 1, 2005, that, prior to October 1,
132 2018, have filed a return under section 12-359 or been assessed a tax
133 under section 12-367.

134 (b) A tax is imposed, under the conditions and subject to the
135 exemptions and limitations hereinafter prescribed, upon transfers, in
136 trust or otherwise, of the following property or any interest therein or
137 income therefrom: [(a)] (1) When the transfer is from a resident of this
138 state, [; (1)] (A) real property situated in this state; [(2)] (B) tangible
139 personal property, except such as has an actual situs without this state;
140 [(3)] and (C) all intangible personal property; [(b)] and (2) when the
141 transfer is from a nonresident of this state, [; (1)] (A) real property
142 situated in this state; [(2)] and (B) tangible personal property which has

143 an actual situs in this state. No tax shall be imposed or collected when
144 the amount due is less than ten dollars.

145 Sec. 5. Subdivision (2) of subsection (a) of section 12-728 of the
146 general statutes is repealed and the following is substituted in lieu
147 thereof (*Effective from passage*):

148 (2) (A) When it appears that any part of the deficiency for which a
149 deficiency assessment is made is due to negligence or intentional
150 disregard of the provisions of this chapter or regulations adopted
151 thereunder, there shall be imposed a penalty equal to ten per cent of
152 the amount of such deficiency assessment. When it appears that any
153 part of the deficiency for which a deficiency assessment is made is due
154 to fraud or intent to evade the provisions of this chapter or regulations
155 adopted thereunder, there shall be imposed a penalty equal to
156 twenty-five per cent of the amount of such deficiency assessment.

157 (B) (i) For audits of returns commencing on or after January 1, 2006,
158 and prior to January 1, 2018, when it appears that any part of the
159 deficiency for which a deficiency assessment is made is due to failure
160 to disclose a listed transaction, as defined in Section 6707A of the
161 Internal Revenue Code of 1986, or any subsequent corresponding
162 internal revenue code of the United States, as amended from time to
163 time, [amended,] on the taxpayer's federal tax return, there shall be
164 imposed a penalty equal to seventy-five per cent of the amount of such
165 deficiency assessment.

166 (ii) For audits of returns commencing on or after January 1, 2018,
167 when it appears that any part of the deficiency for which a deficiency
168 assessment is made is due to failure to disclose a reportable
169 transaction, as defined in said Section 6707A, on the taxpayer's federal
170 tax return, there shall be imposed a penalty equal to seventy-five per
171 cent of the amount of such deficiency assessment.

172 Sec. 6. Subdivision (3) of subsection (c) of section 12-733 of the
173 general statutes is repealed and the following is substituted in lieu

174 thereof (*Effective from passage*):

175 (3) If a taxpayer fails to disclose a [listed] reportable transaction, as
176 defined in Section 6707A of the Internal Revenue Code, on the
177 taxpayer's federal tax return, a notice of deficiency assessment may be
178 mailed to the taxpayer at any time not later than six years after the
179 return required under this chapter for the same taxable year was filed.

180 Sec. 7. Subsection (a) of section 12-705 of the 2018 supplement to the
181 general statutes is repealed and the following is substituted in lieu
182 thereof (*Effective from passage*):

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

195 (2) Each payer, as defined in section 12-707, of distributions from a
196 profit-sharing plan, a stock bonus, a deferred compensation plan, an
197 individual retirement arrangement, an endowment or a life insurance
198 contract, or of pension payments or annuity distributions, [including
199 distributions from an employer pension, an annuity, a profit-sharing
200 plan, a stock bonus, a deferred compensation plan, an individual
201 retirement arrangement, an endowment or a life insurance contract,]
202 that (A) maintains an office or transacts business within this state, and
203 (B) makes payment of any amounts taxable under this chapter to a
204 resident individual, shall deduct and withhold from the taxable

205 portion of any such distribution a tax computed in such manner as to
206 result, so far as practicable, in withholding from the distributions paid
207 during each calendar year an amount substantially equivalent to the
208 tax reasonably estimated to be due from the payee, as defined in
209 section 12-707, under this chapter with respect to such distributions
210 during the calendar year. The method of determining the amount to be
211 withheld from taxable payments, other than lump sum distributions,
212 shall be [the same as the method used by employers with respect to the
213 payment of wages, except that] determined in accordance with
214 instructions provided by the commissioner. The amount to be
215 withheld from a lump sum distribution shall be equal to the taxable
216 [at] portion of the distribution multiplied by the highest marginal rate,
217 [unless] except that no withholding shall be required if (i) any portion
218 of the lump sum distribution was previously subject to tax, or (ii) the
219 lump sum distribution is a rollover that is effected as a direct trustee-
220 to-trustee transfer or as a direct rollover in the form of a check made
221 payable to another qualified account. For purposes of this section,
222 "lump sum distribution" means a payment from a payer to a resident
223 payee of such resident payee's entire [retirement] account balance,
224 exclusive of any other tax withholding and any administrative charges
225 and fees.

226 (3) In no event shall the requirements of this subsection result in
227 nonpayment of any distribution to a resident individual. For the
228 calendar year ending December 31, 2018, no taxpayer shall be assessed
229 interest by the commissioner pursuant to section 12-722 solely on the
230 basis of a payer's failure to comply with the provisions of this
231 subsection.

232 Sec. 8. Subdivision (2) of subsection (b) of section 12-35 of the 2018
233 supplement to the general statutes is repealed and the following is
234 substituted in lieu thereof (*Effective October 1, 2018*):

235 (2) Any such warrant on any intangible personal property of any
236 person may be served by electronic mail or facsimile machine on any

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

257 Sec. 9. Subparagraph (B) of subdivision (72) of section 12-81 of the
258 2018 supplement to the general statutes is repealed and the following
259 is substituted in lieu thereof (*Effective October 1, 2018*):

260 (B) Any person who on October first in any year holds title to
261 machinery and equipment for which such person desires to claim the
262 exemption provided in this subdivision shall file with the assessor or
263 board of assessors in the municipality in which the machinery or
264 equipment is located, on or before the first day of November in such
265 year, a list of such machinery or equipment together with written
266 application claiming such exemption. Such application shall include
267 the taxpayer identification number assigned to the claimant by the
268 Commissioner of Revenue Services and the federal employer
269 identification number assigned to the claimant by the Secretary of the

