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**OLR ACTS AFFECTING
BUSINESS**



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NOTICE TO READERS

In its 2002 regular session and June Special Session, the General Assembly enacted new laws and changed existing programs of particular interest to Connecticut's businesses. This report provides brief highlights of acts that affect the business community generally and those that affect specific industries, such as insurance companies, pharmacies, and managed care facilities. We do not discuss any acts that direct funds to an individual project.

These summaries are in lay terms and are not intended to be legal interpretations. We encourage readers to obtain the full text of acts that interest them from the Connecticut State Library or the House Clerk's Office. Complete summaries of all public acts passed during the 2002 session will be available in early fall when OLR's Public Act Summary book is published or via our web page (www.cga.state.ct.us/olr).

BUSINESS OCCUPATIONAL REQUIREMENTS

Continuing Professional Education Requirements for Electricians and Plumbers

This act requires the consumer protection commissioner to adopt regulations to (1) establish requirements for accredited continuing professional education for electricians and plumbers, (2) establish qualifying criteria for accredited continuing professional education programs, (3) establish qualifying criteria for acceptable certificates of continuing education, and (4) provide for waiving continuing education requirements for good cause. The commissioner must do this with the advice and assistance of the licensing boards for these trades.

The act requires electricians and plumbers, at times prescribed in regulation by the commissioner, to prove that they have met any continuing education requirements. **(PA 02-142**, effective upon passage)

Licensing of Architects and Certification of Buildings in Certain Use Groups

This act revises an exemption from the requirement that building plans be sealed by a licensed architect for structures

smaller than 5,000 square feet so that the exemption applies only when the entire structure, not just the portion to which the plans apply, is under 5,000 square feet. **(PA 02-59**, effective October 1, 2002)

Licensing of Insurance Producers

This act (1) requires applicants for an insurance producers license to satisfy certain pre-examination requirements, (2) reduces the time period that an insurance producer must have been licensed in this state before the insurance commissioner may waive the licensing examination from within two to within one year after making application for the license, (3) eliminates pre-licensing and examination requirements for limited lines producer license applicants, (4) exempts resident and non-resident applicants for an insurance producers license from the standard application requirement, and (5) permits the commissioner to bill applicants for the license application fee instead of returning a new or renewal application that was not accompanied by the required fee. **(PA 02-19**, effective September 1, 2002)

Well Driller, Pharmacists, Electronic Shelf-Price Labeling, Health Clubs, the Liquor Control Act, Building Permits for Tradespersons, Home Improvement Bonds, Lemon Law Funding and Shorthand Reporters

Amongst other things, this act:

1. exempts registered well drillers working in their trade from the law concerning home improvement contractor registration (the law already exempts licensed professionals and tradesmen, provided they are working in their field);
2. eliminates an avenue to licensure as a shorthand reporter based on experience;
3. increases, from \$10,000 to \$15,000, the maximum bond the DCP commissioner may impose on a registered home improvement contractor as a result of a disciplinary action;
4. prohibits plumbers, electricians, sheet metal workers, and other specified tradesmen from starting to work on a project, unless the required state and local building or

5. specifies that to receive a pharmacist's license, an individual must have earned a degree from a college or school of pharmacy that was an entry-level professional pharmacy degree when he graduated. **(PA 02-82, effective October 1, 2002)**

CONSUMERS

Consumer Leases

This act establishes minimum requirements for consumer leases, which it defines as one involving personal, family, or household goods that lasts at least four months with a total obligation of up to \$ 150,000. Among many things, the act:

1. establishes the point in time at which a consumer lease is signed, completed, or terminated;
2. prohibits consumers from waiving rights established by the act-except to settle a dispute;
3. requires consumer leases to be carried out in good faith and prohibits unconscionable conduct;
4. sets rules about property traded in or payments made before a lessor has given the lease its final approval;

5. prohibits lessors from taking a security interest in the consumer's other property to secure a lease;
6. allows a consumer to recover actual and statutory damages for specified violations; and
7. eliminates the requirement that motor vehicle lessors disclose the "lease rate" of an automobile lease, the lease amount financed, and the lease finance charge.

