AN ACT CONCERNING PROPERTY TAX REFORM.

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

Section 1. (NEW) (Effective July 1, 2019) (a) There is imposed a local sales tax at the rate of one-half of one per cent on all sales subject to the tax imposed under chapter 219 of the general statutes. Each retailer shall file returns with and make payments to the Commissioner of Revenue Services in the same form and manner as provided for the tax under said chapter. The commissioner shall deposit any local sales tax collected by the state pursuant to this section into the Municipal Capacity Fund established under section 2 of this act.

(b) If any person fails to pay the amount of tax reported due on its report within the time specified under this section, there shall be imposed a penalty equal to ten per cent of such amount due and unpaid, or fifty dollars, whichever is greater. Such amount shall bear interest at the rate of one per cent per month or fraction thereof, from the due date of such tax until the date of payment. Subject to the provisions of section 12-3a of the general statutes, the commissioner
may waive all or part of the penalties provided under this section when it is proven to the commissioner's satisfaction that the failure to pay any tax was due to reasonable cause and was not intentional or due to neglect.

(c) Each person, other than a retailer, who is required, on behalf of such retailer, to collect, truthfully account for and pay over a tax imposed on such retailer under this section and who wilfully fails to collect, truthfully account for and pay over such tax or who wilfully attempts in any manner to evade or defeat the tax or the payment thereof, shall, in addition to other penalties provided by law, be liable for a penalty equal to the total amount of the tax evaded, or not collected, or not accounted for and paid over, including any penalty or interest attributable to such wilful failure to collect or truthfully account for and pay over such tax or such wilful attempt to evade or defeat such tax, provided such penalty shall only be imposed against such person in the event that such tax, penalty or interest cannot otherwise be collected from such retailer. The amount of such penalty with respect to which a person may be personally liable under this section shall be collected in accordance with the provisions of section 12-555a of the general statutes and any amount so collected shall be allowed as a credit against the amount of such tax, penalty or interest due and owing from the retailer. The dissolution of the retailer shall not discharge any person in relation to any personal liability under this section for wilful failure to collect or truthfully account for and pay over such tax or for a wilful attempt to evade or defeat such tax prior to dissolution, except as otherwise provided in this section. For purposes of this section, "person" includes any individual, corporation, limited liability company or partnership and any officer or employee of any corporation, including a dissolved corporation, and a member or employee of any partnership or limited liability company who, as such officer, employee or member, is under a duty to file a tax return under this section on behalf of a cannabis retailer or to collect or truthfully account for and pay over a tax imposed under this section.
on behalf of such retailer.

(d) No tax credit or credits shall be allowable against the tax imposed under this section.

(e) The provisions of sections 12-551 to 12-554, inclusive, and section 12-555a of the general statutes shall apply to the provisions of this section in the same manner and with the same force and effect as if the language of said sections had been incorporated in full into this section and had expressly referred to the tax under this section, except to the extent that any provision is inconsistent with a provision in this section.

(f) The commissioner may adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to implement the provisions of this section.

(g) At the close of each fiscal year in which the tax imposed under the provisions of this section are received by the commissioner, the Comptroller is authorized to record as revenue for such fiscal year the amounts of such tax that are received by the commissioner not later than five business days from the last day of July immediately following the end of such fiscal year.

Sec. 2. (NEW) (Effective July 1, 2019) (a) There is established a fund to be known as the "Municipal Capacity Fund". The fund shall contain any moneys required by law to be deposited in the fund and shall be held in trust separate and apart from all other moneys, funds and accounts. Any balance remaining in the fund at the end of any fiscal year shall be carried forward in the fund for the fiscal year next succeeding. Moneys in the fund shall be expended by the Commissioner of Revenue Services in accordance with this section.

(b) The commissioner shall reserve twenty-five million dollars of the moneys in the fund to make grants under a capacity building grant program in accordance with the provisions of this subsection.
(1) The Secretary of the Office of Policy and Management shall solicit grant proposals from regional councils of governments organized under the provisions of sections 4-124i to 4-124p, inclusive, of the general statutes, to provide to all members within a council's planning region: (A) A program, service or function that replaces a program, service or function currently performed by individual members; or (B) a new program, service or function to be offered to all members. Each member may elect to participate in such program, service or function and shall be given the opportunity to change its election at least annually while the program, service or function is in effect.

(2) The secretary shall establish requirements of and procedures and guidelines for the program, the amounts of the grants to be awarded and deadlines for proposal submissions and final selection of grant recipients.

(3) As used in this subsection, "planning region" and "member" have the same meanings as provided in section 4-124i of the general statutes.

(c) The balance remaining in the fund shall be distributed annually as municipal capacity grants in accordance with the provisions of this subsection.

(1) The Secretary of the Office of Policy and Management shall calculate and publish annually a municipal fiscal capacity gap metric for each municipality in the state. Such metric shall be calculated in accordance with the methodologies used in the May, 2015 New England Public Policy Center Research Report 15-1, multiplied by minus one.

(2) Municipalities with a negative fiscal capacity gap metric shall be eligible for a municipal capacity grant. For each eligible municipality, the secretary shall calculate a remaining gap figure by (A) multiplying the fiscal capacity gap metric of such municipality by the population of
such municipality, as estimated in the most recent State Register and Manual published by the Secretary of the State, and (B) subtracting the amount of noneducation municipal aid from the state for the fiscal year. Grants shall be apportioned from the balance remaining in the fund in proportion to each eligible municipality's remaining gap figure as a fraction of the total remaining gap figures of all eligible municipalities.

Sec. 3. (NEW) (Effective July 1, 2019) Any taxpayer that makes an investment in commercial or industrial real property that results in an increase in the property's assessed value that is attributable to such investment may choose one of the following options for tax relief:

(1) The taxpayer may claim a credit in the amount of the increase in such property's assessed value that is attributable to such investment. Such credit shall be allowed against the taxpayer's property tax liability for the income year in which such increase occurs. If the amount of the credit allowed pursuant to this subdivision exceeds the taxpayer's property tax liability for the income year, the unused portion of the credit shall be carried forward to succeeding income years until fully used;

(2) The taxpayer may elect to have the portion that is the fractional increase in such property's assessment that is attributable to such investment taxed at the rate of ten mills or at the rate of twenty-five per cent of the current mill rate, whichever is less, for a period of seven years; or

(3) The taxpayer may elect to have the portion that is the fractional increase in such property's assessment that is attributable to such investment excluded for three years from the calculation of property tax, with the property tax on such portion phasing up to one hundred per cent over the next four years in equal increments.
This act shall take effect as follows and shall amend the following sections:

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<tr>
<th>Section</th>
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<tbody>
<tr>
<td>Section 1</td>
<td>July 1, 2019</td>
<td>New section</td>
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<tr>
<td>Sec. 2</td>
<td>July 1, 2019</td>
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<tr>
<td>Sec. 3</td>
<td>July 1, 2019</td>
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**Statement of Purpose:**
To implement various initiatives to improve municipal capacity and establish a local sales tax and dedicate the revenue to such initiatives.