270 Treasury. If title to such equipment is held by a person other than the
271 person claiming the exemption, the claimant shall include on such
272 person's application information as to the portion of the total
273 acquisition cost incurred by such person, and on or before the first day
274 of November in such year, the person holding title to such machinery
275 and equipment shall file a list of such machinery with the assessor of
276 the municipality in which the manufacturing facility of the claimant is
277 located. Such person shall include on the list information as to the
278 portion of the total acquisition cost incurred by such person.
279 Commercial or financial information in any application or list filed
280 under this section shall not be open for public inspection, provided
281 such information is given in confidence and is not available to the
282 public from any other source. The provisions of this subdivision
283 regarding the filing of lists and information shall not supersede the
284 requirements to file tax lists under sections 12-41, 12-42 and 12-57a. In
285 substantiation of such claim, the claimant and the person holding title
286 to machinery and equipment for which exemption is claimed shall
287 present to the assessor or board of assessors such supporting
288 documentation as the assessor or board of assessors may require,
289 including, but not limited to, invoices, bills of sale, contracts for lease
290 and bills of lading and shall, upon request, present to the [the] assessor
291 or board of assessors a copy of each applicable federal income tax
292 return and accompanying schedules. In lieu of submitting each
293 applicable federal income tax return and accompanying schedules, a
294 claimant and person holding title to machinery and equipment for
295 which an exemption is claimed may, upon approval of the assessor or
296 board of assessors, submit copies of applicable schedules accompanied
297 by a sworn affidavit stating that such schedules were filed as part of
298 such claimant's or person's federal income tax return. Failure to file
299 such application in this manner and form within the time limit
300 prescribed shall constitute a waiver of the right to such exemption for
301 such assessment year, unless an extension of time is allowed pursuant
302 to section 12-81k. If title to exempt machinery is conveyed subsequent
303 to October first in any assessment year, entitlement to such exemption

304 shall terminate for the next assessment year and there shall be no pro
305 rata application of the exemption unless such machinery or equipment
306 continues to be leased by the manufacturer who claimed and was
307 approved for the exemption in the previous assessment year.
308 Machinery or equipment shall not be eligible for exemption upon
309 transfer from a seller to a related business or from a lessor to a lessee
310 except to the extent it would have been eligible for exemption by the
311 seller or the lessor, as the case may be. For the purposes of this
312 subdivision, "related business" means: (i) A corporation, limited
313 liability company, partnership, association or trust controlled by the
314 taxpayer; (ii) an individual, corporation, limited liability company,
315 partnership, association or trust that is in control of the taxpayer; (iii) a
316 corporation, limited liability company, partnership, association or trust
317 controlled by an individual, corporation, limited liability company,
318 partnership, association or trust that is in control of the taxpayer; or
319 (iv) a member of the same controlled group as the taxpayer. For
320 purposes of this subdivision, "control", with respect to a corporation,
321 means ownership, directly or indirectly, of stock possessing fifty per
322 cent or more of the total combined voting power of all classes of the
323 stock of such corporation entitled to vote. "Control", with respect to a
324 trust, means ownership, directly or indirectly, of fifty per cent or more
325 of the beneficial interest in the principal or income of such trust. The
326 ownership of stock in a corporation, of a capital or profits interest in a
327 partnership or association or of a beneficial interest in a trust shall be
328 determined in accordance with the rules for constructive ownership of
329 stock provided in Section 267(c) of the Internal Revenue Code of 1986,
330 or any subsequent corresponding internal revenue code of the United
331 States, as from time to time amended, other than paragraph (3) of said
332 Section 267(c);

333 Sec. 10. Subdivision (3) of subsection (a) of section 12-217 of the 2018
334 supplement to the general statutes is repealed and the following is
335 substituted in lieu thereof (*Effective October 1, 2018*):

336 (3) Notwithstanding any provision of this section to the contrary, no

337 dividend received from a real estate investment trust shall be
338 deductible under this section by the recipient unless the dividend is:
339 (A) Deductible under Section 243 of the Internal Revenue Code; (B)
340 received by a qualified dividend recipient from a qualified real estate
341 investment trust and, as of the last day of the period for which such
342 dividend is paid, persons, not including the qualified dividend
343 recipient or any person that is either a related person to, or an
344 employee or director of, the qualified dividend recipient, have
345 outstanding cash capital contributions to the qualified real estate
346 investment trust that, in the aggregate, exceed five per cent of the fair
347 market value of the aggregate real estate assets, valued as of the last
348 day of the period for which such dividend is paid, then held by the
349 qualified real estate investment trust; or (C) received from a captive
350 real estate investment trust that is subject to the tax imposed under this
351 chapter. For purposes of this section, a "related person" is as defined in
352 subdivision (7) of subsection (a) of section 12-217m, "real estate assets"
353 is as defined in Section 856 of the Internal Revenue Code, a "qualified
354 dividend recipient" means a dividend recipient who has invested in a
355 qualified real estate investment trust prior to April 1, 1997, and a
356 "qualified real estate investment trust" means an entity that both was
357 incorporated and had contributed to it a minimum of five hundred
358 million [dollars] dollars' worth of real estate assets prior to April 1,
359 1997, and that elects to be a real estate investment trust under Section
360 856 of the Internal Revenue Code prior to April 1, 1998.

361 Sec. 11. Subsection (l) of section 12-218b of the general statutes is
362 repealed and the following is substituted in lieu thereof (*Effective*
363 *October 1, 2018*):

364 (l) For all other receipts not otherwise sourced by this [subsection]
365 section, the numerator of the receipts factor includes all other receipts
366 if the billing address of the customer is in this state; otherwise the
367 numerator will include all other receipts pursuant to the provisions of
368 section 12-218.

369 Sec. 12. Subdivision (1) of subsection (b) of section 12-263i of the
370 2018 supplement to the general statutes is repealed and the following
371 is substituted in lieu thereof (*Effective October 1, 2018*):

372 (b) (1) For each calendar quarter commencing on or after October 1,
373 2015, there is hereby imposed a tax on each ambulatory surgical center
374 in this state to be paid each calendar quarter. The tax imposed by this
375 section shall be at the rate of six per cent of the gross receipts of each
376 ambulatory surgical center, except that such tax shall not be imposed
377 on any amount of such gross receipts that constitutes either (A) the
378 first million dollars of gross receipts of the ambulatory surgical center
379 in the applicable fiscal year, or (B) net revenue of a hospital that is
380 subject to the tax imposed under section [602 of public act 17-2 of the
381 June special session] 12-263q. Nothing in this section shall prohibit an
382 ambulatory surgical center from seeking remuneration for the tax
383 imposed by this section.