(**PA 02-81**, effective July 1, 2003, except that the repeal of the motor vehicle lease rate calculation and disclosure provisions takes effect on July 1, 2002)

Electronic Pricing Exemptions

This act increases from 10 to 12 the number of items that the consumer protection commissioner may, by regulation, exempt from the item pricing law. By law, stores that use Universal Product Coding and bar scanners to total a customer's purchases must mark each item with its price. The law also establishes other exemptions, such as for stores equipped with an approved electronic shelf labeling system. (**PA 02-43**, effective October 1, 2002)

General Lease Rules

This act codifies the law on leasing goods, fills gaps, and clarifies ambiguities in the Uniform Commercial Code Article 2 on sales and common law contracts and remedies rules. It affects leases (1) that give the lessee possession and the right to use the goods for a period of time in return for rent; (2) made by lessors who are not the fundamental supplier of the leased goods as a means of financing their acquisition (finance leases); and (3) between a merchant and a consumer in which the lessee takes the lease primarily for a personal, family, or household purpose (consumer leases).

The act provides certain protections for consumers, such as provisions on unconscionable leases, choice of law, and options to accelerate. It establishes criteria for creating and interpreting lease contracts; specifies how a contract must be performed and how it can be modified, rescinded, or waived; establishes criteria for identifying the goods subject to the contract; specifies who can insure the goods and who bears the risk of loss; and imposes express and implied warranties.

The act defines conditions for performance and repudiation of a lease contract, as well as the responsibility of parties when performance is impaired. It

creates an extensive structure of remedies if the lessor or lessee defaults. (**PA 02-131**, effective October 1, 2002)

Reporting of Prescription Errors and Requiring Certain Continuing Education for Pharmacists

This act requires the consumer protection commissioner to adopt regulations requiring pharmacies to establish quality assurance programs designed to detect, identify, and prevent prescription errors.

It also requires that at least five of the 15 continuing education hours pharmacists must take each year be obtained by attending a live presentation, and at least one of the five live hours be on pharmacy or drug law.

In addition, the act requires each pharmacy (1) to post signs and include notices on receipts or in prescription packaging informing consumers of a way to report prescription errors and (2) keep records about prescriptions errors. (**PA 02-48**, effective October 1, 2002)

Telecommunications Companies Disclosure to Customers

This act requires telephone and telecommunications companies to disclose additional

information to customers. It requires that all telecommunications service bills (1) clearly and conspicuously identify the charges for which a customer's basic, local service will not be disconnected if he fails to pay the charge; (2) label a charge as a tax only if it is directly assessed by the taxing entity on the customer through the telecommunications company; and (3) separately list such taxes on the bill. The law already requires these bills to identify the name and toll-free phone number of the service provider.

The act requires telephone and telecommunications companies to clearly and conspicuously disclose in writing to customers whether the removal or change in any telecommunications service will result in the loss of a discount or other change in the rate charged for any telecommunications service.

The act requires DPUC to conduct a contested case on whether these companies should be required to provide advance notice to their customers of any change in purchases or subscription services that increases customers' overall monthly bill. (**PA 02-32**, effective upon passage for the contested case, October 1, 2002 for the other provisions.)

Utility Companies' Demands for Identification

This act allows utilities regulated by the Department of Public Utility Control (DPUC) to demand two forms of identification rather than one, when a person opens an account. It allows the utility to demand that one of the forms of identification have a photograph.

