

House of Representatives, April 6, 1998. The Committee on Finance, Revenue and Bonding reported through REP. SCHIESSL, 60th DIST., Chairman of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING SIMPLIFICATION, ENFORCEMENT AND MINOR CHANGES TO VARIOUS TAX STATUTES.

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

1 Section 1. Section 12-15 of the general  
2 statutes, as amended by section 6 of public act  
3 97-165, section 4 of public act 97-193, section 1  
4 of public act 97-200 and section 4 of public act  
5 97-243, is repealed and the following is  
6 substituted in lieu thereof:

7 (a) No officer or employee, including any  
8 former officer or former employee, of the state or  
9 of any other person who has or had access to  
10 returns or return information in accordance with  
11 subdivision (2) of subsection (c) of this section  
12 shall disclose OR INSPECT any return or return  
13 information, except as [hereinafter] provided IN  
14 THIS SECTION.

15 (b) The commissioner may disclose (1) returns  
16 or return information to (A) an authorized  
17 representative of another state agency or office,  
18 upon written request by the head of such agency or  
19 office, when required in the course of duty or  
20 when there is reasonable cause to believe that any  
21 state law is being violated, OR (B) AN AUTHORIZED  
22 REPRESENTATIVE OF AN AGENCY OR OFFICE OF THE

23 UNITED STATES, UPON WRITTEN REQUEST BY THE HEAD OF  
24 SUCH AGENCY OR OFFICE, WHEN REQUIRED IN THE COURSE  
25 OF DUTY OR WHEN THERE IS REASONABLE CAUSE TO  
26 BELIEVE THAT ANY FEDERAL LAW IS BEING VIOLATED,  
27 provided no such agency or office shall disclose  
28 such returns or return information, other than in  
29 a judicial or administrative proceeding to which  
30 such agency or office is a party pertaining to the  
31 enforcement of state OR FEDERAL law, AS THE CASE  
32 MAY BE, in a form which can be associated with, or  
33 otherwise identify, directly or indirectly, a  
34 particular taxpayer except that the names and  
35 addresses of jurors or potential jurors and the  
36 fact that the names were derived from the list of  
37 taxpayers pursuant to chapter 884 may be disclosed  
38 by the judicial branch; (2) returns or return  
39 information to the Auditors of Public Accounts,  
40 when required in the course of duty under chapter  
41 23; (3) returns or return information to tax  
42 officers of another state or of a Canadian  
43 province or of a political subdivision of such  
44 other state or province or of the District of  
45 Columbia or to any officer of the United States  
46 Treasury Department or the United States  
47 Department of Health and Human Services,  
48 authorized for such purpose in accordance with an  
49 agreement between this state and such other state,  
50 province, political subdivision, the District of  
51 Columbia or department, respectively, when  
52 required in the administration of taxes imposed  
53 under the laws of such other state, province,  
54 political subdivision, the District of Columbia or  
55 the United States, respectively, and when a  
56 reciprocal arrangement exists; (4) returns or  
57 return information in any action, case or  
58 proceeding in any court of competent jurisdiction,  
59 when the commissioner or any other state  
60 department or agency is a party, and when such  
61 information is directly involved in such action,  
62 case or proceeding; (5) returns or return  
63 information to a taxpayer or its authorized  
64 representative, upon written request for a return  
65 filed by or return information on such taxpayer;  
66 (6) returns to a successor, receiver, trustee,  
67 executor, administrator, assignee, guardian or  
68 guarantor of a taxpayer, when such person  
69 establishes, to the satisfaction of the  
70 commissioner, that he has a material interest

71 which will be affected by information contained in  
72 such return; (7) information to THE ASSESSOR OR AN  
73 AUTHORIZED REPRESENTATIVE OF the chief executive  
74 officer of a Connecticut municipality, when the  
75 information disclosed is limited to (A) a list of  
76 real or personal property that is or may be  
77 subject to property taxes in such municipality or  
78 (B) a list containing the name of each person who  
79 is issued any license, permit or certificate which  
80 is required, under the provisions of this title,  
81 to be conspicuously displayed and whose address is  
82 in such municipality; (8) real estate conveyance  
83 tax return information or controlling interest  
84 transfer tax return information to THE TOWN CLERK  
85 OR AN AUTHORIZED REPRESENTATIVE OF the chief  
86 executive officer of a Connecticut municipality to  
87 which the information relates; (9) estate tax  
88 returns and estate tax return information to the  
89 Probate Court Administrator or to the court of  
90 probate for the district within which a decedent  
91 resided at the date of his death, or within which  
92 the commissioner contends that a decedent resided  
93 at the date of his death or, if a decedent died a  
94 nonresident of this state, in the court of probate  
95 for the district within which real estate or  
96 tangible personal property of the decedent is  
97 situated, or within which the commissioner  
98 contends that real estate or tangible personal  
99 property of the decedent is situated; (10) returns  
100 or return information to the Secretary of the  
101 Office of Policy and Management for purposes of  
102 subsection (b) of section 12-7a, AS AMENDED; [and]  
103 (11) return information to the Jury Administrator,  
104 when the information disclosed is limited to the  
105 names, addresses, federal Social Security numbers  
106 and dates of birth, if available, of residents of  
107 this state, as defined in subdivision (1) of  
108 subsection (a) of section 12-701, AS AMENDED; (12)  
109 PURSUANT TO REGULATIONS ADOPTED BY THE  
110 COMMISSIONER, RETURNS OR RETURN INFORMATION TO ANY  
111 PERSON TO THE EXTENT NECESSARY IN CONNECTION WITH  
112 THE PROCESSING, STORAGE, TRANSMISSION OR  
113 REPRODUCTION OF SUCH RETURNS OR RETURN  
114 INFORMATION, AND THE PROGRAMMING, MAINTENANCE,  
115 REPAIR, TESTING OR PROCUREMENT OF EQUIPMENT, OR  
116 THE PROVIDING OF OTHER SERVICES, FOR PURPOSES OF  
117 TAX ADMINISTRATION; AND (13) WITHOUT WRITTEN  
118 REQUEST AND UNLESS HE DETERMINES THAT DISCLOSURE

119 WOULD IDENTIFY A CONFIDENTIAL INFORMANT OR  
120 SERIOUSLY IMPAIR A CIVIL OR CRIMINAL TAX  
121 INVESTIGATION, RETURNS AND RETURN INFORMATION  
122 WHICH MAY CONSTITUTE EVIDENCE OF A VIOLATION OF  
123 ANY CIVIL OR CRIMINAL LAW OF THIS STATE OR THE  
124 UNITED STATES TO THE EXTENT NECESSARY TO APPRISE  
125 THE HEAD OF SUCH AGENCY OR OFFICE CHARGED WITH THE  
126 RESPONSIBILITY OF ENFORCING SUCH LAW, IN WHICH  
127 EVENT THE HEAD OF SUCH AGENCY OR OFFICE MAY  
128 DISCLOSE SUCH RETURN INFORMATION TO OFFICERS AND  
129 EMPLOYEES OF SUCH AGENCY OR OFFICE TO THE EXTENT  
130 NECESSARY TO ENFORCE SUCH LAW. [Any person who  
131 violates any provision of this section shall be  
132 fined not more than one thousand dollars or  
133 imprisoned not more than one year or both.]

