



House of Representatives

File No. 1016

General Assembly

January Session, 2019

(Reprint of File No. 914)

Substitute House Bill No. 7373
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 30, 2019

***AN ACT CONCERNING THE DEPARTMENT OF REVENUE
SERVICES' RECOMMENDATIONS FOR TAX ADMINISTRATION AND
MINOR REVISIONS TO THE TAX AND RELATED STATUTES.***

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

1 Section 1. Section 12-699 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2019, and*
3 *applicable to taxable years commencing on or after January 1, 2019*):

4 (a) As used in this section and section 12-699a, as amended by this
5 act:

6 (1) "Partnership" has the same meaning as provided in Section
7 7701(a)(2) of the Internal Revenue Code, as defined in section 12-213,
8 and regulations adopted thereunder. "Partnership" includes a limited
9 liability company that is treated as a partnership for federal income tax
10 purposes;

11 (2) "S corporation" means a corporation or a limited liability
12 company that is treated as an S corporation for federal income tax

13 purposes;

14 (3) "Affected business entity" means a partnership or an S
15 corporation, but does not include a publicly-traded partnership, as
16 defined in Section 7704(b) of the Internal Revenue Code, that has
17 agreed to file an annual return pursuant to section 12-726 reporting the
18 name, address, Social Security number or federal employer
19 identification number and such other information required by the
20 Commissioner of Revenue Services of each unitholder whose
21 distributive share of partnership income derived from or connected
22 with sources within this state was more than five hundred dollars;

23 (4) "Member" means (A) a shareholder of an S corporation, (B) a
24 partner in (i) a general partnership, (ii) a limited partnership, or (iii) a
25 limited liability partnership, or (C) a member of a limited liability
26 company that is treated as a partnership or an S corporation for federal
27 income tax purposes; and

28 (5) "Taxable year" means the taxable year of an affected business
29 entity for federal income tax purposes.

30 (b) Each affected business entity that is required to file a return
31 under the provisions of section 12-726 shall, on or before the fifteenth
32 day of the third month following the close of each taxable year, pay to
33 the commissioner a tax as determined under this section.

34 (c) The tax due under subsection (b) of this section shall equal (1)
35 (A) the separately and nonseparately computed items, as described in
36 Section 702(a) of the Internal Revenue Code with respect to a
37 partnership or Section 1366 of the Internal Revenue Code with respect
38 to an S corporation, of the affected business entity, excluding any item
39 treated as an itemized deduction for federal income tax purposes, plus
40 any item described in Section 707(c) of the Internal Revenue Code with
41 respect to a partnership, to the extent any such items under this
42 subparagraph are derived from or connected with sources within this
43 state, as determined under the provisions of chapter 229, (B) as
44 increased or decreased by any modification described in section 12-701

45 that relates to an item of the affected business entity's income, gain,
46 loss or deduction, to the extent derived from or connected with sources
47 within this state, as determined under the provisions of chapter 229, (2)
48 multiplied by six and ninety-nine-hundredths per cent. If the amount
49 calculated under subdivision (1) of this subsection results in a net loss,
50 such net loss may be carried forward to succeeding taxable years until
51 fully used.

52 (d) If an affected business entity, the lower-tier entity, is a member
53 of another affected business entity, the upper-tier entity, the lower-tier
54 entity shall, when calculating the amount under subdivision (1) of
55 subsection (c) of this section, subtract its distributive share of income
56 or add its distributive share of loss from the upper-tier entity to the
57 extent that the income or loss was derived from or connected with
58 sources within this state.

59 (e) [(1)] A nonresident individual who is a member of an affected
60 business entity shall not be required to file an income tax return under
61 the provisions of chapter 229 for a taxable year if, for such taxable year,
62 the only source of income derived from or connected with sources
63 within this state for such member, or the member and the member's
64 spouse if a joint federal income tax return is or shall be filed, is from
65 one or more affected business entities and such [affected business
66 entity or entities file and pay the tax due under this section]
67 nonresident individual member's tax under chapter 229 would be fully
68 satisfied by the credit allowed to such individual under subparagraph
69 (A) of subdivision (1) of subsection (g) of this section.

70 [(2) The provisions of subdivision (1) of this subsection shall not
71 apply to a nonresident individual who is a member of an affected
72 business entity that elects to file its return on a combined basis under
73 subsection (j) of this section if such nonresident individual member's
74 tax under chapter 229 would not be fully satisfied by the credit
75 allowed to such individual under subparagraph (A) of subdivision (1)
76 of subsection (g) of this section.]

77 (f) Each affected business entity shall report to each of its members,
78 for each taxable year, such member's direct [pro rata] share of the tax
79 imposed under this section on such affected business entity and
80 indirect [pro rata] share of the tax imposed on any upper-tier entity of
81 which such affected business entity is a member.

82 (g) (1) (A) Each person that is subject to the tax imposed under
83 chapter 229 and is a member of an affected business entity shall be
84 entitled to a credit against the tax imposed under said chapter, other
85 than the tax imposed under section 12-707. Such credit shall be in an
86 amount equal to such person's direct and indirect [pro rata] share of
87 the tax due and paid under this section by any affected business entity
88 of which such person is a member multiplied by ninety-three and one-
89 hundredths per cent. If the amount of the credit allowed pursuant to
90 this subdivision exceeds such person's tax liability for the tax imposed
91 under said chapter, the commissioner shall treat such excess as an
92 overpayment and, except as provided in section 12-739 or 12-742, shall
93 refund the amount of such excess, without interest, to such person.

94 (B) Each person that is subject to the tax imposed under chapter 229
95 as a resident or a part-year resident of this state and is a member of an
96 affected business entity shall also be entitled to a credit against the tax
97 imposed under said chapter, other than the tax imposed under section
98 12-707, for such person's direct and indirect [pro rata] share of taxes
99 paid to another state of the United States or the District of Columbia,
100 on income of any affected business entity of which such person is a
101 member that is derived therefrom, provided the taxes paid to another
102 state of the United States or the District of Columbia results from a tax
103 that the commissioner determines is substantially similar to the tax
104 imposed under this section. Any such credit shall be calculated in the
105 manner prescribed by the commissioner, which shall be consistent
106 with the provisions of section 12-704.

107 (2) Each company that is subject to the tax imposed under chapter
108 208 and is a member of an affected business entity shall be entitled to a
109 credit against the tax imposed under said chapter. Such credit shall be

110 in an amount equal to such company's direct and indirect [pro rata]
111 share of the tax paid under this section by any affected business entity
112 of which such company is a member multiplied by ninety-three and
113 one-hundredths per cent. Such credit shall be applied after all other
114 credits are applied and shall not be subject to the limits imposed under
115 section 12-217zz. Any credit that is not used in the income year during
116 which the affected business entity incurs the tax under this section
117 shall be carried forward to each of the succeeding income years by the
118 company until such credit is fully taken against the tax under chapter
119 208.

120 (h) Upon the failure of any affected business entity to pay the tax
121 due under this section within thirty days of the due date, the
122 provisions of section 12-35, as amended by this act, shall apply with
123 respect to the enforcement of this section and the collection of such tax.
124 The warrant therein provided for shall be signed by the commissioner
125 or an authorized agent of the commissioner. The amount of any such
126 tax, penalty and interest shall be a lien, from the last day of the last
127 month of the taxable year next preceding the due date of such tax until
128 discharged by payment, against all real estate of the taxpayer within
129 the state, and a certificate of such lien signed by the commissioner may
130 be recorded in the office of the clerk of any town in which such real
131 estate is situated, provided no such lien shall be effective as against
132 any bona fide purchaser or qualified encumbrancer of any interest in
133 any such property. When any tax with respect to which a lien has been
134 recorded under the provisions of this section has been satisfied, the
135 commissioner, upon request of any interested party, shall issue a
136 certificate discharging such lien, which certificate shall be recorded in
137 the same office in which the lien was recorded. Any action for the
138 foreclosure of such lien shall be brought by the Attorney General in the
139 name of the state in the superior court for the judicial district in which
140 the property subject to such lien is situated, or, if such property is
141 located in two or more judicial districts, in the superior court for any
142 one such judicial district, and the court may limit the time for
143 redemption or order the sale of such property or make such other or

144 further decree as it judges equitable.

145 (i) If any tax is not paid when due as provided in this section, there
146 shall be added to the amount of the tax interest at the rate of one per
147 cent per month or fraction thereof from the date the tax became due
148 until it is paid.

149 (j) (1) Any affected business entity subject to tax under this section
150 may elect to file a combined return together with one or more other
151 commonly-owned affected business entities subject to tax under this
152 section. Each affected business entity making such election shall
153 submit written notice of such election to file a combined return,
154 including the written consent of the other commonly-owned affected
155 business entities to such election, to the commissioner not later than
156 the due date, or if an extension of time to file has been requested and
157 granted, the extended due date, of the returns due from such entities.
158 An affected business entity shall submit such written notice and
159 consent for each taxable year such entity makes the election under this
160 subdivision. Each affected business entity electing to file a combined
161 return under this subdivision shall be jointly and severally liable for
162 the tax due under this section. For the purposes of this subdivision,
163 "commonly-owned" means that more than eighty per cent of the voting
164 control of an affected business entity is directly or indirectly owned by
165 a common owner or owners, either corporate or noncorporate.
166 Whether voting control is indirectly owned shall be determined in
167 accordance with Section 318 of the Internal Revenue Code.

168 (2) Except as provided in subdivision (5) of this subsection, affected
169 business entities that elect to file a combined return under subdivision
170 (1) of this subsection shall net the amounts each such entity calculates
171 under subdivision (1) of subsection (c) of this section after such
172 amounts are separately apportioned or allocated by each affected
173 business entity in accordance with this section.

174 (3) Affected business entities that elect to file a combined return
175 under subdivision (1) of this subsection shall report to the

176 commissioner the portion of the direct and indirect [pro rata] share of
177 the tax paid with the combined return that is allocated to each of their
178 members. Such report shall be filed with the combined return and the
179 allocation reported shall be irrevocable.

