House of Representatives

General Assembly

File No. 865

January Session, 2025

Substitute House Bill No. 7264

House of Representatives, May 8, 2025

The Committee on Finance, Revenue and Bonding reported through REP. HORN of the 64th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE DEVELOPMENT OF A PILOT PROGRAM FOR THE COLLECTION OF UNPAID TAXES FROM STATE CONTRACTORS AND THE DEPARTMENT OF REVENUE SERVICES' RECOMMENDATIONS FOR REVISIONS TO THE TAX AND RELATED STATUTES.

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

Section 1. (NEW) (*Effective from passage*) The Secretary of the Office of Policy and Management and the Commissioner of Revenue Services shall develop a pilot program to facilitate the collection of any unpaid taxes and penalties and interest thereon that are due to the state and unpaid from any state contractor to which a state agency makes payment. Such program shall be designed to minimize administrative burdens on the Department of Revenue Services and other state agencies. The secretary and the commissioner shall present such pilot program before the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding not later than January 1, 2026.

Sec. 2. Subsection (k) of section 8-395 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(k) The Connecticut Housing Finance Authority **[**, with the approval of the Commissioner of Revenue Services,**]** shall adopt written procedures in accordance with section 1-121 to implement the provisions of this section. Such procedures shall include provisions for issuing tax credit vouchers for cash contributions to housing programs or projects based on a system of ranking housing programs. In establishing such ranking system, the authority shall consider the following: (1) The readiness of the project to be built; (2) use of the funds to build or rehabilitate a specific housing project or to capitalize a revolving loan fund providing low-cost loans for housing construction, repair or rehabilitation to benefit persons of very low, low and moderate income; (3) the extent the project will benefit families at or below twenty-five per cent of the area median income and families with incomes between twenty-five per cent and fifty per cent of the area median income, as defined by the United States Department of Housing and Urban Development; (4) evidence of the general administrative capability of the nonprofit corporation to build or rehabilitate housing; (5) evidence that any funds received by the nonprofit corporation for which a voucher was issued were used to accomplish the goals set forth in the application; and (6) with respect to any income year commencing on or after January 1, 1998: (A) Use of the funds to provide housing opportunities in urban areas and the impact of such funds on neighborhood revitalization; and (B) the extent to which tax credit funds are leveraged by other funds.

Sec. 3. Subsections (a) and (b) of section 12-586f of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For the purposes of this section, "tribe" means the Mashantucket Pequot Tribe and "compact" means the Tribal-State Compact between the tribe and the state of Connecticut, as incorporated and amended in

the Final Mashantucket Pequot Gaming Procedures prescribed by the Secretary of the United States Department of the Interior pursuant to Section 2710(d)(7)(B)(vii) of Title 25 of the United States Code and published in 56 Federal Register 24996 (May 31, 1991), as amended from time to time, and includes any new compact entered into between the state and the tribe pursuant to section 12-851.

(b) The expenses of administering the provisions of the compact shall be financed as provided in this section. Assessments for regulatory costs incurred by any state agency **[**which**]** that are subject to reimbursement by the tribe in accordance with the provisions of the compact shall be made by the Commissioner of **[**Revenue Services**]** Consumer Protection in accordance with the provisions of the compact, including provisions respecting adjustment of excess assessments. Any underassessment for a prior fiscal year may be included in a subsequent assessment but shall be specified as such. Payments made by the tribe in accordance with the provisions of the compact shall be deposited in the General Fund and shall be credited to the appropriation for the state agency incurring such costs.

Sec. 4. Subsections (a) and (b) of section 12-586g of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For the purposes of this section, "tribe" means the Mohegan Tribe of Indians of Connecticut and "compact" means the Tribal-State Compact between the tribe and the state of Connecticut, dated May 17, 1994, as amended from time to time, and includes any new compact entered into between the state and the tribe pursuant to section 12-851.

(b) The expenses of administering the provisions of the compact shall be financed as provided in this section. Assessments for regulatory costs incurred by any state agency **[**which**]** that are subject to reimbursement by the tribe in accordance with the provisions of the compact shall be made by the Commissioner of **[**Revenue Services**]** Consumer Protection in accordance with the provisions of the compact, including provisions respecting adjustment of excess assessments. Any underassessment for

a prior fiscal year may be included in a subsequent assessment but shall be specified as such. Payments made by the tribe in accordance with the provisions of the compact shall be deposited in the General Fund and shall be credited to the appropriation for the state agency incurring such costs.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*from passage*	New section
Sec. 2	*from passage*	8-395(k)
Sec. 3	*from passage*	12-586f(a) and (b)
Sec. 4	*from passage*	12-586g(a) and (b)

FIN *Joint Favorable Subst.*

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 26 $	FY 27 $
Policy & Mgmt., Off.	GF - Potential Cost	See Below	None

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes several procedural, substantive, and administrative changes which are described below:

Section 1 requires the Office of Policy and Management (OPM) secretary and the Department of Revenue Services (DRS) commissioner to set up a pilot program to collect unpaid state taxes, penalties, and interest due from state contractors receiving payments from the state. This may result in a potential cost to OPM in FY 26 to the extent they require additional staff. Any impact to OPM will be dependent on how the pilot program is designed and implemented. This does not result in a fiscal impact to DRS as they have the staff and expertise necessary to complete the requirements of the program.

Section 2 eliminates the requirement that the DRS commissioner approve the Connecticut Housing Finance Authority's written procedures to implement the Housing Tax Credit Contribution program. This does not result in any fiscal impact to the state or municipalities.

Sections 3 and 4 shift, from the Department of Revenue Services to the Department of Consumer Protection, the responsibility for collecting

the assessments for the gaming regulatory costs from the Mashantucket Pequot and Mohegan tribes. This does not result in any fiscal impact to the state or municipalities.

The Out Years

None.

OLR Bill Analysis

sHB 7264

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SUMMARY

This bill requires the Office of Policy and Management secretary and Department of Revenue Services (DRS) commissioner to set up a pilot program to collect unpaid state taxes, penalties, and interest due from state contractors receiving payments from the state. They must (1) design the program to minimize the administrative burdens on DRS and other state agencies and (2) present it to the Finance, Revenue and Bonding Committee by January 1, 2026.

The bill also eliminates the requirement that the DRS commissioner approve the Connecticut Housing Finance Authority's (CHFA) written procedures to implement the Housing Tax Credit Contribution program. By law, CHFA administers this program, which provides tax credits to businesses making cash contributions of at least $250 to nonprofits that develop, sponsor, or manage housing programs benefitting low- and moderate-income households. The law requires CHFA to adopt written procedures to implement the program, including a ranking system for awarding the tax credits.

Lastly, the bill shifts, from DRS to the Department of Consumer Protection, the responsibility for issuing annual assessments to the Mashantucket Pequot and Mohegan tribes for regulatory costs incurred by state agencies that are reimbursable under the compacts the state entered into with the tribes.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 52 Nay 0 (04/24/2025)