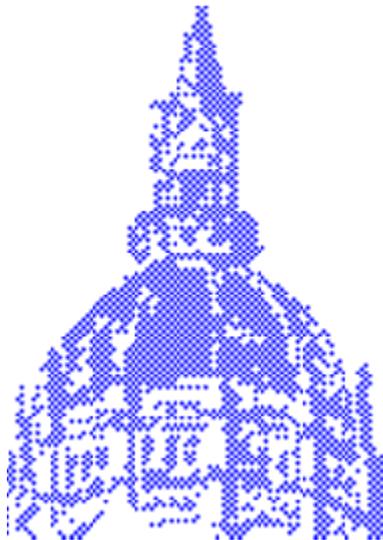


Office of Legislative Research
Connecticut General Assembly



OLR ACTS AFFECTING

ACTS AFFECTING BUSINESS



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John Rappa, Chief Analyst

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This report summarizes acts affecting business enacted during the 2010 regular session. It does not include sections of those acts that were vetoed as of the report's date.

The report summarizes only those provisions of each act that affects business. Consequently, we encourage readers to obtain full texts of the acts that interest them online at www.cga.ct.gov or from the Connecticut State Library or the House Clerk's Office. A detailed analysis of all 2010 acts are currently available at our webpage (www.cga.state.ct.us/olr).

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BUSINESS LAW AND PRACTICE

Connecticut Business Corporation Act

A new law making changes to the laws governing corporations requires parties to address notices to a corporation's secretary. It also sets conditions for providing equivalent financial information to shareholders exercising appraisal rights and allows directors to make certain decisions about recipients' rights, options, or warrants for the purchase of shares or other securities.

(PA 10-35, effective October 1, 2010)

Recovering Unpaid Employee Pension Obligations

The prevailing wage law authorizes the Labor Department to require a contractor on a public project to pay employee wages and benefits for subcontractors that failed to do so. When this happens, a new law permits the contractor to bring a civil action to recover the damages sustained by making such payments, including reasonable attorney fees. It also allows the same legal recourse to a subcontractor that is required to cover for a lower tier subcontractor's failure to pay wages or benefits.

(PA 10-47, effective October 1, 2010)

No Sales Solicitation Calls Act

A new law adds a penalty of up to \$11,000 for each violation of the law prohibiting solicitors from making unsolicited telephone calls to people who have registered on the state "Do Not Call" registry. By law, a violation is already an unfair trade practice.

(PA 10-52, effective January 1, 2011)

Retainage

The legislature lowered the maximum retainage allowed in commercial construction contracts from 7.5% to 5%. (Retainage" is the amount withheld from progress payments conditioned on substantial or final completion of all work in accordance with a construction contract. It does not include amounts withheld for failure to comply with construction plans or specifications.)

(PA 10-148, effective October 1, 2010)

Organized Retail Theft

A new law establishes two new crimes, organized retail theft and accessory to organized retail theft. A person commits organized retail theft when, for financial gain, he or she works with at least one other person to shoplift retail property that has an aggregate value of more than

\$2,000 and (1) does it during a 180-day period or (2) sells, delivers, or otherwise transfers it to a retail property fence. People committing either crime are guilty of a class C felony if the financial benefit is \$10,000 or more and a class D felony if the benefit is less than \$10,000.

(PA 10-177, effective October 1, 2010)

Service of Process on LLCs

A new law expands the options for serving process on limited liability companies (LLCs). It allows service on any manager or member vested with management of an LLC. Service can be made by leaving a copy with the person, at the member's usual place of abode in the state, or at the manager's usual place of abode in the state if the manager is a natural person.

(PA 10-178, effective October 1, 2010)

ECONOMIC DEVELOPMENT

Investment Capital

A new law authorizes authorize up to \$5 million in bonds for developing new business concepts (pre seed financing) and tax credits for investing in technology-based start-up businesses (angel credits) and expanding businesses (insurance reinvestment tax credits). It also provides funds for loans and lines of credit for small

businesses and technical assistance for alternative energy technology.

(PA 10-75, various effective dates)

Bradley Development Zone

The legislature designated an intermunicipal development zone around Bradley International Airport and extended enterprise zone tax incentives to manufacturers and other specified businesses that develop or acquire property in the zone and create jobs (Bradley Airport Development Zone). The zone encompasses parts of East Granby, Suffield, Windsor, and Windsor Locks.

(PA 10-98, effective October 1, 2011, but the (1) property tax exemptions apply to assessment years beginning on or after October 1, 2012 and (2) corporation business tax credit applies to income years beginning on or after January 1, 2013)

Property Tax Exemptions

A new law sets conditions for extending enterprise zone property tax exemptions and corporation business tax credits to businesses acquiring or developing facilities in municipalities hurt by major aerospace or defense plant closings, as determined by the DECD commissioner based on statutory criteria.