180 (4) The election made under this subsection shall not affect the
181 calculation of tax due under any other provision of the general statutes
182 other than with respect to the calculation of the credits under
183 subsection (g) of this section.

184 (5) Affected business entities that elect to file a combined return
185 under subdivision (1) of this subsection shall calculate their tax due in
186 accordance with subsection (c) of this section unless each such entity
187 elects under subsection (k) of this section to calculate its tax due on the
188 alternative basis under subsection (l) of this section. If such election is
189 made, the affected business entities shall net their alternative tax bases
190 instead of netting the amounts under subdivision (2) of this subsection.

191 (k) In lieu of calculating the tax due in accordance with subsection
192 (c) of this section, any affected business entity may elect to calculate
193 the tax due on the alternative basis under subsection (l) of this section.
194 An affected business entity making such election shall submit to the
195 commissioner written notice of such election not later than the due
196 date, or if an extension of time to file has been requested and granted,
197 the extended due date, of the return due from such entity. An affected
198 business entity shall submit such written notice for each taxable year
199 such entity makes the election under this subsection. The election
200 made under this subsection shall not affect the calculation of tax due
201 under any other provision of the general statutes other than with
202 respect to the calculation of the credits under subsection (g) of this
203 section.

204 (l) (1) The tax due from an affected business entity making the
205 election under subsection (k) of this section shall be equal to six and
206 ninety-nine-hundredths per cent multiplied by the alternative tax base.
207 The alternative tax base shall be equal to the resident portion of

208 unsourced income plus modified Connecticut source income.

209 (2) For the purposes of this subsection:

210 (A) "Resident portion of unsourced income" means unsourced
211 income multiplied by a percentage equal to the sum of the ownership
212 interests in the affected business entity owned by members who are
213 residents of this state, as defined in section 12-701;

214 (B) "Unsourced income" means the separately and nonseparately
215 computed items, as described in Section 702(a) of the Internal Revenue
216 Code with respect to a partnership or Section 1366 of the Internal
217 Revenue Code with respect to an S corporation, of the affected
218 business entity, excluding any item treated as an itemized deduction
219 for federal income tax purposes, plus any item described in Section
220 707(c) of the Internal Revenue Code with respect to a partnership,
221 regardless of the location from which such item is derived or
222 connected, as increased or decreased by any modification described in
223 section 12-701, that relates to an item of the affected business entity's
224 income, gain, loss or deduction, regardless of the location from which
225 such item is derived or connected, less (i) the amount determined
226 under subdivision (1) of subsection (c) of this section, determined
227 without regard to subsection (d) of this section, and (ii) (I) the
228 separately and nonseparately computed items, as described in Section
229 702(a) of the Internal Revenue Code, of the affected business entity,
230 excluding any item treated as an itemized deduction for federal
231 income tax purposes, plus any item described in Section 707(c) of the
232 Internal Revenue Code with respect to a partnership, to the extent any
233 such items under this subclause are derived from or connected with
234 sources within another state that has jurisdiction to subject the affected
235 business entity to tax, as determined under the provisions of chapter
236 229, (II) as increased or decreased by any modification described in
237 section 12-701, that relates to an item of the affected business entity's
238 income, gain or deduction, to the extent derived from or connected
239 with sources within another state that has jurisdiction to subject the
240 affected business entity to tax, as determined under the provisions of

241 chapter 229; and

242 (C) "Modified Connecticut source income" means the amount
243 calculated under subdivision (1) of subsection (c) of this section
244 multiplied by a percentage equal to the sum of the ownership interests
245 in the affected business entity owned by members that are (i) subject to
246 tax under chapter 229, or (ii) affected business entities to the extent
247 such entities are directly or indirectly owned by persons subject to tax
248 under chapter 229. A member that is an affected business entity shall
249 be presumed to be directly or indirectly owned by persons subject to
250 tax under chapter 229 unless the affected business entity subject to tax
251 under this section can establish otherwise by clear and convincing
252 evidence to the satisfaction of the commissioner.

253 (m) The provisions of sections 12-723, 12-725 and 12-728 to 12-737,
254 inclusive, shall apply to the provisions of this section in the same
255 manner and with the same force and effect as if the language of said
256 sections had been incorporated in full into this section and had
257 expressly referred to the tax under this section, except to the extent
258 that any such provision is inconsistent with a provision of this section.

259 Sec. 2. Subdivision (1) of subsection (b) of section 12-699a of the
260 general statutes is repealed and the following is substituted in lieu
261 thereof (*Effective July 1, 2019, and applicable to taxable years commencing*
262 *on or after January 1, 2019*):

263 (b) (1) Each affected business entity required to pay the tax imposed
264 under section 12-699, as amended by this act, and whose required
265 annual payment for the taxable year is greater than or equal to one
266 thousand dollars shall make the required annual payment each taxable
267 year, in four required estimated tax installments on the following due
268 dates: (A) For the first required installment, the fifteenth day of the
269 fourth month of the taxable year; (B) for the second required
270 installment, the fifteenth day of the sixth month of the taxable year; (C)
271 for the third required installment, the fifteenth day of the ninth month
272 of the taxable year, and (D) for the fourth required installment, the

273 fifteenth day of the first month of the next succeeding taxable year. An
274 affected business entity may elect to pay any required installment prior
275 to the specified due date. Except as provided in subdivision (2) of this
276 subsection, the amount of each required installment shall be twenty-
277 five per cent of the required annual payment.

278 Sec. 3. Subdivision (8) of subsection (a) of section 3-20j of the general
279 statutes is repealed and the following is substituted in lieu thereof
280 (*Effective from passage*):

281 (8) "Withholding taxes" means taxes required to be deducted and
282 withheld [by employers from the wages and salaries of employees]
283 pursuant to sections 12-705 and 12-706 and paid [by employers] to the
284 Commissioner of Revenue Services pursuant to section 12-707 [as a
285 credit for income taxes payable by such employees, and includes,
286 without limitation, taxes deducted and withheld pursuant to sections
287 12-705 and 12-706] upon receipt by the state and including penalty and
288 interest charges on such taxes.

289 Sec. 4. Subdivision (2) of subsection (b) of section 12-35 of the
290 general statutes is repealed and the following is substituted in lieu
291 thereof (*Effective October 1, 2019*):

292 (2) Any such warrant on any intangible personal property of any
293 person may be served by electronic mail, [or] facsimile machine or
294 other electronic means on any third person in possession of, or
295 obligated with respect to, receivables, bank accounts, evidences of
296 debt, securities, salaries, wages, commissions, compensation or other
297 intangible personal property subject to such warrant, ordering such
298 third person to forthwith deliver such property or pay the amount due
299 or payable to the state collection agency that has made out such
300 warrant, provided such warrant may be issued only after the state
301 collection agency making out such warrant has notified the person
302 owning such property, in writing, of its intention to issue such
303 warrant. The notice of intent shall be: (A) Given in person; (B) left at
304 the dwelling or usual place of business of such person; or (C) sent by

305 certified mail, return receipt requested, to such person's last-known
306 address, not less than thirty days before the day the warrant is to be
307 issued. Any such warrant for tax due may further include an order to
308 such third person to continually deliver, during the one hundred
309 eighty days immediately following the date of issuance of the warrant
310 or until the tax is fully paid, whichever occurs earlier, all intangible
311 personal property that is due and that becomes due to the person
312 owing the tax. Except as otherwise provided in this subdivision, such
313 warrant shall have the same force and effect as an execution issued
314 pursuant to chapter 906.

315 Sec. 5. Subparagraph (B) of subdivision (2) of section 12-408 of the
316 general statutes is repealed and the following is substituted in lieu
317 thereof (*Effective from passage and applicable to claims for credit received on*
318 *or after such date*):

319 (B) Whenever such tax, payable by the consumer (i) with respect to
320 a charge account or credit sale, [occurring on or after July 1, 1984,] is
321 remitted by the retailer to the commissioner and such sale as an
322 account receivable is determined to be worthless and is actually
323 written off as uncollectible for federal income tax purposes, or (ii) to a
324 retailer who computes taxable income, for purposes of taxation under
325 the Internal Revenue Code of 1986, or any subsequent corresponding
326 internal revenue code of the United States, as amended from time to
327 time, [amended,] on the cash basis method of accounting with respect
328 to a sale, [occurring on or after July 1, 1989,] is remitted by the retailer
329 to the commissioner and such sale as an account receivable is
330 determined to be worthless, the amount of such tax remitted may be
331 credited against the tax due on the sales tax return filed by the retailer
332 for the monthly or quarterly period, whichever is applicable, next
333 following the period in which such amount is actually so written off,
334 but in no event shall such credit be allowed later than three years
335 following the date such tax is remitted, unless the credit relates to a
336 period for which a waiver is given pursuant to subsection (g) of section
337 12-415. The commissioner shall, by regulations adopted in accordance
338 with the provisions of chapter 54, provide standards for proving any

339 such claim for credit. If any payment is made by a consumer with
340 respect to an account, such payment shall be applied first toward the
341 sales tax, and if any account with respect to which such credit is
342 allowed is thereafter collected by the retailer in whole or in part, the
343 amount so collected, up to the amount of the sales tax for which the
344 credit was claimed, shall be included in the sales tax return covering
345 the period in which such collection occurs. The tax applicable in any
346 such case shall be determined in accordance with the rate of sales tax
347 in effect at the time of the original sale.

