AN ACT CONCERNING THE DEPARTMENT OF REVENUE SERVICES’ RECOMMENDATIONS REGARDING STATE TAXATION AND COLLECTION.

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

Section 1. (NEW) (Effective July 1, 2018) (a) The Commissioner of Revenue Services may charge fees sufficient to cover the reasonable expenses incurred by the Department of Revenue Services in the performance of an administrative function, including, but not limited to, preparing an account reconstruction, preparing a letter of good standing, preparing a certified copy of a tax return and certifying a software program or a software provider. No such fee shall exceed one hundred dollars for the performance of a given administrative function.

(b) Any person subject to a fee imposed under subsection (a) of this section may request, in writing, that the commissioner waive such fee. The commissioner may waive such fee if the commissioner finds, based on information provided by such person, that imposition of the
fee would result in undue hardship for such person. The commissioner shall promptly inform such person of the granting or rejection of such requested waiver. The decision of the commissioner shall be final and not subject to further review or appeal.

Sec. 2. Subdivision (12) of subsection (a) of section 12-407 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

(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, 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, an Internet web site, software or any other form of electronic delivery, or (iii) by mail, telegraphy, telephone, computer data base, cable, optic, microwave, Internet or any other form of communication, [system,] for the purpose of effecting retail sales of tangible personal property, provided such person has gross receipts of at least two hundred fifty thousand dollars or made [one]
two 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 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.
Sec. 3. Subdivision (15) of subsection (a) of section 12-407 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2018):

(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, 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 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, an Internet web site, software or any other form of electronic delivery, or by mail, telegraphy, telephone, computer data base, cable, optic, microwave, Internet or any other form of communication, for the purpose of effecting retail sales of tangible personal property, provided [one] at least two hundred fifty thousand dollars of gross receipts are received or two 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 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
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 outside this state 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,
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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.

Sec. 4. Subsection (a) of section 12-829 of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2018):

(a) (1) On or after January 1, 2012, but prior to July 1, 2018, when any person redeems a winning lottery ticket worth five thousand dollars or more at the central office of the Connecticut Lottery Corporation, the Connecticut Lottery Corporation shall check the name and other identifying information of such person against a list of taxpayers who are delinquent, supplied by the Commissioner of Revenue Services.

(2) On or after July 1, 2018, when any person redeems a winning lottery ticket worth two thousand dollars or more at the central office of the Connecticut Lottery Corporation, the Connecticut Lottery Corporation shall check the name and other identifying information of such person against a list of taxpayers who are delinquent, supplied by the Commissioner of Revenue Services.

This act shall take effect as follows and shall amend the following sections:

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<th>Section</th>
<th>Effect Date</th>
<th>Section</th>
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<tbody>
<tr>
<td>1</td>
<td>July 1, 2018</td>
<td>New section</td>
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<tr>
<td>2</td>
<td>from passage</td>
<td>12-407(a)(12)</td>
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<tr>
<td>3</td>
<td>July 1, 2018</td>
<td>12-407(a)(15)</td>
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<tr>
<td>4</td>
<td>July 1, 2018</td>
<td>12-829(a)</td>
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Statement of Purpose:
To implement the Department of Revenue Services' recommendations regarding state taxation and collection.

[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.]