134 [(b) Notwithstanding the provisions of  
135 subsection (a) of this section or any other  
136 provision of the general statutes, any]

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

149 [(c) Notwithstanding the provisions of  
150 subsection (a) of this section, the]

151 (d) THE commissioner may [(1)] upon request,  
152 verify whether or not any license, permit or  
153 certificate required under the provisions of this  
154 title to be conspicuously displayed has been  
155 issued by him to any particular person. [; (2)  
156 pursuant to regulations promulgated by him,  
157 disclose returns or return information to any  
158 person to the extent necessary in connection with  
159 the processing, storage, transmission, or  
160 reproduction of such returns or return  
161 information, and the programming, maintenance,  
162 repair, testing, or procurement of equipment, or  
163 the providing of other services, for purposes of  
164 tax administration; (3) refuse to open to  
165 inspection or disclose to any person any returns  
166 or return information made available to the

167 commissioner by any tax officer of another state,  
168 a Canadian province or political subdivision of  
169 such other state or province or of the District of  
170 Columbia or by any officer of the United States  
171 Treasury Department or the United States  
172 Department of Health and Human Services in  
173 accordance with a written agreement between this  
174 state and such other state, province, political  
175 subdivision, the District of Columbia or  
176 department, respectively, which agreement provides  
177 that the disclosure of such returns or return  
178 information by the commissioner is prohibited; (4)  
179 without written request and unless he determines  
180 that disclosure would identify a confidential  
181 information or seriously impair a civil or  
182 criminal tax investigation, disclose returns and  
183 return information which may constitute evidence  
184 of a violation of any civil or criminal law of  
185 this state or the United States to the extent  
186 necessary to apprise the head of such agency or  
187 office charged with the responsibility of  
188 enforcing such law, in which event the head of  
189 such agency or office may disclose such return  
190 information to officers and employees of such  
191 agency or office to the extent necessary to  
192 enforce such law.]

193 [(d) Notwithstanding the provisions of  
194 subsection (a) of this section, the commissioner]

195 (e) THE COMMISSIONER MAY REFUSE TO OPEN TO  
196 INSPECTION OR DISCLOSE TO ANY PERSON ANY RETURNS  
197 OR RETURN INFORMATION MADE AVAILABLE TO THE  
198 COMMISSIONER BY ANY TAX OFFICER OF ANOTHER STATE,  
199 A CANADIAN PROVINCE OR POLITICAL SUBDIVISION OF  
200 SUCH OTHER STATE OR PROVINCE OR OF THE DISTRICT OF  
201 COLUMBIA OR BY ANY OFFICER OF THE UNITED STATES  
202 TREASURY DEPARTMENT OR THE UNITED STATE DEPARTMENT  
203 OF HEALTH AND HUMAN SERVICES IN ACCORDANCE WITH A  
204 WRITTEN AGREEMENT BETWEEN THIS STATE AND SUCH  
205 OTHER STATE, PROVINCE, POLITICAL SUBDIVISION, THE  
206 DISTRICT OF COLUMBIA OR DEPARTMENT, RESPECTIVELY,  
207 WHICH AGREEMENT PROVIDES THAT THE DISCLOSURE OF  
208 SUCH RETURNS OR RETURN INFORMATION BY THE  
209 COMMISSIONER IS PROHIBITED. IN ADDITION, HE may  
210 refuse to open to inspection or disclosure to any  
211 state OR UNITED STATES agency or office described  
212 in subdivision (1) of subsection [(a)] (b) of this  
213 section, returns or return information unless such  
214 agency or office shall have: (1) Established and

215 maintained, to the satisfaction of the  
216 commissioner, a permanent system of standardized  
217 records with respect to any request, the reason  
218 for such request, and the date of such request  
219 made by or of it and any disclosure OR INSPECTION  
220 of returns or return information made by or to it;  
221 (2) established and maintained, to the  
222 satisfaction of the commissioner, a secure area or  
223 place in which such returns or return information  
224 shall be stored; (3) restricted, to the  
225 satisfaction of the commissioner, access to the  
226 returns or return information only to persons  
227 whose duties or responsibilities require access  
228 and to whom disclosure may be made under this  
229 section OR BY WHOM INSPECTION MAY BE MADE UNDER  
230 THIS SECTION; (4) provided such other safeguards  
231 which the commissioner prescribes as necessary or  
232 appropriate to protect the confidentiality of the  
233 returns or return information; (5) furnished a  
234 report to the commissioner, at such time and  
235 containing such information as the commissioner  
236 may prescribe, which describes the procedures  
237 established and utilized by such agency or office  
238 for ensuring the confidentiality of returns and  
239 return information required by this subsection;  
240 and (6) upon completion of use of such returns or  
241 return information, returned to the commissioner  
242 such returns or return information, along with any  
243 copies made therefrom, or makes such returns or  
244 return information undisclosable in such manner as  
245 the commissioner may prescribe and furnishes a  
246 written report to the commissioner identifying the  
247 returns or return information that were made  
248 undisclosable.

249 (f) RETURNS AND RETURN INFORMATION SHALL,  
250 WITHOUT WRITTEN REQUEST, BE OPEN TO INSPECTION BY  
251 OR DISCLOSURE TO: (1) OFFICERS AND EMPLOYEES OF  
252 THE DEPARTMENT OF REVENUE SERVICES WHOSE OFFICIAL  
253 DUTIES REQUIRE SUCH INSPECTION OR DISCLOSURE FOR  
254 TAX ADMINISTRATION PURPOSES; (2) OFFICERS OR  
255 EMPLOYEES OF AN AGENCY OR OFFICE IN ACCORDANCE  
256 WITH SUBDIVISION (1) OR (13) OF SUBSECTION (b) OF  
257 THIS SECTION WHOSE OFFICIAL DUTIES REQUIRE SUCH  
258 INSPECTION; AND (3) OFFICERS OR EMPLOYEES OF ANY  
259 PERSON IN ACCORDANCE WITH SUBDIVISION (12) OF  
260 SUBSECTION (b) OF THIS SECTION, WHOSE DUTIES  
261 REQUIRE SUCH INSPECTION OR DISCLOSURE.