348 Sec. 6. Section 12-435 of the general statutes is repealed and the
349 following is substituted in lieu thereof (*Effective July 1, 2019*):

350 Each distributor of alcoholic beverages shall pay a tax to the state on
351 all sales within the state of alcoholic beverages, except sales to licensed
352 distributors, sales of alcoholic beverages [which] that, in the course of
353 such sales, are actually transported to some point without the state and
354 except [malt beverages which are] beer that is consumed on the
355 premises covered by a manufacturer's permit, at the rates for the
356 respective categories of alcoholic beverages listed below:

357 [(a)] (1) Beer, seven dollars and twenty cents for each barrel, three
358 dollars and sixty cents for each half barrel, one dollar and eighty cents
359 for each quarter barrel and twenty-four cents per wine gallon or
360 fraction thereof on quantities less than a quarter barrel;

361 [(b)] (2) Liquor, five dollars and forty cents per wine gallon;

362 [(c)] (3) Still wines containing not more than twenty-one per cent of
363 absolute alcohol, except as provided in [subsections (g) and (h)]
364 subdivisions (7) and (8) of this section, seventy-two cents per wine
365 gallon;

366 [(d)] (4) Still wines containing more than twenty-one per cent of
367 absolute alcohol and sparkling wines, one dollar and eighty cents per
368 wine gallon;

369 [(e)] (5) Alcohol in excess of 100 proof, five dollars and forty cents
370 per proof gallon;

371 [(f)] (6) Liquor coolers containing not more than seven per cent of
372 alcohol by volume, two dollars and forty-six cents per wine gallon;

373 [(g)] (7) Still wine containing not more than twenty-one per cent of
374 absolute alcohol, produced by a person who produces not more than
375 fifty-five thousand wine gallons of wine during the calendar year,
376 eighteen cents per wine gallon, provided such person presents to each
377 distributor of alcoholic beverages described in this section a certificate,
378 issued by the commissioner, stating that such person produces not
379 more than fifty-five thousand wine gallons of wine during the calendar
380 year. The commissioner is authorized to issue such certificates,
381 prescribe the procedures for obtaining such certificates and prescribe
382 their form; and

383 [(h)] (8) Cider containing not more than seven per cent of absolute
384 alcohol shall be subject to the same rate as applies to beer, as provided
385 in [subsection (a)] subdivision (1) of this section.

386 Sec. 7. Section 12-790a of the general statutes is repealed and the
387 following is substituted in lieu thereof (*Effective from passage*):

388 (a) As used in sections 12-790a to 12-790c, inclusive, "attorney",
389 "certified public accountant", "commissioner", "creditor", "facilitator",
390 "refund anticipation check", "refund anticipation loan", "return", "tax
391 preparation services" and "tax preparer" have the same meanings as
392 provided in section 12-790, and "commercial tax return preparation
393 business" means a person that employs tax preparers.

394 (b) (1) On and after January 1, 2019, no person, except as provided
395 in subsection (e) of this section, shall engage in the business of, solicit
396 business as or advertise as furnishing tax preparation services or acting
397 as a facilitator or make representations to be a tax preparer or
398 facilitator, without a tax preparer permit or a facilitator permit, as
399 applicable, issued by the commissioner. Each applicant for such permit

400 and renewal of such permit shall apply by electronic means in the form
401 and manner prescribed by the commissioner.

402 (2) Each individual applying for a permit shall (A) be eighteen years
403 of age or older, (B) have obtained a high school diploma, (C) possess a
404 preparer tax identification number issued by the Internal Revenue
405 Service that shall be used by the tax preparer or facilitator for each
406 return such tax preparer is required to sign and each refund
407 anticipation loan or refund anticipation check such facilitator is
408 required to sign, and (D) for a tax preparer, present evidence
409 satisfactory to the commissioner that the applicant has experience,
410 education or training in tax preparation services, which evidence shall
411 include, on and after January 1, [2020] 2022, a certificate of completion
412 of an annual filing season program administered by the Internal
413 Revenue Service.

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

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

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

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

432 updated information to the commissioner.

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

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

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

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

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

460 (e) The following persons shall be exempt from the provisions of
461 sections 12-790a to 12-790c, inclusive:

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

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

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

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

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

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

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

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

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

487 (g) The commissioner shall keep confidential any personal financial
488 information gathered pursuant to an investigation of any alleged
489 violation of sections 12-790a to 12-790c, inclusive, unless disclosure is
490 (1) considered necessary for the investigation or prosecution of an

491 alleged violation of this section or any regulation or order adopted
492 thereunder, or (2) otherwise expressly authorized under the provisions
493 of federal or state law. For purposes of this subsection, "personal
494 financial information" includes, but is not limited to, returns and
495 return information, as defined under federal and state law.

496 Sec. 8. Section 13b-121 of the general statutes is repealed and the
497 following is substituted in lieu thereof (*Effective from passage*):

498 (a) As used in this section, "transportation network company" and
499 "prearranged ride" have the same meanings as provided in section 13b-
500 116.

501 (b) Each transportation network company shall pay a fee of twenty-
502 five cents on each prearranged ride that originates in this state.

503 (c) On or before the last day of the month next succeeding each
504 calendar quarter, each transportation network company shall: (1) File a
505 return electronically for the preceding period with the Commissioner
506 of Revenue Services on such forms as the commissioner may prescribe;
507 and (2) make payment of the fees required under subsection (b) of this
508 section by electronic funds transfer in the manner provided by chapter
509 228g. Any document received and maintained by the commissioner
510 with respect to a transportation network company shall be return
511 information, as defined in section 12-15, and shall not be subject to
512 disclosure under the Freedom of Information Act, as defined in section
513 1-200.

514 (d) Any fees due and unpaid under this section shall be subject to
515 the penalties and interest established in section 12-547 and the amount
516 of such fee, penalty or interest, due and unpaid, may be collected
517 under the provisions of section 12-35, as amended by this act, as if they
518 were taxes due to the state.

519 (e) The provisions of sections 12-548, 12-550 to 12-554, inclusive, as
520 amended by this act, and 12-555b shall apply to the provisions of this
521 section in the same manner and with the same force and effect as if the

522 language of said sections had been incorporated in full into this section
523 and had expressly referred to the fee imposed under this section,
524 except to the extent that any such provision is inconsistent with a
525 provision of this section.

526 (f) Any fees received under this section shall be deposited into the
527 General Fund. For revenue reporting purposes only, the Commissioner
528 of Revenue Services shall include any such fees with the revenue
529 reported under chapter [222] 225.

530 (g) The Commissioner of Revenue Services, in consultation with the
531 Commissioner of Transportation, may adopt regulations in accordance
532 with the provisions of chapter 54, to carry out the provisions of this
533 section.

534 Sec. 9. Subsection (b) of section 32-9t of the general statutes is
535 repealed and the following is substituted in lieu thereof (*Effective from*
536 *passage and applicable to income years commencing on or after such date*):

537 (b) There is established an urban and industrial site reinvestment
538 program under which taxpayers who make investments in eligible
539 urban reinvestment projects or eligible industrial site investment
540 projects may be allowed a credit against the tax imposed under
541 [chapters 207 to 212a, inclusive,] chapter 207, 208, 208a, 209, 210, 211 or
542 212 or section 38a-743, or a combination of [said] such taxes, in an
543 amount equal to the percentage of their approved investment
544 determined in accordance with subsection (i) of this section.

545 Sec. 10. Section 12-3a of the general statutes is repealed and the
546 following is substituted in lieu thereof (*Effective from passage*):

547 (a) There is created a Penalty Review Committee, which shall
548 consist of the State Comptroller or an employee of the office of the
549 State Comptroller designated by said Comptroller, the Secretary of the
550 Office of Policy and Management or an employee of the Office of
551 Policy and Management designated by said secretary and the
552 Commissioner of Revenue Services or an employee of the Department

553 of Revenue Services designated by said commissioner. Said committee
554 shall meet monthly or as often as necessary to approve any waiver of
555 penalty in excess of [one] five thousand dollars, which the
556 Commissioner of Revenue Services is authorized to waive in
557 accordance with this title, or which the Commissioner of Consumer
558 Protection is authorized to waive in accordance with chapter 226. A
559 majority vote of the committee shall be required for approval of such
560 waiver.

561 (b) An itemized statement of all waivers approved under this
562 section shall be available to the public for inspection by any person.

563 (c) The Penalty Review Committee created pursuant to subsection
564 (a) of this section shall adopt regulations, in accordance with chapter
565 54, establishing guidelines for the waiver of any penalty in [excess of
566 one thousand dollars] accordance with this section.

567 (d) Any person aggrieved by the action of the Penalty Review
568 Committee may, [within one month] not later than thirty days after
569 notice of such action is delivered or mailed to such person, appeal
570 therefrom to the superior court for the judicial district of New Britain,
571 which shall be accompanied by a citation to the members of said
572 committee to appear before said court. Such citation shall be signed by
573 the same authority, and such appeal shall be returnable at the same
574 time and served and returned in the same manner as is required in
575 case of a summons in a civil action. The authority issuing the citation
576 shall take from the appellant a bond or recognizance to the state of
577 Connecticut with surety to prosecute the appeal to effect and to
578 comply with the orders and decrees of the court in the premises. Such
579 appeals shall be preferred cases, to be heard, unless cause appears to
580 the contrary, at the first session, by the court or by a committee
581 appointed by it. Said court may grant such relief as may be equitable.
582 If the appeal is without probable cause, the court may tax double or
583 triple costs, as the case demands; and, upon all such appeals which
584 may be denied, costs may be taxed against the appellant at the
585 discretion of the court, but no costs shall be taxed against the state.