384 Sec. 13. Subparagraph (D) of subdivision (1) of section 12-408 of the
385 2018 supplement to the general statutes is repealed and the following
386 is substituted in lieu thereof (*Effective October 1, 2018*):

387 (D) (i) With respect to the sales of computer and data processing
388 services occurring on or after [July 1, 2000, and prior to July 1, 2001, at
389 the rate of two per cent, on or after] July 1, 2001, at the rate of one per
390 cent, and (ii) with respect to sales of Internet access services, on and
391 after July 1, 2001, such services shall be exempt from such tax;

392 Sec. 14. Subparagraph (I) of subdivision (1) of section 12-408 of the
393 2018 supplement to the general statutes is repealed and the following
394 is substituted in lieu thereof (*Effective October 1, 2018*):

395 (I) The rate of tax imposed by this chapter shall be applicable to all
396 retail sales upon the effective date of such rate, except that a new rate
397 which represents an increase in the rate applicable to the sale shall not
398 apply to any sales transaction wherein a binding sales contract without
399 an escalator clause has been entered into prior to the effective date of

400 the new rate and delivery is made within ninety days after the effective
401 date of the new rate. For the purposes of payment of the tax imposed
402 under this section, any retailer of services taxable under [subparagraph
403 (I) of subdivision (2)] subdivision (37) of subsection (a) of section 12-
404 407, who computes taxable income, for purposes of taxation under the
405 Internal Revenue Code of 1986, or any subsequent corresponding
406 internal revenue code of the United States, as from time to time
407 amended, on an accounting basis which recognizes only cash or other
408 valuable consideration actually received as income and who is liable
409 for such tax only due to the rendering of such services may make
410 payments related to such tax for the period during which such income
411 is received, without penalty or interest, without regard to when such
412 service is rendered;

413 Sec. 15. Subsection (g) of section 12-409 of the 2018 supplement to
414 the general statutes is repealed and the following is substituted in lieu
415 thereof (*Effective October 1, 2018*):

416 (g) Whenever any seller files returns for four successive monthly or
417 quarterly periods, or for two successive annual periods, as the case
418 may be, showing no sales, the commissioner, upon hearing, after
419 giving such seller thirty [days] days' notice, in writing, specifying the
420 time and place of hearing and requiring such seller to show cause why
421 such seller's permit or permits should not be cancelled, may cancel one
422 or more of the permits held by such seller. The notice may be served
423 personally or by mail. The commissioner shall not issue a new permit
424 after the cancellation of a permit unless the commissioner is satisfied
425 that the former holder of the permit will make sales subject to the
426 provisions of this chapter relating to the sales tax and the regulations
427 of the commissioner.

428 Sec. 16. Subdivisions (5) and (6) of section 12-410 of the general
429 statutes are repealed and the following is substituted in lieu thereof
430 (*Effective October 1, 2018*):

431 (5) (A) For the purpose of the proper administration of this chapter
432 and to prevent evasion of the sales tax, a sale of any service described
433 in [subparagraph (I) of subdivision (2)] subdivision (37) of subsection
434 (a) of section 12-407 shall be considered a sale for resale only if the
435 service to be resold is an integral, inseparable component part of a
436 service described in said [subparagraph (I) which] subdivision that is
437 to be subsequently sold by the purchaser to an ultimate consumer. The
438 purchaser of the service for resale shall maintain, in such form as the
439 commissioner requires, records [which] that substantiate: (i) From
440 whom the service was purchased and to whom the service was sold,
441 (ii) the purchase price of the service, and (iii) the nature of the service
442 to demonstrate that the services were an integral, inseparable
443 component part of a service described in [subparagraph (I) of
444 subdivision (2)] subdivision (37) of subsection (a) of section 12-407
445 [which] that was subsequently sold to a consumer.

446 (B) Notwithstanding the provisions of subparagraph (A) of this
447 subdivision, no sale of a service described in [subparagraph (I) of
448 subdivision (2)] subdivision (37) of subsection (a) of section 12-407 by a
449 seller shall be considered a sale for resale if such service is to be
450 subsequently sold by the purchaser to an ultimate consumer that is
451 affiliated with the purchaser in the manner described in subparagraph
452 (A) of subdivision (62) of [subsection (a) of] section 12-412.

453 (6) For the purpose of the proper administration of this chapter and
454 to prevent evasion of the sales tax, no sale of any service by a seller
455 shall be considered a sale for resale if such service is to be
456 subsequently sold by the purchaser, without change, to an ultimate
457 consumer that is affiliated with the purchaser in the manner described
458 in subparagraph (A) of subdivision (62) of [subsection (a) of] section
459 12-412.

460 Sec. 17. Subparagraph (K) of subdivision (1) of section 12-411 of the
461 2018 supplement to the general statutes is repealed and the following
462 is substituted in lieu thereof (*Effective October 1, 2018*):

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

467 (ii) For calendar months commencing on or after July 1, 2020, but
468 prior to July 1, 2021, the commissioner shall deposit into the Special
469 Transportation Fund established under section 13b-68 twenty per cent
470 of the amounts received by the state from the tax imposed under
471 subparagraphs (A) and (H) of this subdivision on the [sale] acceptance
472 or receipt in this state of a motor vehicle;

473 (iii) For calendar months commencing on or after July 1, 2021, but
474 prior to July 1, 2022, the commissioner shall deposit into the Special
475 Transportation Fund established under section 13b-68 forty per cent of
476 the amounts received by the state from the tax imposed under
477 subparagraphs (A) and (H) of this subdivision on the [sale] acceptance
478 or receipt in this state of a motor vehicle;

479 (iv) For calendar months commencing on or after July 1, 2022, but
480 prior to July 1, 2023, the commissioner shall deposit into the Special
481 Transportation Fund established under section 13b-68 sixty per cent of
482 the amounts received by the state from the tax imposed under
483 subparagraphs (A) and (H) of this subdivision on the [sale] acceptance
484 or receipt in this state of a motor vehicle;

485 (v) For calendar months commencing on or after July 1, 2023, but
486 prior to July 1, 2024, the commissioner shall deposit into the Special
487 Transportation Fund established under section 13b-68 eighty per cent
488 of the amounts received by the state from the tax imposed under
489 subparagraphs (A) and (H) of this subdivision on the [sale] acceptance
490 or receipt in this state of a motor vehicle; and

491 (vi) For calendar months commencing on or after July 1, 2024, the
492 commissioner shall deposit into the Special Transportation Fund
493 established under section 13b-68 one hundred per cent of the amounts

494 received by the state from the tax imposed under subparagraphs (A)
495 and (H) of this subdivision on the [sale] acceptance or receipt in this
496 state of a motor vehicle.

497 Sec. 18. Subdivisions (14) and (15) of section 12-411 of the 2018
498 supplement to the general statutes are repealed and the following is
499 substituted in lieu thereof (*Effective October 1, 2018*):

500 (14) (A) For the purpose of the proper administration of this chapter
501 and to prevent evasion of the use tax, a purchase of any service
502 described in [subparagraph (I) of subdivision (2)] subdivision (37) of
503 subsection (a) of section 12-407 shall be considered a purchase for
504 resale only if the service to be resold is an integral, inseparable
505 component part of a service described in said [subparagraph (I) which]
506 subdivision that is to be subsequently sold by the purchaser to an
507 ultimate consumer. The purchaser of the service for resale shall
508 maintain, in such form as the commissioner requires, records [which]
509 that substantiate: (i) From whom the service was purchased and to
510 whom the service was sold; (ii) the purchase price of the service; and
511 (iii) the nature of the service to demonstrate that the service was an
512 integral, inseparable component part of a service described in
513 [subparagraph (I) of subdivision (2)] subdivision (37) of subsection (a)
514 of section 12-407 [which] that was subsequently sold to a consumer.