262 (g) ANY PERSON WHO VIOLATES ANY PROVISION OF  
263 THIS SECTION SHALL BE FINED NOT MORE THAN ONE  
264 THOUSAND DOLLARS OR IMPRISONED NOT MORE THAN ONE  
265 YEAR, OR BOTH.

266 [(e)] (h) For purposes of this section:

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

278 (2) "Return information" means a taxpayer's  
279 identity, the nature, source, or amount of the  
280 taxpayer's income, payments, receipts, deductions,  
281 exemptions, credits, assets, liabilities, net  
282 worth, tax liability, tax collected or withheld,  
283 tax underreportings, tax overreportings, or tax  
284 payments, whether the taxpayer's return was, is  
285 being, or will be examined or subjected to other  
286 investigation or processing, or any other data  
287 received by, recorded by, prepared by, furnished  
288 to, or collected by the commissioner with respect  
289 to a return or with respect to the determination  
290 of the existence, or possible existence, of  
291 liability of any person for any tax, penalty,  
292 interest, fine, forfeiture, or other imposition,  
293 or offense. "Return information" does not include  
294 data in a form which cannot be associated with, or  
295 otherwise identify, directly or indirectly, a  
296 particular taxpayer. Nothing in the preceding  
297 sentence, or in any other provision of law, shall  
298 be construed to require the disclosure of  
299 standards used or to be used for the selection of  
300 returns for examination, or data used or to be  
301 used for determining such standards or the  
302 disclosure of the identity of a confidential  
303 informant, whether or not a civil or criminal tax  
304 investigation has been undertaken or completed.

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

308 (4) "INSPECTION" MEANS ANY EXAMINATION OF A  
309 RETURN OR RETURN INFORMATION.

310 (5) "TAX ADMINISTRATION" MEANS THE  
311 ADMINISTRATION, MANAGEMENT, CONDUCT, DIRECTION AND  
312 SUPERVISION OF THE EXECUTION AND APPLICATION OF  
313 THE TAX LAWS OF THIS STATE, AND THE DEVELOPMENT  
314 AND FORMULATION OF TAX POLICY RELATING TO EXISTING  
315 OR PROPOSED TAX LAWS OF THIS STATE, AND INCLUDES  
316 ASSESSMENT, COLLECTION, ENFORCEMENT, LITIGATION,  
317 PUBLICATION AND STATISTICAL GATHERING FUNCTIONS  
318 UNDER SUCH LAWS.

319 Sec. 2. (NEW) (a) For purposes of this  
320 section:

321 (1) "Taxpayer" means any person identified by  
322 a claimant state to the Commissioner of Revenue  
323 Services under this section as owing taxes to such  
324 claimant state, including, in the case of a refund  
325 of any tax imposed upon the income of individuals,  
326 the spouse of the taxpayer, where such taxpayer  
327 filed a joint return with such spouse;

328 (2) "Claimant state" means any other state or  
329 the District of Columbia which extends a like  
330 comity for the collection of taxes owed to this  
331 state;

332 (3) "Taxes" means any amount of tax imposed  
333 under the laws of the claimant state, including  
334 additions to tax for penalties and interest, which  
335 is finally due and payable to the claimant state,  
336 and with respect to which any administrative or  
337 judicial remedies, or both, have been exhausted or  
338 have lapsed, and which is legally enforceable  
339 under the laws of the claimant state, whether or  
340 not there is an outstanding judgment for such sum;

341 (4) "Refund" means any taxpayer's claim to  
342 repayment of an overpayment of a tax determined by  
343 this state to be owed to the taxpayer by this  
344 state; and

345 (5) "Tax officer" means a unit or official of  
346 a claimant state, or the duly authorized agent of  
347 such unit or official, charged with the  
348 imposition, assessment or collection of taxes of  
349 that state.

350 (b) (1) Upon the request and certification of  
351 the tax officer of a claimant state to the  
352 Commissioner of Revenue Services that a taxpayer  
353 owes taxes to such claimant state, the  
354 commissioner may withhold all or a portion of any  
355 refund to which such taxpayer would otherwise be  
356 entitled and pay over such withheld amount to the  
357 claimant state in accordance with the provisions

358 of this section. The commissioner shall not  
359 withhold a refund unless the laws of the claimant  
360 state allow the Commissioner of Revenue Services  
361 to certify that a taxpayer owes taxes to this  
362 state and to request the tax officer of the  
363 claimant state to withhold all or a portion of any  
364 refund to which such taxpayer would otherwise be  
365 entitled, and provide for the payment over of such  
366 withheld amount to this state.

367 (2) Such certification shall include the full  
368 name and address of the taxpayer; the taxpayer's  
369 Social Security number or federal employer  
370 identification number; the amount of taxes owed to  
371 such state, including a detailed statement for  
372 each taxable period showing tax, interest and  
373 penalty; and a statement that any administrative  
374 or judicial remedies, or both, have been exhausted  
375 or have lapsed and that the amount of taxes is  
376 legally enforceable under the laws of such state.

377 (3) Upon receipt by the commissioner of the  
378 required certification, he shall notify the  
379 taxpayer that he has received a request from the  
380 claimant state to withhold all or a portion of any  
381 refund, that the taxpayer has the right to protest  
382 the withholding of the refund, that failure to  
383 file a protest in accordance with subdivision (4)  
384 of this subsection shall constitute a waiver of  
385 any demand against this state on account of such  
386 withheld amount and the withheld amount will be  
387 paid over to the claimant state. The notice shall  
388 include a copy of the certification by the tax  
389 officer of such claimant state. Thirty days after  
390 the date on which it is mailed, a notice under  
391 this subdivision shall be final except only for  
392 such amounts as to which the taxpayer has filed,  
393 as provided in subdivision (4) of this subsection,  
394 a written protest with the Commissioner of Revenue  
395 Services.