586 Sec. 11. Section 12-30 of the general statutes is repealed and the
587 following is substituted in lieu thereof (*Effective from passage*):

588 If the Commissioner of Revenue Services determines that any
589 statute or regulation [he] the commissioner is charged with enforcing
590 is being adversely affected, [he] the commissioner may impose a
591 penalty of fifty dollars in case of a failure to file any return or report
592 [which] that is required by law or regulation to be filed with the
593 commissioner on or before the date prescribed therefor, which failure
594 is determined with regard to any extension of time for filing. The
595 commissioner may, upon application, if it is proven to [his] the
596 commissioner's satisfaction that such failure is due to reasonable cause
597 and is not due to negligence or intentional disregard of any provision
598 of law or regulation, waive all or any part of such penalty. No taxpayer
599 shall be subject to such penalty in relation to any tax period for which
600 [he] such taxpayer is subject to a penalty for late payment of a tax or to
601 an additional amount being added to the tax imposed based on a
602 failure to file. If the commissioner does not, upon application, waive all
603 or any part of such penalty, any person aggrieved by such action of the
604 commissioner may, not later than [one month] thirty days after notice
605 of such action is mailed or delivered to such person, appeal therefrom
606 to the superior court for the judicial district of Hartford. The appeal
607 shall be accompanied by a citation to the commissioner to appear
608 before said court. Such citation shall be signed by the same authority,
609 and such appeal shall be returnable at the same time and served and
610 returned in the same manner as is required in case of a summons in a
611 civil action. The authority issuing the citation shall take from the
612 appellant a bond or recognizance to the state of Connecticut with
613 surety to prosecute the appeal to effect and to comply with the orders
614 and decrees of the court in the premises. Such appeals shall be
615 preferred cases, to be heard, unless cause appears to the contrary, at
616 the first session, by the court or by a committee appointed by it. Said
617 court may grant such relief as may be equitable. If the appeal is
618 without probable cause, the court may tax double or triple costs, as the
619 case demands; and, upon all such appeals which may be denied, costs

620 may be taxed against the appellant at the discretion of the court, but no
621 costs shall be taxed against the state.

622 Sec. 12. Section 12-208 of the general statutes is repealed and the
623 following is substituted in lieu thereof (*Effective from passage*):

624 (a) Any company subject to any tax or charge under this chapter
625 that is aggrieved by the action of the commissioner or [his] the
626 commissioner's authorized agent in fixing the amount of any tax,
627 penalty, interest or charge provided for by this chapter may apply to
628 the commissioner, in writing, [within] not later than sixty days after
629 the notice of such action is delivered or mailed to [it] the company, for
630 a hearing and a correction of the amount of such tax, penalty, interest
631 or charge, so fixed, setting forth the reasons why such hearing should
632 be granted and the amount in which such tax, penalty, interest or
633 charge should be reduced. The commissioner shall promptly consider
634 each such application and may grant or deny the hearing requested. If
635 the hearing is denied, the applicant shall be notified forthwith. If it is
636 granted, the commissioner shall notify the applicant of the time and
637 place fixed for such hearing. After such hearing the commissioner may
638 make such order in the premises as appears to him just and lawful and
639 shall furnish a copy of such order to the applicant. The commissioner
640 may, by notice in writing, at any time within three years after the date
641 when any return of any such person has been due, order a hearing on
642 his own initiative and require such person or any other individual
643 whom [he] the commissioner believes to be in possession of relevant
644 information concerning such person to appear before [him or his] the
645 commissioner or the commissioner's authorized agent with any
646 specified books of account, papers or other documents, for
647 examination under oath.

648 (b) Any company subject to any tax or charge under this chapter
649 that is aggrieved because of any order, decision, determination or
650 disallowance of the Commissioner of Revenue Services made under
651 this chapter may, [within one month] not later than thirty days after
652 service of notice of such order, decision, determination or

653 disallowance, take an appeal therefrom to the superior court for the
654 judicial district of New Britain, which appeal shall be accompanied by
655 a citation to the Commissioner of Revenue Services to appear before
656 said court. Such citation shall be signed by the same authority, and
657 such appeal shall be returnable at the same time and served and
658 returned in the same manner, as is required in case of a summons in a
659 civil action. The authority issuing the citation shall take from the
660 appellant a bond or recognizance to the state of Connecticut, with
661 surety, to prosecute the appeal to effect and to comply with the orders
662 and decrees of the court in the premises. Such appeals shall be
663 preferred cases, to be heard, unless cause appears to the contrary, at
664 the first session, by the court or by a committee appointed by the court.
665 Said court may grant such relief as may be equitable and, if such tax or
666 charge has been paid prior to the granting of such relief, may order the
667 [State] Treasurer to pay the amount of such relief, with interest at the
668 rate of two-thirds of one per cent per month or fraction thereof, to such
669 aggrieved person. If the appeal has been taken without probable cause,
670 the court may tax double or triple costs, as the case demands; and,
671 upon all such appeals which are denied, costs may be taxed against the
672 appellant at the discretion of the court, but no costs shall be taxed
673 against the state.

674 Sec. 13. Section 12-237 of the general statutes is repealed and the
675 following is substituted in lieu thereof (*Effective from passage*):

676 Any taxpayer aggrieved because of any order, decision,
677 determination or disallowance of the Commissioner of Revenue
678 Services under the provisions of this part may, [within one month] not
679 later than thirty days after service upon the taxpayer of notice of such
680 order, decision, determination or disallowance, take an appeal
681 therefrom to the superior court for the judicial district of New Britain,
682 which shall be accompanied by a citation to the Commissioner of
683 Revenue Services to appear before said court. Such citation shall be
684 signed by the same authority, and such appeal shall be returnable at
685 the same time and served and returned in the same manner, as is
686 required in case of a summons in a civil action. The authority issuing

687 the citation shall take from the appellant a bond or recognizance to the
688 state of Connecticut, with surety to prosecute the appeal to effect and
689 to comply with the orders and decrees of the court in the premises.
690 Such appeals shall be preferred cases, to be heard, unless cause
691 appears to the contrary, at the first session, by the court or by a
692 committee appointed by it. Said court may grant such relief as may be
693 equitable and, if such tax has been paid prior to the granting of such
694 relief, may order the Treasurer to pay the amount of such relief, with
695 interest at the rate of eight per cent per annum, to the aggrieved
696 taxpayer. If the appeal has been taken without probable cause, the
697 court may tax double or triple costs, as the case demands; and, upon
698 all such appeals which may be denied, costs may be taxed against the
699 appellant at the discretion of the court, but no costs shall be taxed
700 against the state.

701 Sec. 14. Subsection (b) of section 12-263v of the general statutes is
702 repealed and the following is substituted in lieu thereof (*Effective from*
703 *passage*):

704 (b) Any taxpayer subject to any tax or fee under section 12-263q or
705 12-263r that is aggrieved because of any order, decision, determination
706 or disallowance of the commissioner made under sections 12-263q to
707 12-263u, inclusive, or subsection (a) of this section may, not later than
708 [one month] thirty days after service of notice of such order, decision,
709 determination or disallowance, take an appeal therefrom to the
710 superior court for the judicial district of New Britain, which appeal
711 shall be accompanied by a citation to the commissioner to appear
712 before said court. Such citation shall be signed by the same authority
713 and such appeal shall be returnable at the same time and served and
714 returned in the same manner as is required in case of a summons in a
715 civil action. The authority issuing the citation shall take from the
716 appellant a bond or recognizance to the state of Connecticut, with
717 surety, to prosecute the appeal to effect and to comply with the orders
718 and decrees of the court in the premises. Such appeals shall be
719 preferred cases, to be heard, unless cause appears to the contrary, at
720 the first session, by the court or by a committee appointed by the court.

721 Said court may grant such relief as may be equitable and, if such tax or
722 charge has been paid prior to the granting of such relief, may order the
723 Treasurer to pay the amount of such relief, with interest at the rate of
724 two-thirds of one per cent per month or fraction thereof, to such
725 taxpayer. If the appeal has been taken without probable cause, the
726 court may tax double or triple costs, as the case demands and, upon all
727 such appeals that are denied, costs may be taxed against such taxpayer
728 at the discretion of the court but no costs shall be taxed against the
729 state.

730 Sec. 15. Section 12-268l of the general statutes is repealed and the
731 following is substituted in lieu thereof (*Effective from passage*):

732 Any taxpayer aggrieved because of any order, decision,
733 determination or disallowance of the Commissioner of Revenue
734 Services made under the provisions of chapter 210, 211 or 212 or this
735 chapter may, [within one month] not later than thirty days after service
736 upon the taxpayer of notice of such order, decision, determination or
737 disallowance, take an appeal therefrom to the superior court for the
738 judicial district of New Britain, which shall be accompanied by a
739 citation to the Commissioner of Revenue Services to appear before said
740 court. Such citation shall be signed by the same authority, and such
741 appeal shall be returnable at the same time and served and returned in
742 the same manner, as is required in case of a summons in a civil action.
743 The authority issuing the citation shall take from the appellant a bond
744 or recognizance to the state of Connecticut, with surety to prosecute
745 the appeal to effect and to comply with the orders and decrees of the
746 court in the premises. Such appeals shall be preferred cases, to be
747 heard, unless cause appears to the contrary, at the first session, by the
748 court or by a committee appointed by it. Said court may grant such
749 relief as may be equitable and, if such tax has been paid prior to the
750 granting of such relief, may order the Treasurer to pay the amount of
751 such relief, with interest at the rate of two-thirds of one per cent per
752 month or fraction thereof to the aggrieved taxpayer. If the appeal has
753 been taken without probable cause, the court may tax double or triple
754 costs, as the case demands; and, upon all such appeals which may be

755 denied, costs may be taxed against the appellant at the discretion of the
756 court, but no costs shall be taxed against the state.

757 Sec. 16. Section 12-312 of the general statutes is repealed and the
758 following is substituted in lieu thereof (*Effective from passage*):

759 Any person aggrieved because of any decision, order, determination
760 or disallowance of the commissioner under the provisions of this
761 chapter may, [within one month] not later than thirty days after service
762 upon such person of notice of such decision, order, determination or
763 disallowance, appeal therefrom to the superior court for the judicial
764 district of New Britain, which appeal shall be accompanied by a
765 citation to the Commissioner of Revenue Services to appear before said
766 court. Such citation shall be signed by the same authority, and such
767 appeal shall be returnable at the same time and served and returned in
768 the same manner, as is required in case of a summons in a civil action.
769 The authority issuing the citation shall take from the appellant a bond
770 or recognizance to the state of Connecticut, with surety to prosecute
771 the appeal to effect and to comply with the orders and decrees of the
772 court in the premises. Such appeals shall be preferred cases, to be
773 heard, unless cause appears to the contrary, at the first session, by the
774 court or by a committee appointed by it. Said court may grant such
775 relief as may be equitable and, if such tax has been paid prior to the
776 granting of such relief, may order the Treasurer to pay the amount of
777 such relief, with interest at the rate of two-thirds of one per cent per
778 month or fraction thereof, to the aggrieved taxpayer. If the appeal has
779 been taken without probable cause, the court may tax double or triple
780 costs, as the case demands; and, upon all such appeals which are
781 denied, costs may be taxed against the appellant at the discretion of the
782 court, but no costs shall be taxed against the state.

