AN ACT CONCERNING THE TAX INCIDENCE REPORT, TAX INCIDENCE ANALYSES AND THE DISCLOSURE OF RETURNS AND RETURN INFORMATION.

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

Section 1. Section 12-7c of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2022):

(a) The Commissioner of Revenue Services shall, on or before February 15, [2022] 2023, and biennially thereafter, submit to the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding, and post on the department's Internet web site a report on the overall incidence of the income tax, sales and excise taxes, the corporation business tax and property tax, for each of the most recent ten tax years for which complete data are available. The report shall include incidence projections for each such tax and shall present information on the distribution of the tax burden as follows:

(1) For individuals:
(A) Income classes, including income distribution expressed for (i)
every ten percentage points, (ii) the top five per cent of all income
taxpayers, and (iii) the top one per cent of all income taxpayers;

(B) For each income class, the percentage of taxpayers who (i) are
homeowners, (ii) are single, (iii) are married, (iv) are seniors, or (v) have
children;

(C) For each income class, the average market value of a home and
the average monthly rent; and

[(B)] (D) Other appropriate taxpayer characteristics, as determined by
said commissioner.

(2) For businesses:

(A) Business size as established by gross receipts;

(B) Legal organization; and

(C) Industry by NAICS code.

(b) The Commissioner of Revenue Services may enter into a contract
with any public or private entity for the purpose of preparing the report
required pursuant to subsection (a) of this section.

Sec. 2. (NEW) (Effective July 1, 2022) The cochairpersons of the joint
standing committee of the General Assembly having cognizance of
matters relating to finance, revenue and bonding may request the
Commissioner of Revenue Services to prepare an incidence impact
analysis of any bill or proposal to change any tax system in effect, which
bill or proposal is projected by the legislative Office of Fiscal Analysis to
increase or decrease tax revenue or redistribute the tax burden, by more
than twenty million dollars. Such analysis shall:

(1) Present information using system-wide measures, by income
classes, taxpayer characteristics or other relevant categories;

(2) Include an analysis of the effect of the bill or proposal on
representative taxpayers;

(3) Include, to the extent data are available on the effect the changes contemplated under the bill or proposal may have on the distribution of the tax burden, a report on the incidence effects the commissioner believes would result if the bill or proposal were enacted; and

(4) Include a statement of the incidence assumptions that were used to determine any distribution or redistribution of the tax burden.

Sec. 3. Section 12-15 of the 2022 supplement to the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2022):

(a) No officer or employee, including any former officer or former employee, of the state or of any other person who has or had access to returns or return information in accordance with subdivision (12) of subsection (b) of this section shall disclose or inspect any return or return information, except as provided in this section.

(b) The commissioner may disclose:

(1) [returns] Returns or return information to (A) an authorized representative of another state agency or office, upon written request by the head of such agency or office, when required in the course of duty or when there is reasonable cause to believe that any state law is being violated, or (B) an authorized representative of an agency or office of the United States, upon written request by the head of such agency or office, when required in the course of duty or when there is reasonable cause to believe that any federal law is being violated, provided no such agency or office shall disclose such returns or return information, other than in a judicial or administrative proceeding to which such agency or office is a party pertaining to the enforcement of state or federal law, as the case may be, in a form which can be associated with, or otherwise identify, directly or indirectly, a particular taxpayer except that the names and addresses of jurors or potential jurors and the fact that the names were derived from the list of taxpayers pursuant to chapter 884
may be disclosed by the Judicial Branch;

(2) Returns or return information to the Auditors of Public Accounts, when required in the course of duty under chapter 23;

(3) Returns or return information to tax officers of another state or of a Canadian province or of a political subdivision of such other state or province or of the District of Columbia or to any officer of the United States Treasury Department or the United States Department of Health and Human Services, authorized for such purpose in accordance with an agreement between this state and such other state, province, political subdivision, the District of Columbia or department, respectively, when required in the administration of taxes imposed under the laws of such other state, province, political subdivision, the District of Columbia or the United States, respectively, and when a reciprocal arrangement exists;

(4) Returns or return information in any action, case or proceeding in any court of competent jurisdiction, when the commissioner or any other state department or agency is a party, and when such information is directly involved in such action, case or proceeding;

(5) Returns or return information to a taxpayer or its authorized representative, upon written request for a return filed by or return information on such taxpayer;

(6) Returns or return information to a successor, receiver, trustee, executor, administrator, assignee, guardian or guarantor of a taxpayer, when such person establishes, to the satisfaction of the commissioner, that such person has a material interest which will be affected by information contained in such returns or return information;