The act prohibits DPUC-certified telecommunications companies, such as long-distance carriers, from demanding identification from prospective residential service customers other than as described above. The companies are not required to provide service if the person does not provide identification. (PA 02-8, effective upon passage)

Well Driller, Pharmacists, Electronic Shelf-Price Labeling, Health Clubs, the Liquor Control Act, Building Permits for Tradespersons, Home Improvement Bonds, Lemon Law Funding and Shorthand Reporters

Amongst other things:

1. allows people making a claim for payment from the Connecticut Health Club Guaranty Fund to prove club membership using other forms of proof than their health club contract, if the consumer

protection commissioner finds the alternative form of proof suitable;

2. creates a new exemption from the item pricing law for stores that are using an approved electronic shelf labeling system; and
3. imposes the \$3 surcharge used to fund the operation of the Lemon Law program on each type of vehicle and transaction covered by the program. (PA 02-82, effective October 1, 2002)

ECONOMIC DEVELOPMENT

Clarifying the Penalty on Applications for Financial Assistance from Quasi-Public Agencies

This act establishes a procedure to ensure that businesses receiving state economic development assistance comply with the terms and conditions of their assistance agreements. The procedure requires state agencies providing this type of assistance to notify businesses when they fail to comply with the agreements and to recover the assistance if the businesses subsequently fail to comply. Economic development agencies, such as the Department of Economic and Community Development, must also include job creation and retention goals in agreements when the primary

aim of state assistance is to create or retain jobs and recover the assistance if the businesses fail to meet those goals.

It also requires the agencies to impose liens on any security they required as a condition for receiving assistance. (**PA 02-86**, effective July 1, 2002 for economic development agencies and liens on security, and October 1, 2002 for compliance notification).

ELECTRIC POWER

Connecticut Uniform Electronic Transactions Act

This act establishes as state law a version of the Uniform Electronic Transaction Act (UETA), which the National Conference of Commissioners on Uniform State Laws adopted on July 29, 1999. UETA provides uniform rules governing electronic commerce transactions.

The act supersedes and repeals the electronic records and signature law enacted in 1999. (**PA 02-68**, effective October 1, 2002)

Electric Charges for Certain Manufacturers

This act seeks to broaden the circumstances under which the Department of Public Utilities Control may exempt manufacturing plants from part

of the competitive transition assessment (CTA) on their electric bills. The act applies to plants that employ at least 200 people and are in a distressed municipality within an enterprise corridor zone. The following towns currently meet both criteria: Ansonia, Derby, Griswold, Killingly, Naugatuck, Plainfield, Putnam, Sprague, and Thompson. (The list of distressed municipalities changes over time based on economic criteria.) (**PA 02-141**, effective July 1, 2002)

Older Power Plant Emissions

This act limits, as of January 1, 2005, the use of emissions credit trading as a way of meeting Department of Environmental Protection (DEP) regulatory standards for sulfur dioxide emissions from older power plants. It allows trading only when (1) the DEP commissioner orders its use to offset excess emissions when he suspends the standards due to a shortage of low-sulfur fuel or (2) the restriction threatens the reliability of electricity supply. The act specifies that these provisions do not suspend any underlying DEP regulatory

procedures or requirements regarding sulfur dioxide emissions.

The act also codifies with several changes, as of January 1, 2005, (1) the DEP's regulatory emissions standards that go into effect on January 1, 2003 and (2) the provisions that allow the commissioner to suspend these standards.

The act specifies that its provisions do not impair the commissioner's ability to waive, with regard to a "must-run" plant, any sulfur dioxide emissions limit or other permit limits, as are permitted under current state or federal law.

The act broadens a provision that covers, with a charge imposed on electric bills, costs associated with employees dislocated by electric industry restructuring. **(PA 02-64**, effective January 1, 2005 for the emissions provisions and January 1, 2004 for the dislocated employee provisions)

The State's Security Interest in Certain Personal Property and the Fixing of Property Assessments of Electric Generating Facilities in Certain Municipalities

This act allows qualifying municipalities to fix property taxes and assessments on certain newly constructed electric power plants at less than the

plant's full projected tax liability, if certain conditions are met.