396 (4) Any taxpayer notified in accordance with  
397 subdivision (3) of this subsection may, on or  
398 before the thirtieth day after the mailing of such  
399 notice by the Commissioner of Revenue Services,  
400 protest the withholding of all or a portion of a  
401 refund by filing with the commissioner a written  
402 protest in which the taxpayer shall set forth the  
403 grounds on which the protest is based. If a timely  
404 protest is filed, the commissioner shall impound  
405 the claimed amount of the refund, pay to the

406 taxpayer the unclaimed amount, if any, of the  
407 refund, send a copy of the protest to the claimant  
408 state for determination of the protest on its  
409 merits in accordance with the laws of that state,  
410 and pay over to the taxpayer the impounded amount  
411 if the claimant state shall fail on or before the  
412 forty-fifth day after the sending of the copy of  
413 the protest by the commissioner to such claimant  
414 state to recertify to the commissioner that the  
415 claimant state has reviewed the stated grounds on  
416 which the protest is based, and to recertify the  
417 amount of taxes which is finally due and payable  
418 to the claimant state, which is legally  
419 enforceable under the laws of the claimant state  
420 against the taxpayer, and with respect to which  
421 any administrative or judicial remedies, or both,  
422 have been exhausted or have lapsed.

423 (5) Where the amount withheld in accordance  
424 with this subsection is a refund of any tax  
425 imposed upon the income of individuals and in  
426 connection with which the taxpayer filed a joint  
427 return with his or her spouse, and the spouse is  
428 not a taxpayer, the spouse shall have the right to  
429 be paid his or her portion of the refund by  
430 establishing his or her share of such refund. The  
431 amount of such spouse's share of such refund shall  
432 be established by recomputing the spouse's share  
433 of the joint liability and subtracting that amount  
434 from the taxpayer's contribution toward the joint  
435 liability, provided the amount of the overpayment  
436 refunded to the spouse shall not exceed the amount  
437 of the joint overpayment.

438 (6) Subject to the provisions of subdivisions  
439 (3), (4) and (5) of this subsection, the  
440 commissioner shall pay over to the claimant state  
441 the entire amount withheld or the amount  
442 certified, whichever is less; pay any refund in  
443 excess of the certified amount to the taxpayer;  
444 and, if the amount certified exceeds the amount  
445 withheld, withhold amounts from subsequent refunds  
446 due to the taxpayer, provided the claimant state  
447 agrees to withhold subsequent refunds due to  
448 taxpayers certified to the claimant state by the  
449 commissioner.

450 (c) The commissioner may enter into  
451 agreements with the tax officers of claimant  
452 states relating to procedures and methods to be  
453 employed by a claimant state with respect to the

454 operation of this section; safeguards against the  
455 disclosure or inappropriate use of any information  
456 that identifies, directly or indirectly, a  
457 particular taxpayer obtained or maintained  
458 pursuant to this subsection; and a minimum amount  
459 of taxes owed by a taxpayer to a claimant state,  
460 so that, if a taxpayer owes less than such amount  
461 to such claimant state, the claimant state will  
462 not avail itself of the provisions of this section  
463 with respect to that taxpayer.

464 (d) The collection procedures prescribed by  
465 this section shall not be construed as a  
466 substitute for any other remedy available by law  
467 to the Commissioner of Revenue Services.

468 Sec. 3. Subsections (a) and (b) of section  
469 12-39m of the general statutes are repealed and  
470 the following is substituted in lieu thereof:

471 (a) A taxpayer, objecting to the assessment  
472 of any tax due the state or interest thereon, may  
473 at any time ON OR BEFORE THE MAKING OF SUCH  
474 ASSESSMENT BUT prior to the expiration of the  
475 later of (1) the time period for contesting such  
476 tax, or (2) the entry of an order by the Superior  
477 Court upholding such assessment, make a remittance  
478 that is designated in writing as a deposit in the  
479 nature of a cash bond. Such remittance shall not  
480 be deemed to be a concession by the taxpayer of  
481 the liability therefor and shall not diminish or  
482 abrogate the taxpayer's right to contest the  
483 applicability of the tax, interest or penalty,  
484 prior to the time otherwise available for  
485 contesting the tax or penalty.

486 (b) Notwithstanding the provisions of section  
487 12-39h, at the time of the application of the cash  
488 bond upon the final resolution of the controversy,  
489 there shall be applied first to the payment of the  
490 tax finally determined to be due so much of the  
491 cash bond as is represented by the ratio,  
492 determined as of the date of receipt of the cash  
493 bond OR THE DATE OF THE ASSESSMENT, WHICHEVER IS  
494 LATER, of the tax assessed over the total of the  
495 tax assessed and the interest accrued as of such  
496 date, and the balance shall be treated as interest  
497 paid on the tax assessed as of such date. Interest  
498 on the outstanding balance of the tax due and not  
499 deemed satisfied by the cash bond shall be  
500 determined as if the cash bond so applied to the  
501 payment of tax had been a tax payment as of the

502 date of receipt of the cash bond OR THE DATE OF  
503 THE ASSESSMENT, WHICHEVER IS LATER, such that the  
504 deposit stops the further accrual or compounding  
505 of interest with respect to the portion of the  
506 assessment deemed paid as of such [earlier] date.  
507 The balance of the cash bond, if any, shall be  
508 applied to the payment of interest as of the date  
509 of receipt of the cash bond, with any excess  
510 applied in accordance with said section 12-39h.

511 Sec. 4. Section 12-205 of the general  
512 statutes, as amended by section 8 of public act  
513 97-243, is repealed and the following is  
514 substituted in lieu thereof:

515 Each domestic insurance company doing  
516 business in this state shall, on or before the  
517 first day of March, annually, render to the  
518 Commissioner of Revenue Services [, under oath or  
519 affirmation of at least one of its principal  
520 officers,] an annual return, on forms prescribed  
521 or furnished by the commissioner AND SIGNED BY ONE  
522 OF THE PRINCIPAL OFFICERS OF SUCH COMPANY, stating  
523 specifically the name of the company and the  
524 location of its principal office, the names and  
525 locations of any subsidiary domestic insurance  
526 companies or insurance holding companies, the  
527 interest, dividends, premiums and other items of  
528 gross income received by such company and by each  
529 of the departments of such company during the next  
530 preceding calendar year, the deductions from such  
531 items of gross income as specified in this chapter  
532 and such other information as the commissioner may  
533 require for the purpose of making any computations  
534 required by this chapter and for the enforcement  
535 of this chapter. The amount of tax reported to be  
536 due on such return shall be due and payable on or  
537 before said first day of March. Payments shall be  
538 made in cash or by check, draft or money order  
539 drawn to the order of the Commissioner of Revenue  
540 Services. The commissioner may, for good cause  
541 shown, extend the time for making the return and  
542 paying the tax, if a written request is filed with  
543 the commissioner together with a tentative return  
544 which must be accompanied by a payment of the tax  
545 reported to be due thereon on or before said first  
546 day of March. Any company to which an extension is  
547 granted shall pay, in addition to the tax,  
548 interest at the rate of one per cent per month or  
549 fraction thereof from the date on which the tax

550 would have been due without the extension until  
551 the date of payment.