(PA 10-162, effective upon passage)

Tax Credit for Film Production

By law, developers constructing buildings, facilities, and installations needed to produce films in Connecticut qualify for tax credits regardless of whether they intend to sell the infrastructure or lease it. A new law limits the credits for leased facilities to those leased only under a capital lease.

(PA 10-107, effective July 1, 2010, and applicable to income years beginning on or after January 1, 2010)

Brownfields

Among other things, a new law expands the scope of several brownfield clean-up programs and establishes a working group to study brownfield issues. It also allows municipalities to (1) fix the assessment on such property before the owner begins to remediate it and (2) forgive back taxes on a contaminated property if a developer proposes to remediate it under a state-approved plan.

(PA 10-135, various effective dates)

Small Business Assistance

A new law requires the Small Business Affairs Office to provide a single point of contact for small businesses seeking state

financial and technical assistance.

(PA 10-145, effective upon passage)

Permit Ombudsman

The legislature authorized the creation of an office to expedite environmental, transportation and public health permits for economic development projects.

(PA 10-158, effective October 1, 2010)

Regional Economic Development

A new law provides a process for proposing regional economic development districts, preparing development strategies, and applying for state and federal economic development funds.

(PA 10-168, effective July 1, 2010)

Micro Businesses

Under a new law, Public Works Department selection panels must consider businesses annually grossing under \$3 million when selecting pre-qualified consultants to work on projects.

(PA 10-190, effective July 1, 2010)

ENERGY

Green Connecticut Loan Guaranty Program

Under a new law, the Connecticut Health and Educational Facilities Authority must use state bond money to guarantee loans for energy conservation projects undertaken by people, nonprofit organizations, and businesses employing fewer than 50 full-time workers.

(PA 10-179, effective July 1, 2010)

FINANCE, INSURANCE AND REAL ESTATE

Credit History

A new law codifies and amends the Insurance Department's guidelines on how insurers can use a person's credit history when underwriting or rating personal risk insurance policies, such as those for homes and autos.

(PA 10-7, effective July 1, 2011)

Motor Carrier Transportation Contracts

PA 10-110 makes void and unenforceable any provision, clause, covenant, or agreement in a "motor carrier transportation contract" that indemnifies, defends, or holds harmless an indemnitee from or against liability for loss or damage

caused by his or her negligence or intentional acts or omissions.
(Effective July 1, 2010)

Homestead Exemption

A new law extends the homestead exemption for judgment debtors to co-op properties.

(PA 10-181, effective October 1, 2010)

Judicial Foreclosure Mediation Program

The legislature (1) extended the judicial foreclosure mediation program for two years, to July 1, 2012 and (2) required that a mortgagee represented by counsel who is absent from a foreclosure mediation session be available by phone instead of by phone or electronic means.

(PA 10-181, effective upon passage)

Tenants of Foreclosed Homes

A new law establishes that the minimum incentive mortgagees or other successors in interest may offer tenants to vacate a foreclosed residential property is \$2,000, regardless of whether there is evidence of the amount of the tenant's security deposit.

(PA 10-181, effective October 1, 2010)

HEALTH CARE

Continuation of Health Insurance Coverage

A new law specifies insurers, HMOs, and administrators of group health insurance policies subject to the state continuation law (“mini-COBRA”) must comply with ARRA’s subsidy and notice requirements for coverage available through the Consolidated Omnibus Budget Reconciliation Act (COBRA).

(PA 10-1, effective upon passage)

Small Employer Plans

A new law extends certain laws governing small employer health insurance plans to part-time workers and limits them by excluding seasonal employees. It also requires an insurer or producer marketing small employer group health insurance plans to offer a small employer, upon its request, a premium quote for covering employees working at least 30 or 20 hours a week.

(PA 10-4, effective January 1, 2011)

Connecticut Insurance Clearinghouse

PA 10-4 establishes a clearinghouse where people and small businesses can obtain information about health insurance policies and health care available in Connecticut.

(Effective July 1, 2010)

COBRA Extension

The legislature extended the period for which certain people and their dependents may continue group health insurance under the state’s “mini-COBRA” law from 18 to 30 months.

(PA 10-13, effective upon passage)

Claims Denial Disclosure

Health insurers who deny coverage of a requested service because it is not medically necessary or a covered benefit must now notify the insureds that they may contact the Office of the Healthcare Advocate if they believe the information is incorrect. Insurers must provide the insured with contact information for the healthcare advocate’s office.