515 (B) Notwithstanding the provisions of subparagraph (A) of this
516 subdivision, no purchase of a service described in [subparagraph (I) of
517 subdivision (2)] subdivision (37) of subsection (a) of section 12-407 by a
518 purchaser shall be considered a purchase for resale if such service is to
519 be subsequently sold by the purchaser to an ultimate consumer that is
520 affiliated with the purchaser in the manner described in subparagraph
521 (A) of subdivision (62) of [subsection (a) of] section 12-412.

522 (15) For the purpose of the proper administration of this chapter
523 and to prevent evasion of the use tax, no purchase of any service by a
524 purchaser shall be considered a purchase for resale if such service is to

525 be subsequently sold by the purchaser, without change, to an ultimate
526 consumer that is affiliated with the purchaser in the manner described
527 in subparagraph (A) of subdivision (62) of [subsection (a) of] section
528 12-412.

529 Sec. 19. Subdivision (14) of section 12-412 of the 2018 supplement to
530 the general statutes is repealed and the following is substituted in lieu
531 thereof (*Effective October 1, 2018*):

532 (14) (A) Nonreturnable containers and returnable dairy product
533 containers when sold without the contents to persons who place the
534 contents in the container and sell the contents together with the
535 container; (B) containers when sold with the contents if the sales price
536 of the contents is not required to be included in the measure of the
537 taxes imposed by this chapter; (C) returnable containers when sold
538 with the contents in connection with a retail sale of the contents or
539 when resold for refilling. As used herein, "returnable containers"
540 means containers of a kind customarily returned by the buyer of the
541 contents for reuse, but does not mean nonrefillable beverage
542 containers, as defined in [subdivision (10) of] section 22a-243. All other
543 containers are "nonreturnable containers". Nothing in this subsection
544 shall be construed so as to tax the gross receipts from the sale of or the
545 storage, use or other consumption in this state of bags in which feed
546 for livestock and poultry [, as defined in subdivision (12) of this
547 section,] is customarily contained.

548 Sec. 20. Subdivision (19) of section 12-412 of the 2018 supplement to
549 the general statutes is repealed and the following is substituted in lieu
550 thereof (*Effective October 1, 2018*):

551 (19) Sales of and the storage, use or other consumption of (A)
552 oxygen, blood or blood plasma when sold for medical use in humans
553 or animals; (B) artificial devices individually designed, constructed or
554 altered solely for the use of a particular person with physical disability
555 so as to become a brace, support, supplement, correction or substitute

556 for the bodily structure, including the extremities of the individual,
557 and repair or replacement parts and repair services rendered to
558 property described in this subparagraph; (C) artificial limbs, artificial
559 eyes and other equipment worn as a correction or substitute for any
560 functioning portion of the body, custom-made wigs or hairpieces for
561 persons with medically diagnosed total and permanent hair loss as a
562 result of disease or the treatment of disease, artificial hearing aids
563 when designed to be worn on the person of the owner or user, closed
564 circuit television equipment used as a reading aid by persons who are
565 visually impaired and repair or replacement parts and repair services
566 rendered to property described in this subparagraph; (D) canes,
567 crutches, walkers, [wheel chairs] wheelchairs and inclined stairway
568 chairlifts for the use of any person with physical disability, and repair
569 or replacement parts and repair services to property described in this
570 subparagraph; (E) any equipment used in support of or to supply vital
571 life functions, including oxygen supply equipment used for humans or
572 animals, kidney dialysis machines and any other such device used in
573 necessary support of vital life functions, and apnea monitors, and
574 repair or replacement parts and repair services rendered to property
575 described in this subparagraph; and (F) support hose that is specially
576 designed to aid in the circulation of blood and is purchased by a
577 person who has a medical need for such hose. Repair or replacement
578 parts are exempt whether purchased separately or in conjunction with
579 the item for which they are intended, and whether such parts continue
580 the original function or enhance the functionality of such item. As used
581 in this subdivision, "repair services" means services that are described
582 in subparagraph (Q) or (CC) of subdivision (37) of subsection (a) of
583 section 12-407.

584 Sec. 21. Section 12-416a of the general statutes is repealed and the
585 following is substituted in lieu thereof (*Effective October 1, 2018*):

586 The Commissioner of Revenue Services is authorized to pay to a
587 municipal agency an amount not to exceed fifty per cent of the tax
588 actually collected as the result of an assessment made under section 12-

589 415 or 12-416 against the purchaser of a vessel, as defined in
590 subdivision (24) of subsection (a) of section 12-407, if said
591 commissioner, in the commissioner's sole discretion, determines that
592 information provided by such agency was instrumental in the making
593 of such assessment. Notwithstanding the provisions of section 12-15,
594 the commissioner may disclose to a municipal agency that receives a
595 payment under this section the name and address of the person
596 against whom the assessment is made, the amount of the tax actually
597 assessed and the amount of the tax actually collected with respect to
598 which such a payment may be made.

599 Sec. 22. Subdivisions (3) to (5), inclusive, of section 12-426 of the
600 general statutes are repealed and the following is substituted in lieu
601 thereof (*Effective October 1, 2018*):

602 (3) (A) Every seller, every retailer as [defined] described in
603 subparagraph (B) of subdivision (12) of subsection (a) of section 12-407
604 and every person storing, accepting, consuming or otherwise using in
605 this state services or tangible personal property purchased from a
606 retailer shall keep such records, receipts, invoices and other pertinent
607 papers in such form as the commissioner requires.

608 (B) In addition any records required pursuant to subparagraph (A)
609 of this subdivision, each materialman collecting tax as allowed under
610 the provisions of subparagraph (C) of subdivision (2) of section 12-408
611 shall keep the following records with respect to each sale of building
612 materials or services described in said subparagraph (C): (i) The date
613 of such sale; (ii) proof that the sale meets the qualifications described in
614 said subparagraph (C); (iii) the amount of credit, if any, extended by
615 such materialman to such contractor, subcontractor or repairman for
616 each such sale; (iv) the terms for payment of the purchase price or
617 repayment of any such credit; and (v) the date or dates on which such
618 purchase price is paid or such credit is repaid, in whole or in part, and
619 the amount of each such payment or repayment. Such records shall be
620 kept for a period of three years from the date the tax on each such sale

621 is paid [over] to the commissioner in full, provided the commissioner
622 may consent to their destruction within that period or may require that
623 they be kept longer.

624 (4) The commissioner or any person authorized by [him] the
625 commissioner may examine the books, papers, records and equipment
626 of any person selling services or tangible personal property and any
627 person liable for the use tax, and may investigate the character of the
628 business of the person [in order] to verify the accuracy of any return
629 made or, if no return is made by the person, to ascertain and determine
630 the amount required to be paid.