552 Sec. 5. Subdivision (22) of subsection (a) of  
553 section 12-213 of the general statutes, as amended  
554 by section 3 of public act 97-295, is repealed and  
555 the following is substituted in lieu thereof:

556 (22) "S corporation" means any corporation  
557 which is an S corporation for federal income tax  
558 purposes AND INCLUDES ANY SUBSIDIARY OF SUCH S  
559 CORPORATION THAT IS A QUALIFIED SUBCHAPTER S  
560 SUBSIDIARY, AS DEFINED IN SECTION 1361(b)(3)(B) OF  
561 THE INTERNAL REVENUE CODE, ALL OF WHOSE ASSETS,  
562 LIABILITIES AND ITEMS OF INCOME, DEDUCTION AND  
563 CREDIT ARE TREATED UNDER THE INTERNAL REVENUE  
564 CODE, AND SHALL BE TREATED UNDER THIS CHAPTER, AS  
565 ASSETS, LIABILITIES AND SUCH ITEMS, AS THE CASE  
566 MAY BE, OF SUCH S CORPORATION.

567 Sec. 6. Subdivision (2) of subsection (a) of  
568 section 12-214 of the general statutes is repealed  
569 and the following is substituted in lieu thereof:

570 (2) The following companies shall be exempt  
571 from the tax imposed under this chapter: (A)  
572 Insurance companies incorporated or organized  
573 under the laws of any other state or foreign  
574 government, (B) companies exempt by the federal  
575 corporation net income tax law, and any company  
576 which qualifies as a domestic international sales  
577 corporation (DISC), as defined in Section 992 of  
578 the Internal Revenue Code of 1986, or any  
579 subsequent corresponding internal revenue code of  
580 the United States, as from time to time amended,  
581 and as to which a valid election under subsection  
582 (b) of said Section 992 to be treated as a DISC is  
583 effective, but excluding companies, other than any  
584 company which so qualifies as, and so elects to be  
585 treated as, a DISC, which elect not to be subject  
586 to such tax under any provision of said Internal  
587 Revenue Code other than said subsection (b) of  
588 Section 992; (C) companies subject to gross  
589 earnings taxes under chapter 210; (D) companies  
590 all of whose properties in this state are operated  
591 by companies subject to gross earnings taxes under  
592 chapter 210; (E) cooperative housing corporations,  
593 as defined for federal income tax purposes; (F)  
594 any organization or association of two or more  
595 persons established and operated for the exclusive  
596 purpose of promoting the success or defeat of any  
597 candidate for public office or of any political

598 party or question or constitutional amendment to  
599 be voted upon at any state or national election or  
600 for any other political purpose; (G) any company  
601 which is not owned or controlled, directly or  
602 indirectly, by any other company, the gross annual  
603 revenues of which in the most recently completed  
604 year did not exceed one hundred million dollars  
605 and which engaged in the research, design,  
606 manufacture, sale or installation of alternative  
607 energy systems or motor vehicles powered in whole  
608 or in part by electricity, natural gas or solar  
609 energy including their parts and components,  
610 provided at least seventy-five per cent of the  
611 gross annual revenues of such company are derived  
612 from such research, design, manufacture, sale or  
613 installation; [and] (H) any company which engages  
614 in the research, design, manufacture or sale in  
615 Connecticut of aero-derived gas turbine systems in  
616 advanced industrial applications, which  
617 applications are developed after October 1, 1992,  
618 which are limited to simply-cycle systems, humid  
619 air, steam or water injection, recuperation or  
620 intercooling technologies, including their parts  
621 and components, to the extent that such company's  
622 net income is directly attributable to such  
623 purposes; (I) ANY NONUNITED STATES CORPORATION,  
624 WHICH SHALL BE ANY FOREIGN CORPORATION, AS DEFINED  
625 IN SECTION 7701(a)(5) OF THE INTERNAL REVENUE  
626 CODE, WHOSE SOLE ACTIVITY IN THIS STATE DURING THE  
627 INCOME YEAR CONSISTS OF THE TRADING IN STOCKS OR  
628 SECURITIES FOR SUCH CORPORATION'S OWN ACCOUNT, AS  
629 DEFINED IN SECTION 864(b)(2)(A)(ii) OF SAID  
630 INTERNAL REVENUE CODE; AND (J) FOR INCOME YEARS  
631 COMMENCING ON OR AFTER JANUARY 1, 2001, S  
632 CORPORATIONS.

633 Sec. 7. Section 12-222 of the general  
634 statutes is repealed and the following is  
635 substituted in lieu thereof:

636 (a) Each company subject to the tax imposed  
637 under this part shall render to the commissioner  
638 an annual return, signed by one of its principal  
639 officers, on forms prescribed or furnished by the  
640 commissioner, stating specifically the name of the  
641 company and the location of its principal office,  
642 the state where organized and the date of  
643 organization, the names and locations of all  
644 subsidiaries, the amount of its paid-up capital  
645 and surplus at the end of the income year, the

646 amount of its undivided profits and reserves at  
647 the end of such year, the par value of all  
648 indebtedness at the end of such year, the items of  
649 gross income received during such year, the  
650 deductions permitted by law, the interest and  
651 rental payments during such year, the dividend  
652 payments and changes in capital, surplus and  
653 undivided profits during such year, complete  
654 balance sheets at the beginning and end of such  
655 year or period and such other facts as the  
656 commissioner may require for the purpose of making  
657 any computation required by this part.

658 (b) Such return shall be due on or before the  
659 first day of the fourth month next succeeding the  
660 end of the income year, OR, IN THE CASE OF AN S  
661 CORPORATION, ON OR BEFORE THE FIFTEENTH DAY OF THE  
662 FOURTH MONTH NEXT SUCCEEDING THE END OF THE INCOME  
663 YEAR.

664 (c) The commissioner may grant a reasonable  
665 extension of time for filing a completed return,  
666 if the company files a tentative return and  
667 application for extension of time in which to file  
668 a completed return, on forms furnished or  
669 prescribed by the commissioner, on or before the  
670 first day of the fourth month next succeeding the  
671 end of the income year, OR, IN THE CASE OF AN S  
672 CORPORATION, ON OR BEFORE THE FIFTEENTH DAY OF THE  
673 FOURTH MONTH NEXT SUCCEEDING THE END OF THE INCOME  
674 YEAR.

675 (d) In any case in which the commissioner  
676 believes that it would be advantageous to him in  
677 the computation of the tax as imposed by this  
678 part, such state return shall be accompanied by a  
679 true copy of the last income tax return, if any,  
680 made to the Internal Revenue Service.