783 Sec. 17. Section 12-330m of the general statutes is repealed and the
784 following is substituted in lieu thereof (*Effective from passage*):

785 Any person aggrieved because of any decision, order, determination
786 or disallowance of the commissioner under the provisions of this

787 chapter may, [within one month] not later than thirty days after service
788 upon such person of notice of such decision, order, determination or
789 disallowance, appeal therefrom to the superior court for the judicial
790 district of New Britain, which appeal shall be accompanied by a
791 citation to the commissioner to appear before said court. Such citation
792 shall be signed by the same authority, and such appeal shall be
793 returnable at the same time and served and returned in the same
794 manner, as is required in case of a summons in a civil action. The
795 authority issuing the citation shall take from the appellant a bond or
796 recognizance to the state of Connecticut, with surety to prosecute the
797 appeal to effect and to comply with the orders and decrees of the court
798 in the premises. Such appeals shall be preferred cases, to be heard,
799 unless cause appears to the contrary, at the first session, by the court or
800 by a committee appointed by it. Said court may grant such relief as
801 may be equitable and, if such tax has been paid prior to the granting of
802 such relief, may order the Treasurer to pay the amount of such relief,
803 with interest at the rate of six per cent per annum, to the aggrieved
804 taxpayer. If the appeal has been taken without probable cause, the
805 court may tax double or triple costs, as the case demands; and, upon
806 all such appeals which are denied, costs may be taxed against the
807 appellant at the discretion of the court, but no costs shall be taxed
808 against the state.

809 Sec. 18. Section 12-422 of the general statutes is repealed and the
810 following is substituted in lieu thereof (*Effective from passage*):

811 Any taxpayer aggrieved because of any order, decision,
812 determination or disallowance of the Commissioner of Revenue
813 Services under section 12-418, 12-421 or 12-425 may, [within one
814 month] not later than thirty days after service upon the taxpayer of
815 notice of such order, decision, determination or disallowance, take an
816 appeal therefrom to the superior court for the judicial district of New
817 Britain, which shall be accompanied by a citation to the Commissioner
818 of Revenue Services to appear before said court. Such citation shall be
819 signed by the same authority, and such appeal shall be returnable at
820 the same time and served and returned in the same manner, as is

821 required in case of a summons in a civil action. The authority issuing
822 the citation shall take from the appellant a bond or recognizance to the
823 state of Connecticut, with surety to prosecute the appeal to effect and
824 to comply with the orders and decrees of the court in the premises.
825 Such appeals shall be preferred cases, to be heard, unless cause
826 appears to the contrary, at the first session, by the court or by a
827 committee appointed by it. Said court may grant such relief as may be
828 equitable and, if such tax has been paid prior to the granting of such
829 relief, may order the Treasurer to pay the amount of such relief, with
830 interest at the rate of two-thirds of one per cent per month or fraction
831 thereof, to the aggrieved taxpayer. If the appeal has been taken
832 without probable cause, the court may tax double or triple costs, as the
833 case demands; and, upon all such appeals which are denied, costs may
834 be taxed against the appellant at the discretion of the court, but no
835 costs shall be taxed against the state.

836 Sec. 19. Section 12-448 of the general statutes is repealed and the
837 following is substituted in lieu thereof (*Effective from passage*):

838 Any taxpayer aggrieved because of any decision, order,
839 determination or disallowance of the Commissioner of Revenue
840 Services under the provisions of this chapter may, [within one month]
841 not later than thirty days after service upon such taxpayer of notice of
842 such decision, order, determination or disallowance, take an appeal
843 therefrom to the superior court for the judicial district of New Britain,
844 which appeal shall be accompanied by a citation to the Commissioner
845 of Revenue Services to appear before said court. Such citation shall be
846 signed by the same authority, and such appeal shall be returnable at
847 the same time and served and returned in the same manner, as is
848 required in case of a summons in a civil action. The authority issuing
849 the citation shall take from the appellant a bond or recognizance to the
850 state of Connecticut, with surety to prosecute the appeal to effect and
851 to comply with the orders and decrees of the court in the premises.
852 Such appeals shall be preferred cases, to be heard, unless cause
853 appears to the contrary, at the first session, by the court or by a
854 committee appointed by the court. Said court may grant such relief as

855 may be equitable, and, if such tax has been paid prior to the granting
856 of such relief, may order the Treasurer to pay the amount of such
857 relief, with interest at the rate of two-thirds of one per cent per month
858 or fraction thereof, to the aggrieved taxpayer. If the appeal has been
859 taken without probable cause, the court may tax double or triple costs,
860 as the case demands; and, upon all such appeals which are denied,
861 costs may be taxed against the appellant at the discretion of the court,
862 but no costs shall be taxed against the state.

863 Sec. 20. Section 12-463 of the general statutes is repealed and the
864 following is substituted in lieu thereof (*Effective from passage*):

865 Any distributor aggrieved because of any order, decision,
866 determination or disallowance of the commissioner made under this
867 chapter may, [within one month] not later than thirty days after service
868 of notice of such order, decision, determination or disallowance, take
869 an appeal therefrom to the superior court for the judicial district of
870 New Britain, which shall be accompanied by a citation to the
871 Commissioner of Revenue Services to appear before said court. Such
872 citation shall be signed by the same authority, and such appeal shall be
873 returnable at the same time and served and returned in the same
874 manner, as is required in case of a summons in a civil action. The
875 authority issuing the citation shall take from the appellant a bond or
876 recognizance to the state of Connecticut, with surety, to prosecute the
877 appeal to effect and to comply with the orders and decrees of the court
878 in the premises. Such appeals shall be preferred cases, to be heard,
879 unless cause appears to the contrary, at the first session, by the court or
880 by a committee appointed by it. Said court may grant such relief as
881 may be equitable and, if such tax has been paid prior to the granting of
882 such relief, may order the Treasurer to pay the amount of such relief,
883 with interest at the rate of two-thirds of one per cent per month or
884 fraction thereof to the aggrieved distributor. If the appeal has been
885 taken without probable cause, the court may tax double or triple costs,
886 as the case demands; and, upon all such appeals which may be denied,
887 costs may be taxed against the appellant at the discretion of the court,
888 but no costs shall be taxed against the state.

889 Sec. 21. Section 12-489 of the general statutes is repealed and the
890 following is substituted in lieu thereof (*Effective from passage*):

891 (a) Any motor carrier aggrieved by any act of the commissioner or
892 [his] the commissioner's authorized agent under this chapter may
893 apply to the commissioner, in writing, [within] not later than sixty
894 days after notification of any such act of the commissioner is delivered
895 or mailed to [it] the motor carrier, for a hearing and a correction of the
896 amount of any tax, penalty or interest, setting forth reasons why such
897 hearing should be granted and the amount by which such tax, penalty
898 or interest should be reduced. The commissioner shall promptly
899 consider each such application and may grant or deny the hearing
900 requested. If the hearing is denied, the applicant shall be notified
901 forthwith. If it is granted, the commissioner shall notify the applicant
902 of the time and place fixed for such hearing. After such hearing the
903 commissioner may make such order in the premises as appears to
904 [him] the commissioner just and lawful and shall furnish a copy of
905 such order to the applicant. The commissioner may, by notice in
906 writing, at any time within three years after the date when any return
907 of any taxpayer has been due, order a hearing on [his] the
908 commissioner's own initiative and require the taxpayer or any
909 individual whom [he] the commissioner believes to be in possession of
910 relevant information concerning the taxpayer to appear before [him or
911 his] the commissioner or the commissioner's authorized agent with
912 any specified books of account, papers or other documents, for
913 examination under oath.

914 (b) Any motor carrier aggrieved because of any order, decision,
915 determination or disallowance of the commissioner made under this
916 chapter may, [within one month] not later than thirty days after service
917 of notice of such order, decision, determination or disallowance, take
918 an appeal therefrom to the superior court for the judicial district of
919 New Britain, which shall be accompanied by a citation to the
920 Commissioner of Revenue Services to appear before said court. Such
921 citation shall be signed by the same authority, and such appeal shall be
922 returnable at the same time and served and returned in the same

923 manner, as is required in case of a summons in a civil action. The
924 authority issuing the citation shall take from the appellant a bond or
925 recognizance to the state of Connecticut, with surety, to prosecute the
926 appeal to effect and to comply with the orders and decrees of the court
927 in the premises. Such appeals shall be preferred cases, to be heard,
928 unless cause appears to the contrary, at the first session, by the court or
929 by a committee appointed by it. Said court may grant such relief as
930 may be equitable and, if any tax or fee has been paid prior to the
931 granting of such relief, may order the Treasurer to pay the amount of
932 such relief, with interest at the rate of two-thirds of one per cent per
933 month or fraction thereof to the aggrieved motor carrier. If the appeal
934 has been taken without probable cause, the court may tax double or
935 triple costs, as the case demands; and, upon all such appeals which are
936 denied, costs may be taxed against the appellant at the discretion of the
937 court, but no costs shall be taxed against the state.