631 (5) In administration of the use tax the commissioner may require
632 the filing of information reports by any person or class of persons
633 having in [his or their] the person's or persons' possession or custody
634 information relating to sales of services or tangible personal property
635 the storage, acceptance, consumption or other use of which is subject
636 to the tax. Such reports shall be filed when the commissioner requires
637 and shall set forth the names and addresses of purchasers of the
638 services or tangible personal property, the sales price of the services or
639 property, the date of sale and such other information as the
640 commissioner may require.

641 Sec. 23. Section 12-432a of the general statutes is repealed and the
642 following is substituted in lieu thereof (*Effective October 1, 2018*):

643 No retailer, as [defined in subdivision (g)] described in
644 subparagraph (K) of subsection (12) of subsection (a) of section 12-407,
645 who fails to comply with the provisions of this chapter shall maintain
646 any action in law or equity in this state on any sale or transaction
647 included under said [subdivision (g) of subsection (12)] subparagraph.

648 Sec. 24. Subsection (e) of section 12-667 of the general statutes is
649 repealed and the following is substituted in lieu thereof (*Effective*
650 *October 1, 2018*):

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

656 Sec. 25. Clause (i) of subparagraph (C) of subdivision (9) of
657 subsection (a) of section 12-700 of the general statutes is repealed and
658 the following is substituted in lieu thereof (*Effective October 1, 2018*):

659 (C) (i) For any husband and wife who file a return under the federal
660 income tax for such taxable year as married individuals filing jointly or
661 any person who files a return under the federal income tax for such
662 taxable year as a surviving spouse, as defined in Section 2(a) of the
663 Internal Revenue Code:

T1	Connecticut Taxable Income	Rate of Tax
T2	Not over \$20,000	3.0%
T3	Over \$20,000 but not	\$600.00, plus 5.0% of the
T4	over \$100,000	excess over \$20,000
T5	Over \$100,000 but not	\$4,600, plus 5.5% of the
T6	over \$200,000	excess over \$100,000
T7	Over \$200,000 but not	\$10,100, plus 6.0% of the
T8	over \$400,000	excess over \$200,000
T9	Over \$400,000 but not	\$22,100, plus 6.5% of the
T10	over \$500,000	excess over \$400,000
T11	Over \$500,000 but not	\$28,600, plus 6.9% of the
T12	over \$1,000,000	excess over [\$500,00] <u>\$500,000</u>
T13	Over \$1,000,000	\$63,100, plus 6.99% of the
T14		excess over \$1,000,000

664 Sec. 26. Subdivision (2) of subsection (c) of section 12-700 of the
665 general statutes is repealed and the following is substituted in lieu
666 thereof (*Effective October 1, 2018*):

667 (2) For purposes of subdivision (1) of this subsection and subsection
668 (a) of this section, the Connecticut adjusted gross income of a part-year
669 resident (A) changing [his] such resident's status from resident to
670 nonresident shall be increased or decreased, as the case may be, by the
671 items accrued under subdivision (1) of subsection (c) of section 12-717,
672 to the extent not otherwise includable in Connecticut adjusted gross
673 income for the taxable year, and (B) changing [his] such resident's
674 status from nonresident to resident shall be increased or decreased, as
675 the case may be, by the items accrued under subdivision (2) of
676 subsection (c) of section 12-717, to the extent included in Connecticut
677 adjusted gross income for the taxable year.

678 Sec. 27. Subparagraphs (A) and (B) of subdivision (20) of subsection
679 (a) of section 12-701 of the 2018 supplement to the general statutes are
680 repealed and the following is substituted in lieu thereof (*Effective*
681 *October 1, 2018*):

682 (20) "Connecticut adjusted gross income" means adjusted gross
683 income, with the following modifications:

684 (A) There shall be added thereto:

685 (i) [to] To the extent not properly includable in gross income for
686 federal income tax purposes, any interest income from obligations
687 issued by or on behalf of any state, political subdivision thereof, or
688 public instrumentality, state or local authority, district or similar public
689 entity, exclusive of such income from obligations issued by or on
690 behalf of the state of Connecticut, any political subdivision thereof, or
691 public instrumentality, state or local authority, district or similar public
692 entity created under the laws of the state of Connecticut and exclusive
693 of any such income with respect to which taxation by any state is
694 prohibited by federal law; [.]

695 (ii) [any] Any exempt-interest dividends, as defined in Section
696 852(b)(5) of the Internal Revenue Code, exclusive of such exempt-
697 interest dividends derived from obligations issued by or on behalf of

698 the state of Connecticut, any political subdivision thereof, or public
699 instrumentality, state or local authority, district or similar public entity
700 created under the laws of the state of Connecticut and exclusive of
701 such exempt-interest dividends derived from obligations, the income
702 with respect to which taxation by any state is prohibited by federal
703 law; [.]

704 (iii) [any] Any interest or dividend income on obligations or
705 securities of any authority, commission or instrumentality of the
706 United States which federal law exempts from federal income tax but
707 does not exempt from state income taxes; [.]

708 (iv) [to] To the extent included in gross income for federal income
709 tax purposes for the taxable year, the total taxable amount of a lump
710 sum distribution for the taxable year deductible from such gross
711 income in calculating federal adjusted gross income; [.]

712 (v) [to] To the extent properly includable in determining the net
713 gain or loss from the sale or other disposition of capital assets for
714 federal income tax purposes, any loss from the sale or exchange of
715 obligations issued by or on behalf of the state of Connecticut, any
716 political subdivision thereof, or public instrumentality, state or local
717 authority, district or similar public entity created under the laws of the
718 state of Connecticut, in the income year such loss was recognized; [.]

719 (vi) [to] To the extent deductible in determining federal adjusted
720 gross income, any income taxes imposed by this state; [.]

721 (vii) [to] To the extent deductible in determining federal adjusted
722 gross income, any interest on indebtedness incurred or continued to
723 purchase or carry obligations or securities the interest on which is
724 exempt from tax under this chapter; [.]

725 (viii) [expenses] Expenses paid or incurred during the taxable year
726 for the production or collection of income which is exempt from
727 taxation under this chapter or the management, conservation or

728 maintenance of property held for the production of such income, and
729 the amortizable bond premium for the taxable year on any bond the
730 interest on which is exempt from tax under this chapter to the extent
731 that such expenses and premiums are deductible in determining
732 federal adjusted gross income; [.]

733 (ix) [~~for~~] For property placed in service after September 10, 2001, but
734 prior to September 11, 2004, in taxable years ending after September
735 10, 2001, any additional allowance for depreciation under subsection
736 (k) of Section 168 of the Internal Revenue Code, as provided by Section
737 101 of the Job Creation and Worker Assistance Act of 2002, to the
738 extent deductible in determining federal adjusted gross income; [.]

739 (x) [~~to~~] To the extent deductible in determining federal adjusted
740 gross income, the deduction allowable as qualified domestic
741 production activities income, pursuant to Section 199 of the Internal
742 Revenue Code; [.]