(PA 02-143, effective upon passage for the power plant provisions and July 1, 2002 for the security interest provisions.)

FINANCIAL INSTITUTIONS

Bank Powers and Transactions

This act expands the authorized activities of state banks and the banking commissioner's authority to close banks. It allows Connecticut bank organizers to amend their proposals before the commissioner approves them and requires the commissioner to publish notice of certain changes to allow the public an opportunity to object. It clarifies Connecticut banks' authority to establish branches and allows them to relocate outside the state and sell certain out-of-state branches with the commissioner's approval.

It also gives mutual and subsidiary holding companies new power over reorganized financial institutions and stock issuance. **(PA 02-47**, effective October 1, 2002, except that the sections addressing mutual and subsidiary holding companies take effect upon passage)

Credit Union Modernization

This act significantly reorganizes credit union law under the Connecticut Credit Union Act by, for example, modifying the process for organizing and establishing a Connecticut credit union and allowing credit unions to make member business loans.

The bill also applies banking law principles of receivership and insolvency to credit unions. It allows the banking commissioner to apply for an injunction, receiver, or conservator for a credit union under certain circumstances. It allows a share account holder to pledge his credit union interest to another person and applies to credit unions current banking law provisions regarding adverse claims. (**PA 02-73**, effective October 1, 2002)

Payment of Mortgage Loan Proceeds by Wire Transfer

This act requires any licensed person or business making first mortgage loans in the state that uses wire transfers to send loan proceeds, to transfer such proceeds to the bank holding the account of the mortgagee's attorney in a timely manner, but no later than the scheduled date and time of closing. In a mortgage refinancing, after termination of the three-day right of rescission period, the act requires transfers to be made in

a timely manner, but no later than the disbursement date.

The act authorizes the banking commissioner to suspend, revoke, or refuse to renew the license of any such person or business that fails to comply with the wire transfer requirements. (**PA 02-112**, effective October 1, 2002)

HEALTH CARE

Certain Taxes Related To Health Care and Reporting Requirements for Certain Managed Care Subcontractors

A 2001 law exempted hospital patient care services from the 5.75% sales and use tax from July 1, 2001 through June 30, 2003. This act applies the exemption to services for which hospitals are paid, rather than those they provide, during the two-year period.

The act also eliminates, retroactive to January 1, 2001, a credit against the net direct subscriber tax for HMOs providing health coverage under the HUSKY A, HUSKY B, or HUSKY Plus programs. It replaces the credit with supplemental payments equal to 100% of the credit in FY 2001-02 and 25% in FY 2002-03.

Finally, the act requires each subcontractor paying mental health and dental claims for a Medicaid HMO to report

quarterly to the social services commissioner on how much and what proportion of its monthly HMP payments has gone (1) directly to health care providers and (2) for administrative costs and profits. The first report is due July 1, 2002. (**PA 02-3**, effective upon passage, except for the Medicaid managed care reporting requirement, which became effective April 1, 2002. The tax credit repeal applies to income years starting on or after January 1, 2001)

Health Insurance Coverage for Ambulance Services

This act eliminates the \$500 maximum ambulance service benefit required in certain individual and group health insurance policies and instead makes the cap the maximum allowable rate established by the Department of Public Health. It also expands ambulance coverage for group policyholders.

The act requires individual, as well as group policies that cover ambulance services to pay ambulance service providers directly, if the service is an emergency and (1) it complies with the act and (2) is not paid from another source. It also adds health care centers, including HMOs and other entities to the list of providers that are exempt from the direct payment requirement, if the centers or other entities have a direct

payment contract with the service.

The act requires group policy coverage for ambulance services to be medically necessary only.