938 Sec. 22. Section 12-554 of the general statutes is repealed and the
939 following is substituted in lieu thereof (*Effective from passage*):

940 Any taxpayer aggrieved because of any order, decision,
941 determination or disallowance of the Commissioner of Revenue
942 Services under the provisions of this chapter may, [within one month]
943 not later than thirty days after service upon the taxpayer of notice of
944 such order, decision, determination or disallowance, take an appeal
945 therefrom to the superior court for the judicial district of New Britain,
946 which shall be accompanied by a citation to the Commissioner of
947 Revenue Services to appear before said court. Such citation shall be
948 signed by the same authority, and such appeal shall be returnable at
949 the same time and served and returned in the same manner, as is
950 required in case of summons in a civil action. The authority issuing the
951 citation shall take from the appellant a bond or recognizance to the
952 state of Connecticut, with surety to prosecute the appeal to effect and
953 to comply with the orders and decrees of the court in the premises.
954 Such appeals shall be preferred cases to be heard, unless cause appears
955 to the contrary, at the first session by the court or by a committee
956 appointed by it. Said court may grant such relief as may be equitable

957 and, if such tax has been paid prior to the granting of such relief, may
958 order the Treasurer to pay the amount of such relief, with interest at
959 the rate of two-thirds of one per cent per month or fraction thereof, to
960 the aggrieved taxpayer. If the appeal has been taken without probable
961 cause, the court may tax double or triple costs, as the case demands;
962 and, upon all such appeals which may be denied, costs may be taxed
963 against the appellant at the discretion of the court, but no costs shall be
964 taxed against the state.

965 Sec. 23. Subsection (d) of section 12-586f of the general statutes is
966 repealed and the following is substituted in lieu thereof (*Effective from*
967 *passage*):

968 (d) If the tribe is aggrieved due to any assessment levied pursuant to
969 such compact and this section or by any failure to adjust an excess
970 assessment in accordance with the provisions of the compact and this
971 section, it may, [within one month from] not later than thirty days after
972 the time provided for the payment of such assessment, appeal
973 therefrom in accordance with the terms of the compact, to the superior
974 court for the judicial district of Hartford, which appeal shall be
975 accompanied by a citation to the Commissioner of Consumer
976 Protection to appear before said court. Such citation shall be signed by
977 the same authority, and such appeal shall be returnable at the same
978 time and served and returned in the same manner as is required in
979 case of a summons in a civil action. Proceedings in such matter shall be
980 conducted in the same manner as provided for in section 38a-52.

981 Sec. 24. Subsection (d) of section 12-586g of the general statutes is
982 repealed and the following is substituted in lieu thereof (*Effective from*
983 *passage*):

984 (d) If the tribe is aggrieved due to any assessment levied pursuant to
985 such compact and this section or by any failure to adjust an excess
986 assessment in accordance with the provisions of the compact and this
987 section, it may, [within one month from] not later than thirty days after
988 the time provided for the payment of such assessment, appeal

989 therefrom in accordance with the terms of the compact, to the superior
990 court for the judicial district of New Britain, which appeal shall be
991 accompanied by a citation to the Commissioner of Consumer
992 Protection to appear before said court. Such citation shall be signed by
993 the same authority, and such appeal shall be returnable at the same
994 time and served and returned in the same manner as is required in
995 case of a summons in a civil action. Proceedings in such matter shall be
996 conducted in the same manner as provided for in section 38a-52.

997 Sec. 25. Section 12-597 of the general statutes is repealed and the
998 following is substituted in lieu thereof (*Effective from passage*):

999 Any taxpayer aggrieved because of any order, decision,
1000 determination or disallowance of the Commissioner of Revenue
1001 Services made in relation to the tax imposed under section 12-587 may,
1002 [within one month] not later than thirty days after service upon the
1003 taxpayer of notice of such order, decision, determination or
1004 disallowance, take an appeal therefrom to the superior court for the
1005 judicial district of New Britain, which shall be accompanied by a
1006 citation to said commissioner to appear before said court. Such citation
1007 shall be signed by the same authority and such appeal shall be
1008 returnable at the same time and served and returned in the same
1009 manner as is required in case of a summons in a civil action. The
1010 authority issuing the citation shall take from the appellant a bond or
1011 recognizance to the state of Connecticut with surety to prosecute the
1012 appeal to effect and to comply with the orders and decrees of the court
1013 in the premises. Such appeals shall be preferred cases, to be heard,
1014 unless cause appears to the contrary, at the first session, by the court or
1015 by a committee appointed by it. If the appeal has been taken without
1016 probable cause, the court may tax double or triple costs, as the case
1017 demands and upon all such appeals which may be denied, costs may
1018 be taxed against the appellant at the discretion of the court, but no
1019 costs shall be taxed against the state.

1020 Sec. 26. Section 12-638i of the general statutes is repealed and the
1021 following is substituted in lieu thereof (*Effective from passage*):

1022 (a) Any taxpayer, aggrieved by the action of the commissioner or
1023 [his] the commissioner's authorized agent in fixing the amount of any
1024 tax, penalty or interest provided for by this chapter may apply to the
1025 commissioner, in writing, [within] not later than sixty days after notice
1026 of such action is delivered or mailed to [him] the taxpayer, for a
1027 hearing and a correction of the amount of the tax, penalty or interest so
1028 fixed, setting forth the reasons why such hearing should be granted
1029 and the amount of the tax, penalty or interest should be reduced. The
1030 commissioner shall promptly consider each such application and may
1031 grant or deny the hearing requested. If the hearing is denied, the
1032 applicant shall be notified thereof forthwith. If it is granted, the
1033 commissioner shall notify the applicant of the time and place fixed for
1034 such hearing. After such hearing the commissioner may make such
1035 order in the premises as appears to [him] the commissioner just and
1036 lawful and shall furnish a copy of such order to the applicant. The
1037 commissioner may, by notice in writing, at any time within three years
1038 after the date when any return of any taxpayer has been due, order a
1039 hearing on [his] the commissioner's own initiative and require the
1040 taxpayer or any other individual whom [he] the commissioner believes
1041 to be in possession of relevant information concerning the taxpayer to
1042 appear before [him or his] the commissioner or the commissioner's
1043 authorized agent with any specified books of account, papers or other
1044 documents, for examination under oath.

1045 (b) Any taxpayer aggrieved because of any order, decision,
1046 determination or disallowance of the Commissioner of Revenue
1047 Services under the provisions of this chapter may, [within one month]
1048 not later than thirty days after service upon the taxpayer of notice of
1049 such order, decision, determination or disallowance, take an appeal
1050 therefrom to the superior court for the judicial district of New Britain,
1051 which shall be accompanied by a citation to the Commissioner of
1052 Revenue Services to appear before said court. Such citation shall be
1053 signed by the same authority and such appeal shall be returnable at
1054 the same time and served and returned in the same manner, as is
1055 required in case of summons in a civil action. The authority issuing the

1056 citation shall take from the appellant a bond or recognizance to the
1057 state of Connecticut with surety to prosecute the appeal to effect and to
1058 comply with the orders and decrees of the court in the premises. Such
1059 appeals shall be preferred cases to be heard, unless cause appears to
1060 the contrary, at the first session by the court or by a committee
1061 appointed by it. Said court may grant such relief as may be equitable
1062 and, if such tax has been paid prior to the granting of such relief, may
1063 order the Treasurer to pay the amount of such relief, with interest at
1064 the rate of two-thirds of one per cent per month or fraction thereof, to
1065 the aggrieved taxpayer. If the appeal has been taken without probable
1066 cause, the court may tax double or triple costs, as the case demands
1067 and, upon all such appeals which may be denied, costs may be taxed
1068 against the appellant at the discretion of the court, but no costs shall be
1069 taxed against the state.

1070 Sec. 27. Section 12-730 of the general statutes is repealed and the
1071 following is substituted in lieu thereof (*Effective from passage*):

1072 Notwithstanding the provisions of chapter 54 to the contrary, any
1073 taxpayer aggrieved because of any determination or disallowance by
1074 the commissioner under section 12-729, 12-729a or 12-732 may, [within
1075 one month] not later than thirty days after notice of the commissioner's
1076 determination or disallowance is mailed to the taxpayer, take an
1077 appeal therefrom to the superior court for the judicial district of New
1078 Britain, which shall be accompanied by a citation to the commissioner
1079 to appear before said court. Such citation shall be signed by the same
1080 authority, and such appeal shall be returnable at the same time and
1081 served and returned in the same manner, as is required in case of a
1082 summons in a civil action. The authority issuing the citation shall take
1083 from the appellant a bond or recognizance to the state of Connecticut,
1084 with surety to prosecute the appeal to effect and to comply with the
1085 orders and decrees of the court in the premises. Such appeals shall be
1086 preferred cases, to be heard unless cause appears to the contrary, at the
1087 first session by the court or by a committee appointed by it. Said court
1088 may grant such relief as may be equitable and, if such tax has been
1089 paid prior to the granting of such relief, may order the Treasurer to

1090 pay the amount of such relief, with interest at the rate of two-thirds of
1091 one per cent per month or fraction thereof, to the aggrieved taxpayer.
1092 If the appeal has been taken without probable cause, the court may
1093 charge double or triple costs, as the case demands, and upon all such
1094 appeals which may be denied, costs may be taxed against the appellant
1095 at the discretion of the court but no costs shall be taxed against the
1096 state.

1097 Sec. 28. Section 12-39h of the general statutes is repealed and the
1098 following is substituted in lieu thereof (*Effective from passage*):

1099 Notwithstanding any instructions by the payor to the contrary, any
1100 partial payment against any tax outstanding shall be applied by the
1101 Commissioner of Revenue Services first to any penalties unless a
1102 waiver of penalty has been requested and approved in accordance
1103 with the general statutes, and (1) for periods ending on or after July 1,
1104 2018, and prior to December 31, 2019, any amount in excess of such
1105 penalty shall be applied first to such tax and then to the interest on
1106 such tax, and (2) for periods ending on and after December 31, 2019,
1107 any amount in excess of such penalty shall be applied first to interest
1108 on such tax and then to the tax.