(7) Information to the assessor or an authorized representative of the chief executive officer of a Connecticut municipality, when the information disclosed is limited to (A) a list of real or personal property that is or may be subject to property taxes in
such municipality, or (B) a list containing the name of each person who
is issued any license, permit or certificate which is required, under the
provisions of this title, to be conspicuously displayed and whose
address is in such municipality;

(8) [real] Real estate conveyance tax return information or controlling
interest tax return information to the town clerk or an
authorized representative of the chief executive officer of a Connecticut
municipality to which the information relates;

(9) [estate] Estate tax returns and estate tax return information to the
Probate Court Administrator or to the court of probate for the district
within which a decedent resided at the date of the decedent's death, or
within which the commissioner contends that a decedent resided at the
date of the decedent's death or, if a decedent died a nonresident of this
state, in the court of probate for the district within which real estate or
tangible personal property of the decedent is situated, or within which
the commissioner contends that real estate or tangible personal property
of the decedent is situated;

(10) [returns] Returns or return information to [the] (A) the Secretary
of the Office of Policy and Management for purposes of subsection (b)
of section 12-7a, [and] (B) the Office of Fiscal Analysis for purposes of,
and subject to the provisions of, subdivision (2) of subsection (f) of
section 12-7b, and (C) upon written request, the president pro tempore
of the Senate, the speaker of the House of Representatives, the majority
leader of the Senate, the majority leader of the House of Representatives,
the minority leader of the Senate, the minority leader of the House of
Representatives and the cochairpersons of the joint standing committee
of the General Assembly having cognizance of matters relating to
finance, revenue and bonding, for purposes of evaluating and
formulating tax policy;

(11) [return] Return information to the Jury Administrator, when the
information disclosed is limited to the names, addresses, federal Social
Security numbers and dates of birth, if available, of residents of this
state, as defined in subdivision (1) of subsection (a) of section 12-701;

(12) Returns or return information to any person to the extent necessary in connection with the processing, storage, transmission or reproduction of such returns or return information, and the programming, maintenance, repair, testing or procurement of equipment, or the providing of other services, for purposes of tax administration;

(13) Without written request and unless the commissioner determines that disclosure would identify a confidential informant or seriously impair a civil or criminal tax investigation, returns and return information which may constitute evidence of a violation of any civil or criminal law of this state or the United States to the extent necessary to apprise the head of such agency or office charged with the responsibility of enforcing such law, in which event the head of such agency or office may disclose such return information to officers and employees of such agency or office to the extent necessary to enforce such law;

(14) Names and addresses of operators, as defined in section 12-407, to tourism districts, as defined in section 10-397;

(15) Names of each licensed dealer, as defined in section 12-285, and the location of the premises covered by the dealer's license;

(16) To a tobacco product manufacturer that places funds into escrow pursuant to the provisions of subsection (a) of section 4-28i, return information of a distributor licensed under the provisions of chapter 214 or chapter 214a, provided the information disclosed is limited to information relating to such manufacturer's sales to consumers within this state, whether directly or through a distributor, dealer or similar intermediary or intermediaries, of cigarettes, as defined in section 4-28h, and further provided there is reasonable cause to believe that such manufacturer is not in compliance with section 4-28i;

(17) Returns, which shall not include a copy of the return
filed with the commissioner, or return information for purposes of section 12-217z;

(18) Returns or return information to the State Elections Enforcement Commission, upon written request by said commission, when necessary to investigate suspected violations of state election laws;

(19) Returns or return information for purposes of, and subject to the conditions of, subsection (e) of section 5-240; and

(20) To the extent allowable under federal law, return information to another state agency or to support a data request submitted through CP20 WIN, established in section 10a-57g, in accordance with the policies and procedures of CP20 WIN for the purposes of evaluation or research, provided the recipient of such data enters into a data sharing agreement pursuant to section 4-67aa if such recipient is not a state agency.

(c) Any federal returns or return information made available to the commissioner in accordance with a written agreement between the commissioner and the Internal Revenue Service concerning exchange of information for tax administration purposes, shall not be open to inspection by or disclosed to any individual or disclosed in any manner other than as permitted under the provisions of Section 6103 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended.

(d) (1) The commissioner may, upon request, verify whether or not any license, permit or certificate required under the provisions of this title to be conspicuously displayed has been issued by the commissioner to any particular person.

(2) The commissioner may make public the names and municipality of residence or postal district of persons entitled to tax refunds for purposes of notifying them when the commissioner, after reasonable
effort and lapse of time, has been unable to locate such persons.