743 (xi) [~~to~~] To the extent not properly includable in gross income for
744 federal income tax purposes for the taxable year, any income from the
745 discharge of indebtedness, in taxable years ending after December 31,
746 2008, in connection with any reacquisition, after December 31, 2008,
747 and before January 1, 2011, of an applicable debt instrument or
748 instruments, as those terms are defined in Section 108 of the Internal
749 Revenue Code, as amended by Section 1231 of the American Recovery
750 and Reinvestment Act of 2009, the inclusion of which income in federal
751 gross income for the taxable year is deferred, as provided by said
752 Section 1231; [.]

753 (xii) [~~to~~] To the extent not properly includable in gross income for
754 federal income tax purposes, an amount equal to (I) any distribution
755 from a manufacturing reinvestment account not used in accordance
756 with subdivision (3) of subsection (c) of section 32-9zz to the extent
757 that a contribution to such account was subtracted from federal
758 adjusted gross income pursuant to clause (xix) of subparagraph (B) of

759 this subdivision in computing Connecticut adjusted gross income for
760 the current or a preceding taxable year, and (II) any return of money
761 from a manufacturing reinvestment account pursuant to subsection (d)
762 of section 32-9zz to the extent that a contribution to such account was
763 subtracted from federal adjusted gross income pursuant to clause (xix)
764 of subparagraph (B) of this subdivision in computing Connecticut
765 adjusted gross income for the current or a preceding taxable year; []
766 and

767 (xiii) [to] To the extent not properly includable in gross income for
768 federal income tax purposes, an amount equal to any compensation
769 required to be recognized under Section 457A of the Internal Revenue
770 Code that is attributable to services performed within this state.

771 (B) There shall be subtracted therefrom:

772 (i) [to] To the extent properly includable in gross income for federal
773 income tax purposes, any income with respect to which taxation by
774 any state is prohibited by federal law; []

775 (ii) [to] To the extent allowable under section 12-718, exempt
776 dividends paid by a regulated investment company; []

777 (iii) To the extent properly includable in gross income for federal
778 income tax purposes, the amount of any refund or credit for
779 overpayment of income taxes imposed by this state, or any other state
780 of the United States or a political subdivision thereof, or the District of
781 Columbia; [, to the extent properly includable in gross income for
782 federal income tax purposes,]

783 (iv) [to] To the extent properly includable in gross income for
784 federal income tax purposes and not otherwise subtracted from federal
785 adjusted gross income pursuant to clause (x) of this subparagraph in
786 computing Connecticut adjusted gross income, any tier 1 railroad
787 retirement benefits; []

788 (v) [to] To the extent any additional allowance for depreciation
789 under Section 168(k) of the Internal Revenue Code, as provided by
790 Section 101 of the Job Creation and Worker Assistance Act of 2002, for
791 property placed in service after December 31, 2001, but prior to
792 September 10, 2004, was added to federal adjusted gross income
793 pursuant to subparagraph (A)(ix) of this subdivision in computing
794 Connecticut adjusted gross income for a taxable year ending after
795 December 31, 2001, twenty-five per cent of such additional allowance
796 for depreciation in each of the four succeeding taxable years; [.]

797 (vi) [to] To the extent properly includable in gross income for
798 federal income tax purposes, any interest income from obligations
799 issued by or on behalf of the state of Connecticut, any political
800 subdivision thereof, or public instrumentality, state or local authority,
801 district or similar public entity created under the laws of the state of
802 Connecticut; [.]

803 (vii) [to] To the extent properly includable in determining the net
804 gain or loss from the sale or other disposition of capital assets for
805 federal income tax purposes, any gain from the sale or exchange of
806 obligations issued by or on behalf of the state of Connecticut, any
807 political subdivision thereof, or public instrumentality, state or local
808 authority, district or similar public entity created under the laws of the
809 state of Connecticut, in the income year such gain was recognized; [.]

810 (viii) [any] Any interest on indebtedness incurred or continued to
811 purchase or carry obligations or securities the interest on which is
812 subject to tax under this chapter but exempt from federal income tax,
813 to the extent that such interest on indebtedness is not deductible in
814 determining federal adjusted gross income and is attributable to a
815 trade or business carried on by such individual; [.]

816 (ix) [ordinary] Ordinary and necessary expenses paid or incurred
817 during the taxable year for the production or collection of income
818 which is subject to taxation under this chapter but exempt from federal

819 income tax, or the management, conservation or maintenance of
820 property held for the production of such income, and the amortizable
821 bond premium for the taxable year on any bond the interest on which
822 is subject to tax under this chapter but exempt from federal income tax,
823 to the extent that such expenses and premiums are not deductible in
824 determining federal adjusted gross income and are attributable to a
825 trade or business carried on by such individual; [.]

826 (x) (I) [for] For taxable years commencing prior to January 1, 2019,
827 for a person who files a return under the federal income tax as an
828 unmarried individual whose federal adjusted gross income for such
829 taxable year is less than fifty thousand dollars, or as a married
830 individual filing separately whose federal adjusted gross income for
831 such taxable year is less than fifty thousand dollars, or for a husband
832 and wife who file a return under the federal income tax as married
833 individuals filing jointly whose federal adjusted gross income for such
834 taxable year is less than sixty thousand dollars or a person who files a
835 return under the federal income tax as a head of household whose
836 federal adjusted gross income for such taxable year is less than sixty
837 thousand dollars, an amount equal to the Social Security benefits
838 includable for federal income tax purposes;

839 (II) [for] For taxable years commencing prior to January 1, 2019, for
840 a person who files a return under the federal income tax as an
841 unmarried individual whose federal adjusted gross income for such
842 taxable year is fifty thousand dollars or more, or as a married
843 individual filing separately whose federal adjusted gross income for
844 such taxable year is fifty thousand dollars or more, or for a husband
845 and wife who file a return under the federal income tax as married
846 individuals filing jointly whose federal adjusted gross income from
847 such taxable year is sixty thousand dollars or more or for a person who
848 files a return under the federal income tax as a head of household
849 whose federal adjusted gross income for such taxable year is sixty
850 thousand dollars or more, an amount equal to the difference between
851 the amount of Social Security benefits includable for federal income tax

852 purposes and the lesser of twenty-five per cent of the Social Security
853 benefits received during the taxable year, or twenty-five per cent of the
854 excess described in Section 86(b)(1) of the Internal Revenue Code;

855 (III) [for] For the taxable year commencing January 1, 2019, and each
856 taxable year thereafter, for a person who files a return under the
857 federal income tax as an unmarried individual whose federal adjusted
858 gross income for such taxable year is less than seventy-five thousand
859 dollars, or as a married individual filing separately whose federal
860 adjusted gross income for such taxable year is less than seventy-five
861 thousand dollars, or for a husband and wife who file a return under
862 the federal income tax as married individuals filing jointly whose
863 federal adjusted gross income for such taxable year is less than one
864 hundred thousand dollars or a person who files a return under the
865 federal income tax as a head of household whose federal adjusted
866 gross income for such taxable year is less than one hundred thousand
867 dollars, an amount equal to the Social Security benefits includable for
868 federal income tax purposes; and