681 (e) The amount of tax reported to be due on  
682 such return or tentative return shall be due and  
683 payable on or before the first day of the fourth  
684 month next succeeding the end of the income year,  
685 OR, IN THE CASE OF AN S CORPORATION, ON OR BEFORE  
686 THE FIFTEENTH DAY OF THE FOURTH MONTH NEXT  
687 SUCCEEDING THE END OF THE INCOME YEAR.

688 (f) Payment shall be made in cash or by  
689 check, draft or money order drawn to the order of  
690 the Commissioner of Revenue Services.

691 Sec. 8. Section 12-223a of the general  
692 statutes is repealed and the following is  
693 substituted in lieu thereof:

694 [(1)] (a) Any taxpayer included in a  
695 consolidated return with one or more other  
696 corporations for federal income tax purposes may  
697 elect to file a combined return under this chapter  
698 together with such other companies subject to the  
699 tax imposed thereunder as are included in the  
700 federal consolidated corporation income tax return  
701 and such combined return shall be filed in such  
702 form and setting forth such information as the  
703 Commissioner of Revenue Services may require.  
704 Notice of an election made pursuant to the  
705 provisions of this subsection and consent to such  
706 election must be submitted in written form to the  
707 Commissioner of Revenue Services by each  
708 corporation so electing not later than the due  
709 date, [of] OR IF AN EXTENSION OF TIME TO FILE HAS  
710 BEEN REQUESTED AND GRANTED, THE EXTENDED DUE DATE  
711 OF THE returns due from the electing corporations  
712 for the initial income year for which the election  
713 to file a combined return is made. SUCH ELECTION  
714 SHALL BE IN EFFECT FOR SUCH INITIAL INCOME YEAR  
715 AND FOR EACH SUCCEEDING INCOME YEARS UNLESS AND  
716 UNTIL SUCH ELECTION IS REVOKED IN ACCORDANCE WITH  
717 THE PROVISIONS OF SUBSECTION (d) OF THIS SECTION.

718 [(2)] (b) Any taxpayer, other than a  
719 corporation filing a combined return with one or  
720 more other corporations under subsection [(1)] (a)  
721 of this section, which owns or controls either  
722 directly or indirectly substantially all the  
723 capital stock of one or more corporations, or  
724 substantially all the capital stock of which is  
725 owned or controlled either directly or indirectly  
726 by one or more other corporations or by interests  
727 which own or control either directly or indirectly  
728 substantially all the capital stock of one or more  
729 other corporations, may, in the discretion of the  
730 Commissioner of Revenue Services, be required or  
731 permitted by written approval of the Commissioner  
732 of Revenue Services to make a return on a combined  
733 basis covering any such other corporations and  
734 setting forth such information as the Commissioner  
735 of Revenue Services may require, provided no  
736 combined return covering any corporation not [a  
737 taxpayer] SUBJECT TO TAX UNDER THIS CHAPTER shall  
738 be required unless the Commissioner of Revenue  
739 Services deems such a return necessary, because of  
740 intercompany transactions or some agreement,  
741 understanding, arrangement or transaction referred

742 to in section 12-226a, in order properly to  
743 reflect the tax liability under this part.

744 [(3)] (c) (1) In the case of a combined  
745 return, the tax shall be measured by the sum of  
746 the separate net income or loss of each  
747 corporation included or the minimum tax base of  
748 the included corporations but only to the extent  
749 that said income, loss or minimum tax base of any  
750 included corporation is separately apportioned to  
751 Connecticut in accordance with the provisions of  
752 section 12-218, AS AMENDED, 12-219a or 12-244,  
753 whichever is applicable. In computing said net  
754 income or loss, intercorporate dividends shall be  
755 eliminated, and in computing the combined  
756 additional tax base, intercorporate stockholdings  
757 shall be eliminated.

758 (2) If the method of determining the combined  
759 measure of such tax in accordance with this  
760 subsection for two or more affiliated companies  
761 validly electing to file a combined return under  
762 the provisions of subsection [(1)] (a) of this  
763 section is deemed by such companies to unfairly  
764 attribute an undue proportion of their total  
765 income or minimum tax base to this state, said  
766 companies may submit a petition in writing to the  
767 Commissioner of Revenue Services for approval of  
768 an alternate method of determining the combined  
769 measure of their tax not later than sixty days  
770 prior to the due date of the combined return to  
771 which the petition applies and said commissioner  
772 shall grant or deny such approval before said due  
773 date. In deciding whether or not the companies  
774 included in such combined return should be granted  
775 approval to employ the alternate method proposed  
776 in such petition, the Commissioner of Revenue  
777 Services shall consider approval only in the event  
778 that the petitioners have clearly established to  
779 the satisfaction of said commissioner that all the  
780 companies included in such combined return are, in  
781 substance, parts of a unitary business engaged in  
782 a single business enterprise and further that  
783 there are substantial intercorporate business  
784 transactions among such included companies.

785 (3) Upon the filing of a combined return  
786 under [subsections (1) and (2)] SUBSECTION (a) OR  
787 (b) of this section, combined returns shall be  
788 filed for all succeeding income years or periods  
789 for those corporations reporting therein,

790 provided, IN THE CASE OF CORPORATIONS FILING UNDER  
791 SUBSECTION (a) OF THIS SECTION, such corporations  
792 are included in a federal consolidated corporation  
793 income tax return filed for the succeeding income  
794 years and, in the case of a corporation filing  
795 under subsection [(2)] (b) OF THIS SECTION, the  
796 aforesaid ownership or control continues in full  
797 force and effect and is not extended to other  
798 corporations, and further, provided no substantial  
799 change is made in the nature or locations of the  
800 operations of such corporations.