The act applies to individual and group policies that pay (1) basic hospital expenses, (2) basic medical-surgical expenses, (3) major medical expenses, (4) accident only expenses, (5) hospital or medical expenses, and (6) hospital and medical expenses covered by HMOs. It also applies to individual limited benefit policies. (**PA 02-124**, effective October 1, 2002)

HOUSING

Disposition of State-Assisted Housing Projects in Default

Among other things, this act allows the economic and community development commissioner to operate a housing project and receive state and federal funds on its behalf when he acquires the project to preserve the state's interest under the state assistance contract that initially funded it. (**PA 02-99**, effective July 1, 2002)

INSURANCE AND REAL ESTATE

Allowing Senior Citizens To Designate a Third Party to Receive Certain Cancellation Notices

This act requires insurers that offer automobile and homeowners insurance to include a conspicuous statement with each policy informing policyholders age 55 and older that they may designate a third party to receive cancellation or non-renewal notices. The insurance commissioner must approve the statement, which must include a designation form, a mailing address that the policyholder may use to designate a third party, and satisfy other requirements for it to be effective. **(PA 02-60**, effective October 1, 2002)

Requirements of the Federal Gramm-Leach-Bliley Act

This act authorizes the insurance commissioner to adopt regulations establishing security and privacy standards for consumer information that are consistent with the federal Gramm-Leach-Bliley Financial Modernization Act of 1999, which requires all financial institutions, including insurance companies, to disclose to customers their policies and practices for protecting the privacy of nonpublic personal information.

(PA 02-40, effective upon passage)

Disclosure of Certain Conditions in Connection with the Sale of Real Estate

This act allows a seller and real estate licensee to fully satisfy any duty to disclose the presence of hazardous waste facilities to a purchaser by providing him with written notice of the availability of the list of hazardous waste facilities kept by municipal clerks. The notice applies to contracts for the sale of one-to-four family residential real estate and must be provided before or at the time the parties enter into a contract for sale. The duty to disclose is satisfied even if (1) the required list has not been submitted; (2) the list has not been received or made available; or (3) there is an error, omission, or inaccuracy in the list.

The act prohibits anyone from interpreting its provisions to impose liability on a seller or real estate licensee for failing to disclose the existence of hazardous waste facilities.

Finally, the act eliminates the duty of a real estate owner or his agent to provide a purchaser who asks with information on whether the occupant was or was suspected to be infected with HIV. **(PA 02-122**, effective October 1, 2002)

LABOR

Minimum Wage Increase

This act increases the minimum wage from \$6.70 to \$6.90 on January 1, 2003 and to \$7.10 on January 1, 2004. In both cases, if 100.5% of the highest federal minimum wage is higher than these amounts, the federal wage becomes the minimum wage.

The act extends, from December 31, 2002 to December 31, 2004, the sunset date of the tip credit, which gives employers an offset against the minimum wage for certain employees. As a result of the increase and the tip credit extension, the minimum wage for hotel and restaurant employees will be \$4.88 and \$5.02 in 2003 and 2004, respectively. For bartenders, it will be \$6.33 in 2003 and \$6.52 in 2004. (**PA 02-33**, effective July 1, 2002)

Employing 15-year Olds

This act extends the expiration date of the law allowing 15-year-olds to work certain days and hours as baggers, cashiers, or stock clerks in stores (such as supermarkets and department stores) for five more years, from September 30, 2002 to September 30, 2007. (**PA 02-44**, effective October 1, 2002)

Prevailing Wage Adjustments

This act requires contractors awarded contracts on and after October 1, 2002 for state and municipal prevailing wage projects to adjust wage and benefit contributions each July 1 during the contract to reflect changes in the prevailing wage. It requires contractors to contact the labor commissioner by each July 1 during the contract to find out the current prevailing wage and contribution rates. (**PA 02-69**, effective October 1, 2002)

Employment protection for crime victims and people with erased criminal records

This act bars employers from firing or otherwise penalizing, threatening, or coercing an employee for:

1. attending a court proceeding or participating in a police investigation related to a criminal case in which he was a victim;
2. having a restraining order issued on his behalf in a domestic violence case; or
3. having a protective order issued on his behalf by a court in Connecticut or another state, as long as the out-of-state order is registered here.

