



General Assembly

January Session, 2019

Raised Bill No. 1141

LCO No. 7318



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT CONCERNING PROPERTY TAX REFORM.

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

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

9 (b) If any person fails to pay the amount of tax reported due on its
10 report within the time specified under this section, there shall be
11 imposed a penalty equal to ten per cent of such amount due and
12 unpaid, or fifty dollars, whichever is greater. Such amount shall bear
13 interest at the rate of one per cent per month or fraction thereof, from
14 the due date of such tax until the date of payment. Subject to the
15 provisions of section 12-3a of the general statutes, the commissioner

16 may waive all or part of the penalties provided under this section
17 when it is proven to the commissioner's satisfaction that the failure to
18 pay any tax was due to reasonable cause and was not intentional or
19 due to neglect.

20 (c) Each person, other than a retailer, who is required, on behalf of
21 such retailer, to collect, truthfully account for and pay over a tax
22 imposed on such retailer under this section and who wilfully fails to
23 collect, truthfully account for and pay over such tax or who wilfully
24 attempts in any manner to evade or defeat the tax or the payment
25 thereof, shall, in addition to other penalties provided by law, be liable
26 for a penalty equal to the total amount of the tax evaded, or not
27 collected, or not accounted for and paid over, including any penalty or
28 interest attributable to such wilful failure to collect or truthfully
29 account for and pay over such tax or such wilful attempt to evade or
30 defeat such tax, provided such penalty shall only be imposed against
31 such person in the event that such tax, penalty or interest cannot
32 otherwise be collected from such retailer. The amount of such penalty
33 with respect to which a person may be personally liable under this
34 section shall be collected in accordance with the provisions of section
35 12-555a of the general statutes and any amount so collected shall be
36 allowed as a credit against the amount of such tax, penalty or interest
37 due and owing from the retailer. The dissolution of the retailer shall
38 not discharge any person in relation to any personal liability under this
39 section for wilful failure to collect or truthfully account for and pay
40 over such tax or for a wilful attempt to evade or defeat such tax prior
41 to dissolution, except as otherwise provided in this section. For
42 purposes of this section, "person" includes any individual, corporation,
43 limited liability company or partnership and any officer or employee
44 of any corporation, including a dissolved corporation, and a member
45 or employee of any partnership or limited liability company who, as
46 such officer, employee or member, is under a duty to file a tax return
47 under this section on behalf of a cannabis retailer or to collect or
48 truthfully account for and pay over a tax imposed under this section

49 on behalf of such retailer.

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

52 (e) The provisions of sections 12-551 to 12-554, inclusive, and section
53 12-555a of the general statutes shall apply to the provisions of this
54 section in the same manner and with the same force and effect as if the
55 language of said sections had been incorporated in full into this section
56 and had expressly referred to the tax under this section, except to the
57 extent that any provision is inconsistent with a provision in this
58 section.

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

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

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

76 (b) The commissioner shall reserve twenty-five million dollars of the
77 moneys in the fund to make grants under a capacity building grant
78 program in accordance with the provisions of this subsection.

79 (1) The Secretary of the Office of Policy and Management shall
80 solicit grant proposals from regional councils of governments
81 organized under the provisions of sections 4-124i to 4-124p, inclusive,
82 of the general statutes, to provide to all members within a council's
83 planning region: (A) A program, service or function that replaces a
84 program, service or function currently performed by individual
85 members; or (B) a new program, service or function to be offered to all
86 members. Each member may elect to participate in such program,
87 service or function and shall be given the opportunity to change its
88 election at least annually while the program, service or function is in
89 effect.

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

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

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

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

106 (2) Municipalities with a negative fiscal capacity gap metric shall be
107 eligible for a municipal capacity grant. For each eligible municipality,
108 the secretary shall calculate a remaining gap figure by (A) multiplying
109 the fiscal capacity gap metric of such municipality by the population of

110 such municipality, as estimated in the most recent State Register and
111 Manual published by the Secretary of the State, and (B) subtracting the
112 amount of noneducation municipal aid from the state for the fiscal
113 year. Grants shall be apportioned from the balance remaining in the
114 fund in proportion to each eligible municipality's remaining gap figure
115 as a fraction of the total remaining gap figures of all eligible
116 municipalities.

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

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

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

134 (3) The taxpayer may elect to have the portion that is the fractional
135 increase in such property's assessment that is attributable to such
136 investment excluded for three years from the calculation of property
137 tax, with the property tax on such portion phasing up to one hundred
138 per cent over the next four years in equal increments.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2019</i>	New section
Sec. 2	<i>July 1, 2019</i>	New section
Sec. 3	<i>July 1, 2019</i>	New section

Statement of Purpose:

To implement various initiatives to improve municipal capacity and establish a local sales tax and dedicate the revenue to such initiatives.

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