801 [(4)] (d) Notwithstanding the provisions of  
802 subsections [(1)] (a) and [(3)] (c) of this  
803 section, any taxpayer which has elected to file a  
804 combined return under this chapter as provided in  
805 said subsection [(1)] (a), may subsequently REVOKE  
806 ITS ELECTION TO FILE A COMBINED CORPORATION  
807 BUSINESS TAX RETURN AND elect to file a separate  
808 corporation business tax return under this  
809 chapter, although continuing to be included in a  
810 federal consolidated corporation income tax return  
811 with other companies subject to tax under this  
812 chapter, provided [notice of intent to file such  
813 separate return is filed with the Commissioner of  
814 Revenue Services prior to the beginning of the  
815 income year with respect to which such taxpayer  
816 elects to file such separate return and all other  
817 companies included in such combined return under  
818 this chapter also elect to file separate returns,  
819 and provided further, such notice of intent may  
820 not be revoked subsequent to the beginning of such  
821 income year] SUCH ELECTION SHALL NOT BE EFFECTIVE  
822 BEFORE THE FIFTH INCOME YEAR IMMEDIATELY FOLLOWING  
823 THE INITIAL INCOME YEAR IN WHICH THE CORPORATION  
824 ELECTED TO FILE A COMBINED RETURN UNDER THIS  
825 CHAPTER. NOTICE OF AN ELECTION MADE PURSUANT TO  
826 THE PROVISIONS OF THIS SUBSECTION AND CONSENT TO  
827 SUCH ELECTION MUST BE SUBMITTED IN WRITTEN FORM TO  
828 THE COMMISSIONER OF REVENUE SERVICES BY EACH  
829 CORPORATION THAT HAD BEEN INCLUDED IN SUCH  
830 COMBINED RETURN NOT LATER THAN THE DUE DATE, OR IF  
831 AN EXTENSION OF TIME TO FILE HAS BEEN REQUESTED  
832 AND GRANTED, EXTENDED DUE DATE OF THE SEPARATE  
833 RETURNS DUE FROM THE ELECTING CORPORATIONS FOR THE  
834 INITIAL INCOME YEAR FOR WHICH THE ELECTION TO FILE  
835 SEPARATE RETURNS IS MADE. THE ELECTION TO FILE  
836 SEPARATE RETURNS SHALL BE IRREVOCABLE FOR AND  
837 APPLICABLE FOR FIVE SUCCESSIVE INCOME YEARS.

838 Sec. 9. Section 12-242d of the general  
839 statutes, as amended by section 1 of public act  
840 97-163, is repealed and the following is  
841 substituted in lieu thereof:

842 (a) For purposes of this section, there shall  
843 be four required instalments for each income year.  
844 The due date for the first required instalment is  
845 the fifteenth day of the third month of the income  
846 year. The due date for the second required  
847 instalment is the fifteenth day of the sixth month  
848 of the income year. The due date for the third  
849 required instalment is the fifteenth day of the  
850 ninth month of the income year. The due date for  
851 the fourth required instalment is the fifteenth  
852 day of the twelfth month of the income year.

853 (b) The amount of the first required  
854 instalment shall be thirty per cent of the  
855 required annual payment, as defined in subsection  
856 (e) of this section. The amount of the second  
857 required instalment shall be forty per cent of the  
858 required annual payment, as defined in subsection  
859 (e) of this section. The amount of the third  
860 required instalment shall be ten per cent of the  
861 required annual payment, as defined in subsection  
862 (e) of this section. The amount of the fourth  
863 required instalment shall be twenty per cent of  
864 the required annual payment, as defined in  
865 subsection (e) of this section.

866 (c) Except as otherwise provided in this  
867 section, in the case of any underpayment of  
868 estimated tax by a company, there shall be added  
869 to the tax an amount determined by applying  
870 interest (1) at the rate of one per cent per month  
871 or fraction thereof, (2) to the amount of the  
872 underpayment, (3) for the period of the  
873 underpayment.

874 (d) For purposes of this section, the amount  
875 of the underpayment shall be the excess of the  
876 required instalment, over the amount, if any, of  
877 the instalment paid on or before the due date for  
878 the instalment. The period of the underpayment  
879 shall run from the due date for the instalment to  
880 whichever of the following dates is earlier: (1)  
881 The first day of the fourth month of the next  
882 succeeding income year, or (2) with respect to any  
883 portion of the underpayment, the date on which  
884 such portion is paid. For purposes of this  
885 subsection, a payment of estimated tax shall be

886 credited against unpaid required instalments in  
887 the order in which such instalments are required  
888 to be paid.

889 (e) [(1) Except as otherwise provided in  
890 subdivision (2) of this subsection, "required  
891 annual payment"] "REQUIRED ANNUAL PAYMENT" means  
892 the lesser of [(A)] (1) ninety per cent of the tax  
893 shown on the return for the income year, or, if no  
894 return is filed, ninety per cent of the tax for  
895 such year, or [(B) for the income year commencing  
896 in 1996, two hundred per cent of the tax shown on  
897 the return for the next preceding income year  
898 without regard to any credit under this chapter;  
899 for the income year commencing in 1997, one  
900 hundred fifty per cent of the tax shown on the  
901 return for the next preceding income year without  
902 regard to any credit under this chapter; for the  
903 income year commencing in 1998, and thereafter]  
904 (2) IF THE PRECEDING INCOME YEAR WAS AN INCOME  
905 YEAR OF TWELVE MONTHS AND IF THE COMPANY FILED A  
906 RETURN FOR THE PRECEDING INCOME YEAR SHOWING A  
907 LIABILITY FOR TAX, one hundred per cent of the tax  
908 shown on the return for the next preceding income  
909 year without regard to any credit under this  
910 chapter.

911 [(2) Any credit that may otherwise be taken  
912 under section 12-217n shall be disregarded in  
913 determining the tax due for any income years  
914 commencing prior to January 1, 1997.]

915 (f) (1) IN THE CASE OF ANY REQUIRED  
916 INSTALMENT, IF THE COMPANY ESTABLISHES THAT THE  
917 ANNUALIZED INCOME INSTALMENT IS LESS THAN THE  
918 AMOUNT DETERMINED UNDER SUBSECTION (b) OF THIS  
919 SECTION, THE AMOUNT OF SUCH REQUIRED INSTALMENT  
920 SHALL BE THE ANNUALIZED INCOME INSTALMENT. ANY  
921 REDUCTION IN A REQUIRED INSTALMENT RESULTING FROM  
922 THE APPLICATION OF THIS SUBSECTION SHALL BE  
923 RECAPTURED BY INCREASING THE AMOUNT OF THE NEXT  
924 REQUIRED INSTALMENT BY THE AMOUNT OF SUCH  
925 REDUCTION AND BY INCREASING SUBSEQUENT REQUIRED  
926 INSTALMENTS TO THE EXTENT THAT THE REDUCTION HAS  
927 NOT PREVIOUSLY BEEN RECAPTURED UNDER THIS  
928 SUBDIVISION.

929 (2) IN THE CASE OF ANY REQUIRED INSTALMENT,  
930 THE ANNUALIZED INCOME INSTALMENT IS THE EXCESS, IF  
931 ANY, OF (A) AN AMOUNT EQUAL TO THE APPLICABLE  
932 PERCENTAGE OF THE TAX FOR THE INCOME YEAR COMPUTED  
933 BY PLACING ON AN ANNUALIZED BASIS ITS NET INCOME

934 OR ITS MINIMUM TAX BASE, AS THE CASE MAY BE, FOR  
935 MONTHS IN THE INCOME YEAR ENDING BEFORE THE DUE  
936 DATE FOR THE INSTALMENT, OVER (B) THE AGGREGATE  
937 AMOUNT OF ANY PRIOR REQUIRED INSTALMENTS FOR THE  
938 TAXABLE YEAR.