869 (IV) [for] For the taxable year commencing January 1, 2019, and each
870 taxable year thereafter, for a person who files a return under the
871 federal income tax as an unmarried individual whose federal adjusted
872 gross income for such taxable year is seventy-five thousand dollars or
873 more, or as a married individual filing separately whose federal
874 adjusted gross income for such taxable year is seventy-five thousand
875 dollars or more, or for a husband and wife who file a return under the
876 federal income tax as married individuals filing jointly whose federal
877 adjusted gross income from such taxable year is one hundred
878 thousand dollars or more or for a person who files a return under the
879 federal income tax as a head of household whose federal adjusted
880 gross income for such taxable year is one hundred thousand dollars or
881 more, an amount equal to the difference between the amount of Social
882 Security benefits includable for federal income tax purposes and the
883 lesser of twenty-five per cent of the Social Security benefits received
884 during the taxable year, or twenty-five per cent of the excess described

885 in Section 86(b)(1) of the Internal Revenue Code; [.]

886 (xi) [to] To the extent properly includable in gross income for
887 federal income tax purposes, any amount rebated to a taxpayer
888 pursuant to section 12-746; [.]

889 (xii) [to] To the extent properly includable in the gross income for
890 federal income tax purposes of a designated beneficiary, any
891 distribution to such beneficiary from any qualified state tuition
892 program, as defined in Section 529(b) of the Internal Revenue Code,
893 established and maintained by this state or any official, agency or
894 instrumentality of the state; [.]

895 (xiii) [to] To the extent allowable under section 12-701a,
896 contributions to accounts established pursuant to any qualified state
897 tuition program, as defined in Section 529(b) of the Internal Revenue
898 Code, established and maintained by this state or any official, agency
899 or instrumentality of the state; [.]

900 (xiv) [to] To the extent properly includable in gross income for
901 federal income tax purposes, the amount of any Holocaust victims'
902 settlement payment received in the taxable year by a Holocaust victim;
903 [.]

904 (xv) [to] To the extent properly includable in gross income for
905 federal income tax purposes of an account holder, as defined in section
906 31-51ww, interest earned on funds deposited in the individual
907 development account, as defined in section 31-51ww, of such account
908 holder; [.]

909 (xvi) [to] To the extent properly includable in the gross income for
910 federal income tax purposes of a designated beneficiary, as defined in
911 section 3-123aa, interest, dividends or capital gains earned on
912 contributions to accounts established for the designated beneficiary
913 pursuant to the Connecticut Homecare Option Program for the Elderly
914 established by sections 3-123aa to 3-123ff, inclusive; [.]

915 (xvii) [to] To the extent properly includable in gross income for
916 federal income tax purposes, any income received from the United
917 States government as retirement pay for a retired member of (I) the
918 Armed Forces of the United States, as defined in Section 101 of Title 10
919 of the United States Code, or (II) the National Guard, as defined in
920 Section 101 of Title 10 of the United States Code; [.]

921 (xviii) [to] To the extent properly includable in gross income for
922 federal income tax purposes for the taxable year, any income from the
923 discharge of indebtedness in connection with any reacquisition, after
924 December 31, 2008, and before January 1, 2011, of an applicable debt
925 instrument or instruments, as those terms are defined in Section 108 of
926 the Internal Revenue Code, as amended by Section 1231 of the
927 American Recovery and Reinvestment Act of 2009, to the extent any
928 such income was added to federal adjusted gross income pursuant to
929 subparagraph (A)(xi) of this subdivision in computing Connecticut
930 adjusted gross income for a preceding taxable year; [.]

931 (xix) [to] To the extent not deductible in determining federal
932 adjusted gross income, the amount of any contribution to a
933 manufacturing reinvestment account established pursuant to section
934 32-9zz in the taxable year that such contribution is made; [.]

935 (xx) [to] To the extent properly includable in gross income for
936 federal income tax purposes, (I) for the taxable year commencing
937 January 1, 2015, ten per cent of the income received from the state
938 teachers' retirement system, (II) for the taxable years commencing
939 January 1, 2016, January 1, 2017, and January 1, 2018, twenty-five per
940 cent of the income received from the state teachers' retirement system,
941 and (III) for the taxable year commencing January 1, 2019, and each
942 taxable year thereafter, fifty per cent of the income received from the
943 state teachers' retirement system or the percentage, if applicable,
944 pursuant to clause (xxi) of this subparagraph; [.]

945 (xxi) [to] To the extent properly includable in gross income for

946 federal income tax purposes, except for retirement benefits under
947 clause (iv) of this subparagraph and retirement pay under clause (xvii)
948 of this subparagraph, for a person who files a return under the federal
949 income tax as an unmarried individual whose federal adjusted gross
950 income for such taxable year is less than seventy-five thousand dollars,
951 or as a married individual filing separately whose federal adjusted
952 gross income for such taxable year is less than seventy-five thousand
953 dollars, or as a head of household whose federal adjusted gross income
954 for such taxable year is less than seventy-five thousand dollars, or for a
955 husband and wife who file a return under the federal income tax as
956 married individuals filing jointly whose federal adjusted gross income
957 for such taxable year is less than one hundred thousand dollars, (I) for
958 the taxable year commencing January 1, 2019, fourteen per cent of any
959 pension or annuity income, (II) for the taxable year commencing
960 January 1, 2020, twenty-eight per cent of any pension or annuity
961 income, (III) for the taxable year commencing January 1, 2021, forty-
962 two per cent of any pension or annuity income, (IV) for the taxable
963 year commencing January 1, 2022, fifty-six per cent of any pension or
964 annuity income, (V) for the taxable year commencing January 1, 2023,
965 seventy per cent of any pension or annuity income, (VI) for the taxable
966 year commencing January 1, 2024, eighty-four per cent of any pension
967 or annuity income, and (VII) for the taxable year commencing January
968 1, 2025, and each taxable year thereafter, any pension or annuity
969 income; []

970 (xxii) [the] The amount of lost wages and medical, travel and
971 housing expenses, not to exceed ten thousand dollars in the aggregate,
972 incurred by a taxpayer during the taxable year in connection with the
973 donation to another person of an organ for organ transplantation
974 occurring on or after January 1, 2017; [] and

975 (xxiii) [to] To the extent properly includable in gross income for
976 federal income tax purposes, the amount of any financial assistance
977 received from the Crumbling Foundations Assistance Fund or paid to
978 or on behalf of the owner of a residential building pursuant to sections

979 8-442 and 8-443.