(e) The commissioner may refuse to open to inspection or disclose to any person any returns or return information made available to the commissioner by any tax officer of another state, a Canadian province or political subdivision of such other state or province or of the District of Columbia or by any officer of the United States Treasury Department or the United States Department of Health and Human Services in accordance with a written agreement between this state and such other state, province, political subdivision, the District of Columbia or department, respectively, which agreement provides that the disclosure of such returns or return information by the commissioner is prohibited. In addition, he may refuse to open to inspection or disclosure to any state or United States agency or office described in subdivision (1) of subsection (b) of this section, returns or return information unless such agency or office shall have:

(1) Established and maintained, to the satisfaction of the commissioner, a permanent system of standardized records with respect to any request, the reason for such request, and the date of such request made by or of it and any disclosure or inspection of returns or return information made by or to it;

(2) Established and maintained, to the satisfaction of the commissioner, a secure area or place in which such returns or return information shall be stored;

(3) Restricted, to the satisfaction of the commissioner, access to the returns or return information only to persons whose duties or responsibilities require access and to whom disclosure may be made under this section or by whom inspection may be made under this section;

(4) Provided such other safeguards which the commissioner prescribes as necessary or appropriate to protect the confidentiality of the returns or return information;
(5) [furnished] Furnished a report to the commissioner, at such time and containing such information as the commissioner may prescribe, which describes the procedures established and utilized by such agency or office for ensuring the confidentiality of returns and return information required by this subsection; and

(6) [upon] Upon completion of use of such returns or return information, returned to the commissioner such returns or return information, along with any copies made therefrom, or makes such returns or return information undisclosable in such manner as the commissioner may prescribe and furnishes a written report to the commissioner identifying the returns or return information that were made undisclosable.

(f) Returns and return information shall, without written request, be open to inspection by or disclosure to: (1) Officers and employees of the Department of Revenue Services whose official duties require such inspection or disclosure for tax administration purposes; (2) officers or employees of an agency or office in accordance with subdivision (1) or (13) of subsection (b) of this section whose official duties require such inspection; and (3) officers or employees of any person in accordance with subdivision (12) of subsection (b) of this section, whose duties require such inspection or disclosure.

(g) Any person who violates any provision of this section shall be fined not more than one thousand dollars or imprisoned not more than one year, or both.

(h) For purposes of this section:

(1) "Return" means any tax or information return, declaration of estimated tax, claim for refund, license application, permit application, registration application or other application required by, or provided for or permitted under, the provisions of this or any other title which is filed with the commissioner by, on behalf of, or with respect to any person, and any amendment or supplement thereto, including supporting schedules, attachments, or lists which are supplemental to,
or part of, the return so filed.

(2) "Return information" means a taxpayer's identity, the nature, source, or amount of the taxpayer's income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax collected or withheld, tax underreportings, tax overreportings, or tax payments, whether the taxpayer's return was, is being, or will be examined or subjected to other investigation or processing, or any other data received by, recorded by, prepared by, furnished to, or collected by the commissioner with respect to a return or with respect to the determination of the existence, or possible existence, of liability of any person for any tax, penalty, interest, fine, forfeiture, or other imposition, or offense. "Return information" does not include data in a form which cannot be associated with, or otherwise identify, directly or indirectly, a particular taxpayer. Nothing in the preceding sentence, or in any other provision of law, shall be construed to require the disclosure of standards used or to be used for the selection of returns for examination, or data used or to be used for determining such standards or the disclosure of the identity of a confidential informant, whether or not a civil or criminal tax investigation has been undertaken or completed.

(3) "Disclosure" means the making known to any person, in any manner whatever, a return or return information.

(4) "Inspection" means any examination of a return or return information.

(5) "Tax administration" means the administration, management, conduct, direction and supervision of the execution and application of the tax laws of this state, and the development and formulation of tax policy relating to existing or proposed tax laws of this state, and includes assessment, collection, enforcement, litigation, publication and statistical gathering functions under such laws.
This act shall take effect as follows and shall amend the following sections:

| Section 1 | July 1, 2022 | 12-7c |
| Sec. 2    | July 1, 2022 | New section |
| Sec. 3    | July 1, 2022 | 12-15 |

**Statement of Purpose:**
To (1) require additional data to be included in the tax incidence report, (2) require the Commissioner of Revenue Services to provide incidence impact analyses of certain legislative bills or proposals, and (3) authorize the disclosure of returns or return information to certain members of the General Assembly.

[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.]