1109 Sec. 29. Subsection (b) of section 12-687 of the general statutes is
1110 repealed and the following is substituted in lieu thereof (*Effective from*
1111 *passage*):

1112 (b) Where any tax payment is required to be made by electronic
1113 funds transfer, such payment shall be treated as a tax payment not
1114 made in a timely manner if the electronic funds transfer for the amount
1115 of the tax payment is not initiated on or before the due date thereof.
1116 [Any] (1) For periods ending prior to December 31, 2019, any tax
1117 payment treated under this subsection as a tax payment not made in a
1118 timely manner shall be subject to interest in accordance with the
1119 applicable provisions of the general statutes, and a penalty that shall
1120 be equal to two per cent of the tax payment required to be made by
1121 electronic funds transfer, if such failure to pay by electronic funds

1122 transfer is for not more than five days, five per cent of the tax payment
1123 required to be made by electronic funds transfer, if such failure to pay
1124 by electronic funds transfer is for more than five days but not more
1125 than fifteen days, and ten per cent of the tax payment required to be
1126 made by electronic funds transfer, if such failure to pay by electronic
1127 funds transfer is for more than fifteen days; and (2) for periods ending
1128 on and after December 31, 2019, any tax payment treated under this
1129 subsection as a tax payment not made in a timely manner shall be
1130 subject to interest and penalty in accordance with the applicable
1131 provisions of the general statutes.

1132 Sec. 30. (NEW) (*Effective July 1, 2019, and applicable to refund claims*
1133 *received on or after July 1, 2019*) Notwithstanding any other provision of
1134 law, no refund shall be made to a person of tax collected from a
1135 customer of such person until the person has established to the
1136 satisfaction of the Commissioner of Revenue Services that the amount
1137 of tax for which the refund is being claimed has been or will be repaid
1138 to the customer.

1139 Sec. 31. Subdivision (2) of subsection (e) of section 12-391 of the
1140 general statutes is repealed and the following is substituted in lieu
1141 thereof (*Effective from passage*):

1142 (2) (A) For a nonresident estate, the state shall have the power to
1143 levy the estate tax upon all real property situated in this state and
1144 tangible personal property having an actual situs in this state.

1145 (B) For real property and tangible personal property owned by a
1146 pass-through entity, the entity shall be disregarded for estate tax
1147 purposes and such property shall be treated as personally owned by
1148 the decedent in proportion to the nonresident decedent's constructive
1149 ownership in the pass-through entity if (i) the entity does not carry on
1150 a business for the purpose of profit and gain, (ii) the ownership of the
1151 property by the entity was not for a valid business purpose, or (iii) the
1152 property was acquired by other than a bona fide sale for full and
1153 adequate consideration and the decedent retained any power with

1154 respect to or interest in the property that would bring the real property
1155 situated in this state or the tangible personal property having an actual
1156 situs in the state within the decedent's federal gross estate. Nothing in
1157 this subparagraph shall be deemed to impose a lien in favor of the
1158 state of Connecticut under subsection (d) of section 12-398 or section
1159 45a-107b against any real property included in the nonresident
1160 decedent's estate under this subparagraph to any greater extent than if
1161 the nonresident decedent was a resident decedent owning an interest
1162 in a pass-through entity owning real property located in this state. For
1163 purposes of this subparagraph, "pass-through entity" means a
1164 partnership or an S corporation, as those terms are defined in section
1165 12-699, as amended by this act, or a single member limited liability
1166 company that is disregarded for federal income tax purposes.

1167 (C) The state is permitted to calculate the estate tax and levy said tax
1168 to the fullest extent permitted by the Constitution of the United States.

1169 Sec. 32. (*Effective from passage*) Notwithstanding the provisions of
1170 section 12-3a of the general statutes, as amended by this act, the
1171 Commissioner of Revenue Services shall waive penalty, interest and
1172 any other addition to tax caused by the late payment of any tax
1173 payment required under chapter 228z or 229 of the general statutes for
1174 the 2018 taxable year that was increased or created as a result of the
1175 enactment of said chapter 228z, provided such tax payment is made
1176 within one year of its due date.

1177 Sec. 33. Section 12-408f of the general statutes is repealed and the
1178 following is substituted in lieu thereof (*Effective from passage*):

1179 (a) As used in this section:

1180 (1) "Referral" or "refer" means the transfer by a referrer of a potential
1181 purchaser to a seller who advertises or lists tangible personal property
1182 for sale on or in the referrer's medium; and

1183 (2) "Referrer" means any person who (A) contracts or otherwise
1184 agrees with a seller to list or advertise for sale one or more items of

1185 tangible personal property by any means, including an Internet web
1186 site and a catalog, provided such listing or advertisement includes the
1187 seller's shipping terms or a statement of whether the seller collects
1188 sales tax, (B) offers a comparison of similar products offered by
1189 multiple sellers, (C) receives commissions, fees or other consideration
1190 in excess of one hundred twenty-five thousand dollars during the prior
1191 twelve-month period from a seller or sellers for such listings or
1192 advertisements, (D) refers, via telephone, Internet web site link or
1193 other means, a potential customer to a seller or an affiliated person of a
1194 seller, as described in subparagraph (C) of subdivision (15) of
1195 subsection (a) of section 12-407, and (E) does not collect payments from
1196 the customer for the seller. For purposes of this subdivision, "shipping
1197 terms" does not mean a seller's mere mention of general shipping costs
1198 in the seller's own listing or advertisement.

1199 (b) Each referrer shall, to the extent not prohibited by the
1200 Constitution of the United States:

1201 (1) Post a conspicuous notice on or in such referrer's medium that
1202 informs consumers (A) that sales or use tax is due from Connecticut
1203 purchasers on certain purchases, (B) that the seller might not collect
1204 and remit sales tax on a purchase, (C) that Connecticut requires
1205 Connecticut purchasers to file a use tax return if sales tax is not
1206 imposed at the time of the sale by the seller, (D) of the instructions for
1207 obtaining additional information from the Department of Revenue
1208 Services regarding the remittance of sales and use taxes on purchases
1209 made by Connecticut purchasers, and (E) that such notice is being
1210 provided pursuant to this section;

1211 (2) Provide, not later than ~~July 1, 2019~~ January 1, 2020, a quarterly
1212 notice to each seller to whom such referrer transferred during the
1213 previous calendar year a potential purchaser located in this state that
1214 contains (A) a statement that Connecticut imposes a sales or use tax on
1215 sales made to Connecticut purchasers, (B) a statement that a seller
1216 making sales to Connecticut purchasers must collect and remit sales
1217 and use taxes to the Department of Revenue Services, and (C)

1218 instructions for obtaining additional information regarding the
1219 Connecticut sales and use taxes from said department.

1220 (c) Not later than January 31, [2020] 2021, and annually thereafter,
1221 each referrer shall submit a report electronically, in a form and manner
1222 prescribed by the Commissioner of Revenue Services, to the
1223 commissioner that contains (1) the name and address of each seller
1224 who received a notice pursuant to subsection (b) of this section in the
1225 calendar year immediately preceding, and (2) the name and address of
1226 each seller for which the referrer knows that such seller (A) listed or
1227 advertised such seller's tangible personal property on or in such
1228 referrer's medium, and (B) collected and remitted Connecticut sales
1229 and use taxes.

1230 Sec. 34. Sections 12-33 and 12-390a to 12-390e, inclusive, of the
1231 general statutes are repealed. (*Effective from passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2019, and applicable to taxable years commencing on or after January 1, 2019</i>	12-699
Sec. 2	<i>July 1, 2019, and applicable to taxable years commencing on or after January 1, 2019</i>	12-699a(b)(1)
Sec. 3	<i>from passage</i>	3-20j(a)(8)
Sec. 4	<i>October 1, 2019</i>	12-35(b)(2)
Sec. 5	<i>from passage and applicable to claims for credit received on or after such date</i>	12-408(2)(B)
Sec. 6	<i>July 1, 2019</i>	12-435
Sec. 7	<i>from passage</i>	12-790a
Sec. 8	<i>from passage</i>	13b-121

Sec. 9	<i>from passage and applicable to income years commencing on or after such date</i>	32-9t(b)
Sec. 10	<i>from passage</i>	12-3a
Sec. 11	<i>from passage</i>	12-30
Sec. 12	<i>from passage</i>	12-208
Sec. 13	<i>from passage</i>	12-237
Sec. 14	<i>from passage</i>	12-263v(b)
Sec. 15	<i>from passage</i>	12-268l
Sec. 16	<i>from passage</i>	12-312
Sec. 17	<i>from passage</i>	12-330m
Sec. 18	<i>from passage</i>	12-422
Sec. 19	<i>from passage</i>	12-448
Sec. 20	<i>from passage</i>	12-463
Sec. 21	<i>from passage</i>	12-489
Sec. 22	<i>from passage</i>	12-554
Sec. 23	<i>from passage</i>	12-586f(d)
Sec. 24	<i>from passage</i>	12-586g(d)
Sec. 25	<i>from passage</i>	12-597
Sec. 26	<i>from passage</i>	12-638i
Sec. 27	<i>from passage</i>	12-730
Sec. 28	<i>from passage</i>	12-39h
Sec. 29	<i>from passage</i>	12-687(b)
Sec. 30	<i>July 1, 2019, and applicable to refund claims received on or after July 1, 2019</i>	New section
Sec. 31	<i>from passage</i>	12-391(e)(2)
Sec. 32	<i>from passage</i>	New section
Sec. 33	<i>from passage</i>	12-408f
Sec. 34	<i>from passage</i>	Repealer section

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Department of Revenue Services	GF - Revenue Impact	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes a number of technical and procedural changes that are anticipated to have a minimal fiscal impact.

House "A" alters the underlying bill by making a number of technical and procedural changes that do not result in any fiscal impact.