The act also prohibits all employers, including the state and its political subdivisions, from taking certain actions against people who have had their arrest, criminal charge, or conviction records erased.

The act allows the information to be given also to employees or agents of the employer involved in interviewing the applicant. But it extends the confidentiality requirements to the entire criminal history record of job applicants and employees. (**PA 02-136**, effective October 1, 2002)

State Employee and Contractor Whistle-blowing Complaints

This act establishes a new, alternative process for disposing of allegations of retaliation filed by large state contractors as well as employees of the state or quasi-public agencies who have made whistleblower complaints against their employers. It requires the chief human rights referee to adopt regulations that establish the procedure for filing complaints and noticing and conducting hearing under the new process.

Finally, it creates a rebuttable presumption that any personnel action taken or threatened against an employee who makes a whistleblower complaint is retaliatory if it occurs within one

years of the complaint. (**PA 02-91**, effective upon passage)

LAND USE AND ENVIRONMENT

Water Supply Plans and Water Diversion

Among other things, this act:

1. requires water companies' supply plans, beginning January 1, 2004, to include an evaluation of source water protection measures for all sources of water supply;
2. changes the deadline for entities required to submit information on their water diversions to the Department of Environmental Protection (DEP) from July 1, 2002 to no later than six months after DEP publishes notice of the deadline and a form on which to submit the information;
3. changes the conditions under which local health directors may issue a permit for a new well on residential property within 200 feet of a public water supply and allows them to issue permits to replace wells under the same conditions;
4. requires the public health commissioner to adopt regulations clarifying the

conditions under which well permit exceptions can be granted when premises are connected to a public water supply.

(**PA 02-102**, effective October 1, 2002, except for the water diversion data submission deadline change, which is effective on passage)

Appeals of Site Plan Decisions

Among other things, this act explicitly allows anyone aggrieved by a zoning commission's decision to approve or deny a site plan to appeal the decision directly to the Superior Court. (**PA 02-74**, this provision took effect June 3, 2002)

Actions of Zoning Commissions on Petitions

This act removes the limits on the kinds of actions zoning commissions can take on a request to change a zoning regulation or zoning map's boundaries. Prior law allowed them only to adopt or deny these requests. (**PA 02-77**, which took effect June 3, 2002)

PUBLIC HEALTH

Crematories

This act requires the Department of Public Health (DPH) to inspect crematories annually and issue and renew inspection certificates.

It sets a \$250 certificate renewal fee. By law, DPH must also approve plans for new crematories and inspect and approve them before they can begin operating. The initial inspection and approval fee is \$1,000. (**PA 02-67**, effective October 1, 2002)

Use of Automatic Injectables

This act requires the public health commissioner to adopt regulations prohibiting child day care centers and group day care homes, beginning January 1, 2003, from denying services to a child because he has a known or suspected allergy or a prescription for an automatic prefilled cartridge injector or similar device that administers medication to treat allergic reactions and calls for specific regulations. (**PA 02-84**, effective October 1, 2002)

TAXES AND FEES

New Tax on LLCs, LLPs, LPs, and S Corporations

The General Assembly imposed a new annual \$250 tax on any limited liability company (LLCs), limited liability partnership (LLPs), limited partnership (LPs), or S corporation that has to file its annual report with the secretary of the state.

The tax is due every year on or before the 15th day of the fourth month after the close of the business' federal income tax year. Businesses that don't pay on time will owe 1% interest per month and a \$50 penalty. **(PA 01-2, May Special Session, effective on passage and applicable to income years starting on or after January 1, 2002)**

Depreciation

A new state law bars corporations from using a recently enacted federal bonus depreciation rule to determine net income for purposes of the state corporation tax. It also requires individuals receiving income from businesses that are not required to pay the corporation tax, such as LLPs, LLCs, and S corporations, to add back the bonus depreciation allowance when figuring their state income tax.