(PA 10-24, effective January 1, 2011)

Health Care Provider Contracts

The law sets conditions under which entities contracting with health care providers must give third parties access to the providers’ services, rates, or fees. Violating this law is now an unfair or deceptive insurance practice under a new law. That same new law also requires entities to routinely update their list of third parties, sets requirements under which they allow others access to the provider information, and allows

providers to take legal action against entities and third parties. (PA 10-59, effective October 1, 2010)

Oral Chemotherapy

A new law sets conditions under which certain health insurance policies must cover oral medication on at least as favorable basis as intravenous medication. It also bans insurers from complying with its requirements by reclassifying anticancer medications or increasing a patient's out-of-pocket costs for the medications.

(PA 10-63, effective January 1, 2011)

Long-Term Disability Offsets

Insurers issuing long-term disability policies here with offsets must now disclose to policyholders how the offset works, along with other information.

(PA 10-65, effective January 1, 2011)

LABOR

Evidence of Workers' Compensation Insurance

Under a new law, applicants for an initial Department of Consumer Protection license or permit may show that they have workers' compensation insurance by providing the name of the insurer, insurance policy number, effective dates of

coverage, and a certification that the information is truthful and accurate.

(PA 10-9, effective upon passage)

Second Injury Fund

PA 10-11 specifies that the penalty for overdue Second Injury Fund assessments from employers or insurers is 15% of the assessment or \$50, whichever is greater.

(Effective upon passage)

Employee Misclassification

Any employer that misrepresents the number of its employees to the state or casts them as independent contractors now face the same penalty as those who defraud or deceive insurance companies to pay lower workers compensation insurance. The same new law also increases the civil penalty for this violation by making each day of the violation a separate offense. It also specifies that any employer who is fully insured for workers' compensation and fails to pay the required state assessments for the Workers' Compensation Commission and the Second Injury Fund is guilty of a class D felony and subject to a stop work order.

(PA 10-12, effective October 1, 2010)

Short-Term, Noncredit Workforce Development Initiative

A new law authorizes \$1 million in bonds for training unemployed Connecticut residents and requires the Community-Technical Colleges Board of Trustees to develop short-term, noncredit programs providing job-related skills and workforce credentials.

(PA 10-75, effective July 1, 2010)

Mortgage Crisis Job Training Program

A new law authorizes \$1.3 million in bonds for the existing Mortgage Crisis Job Training Program, which provides rapid, customized employment services, job training, repair training, and job placement assistance to borrowers who are unemployed, underemployed, or in need of a second job.

(PA 10-75, effective July 1, 2010)

Requesting Military Caregiver Leave under FMLA

Under a new law, private-sector employees must notify employers before requesting military caregiver leave under the Family and Medical Leave Act. They must do so at least 30 days before leave begins or as soon as practicable if a treatment date is sooner.

(PA 10-88, effective upon passage)

Green Industry Jobs

Under a new law, the state's higher education institutions must (1) publicize green technology initiatives in higher education and (2) collaboratively further them.

(PA 10-156, effective October 1, 2010)

LAND USE AND ENVIRONMENT

Conservation and Preservation Restrictions

The law requires anyone seeking certain state and local permits to notify people and entities with conservation or preservation restrictions on the property before filing the permit application. A new law specifies that notices must be given and applications filed even if the activity occurs on a portion of the property not subject to the restrictions.

It also imposes civil penalties on anyone who files a permit application without proving that he or she notified the state agency holding restrictions on the property.

(PA 10-85, effective October 1, 2010)

Expedited Environmental Permitting

The legislature required the environmental protection commissioner to set timeframes for completing specified permitting tasks and allowed her to extend the expiration dates for general permits. It also required her to streamline the permitting process, advise people and businesses about how to comply with environmental laws, and adopt water quality standards through the regulations review process.

(PA 10-158, various effective dates)

Sites Undergoing Remediation

Under specified conditions, a new law allows a regulated activity, such as dry cleaning, to be conducted in an aquifer protection area where hazardous waste is being cleaned up at the time the particular area is designated on a municipal zoning district or inland wetland map. The law also makes the owner of a site formerly occupied by a dry cleaning establishment eligible for grants from the dry cleaning establishment remediation account.

(PA 10-86, effective upon passage)

Recycling and Solid Waste Collection Contracts

Among other things, a new law:

1. expands the types of items that must be recycled;
2. requires solid waste collectors and most municipalities to offer curbside or backyard recycling to those to whom they offer curbside or backyard waste removal;
3. requires recycling receptacles at common gathering venues that already have solid waste collection and that generate designated recyclable items;
4. prohibits zoning regulations from barring recycling receptacles, requiring receptacles to conform to most bulk or lot area regulations, or unreasonably restricting size of or access to recycling receptacles; and
5. requires contracts between solid waste contractors and their commercial customers to address how the customers' recycling will be handled.