980 Sec. 28. Subdivision (1) of subsection (a) of section 12-790c of the
981 2018 supplement to the general statutes is repealed and the following
982 is substituted in lieu thereof (*Effective October 1, 2018*):

983 (a) (1) No tax preparer or facilitator shall do or commit any of the
984 following acts or omissions, and the commissioner may deny the
985 issuance of an initial or a renewal permit and may suspend or revoke
986 any such permit for the following acts or omissions or for a violation of
987 any provision of [sections] section 12-790a [and] or 12-790b:

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

994 (B) Procure or attempt to procure a permit under section 12-790a by
995 material misrepresentation or fraud; or

996 (C) Violate, attempt to violate or assist in or abet the violation of any
997 provision of section 12-790a or 12-790b.

998 Sec. 29. Subdivision (2) of subsection (a) of section 3-115 of the 2018
999 supplement to the general statutes is repealed and the following is
1000 substituted in lieu thereof (*Effective October 1, 2018*):

1001 (2) The Comptroller shall issue cumulative monthly financial
1002 statements concerning the state's General Fund which shall include (A)
1003 a statement of revenues and expenditures to the end of the last-
1004 completed month, together with the statement of estimated revenue by
1005 source to the end of the fiscal year and the statement of appropriation
1006 requirements of the state's General Fund to the end of the fiscal year
1007 furnished pursuant to section 4-66 and itemized as far as practicable

1008 for each budgeted agency, including estimates of lapsing
1009 appropriations, unallocated lapsing balances and unallocated
1010 appropriation requirements, and (B) an analysis of the statements
1011 furnished by the Secretary of the Office of Policy and Management to
1012 the Comptroller pursuant to subdivision (4) of section 4-66. The
1013 Comptroller shall provide the cumulative monthly financial
1014 statements, in the same form and in the same categories as appears in
1015 the budget act enacted by the General Assembly, on or before the first
1016 day of the following month. The Comptroller shall submit a copy of
1017 the monthly trial balance and monthly analysis of expenditure run to
1018 the legislative Office of Fiscal Analysis.

1019 Sec. 30. Subdivision (1) of subsection (a) of section 7-168a of the 2018
1020 supplement to the general statutes is repealed and the following is
1021 substituted in lieu thereof (*Effective October 1, 2018*):

1022 (a) (1) A municipality may, by ordinance, impose a surcharge on the
1023 admission charge for any event that is held at a facility located within
1024 the municipality. The amount of such surcharge shall not exceed five
1025 per cent of the amount of admission, except that the amount of such
1026 surcharge imposed on the [facility described in subdivision (12) of
1027 subsection (a) of section 12-541] Dunkin' Donuts Park in Hartford shall
1028 not exceed ten per cent of the amount of admission. The amount of any
1029 such surcharge shall be in addition to any tax otherwise applicable to
1030 such admission charge, except that no municipality may impose a
1031 surcharge on a facility pursuant to this section if (A) the municipality
1032 imposes a surcharge on such facility pursuant to section 12-579, or (B)
1033 all of the proceeds from the event inure exclusively to an entity which
1034 is exempt from federal income tax under the Internal Revenue Code,
1035 provided such entity actively engages in and assumes the financial risk
1036 associated with the presentation of such event. Any municipal
1037 ordinance adopted pursuant to this section may exclude additional
1038 events or facilities from the surcharge imposed pursuant to this
1039 section.

1040 Sec. 31. Subsection (a) of section 12-578i of the 2018 supplement to
1041 the general statutes is repealed and the following is substituted in lieu
1042 thereof (*Effective October 1, 2018*):

1043 (a) (1) There is established an Advisory Council on Large
1044 Entertainment Venues. Any of the following amusement,
1045 entertainment or recreation [facility described in subdivisions (8) to
1046 (13), inclusive, of subsection (a) of section 12-541] facilities that [has]
1047 have a seating capacity greater than five thousand persons shall be
1048 entitled to representation on the council: (A) The stadium facility, as
1049 defined in section 32-651; (B) any such facility that would have been
1050 subject to tax under the provisions of section 12-542 of the general
1051 statutes, revision of 1958, revised to January 1, 1999; (C) the XL Center
1052 in Hartford; (D) the Webster Bank Arena in Bridgeport; (E) the
1053 Ballpark at Harbor Yard in Bridgeport; (F) the Dunkin' Donuts Park in
1054 Hartford; and (G) the New Britain Stadium.

1055 (2) Except as provided in subsection (b) of this section, each
1056 representative to the council shall be designated not later than
1057 September 1, 2017. The council shall select the chairperson of the
1058 council from among the members of the council and schedule the first
1059 meeting of the council not later than October 1, 2017. The council shall
1060 meet at least annually to consider: [(1)] (A) The coordination of
1061 concerts, mixed martial arts events and other large entertainment
1062 events at such facilities; and [(2)] (B) other issues related to the
1063 operation of such facilities as determined by the council.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-35a
Sec. 2	<i>from passage</i>	12-217mm(b) to (d)
Sec. 3	<i>from passage</i>	12-204(a)
Sec. 4	<i>from passage</i>	12-340
Sec. 5	<i>from passage</i>	12-728(a)(2)
Sec. 6	<i>from passage</i>	12-733(c)(3)

Sec. 7	<i>from passage</i>	12-705(a)
Sec. 8	<i>October 1, 2018</i>	12-35(b)(2)
Sec. 9	<i>October 1, 2018</i>	12-81(72)(B)
Sec. 10	<i>October 1, 2018</i>	12-217(a)(3)
Sec. 11	<i>October 1, 2018</i>	12-218b(l)
Sec. 12	<i>October 1, 2018</i>	12-263i(b)(1)
Sec. 13	<i>October 1, 2018</i>	12-408(1)(D)
Sec. 14	<i>October 1, 2018</i>	12-408(1)(I)
Sec. 15	<i>October 1, 2018</i>	12-409(g)
Sec. 16	<i>October 1, 2018</i>	12-410(5) and (6)
Sec. 17	<i>October 1, 2018</i>	12-411(1)(K)
Sec. 18	<i>October 1, 2018</i>	12-411(14) and (15)
Sec. 19	<i>October 1, 2018</i>	12-412(14)
Sec. 20	<i>October 1, 2018</i>	12-412(19)
Sec. 21	<i>October 1, 2018</i>	12-416a
Sec. 22	<i>October 1, 2018</i>	12-426(3) to (5)
Sec. 23	<i>October 1, 2018</i>	12-432a
Sec. 24	<i>October 1, 2018</i>	12-667(e)
Sec. 25	<i>October 1, 2018</i>	New section
Sec. 26	<i>October 1, 2018</i>	12-700(c)(2)
Sec. 27	<i>October 1, 2018</i>	12-701(a)(20)(A) and (B)
Sec. 28	<i>October 1, 2018</i>	12-790c(a)(1)
Sec. 29	<i>October 1, 2018</i>	3-115(a)(2)
Sec. 30	<i>October 1, 2018</i>	7-168a(a)(1)
Sec. 31	<i>October 1, 2018</i>	12-578i(a)

Statement of Purpose:

To make minor and technical changes to the tax and related statutes.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]