The new federal law allows businesses, when figuring their federal taxes, to depreciate certain property 30% in the first year, if they buy or start building it on or after September 11, 2001 and before September 11, 2004, and place it in service before January 1, 2005. **(PA 01-2, May Special Session.** The corporation tax change is effective on passage and applies to property placed in service after September 10, 2001 in income years ending after that date. The

state income tax provision takes effect July 1, 2002 for tax years beginning on or after January 1, 2002.)

Minimum Corporation Tax

Under a new law, companies will no longer be able to use tax credits to reduce their corporation tax liability below the \$250 annual minimum tax. Financial services companies and each corporation included in a combined return, including those whose tax is computed and paid on a combined basis, must also pay at least \$250 annually. **(PA 01-2, May Special Session, effective July 1, 2002 for income years beginning on or after January 1, 2002)**

Corporation Tax Credit Limits

A new law limits the total value of corporation tax credits allowed to any company for any income year to 70% of its tax liability for the year without the credits. **(PA 01-2, May Special Session, effective July 1, 2002 and applicable to income years beginning on or after January 1, 2002)**

Limits On R&D Tax Credit Refunds

A new law limits the annual refunds a company can receive for 65% of the value of unused corporation tax credits for research and development (R&D) expenses.

The law caps credit refunds for income years starting in 2000 and 2001 that were not paid before July 1, 2002 at \$1 million per company during the state fiscal year in which the initial refund is paid, with any balance paid in two equal installments in the two following fiscal years. Refunds for income years starting in 2002 or thereafter are capped at \$1.5 million per company per year. **(PA 01-2, May Special Session, effective July 1, 2002)**

Carpenter Technology Decision Overturned

A new law overturns the Connecticut Supreme Court's *Carpenter Technology* decision, thus barring companies from avoiding or reducing their corporation tax liability by capitalizing an out-of-state subsidiary, borrowing back most of the capital, and deducting interest payments to the subsidiary from their Connecticut taxable income. The new law also prohibits the DRS commissioner from arbitrarily, capriciously, or unreasonably exercising his existing authority to adjust a corporation's income, deductions, capital, and assets when he thinks its return doesn't accurately reflect its Connecticut business, income, or capital. **(PA 01-2, May Special Session, effective on passage and**

applicable to income years starting on or after January 1, 2002)

Interest on Refunds of Corporation and Air Carrier Tax Overpayments

Under a new law, the state will not have to pay required interest on refunds of corporation or air carrier tax overpayments for 90 days after either the tax return's due date, excluding extensions, or its filing date, whichever is later. In addition, no interest will be payable for first 90 days after an amended return is filed and, for purposes of interest payments, amended returns filed early are considered to be filed on the last filing day. **(PA 01-2, May Special Session, effective on passage and applicable for returns and amended returns filed on or after July 1, 2001 and not allowed and paid before passage.)**

Sales And Use Tax Exemption For Certain Aircraft-Related Services

A new law exempts certain aircraft-related services from sales and use taxes retroactive to January 1, 1994. The exemption covers business analysis, management, consulting, and public relations services furnished in connection with an aircraft that (1) is leased or owned by a commercial air carrier operating under a Federal Aviation Administration

certificate or (2) that has a maximum certificated take-off weight of at least 6,000 pounds. (PA 01-2, May Special Session, effective July 1, 2002 and applicable to sales occurring on or after January 1, 1994)

Tax On Storage Units

A new law extends the 6% sales and use taxes to charges for space, other than space a person lives in, for storing personal property. (**PA 01-2, May Special Session**, effective July 1, 2002 and applicable to sales occurring on or after that date.)

Tax On Computer And Data Processing Services

A new law defers for two years the final step of a scheduled phase-out of the sales and use taxes on computer and data processing services, maintaining the taxes at 1% until July 1, 2004 instead of letting them expire on July 1, 2002. (**PA 01-2, May Special Session**, effective July 1, 2002 and applicable to sales occurring on and after that date.)