(PA 10-87, various effective dates)

Housing Located in the 500-Year-Flood Plain

Under prior law, developers could not develop housing with state funds between the 100-year

and the 500-year flood plains. A new law allows them to do so when they are renovating or rehabilitating affordable housing and demolishing or reconstructing existing low- and moderate-income housing. Developers can do these things if the funding agency certifies the project's compliance with the National Flood Insurance Program.

(PA 10-139, effective July 1, 2010)

TAXES AND FEES

Captive Real Estate Investments Trusts

The legislature eliminated a state corporation tax deduction for federally deductible dividends companies receive from "captive" real estate investment trusts (REITs) unless the captive REIT is also subject to the Connecticut corporation tax.

(PA 10-188, effective upon passage and applicable to income years starting on or after January 1, 2010)

Amended Tax Returns

A new law modifies and expands requirements for filing amended corporation and income tax returns when taxpayers file amended federal corporation tax returns or amended income tax returns with other states or the District of Columbia. Among other things, it specifies that the 90-day deadline for filing

amended returns start from the date of the final federal or other state determination on the amended return. It also specifies that the 90-day period for paying state refunds starts after the taxpayer submits the proof of the final determination.

(PA 10-188, effective upon passage and applicable to income years starting on or after January 1, 2010)

Sales Tax Permits Held by Inactive Sellers

A new law allows only those who are actively conducting business as sellers to hold sales tax permits and requires inactive sellers to surrender their permits for cancellation. It allows the revenue services commissioner to cancel a permit, after notice and hearing, if a seller's tax returns show no sales for two successive annual periods, extends the required notice of a permit cancellation from 10 to 30 days, and makes other procedural changes.

(PA 10-188, effective July 1, 2010)

Motor Carrier Road Tax Reports

A new law eliminates the revenue services commissioner's authority to adopt alternate motor carrier road tax report quarterly filing deadlines by regulation, thus requiring all carriers filing quarterly operating reports to file them on the last

days of January, April, July, and October. The act also (1) requires the commissioner to exempt motor carriers that both operate and buy all their fuel only in Connecticut from all reporting, (2) requires all other carriers to file quarterly reports, and (3) eliminates annual reporting.

(PA 10-188, effective July 1, 2010)

Neighborhood Assistance Act Tax Credits

A new law increases Neighborhood Assistance Act tax credits for business investments in community-based alcoholism prevention or treatment programs from 40% to 60% of the investment, thus making it match the 60% credits generally applicable to most other credit-eligible activities. It also makes administrative changes.

(PA 10-188, effective upon passage)

Electronic Funds Transfer and Electronic Filing Requirements

A new law reduces the threshold for requiring taxpayers and employers to pay taxes or transfer withholding taxes electronically from over \$10,000 annually to (1) \$4,000 or more in annual tax liability and (2) more than \$2,000 in annual withholding tax payments. It also requires any taxpayer that is required to file tax returns, statements, and other documents electronically to also pay the

taxes electronically. The payment requirement does not apply to tax return preparers.

(PA 10-188, effective July 1, 2010)

Historic Structures Tax Credit

Property owners who rehabilitate historic structures for mixed commercial and residential use are eligible for business tax credits. Those completing projects in phases can receive tax credit vouchers for completing work on, and placing in service, an identifiable part of the building. A new law allows an owner to receive a voucher for a substantial rehabilitation of an identifiable part of a building even if the completed portion includes no residential units.

It also requires property owners to repay 100% of the credit voucher if they fail to complete the residential portion of the project by the deadline specified in the rehabilitation plan.

(PA 10-188, effective July 1, 2010 and applicable to income years starting on or after January 1, 2010)

Property Taxes for Telecommunications Companies

A new law eliminates the option for companies providing mobile telecommunications services to have their personal property taxed at a statewide mill

rate and specifies how this property must be taxed. It also specifies how fully depreciated property as of the October 1, 2009 grand list must be treated.

(PA 10-171, effective October 1, 2010 and applicable to assessment years beginning on or after that date)

Securitization of Electric Charges

To help fund the FY 11 General Fund budget plan, the legislature authorized the state to issue bonds backed by two charges imposed on electric bills (the competitive transaction charge and the conservation charge). It also required the Department of Public Utility Control, from January 1, 2011 through June 30, 2011, to have electric companies assess their customers a per kilowatt-hour charge to raise revenue for the General Fund.

(PA 10-179, effective upon passage)

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