The Out Years

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

OLR Bill Analysis**sHB 7373 (as amended by House "A")******AN ACT CONCERNING THE DEPARTMENT OF REVENUE SERVICES' RECOMMENDATIONS FOR TAX ADMINISTRATION AND MINOR REVISIONS TO THE TAX AND RELATED STATUTES.*****SUMMARY**

This bill makes various changes in the tax statutes. Among other things, the bill:

1. expands the pass-through entity (PE) tax base to include guaranteed payments with respect to a partnership (§ 1);
2. exempts PE taxpayers with less than \$1,000 in annual tax liability from required quarterly estimated tax payments (§ 2);
3. establishes conditions under which real and tangible personal property owned by a pass-through entity is treated as personally owned by a nonresident decedent for estate tax purposes (§ 31);
4. waives penalties, interest, and any addition to tax due for late personal income or PE tax payments for the 2018 tax year under certain conditions (§ 33);
5. delays sales and use tax notice and reporting requirements for referrers (i.e., people and businesses who connect sellers and consumers for a commission or fee)(§ 34);
6. changes the order in which the Department of Revenue Services (DRS) commissioner must apply partial tax payments (§ 28);
7. prohibits applying urban and industrial sites reinvestment act tax credits against the (1) ambulatory surgical center gross

- receipts tax, (2) dry cleaning gross receipts tax, and (3) public service companies tax (§ 9);
8. increases, from \$1,000 to \$5,000, the threshold over which penalty waivers require Penalty Review Committee review and approval (§ 10);
 9. requires businesses, as a condition of receiving a tax refund for a tax they collected from a customer, to establish to the DRS services commissioner's satisfaction that the amount for which they are claiming a refund was or will be repaid to the customer (§ 30); and
 10. makes various minor, technical, and conforming changes.

*House Amendment "A" (1) eliminates a provision expanding the resident portion of unourced income used to calculate an entity's PE tax under the alternative base method, (2) modifies the provision concerning real and tangible personal property owned by a pass-through entity for estate tax purposes, and (3) adds the provisions on penalty and interest waivers as a result of the PE tax (§ 33) and referrer notice and reporting requirements (§ 34).

EFFECTIVE DATE: Upon passage, unless otherwise noted below.

§§ 1 & 2 — PE TAX

The bill requires PE taxpayers, when calculating income subject to the tax, to include guaranteed payments with respect to a partnership (i.e., payments made to partners to compensate them for services rendered or use of capital that are unrelated to the partnership's income). It further specifies that a pass-through entity's income excludes any item treated as an itemized deduction for federal income tax purposes, which conforms to existing DRS guidance on the tax. Under the bill, these changes apply to both the standard and alternative base method for calculating the tax.

The bill also (1) exempts entities with less than \$1,000 in annual PE

tax liabilities from the requirement to pay the tax in four estimated installments and (2) makes minor and technical changes in the PE tax statutes, including to the provision concerning nonresident partner filing requirements.

EFFECTIVE DATE: July 1, 2019, and applicable to tax years beginning on or after January 1, 2019.

§ 3 — CREDIT REVENUE BOND PROGRAM

The bill makes technical changes in the credit revenue bond statutes.

§ 4 — STATE TAX WARRANTS

Existing law allows DRS and other state collection agencies to (1) issue a tax warrant on the intangible personal property (e.g., bank accounts, receivables, and securities) of a taxpayer who fails to pay state taxes and (2) serve the warrant on a third party (e.g., bank or payment settlement entity) who possesses the property or is obligated to it in some way. The bill allows the warrant to be served to the third party by any electronic means, rather than just by email or fax.

EFFECTIVE DATE: October 1, 2019

§ 5 — SALES TAX CREDITS FOR UNCOLLECTIBLE AMOUNTS

Existing law allows retailers to claim a credit for sales tax they paid on accounts later deemed worthless; they must generally do so within three years after they remitted the tax to DRS. If a retailer who claimed such a credit subsequently collects all or some portion of that account, current law requires the retailer to include the amount it collected in its next regular sales tax payment. The bill (1) provides that the retailer must only include the amount of sales tax for which it claimed the credit and (2) requires that any payments made on the account be applied first to the sales tax.

EFFECTIVE DATE: Upon passage, and applicable to credit claims received on or after such date.

§ 6 — ALCOHOLIC BEVERAGES TAX EXEMPTION

The bill makes a technical change to the alcoholic beverages tax exemption for sales of malt beverages consumed on the premises of an establishment covered by a manufacturer's permit by replacing the term "malt beverages" with beer.

EFFECTIVE DATE: July 1, 2019

§ 7 — TAX PREPARERS AND FACILITATORS

Current law requires those applying for a DRS-issued tax preparer or facilitator permit on or after January 1, 2020, to have completed an Internal Revenue Services-administered annual filing season program. The bill extends the implementation date for this requirement by two years, to January 1, 2022, and limits the requirement to tax preparer permit applicants.

Under current law, tax preparer or facilitator permittees granted inactive status from DRS can reactivate their permits by paying a renewal fee. The bill specifies that they may only do so before the permit's expiration date.

§ 8 — TRANSPORTATION NETWORK COMPANY (TNC) FEE

The bill requires the DRS commissioner, when reporting TNC fee revenue, to include it with the admissions and dues tax, rather than the motor carrier road tax.

§ 9 — APPLICATION OF URBAN AND INDUSTRIAL SITES REINVESTMENT ACT (URA) TAX CREDITS

The bill prohibits the application of URA tax credits against the (1) ambulatory surgical center gross receipts tax, (2) dry cleaning gross receipts tax, and (3) public service companies tax. As under current law, the credits continue to apply against the insurance premiums tax; corporation business tax; unrelated business income tax; air carriers tax; railroad companies tax; cable, satellite, and video companies tax; utility companies tax; and surplus lines brokers tax.

EFFECTIVE DATE: Upon passage, and applicable to income years beginning on or after such date.

§ 10 — PENALTY REVIEW COMMITTEE

The bill increases, from \$1,000 to \$5,000, the threshold over which a penalty waiver requires Penalty Review Committee review and approval. By law, the Penalty Review Committee must review and approve tax penalty waivers granted by the DRS commissioner and lottery sales agent penalty waivers granted by the consumer protection commissioner, if they exceed the minimum threshold.

The Penalty Review Committee consists of the comptroller, DRS commissioner, and Office of Policy and Management secretary or their designees. The committee must (1) meet at least monthly and make an itemized statement of all approved waivers available for public inspection and (2) approve a waiver only by majority vote.

§§ 10-27 & 33 — TAX APPEALS TIMEFRAME

The bill modifies the timeframe for aggrieved taxpayers to bring tax appeals to Superior Court by requiring that they do so within 30 days, rather than one month, after receiving notice. It also repeals an obsolete tax appeal statute.

§ 28 — ORDER OF APPLYING PARTIAL PAYMENTS

For periods ending on or after December 31, 2019, the bill requires the DRS commissioner to apply partial payments to penalties first, then to interest, and any remaining balance to the tax. Under current law, the commissioner must apply the payment to the penalties first, but he must apply the remaining balance first to the tax and then to the interest.

§ 29 — PENALTIES FOR PAYMENTS BY ELECTRONIC FUNDS TRANSFER

The bill replaces the graduated penalties that apply to late tax payments paid by electronic funds transfer with the existing penalties that apply to late payments for the respective tax being paid. Under current law, the penalty is 2% if it is less than six days late, 5% if it is six to 15 days late, and 10% if it is more than 15 days late. For periods ending on or after December 31, 2019, the bill instead requires any late tax

payments paid by electronic funds transfer to be subject to interest and penalty provisions that apply by law to the specific tax being paid.

§ 30 — STATE TAX REFUNDS

The bill requires businesses, as a condition of receiving a tax refund for a tax they collected from a customer, to establish to the DRS commissioner's satisfaction that the tax amount for which they are claiming a refund was or will be repaid to the customer.

EFFECTIVE DATE: July 1, 2019, and applicable to refund claims received on or that date.

§ 31 — ESTATE TAX ON SPECIFIED BUSINESS PROPERTY

The bill establishes conditions under which real and tangible personal property owned by a pass-through entity (i.e., partnership, S corporation, or a single member limited liability company that is disregarded for federal income tax purposes) is treated as personally owned by a nonresident decedent for estate tax purposes. By law, a nonresident estate is an estate of a decedent who was not domiciled in Connecticut at the time of death, but owned real or tangible personal property here.

Under the bill, real and tangible personal property owned by a pass-through entity must be treated as personally owned by the nonresident decedent in proportion to his or her constructive ownership in the pass-through entity if the:

1. entity does not actively carry on a business for profit or gain,
2. entity did not own the property for a valid business purpose, or
3. property was not acquired through a bona fide sale for full and adequate consideration and the decedent retained a power with respect to or interest in the property that would bring the real property located in the state within the decedent's federal gross estate.

The bill provides that this provision must not be deemed to impose a lien in favor of the state against any real property included in the nonresident decedent's estate to any greater extent than if the nonresident decedent was a resident decedent owning an interest in a pass-through entity owning real property located here.

§ 32 — OBSOLETE GENERATION-SKIPPING TRANSFER TAX STATUTES

The bill repeals obsolete statutory provisions concerning the generation-skipping transfer tax. Due to the repeal of the federal law on which the tax was based, the tax applied only to transfers made before January 1, 2005.

§ 33 — WAIVER OF PENALTIES, INTEREST, AND TAXES DUE AS A RESULT OF THE PE TAX

The bill requires the DRS commissioner to waive penalties, interest, and any addition to tax due for late personal income or PE tax payments for the 2018 tax year if (1) such amounts were increased or created as a result of the PE tax's enactment and (2) taxpayers make the tax payments within one year of their due date. The commissioner may do so regardless of the law requiring the Penalty Review Committee to review and approve tax penalty waivers.

§ 34 — REFERRER NOTICE AND REPORTING REQUIREMENTS

Existing law establishes sales and use tax notice and reporting requirements for referrers (i.e., people and businesses who connect sellers and consumers for a commission or fee).

The bill delays by six months, from July 1, 2019, to January 1, 2020, the date by which referrers must begin providing a quarterly notice to sellers to whom they transferred sales during the previous year. By law, the notice must, among other things, inform sellers of the requirement to collect and remit sales and use tax on sales made to Connecticut purchasers.

It also delays by one year, from January 31, 2020, to January 31, 2021, the date by which referrers must begin submitting an annual

report to DRS providing the name and address of each seller who received the quarterly notice in the prior year and each seller that the referrer knows collected and remitted Connecticut sales and use taxes.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 50 Nay 0 (05/01/2019)