Diesel Fuel Tax Increase

The General Assembly increased the tax on diesel, propane, and natural gas fuel sold in the state from 18 to 26 cents per gallon as of August 1, 2002 and imposed an excise tax

of 8 cents on each gallon of diesel fuel that licensed gasoline dealers have in inventory as of either the close of business or 11:59 p.m. on July 31, 2002. By September 1, 2002, dealers must (1) report to the DRS commissioner the number of gallons of diesel fuel they had in inventory at that time and pay the excise tax. (**PA 01-2, May Special Session**, effective on passage and applicable to fuels sold or used in Connecticut on or after August 1, 2002.)

Decrease In Pharmacies' Dispensing Fee

A new law requires the Department of Social Services commissioner to reduce the dispensing fee paid to pharmacies from \$4.10 to \$3.85 per prescription, starting September 1, 2002 under the Medicaid, ConnPACE, SAGA, town GA, and the Connecticut AIDS drug assistance programs. (**PA 02-1, May Special Session**, effective July 1, 2002.)

New Home Construction Guaranty Fund Allocations

State-registered new home and home improvement contractors must pay a \$480 every two years to a New Home Construction Guaranty Fund that reimburses consumers for losses and damages sustained when a contractor violates the registration laws. Once the fund balance reaches \$750,000, a new

law increases the maximum annual amount allocated to the Consumer Protection Enforcement Account from \$200,000 to \$300,000. The Department of Consumer Protection uses the enforcement account for expenses related to enforcing state occupational and business licensing and registration laws.

The new law eliminates a requirement that any excess fees above amounts allocated to the enforcement account be used to reduce contractor fees and instead sends the excess to the General Fund. (**PA 02-1**, May Special Session, effective July 1, 2002.)

WINE, LIQUOR, AND CIGARETTES

Farm Wine Manufactured in Connecticut

This act allows a farm winery to sell wine produced by another Connecticut farm winery. Prior law allowed farm wineries to sell only their own products. By law, a “farm winery” is a business that is located on a farm and that manufactures and sells wine. It may sell wine and beverages distilled from grape and other fruit products, such as brandy, grappa, and eau-de-vie. (**PA 02-25**, effective October 1, 2002)

Advertisement of Manufacturers’ Rebates for Alcoholic Liquor Products

This act allows liquor retailers to advertise the availability of a manufacturer’s rebate or a product’s net price. The advertisement must contain the selling price before the rebate is deducted, the amount of the rebate, the net price, and the date the rebate offer expires. All statements must be made in the same font size, color, and style. (**PA 02-22**, effective July 1, 2002)

Rates of State Cigarette Taxes

This act increases the cigarette tax from 50 cents to \$1.11 per pack of 20 (25 to 55.5 mills per cigarette), starting April 3, 2002.

On April 3, 2002, the act also imposed a 61-cent tax on each pack (30.5 mills on each cigarette) that cigarette dealers and distributors had in inventory. By May 1, 2002, each dealer and distributor had to report the number of cigarettes in inventory at either the close of business or midnight on April 2 to the Department of Revenue Services. Failure to file the report by the due date is grounds for the department to revoke a dealer’s or distributor’s license. (**PA 02-1**, effective April 3, 2002 for the new tax rate; upon passage for the tax and reports on cigarettes in inventory)

***Well Driller, Pharmacists,
Electronic Shelf-Price
Labeling, Health Clubs, the
Liquor Control Act, Building
Permits for Tradespersons,
Home Improvement Bonds,
Lemon Law Funding and
Shorthand Reporters***

Amongst other things, this act allows, rather than requires, the Department of Consumer Protection (DCP) to suspend the liquor permit of someone whose license has been suspended or revoked by the Gaming Policy Board or the Division of Special Revenue. (**PA 02-82**, effective October 1, 2002)

JRH:ts