939 (3) FOR PURPOSES OF THIS SUBSECTION, THE  
940 APPLICABLE PERCENTAGE FOR THE FIRST REQUIRED  
941 INSTALMENT IS TWENTY-SEVEN, THE APPLICABLE  
942 PERCENTAGE FOR THE SECOND REQUIRED INSTALMENT IS  
943 SIXTY-THREE, THE APPLICABLE PERCENTAGE FOR THE  
944 THIRD REQUIRED INSTALMENT IS SEVENTY-TWO AND THE  
945 APPLICABLE PERCENTAGE FOR THE FOURTH REQUIRED  
946 INSTALMENT IS NINETY.

947 [(f)] (g) The application of this section to  
948 income years of less than twelve months shall be  
949 in accordance with regulations adopted by the  
950 commissioner.

951 [(g)] (h) No addition to tax shall be imposed  
952 under subsection (c) of this section for any  
953 income year if the tax shown on the return for  
954 such income year, or, if no return is filed, the  
955 tax, is one thousand dollars or less.

956 Sec. 10. (NEW) (a) Whenever a company is  
957 eligible to claim more than one corporation  
958 business tax credit, the credits shall be claimed  
959 for the income year in the following order: (1)  
960 Any credit that may be carried backward to a  
961 preceding income year or years shall first be  
962 claimed (A) with any credit carryback that will  
963 expire first being claimed before any credit  
964 carryback that will expire later or will not  
965 expire at all, and (B) if the credit carrybacks  
966 will expire at the same time, in the order in  
967 which the company may receive the maximum benefit;  
968 (2) any credit that may not be carried backward to  
969 a preceding income year or years and that may not  
970 be carried forward to a succeeding income year or  
971 years shall next be claimed, in the order in which  
972 the company may receive the maximum benefit; and  
973 (3) any credit that may be carried forward to a  
974 succeeding income year or years shall next be  
975 claimed (A) with any credit carryforward that will  
976 expire first being claimed before any credit  
977 carryforward that will expire later or will not  
978 expire at all, and (B) if the credit carryforwards  
979 will expire at the same time, in the order in  
980 which the company may receive the maximum benefit.

981 (b) In no event shall any credit be claimed  
982 more than once.

983 Sec. 11. Section 12-250 of the general  
984 statutes is repealed and the following is  
985 substituted in lieu thereof:

986 "Authorized agent or officer", as used in  
987 this chapter, includes any trustee, mortgagee or  
988 receiver in possession of or operating any such  
989 railroad in the state, and "net railway operating  
990 income" means railway operating revenues less  
991 railway operating expenses, railway tax accruals  
992 and uncollectible railway revenue, including in  
993 the computation thereof debits and credits arising  
994 from equipment rents and joint facility rents.  
995 Each such corporation, on or before the first day  
996 of July in each year, shall make a return to the  
997 Commissioner of Revenue Services, in such form as  
998 the commissioner may prescribe [, under the oath  
999 of] AND SIGNED BY its treasurer or an authorized  
1000 agent or officer, specifying: (1) The name of each  
1001 railroad operated by such corporation during the  
1002 year ended the thirty-first day of December next  
1003 preceding; (2) the number of miles of all railroad  
1004 tracks, including yard tracks, sidings, branches  
1005 and spurs, which were operated by such corporation  
1006 at any time during the year ended said  
1007 thirty-first day of December, and the number of  
1008 miles within this state of all such railroad  
1009 tracks, including yard tracks, sidings, branches  
1010 and spurs so operated; (3) the amount of gross  
1011 earnings of such corporation from all sources from  
1012 its operation, and the amount of net railway  
1013 operating income of such railroad during the year  
1014 ended said thirty-first day of December, or the  
1015 portion of such year that such corporation has  
1016 carried on business in this state; AND (4) the  
1017 assessed value of all real estate in this state  
1018 assessed in the name of such corporation, or of a  
1019 corporation all of whose property is operated by  
1020 it, with a specific list of the same and the  
1021 amount of taxes paid upon any such real estate in  
1022 any town, in the year ended said thirty-first day  
1023 of December.

1024 Sec. 12. Section 12-263b of the general  
1025 statutes is repealed and the following is  
1026 substituted in lieu thereof:

1027 There is hereby imposed on the hospital gross  
1028 earnings of each hospital in this state a tax (1)

1029 at the rate of eleven per cent of its hospital  
1030 gross earnings in each taxable quarter for taxable  
1031 quarters commencing prior to October 1, 1996; (2)  
1032 at the rate of nine and one-fourth per cent of its  
1033 hospital gross earnings in each taxable quarter  
1034 commencing on or after October 1, 1996, and prior  
1035 to October 1, 1997; (3) at the rate of eight and  
1036 one-fourth per cent of its hospital gross earnings  
1037 in each taxable quarter commencing on or after  
1038 October 1, 1997, and prior to October 1, 1998; (4)  
1039 at the rate of seven and one-fourth per cent of  
1040 its hospital gross earnings in each taxable  
1041 quarter commencing on or after October 1, 1998,  
1042 and prior to October 1, 1999; AND (5) at the rate  
1043 of six and one-fourth per cent of its hospital  
1044 gross earnings in each taxable quarter commencing  
1045 on or after October 1, 1999. Each hospital shall,  
1046 on or before the last day of January, April, July  
1047 and October of each year, render to the  
1048 Commissioner of Revenue Services [under oath or  
1049 affirmation of at least one of its principal  
1050 officers,] a return, on forms prescribed or  
1051 furnished by the Commissioner of Revenue Services  
1052 AND SIGNED BY ONE OF ITS PRINCIPAL OFFICERS,  
1053 stating specifically the name and location of such  
1054 hospital, and the amounts of its hospital gross  
1055 earnings, its net revenue and its gross revenue  
1056 for the calendar quarter ending the last day of  
1057 the preceding month. Payment shall be made with  
1058 such return.

1059 Sec. 13. Subsection (b) of section 12-264 of  
1060 the general statutes is repealed and the following  
1061 is substituted in lieu thereof:

1062 (b) Each such company and municipal utility  
1063 shall, on or before the last day of January,  
1064 April, July and October of each year, render to  
1065 the Commissioner of Revenue Services [under oath  
1066 of its treasurer, or the person performing the  
1067 duties of treasurer, or of an authorized agent or  
1068 officer,] a return on forms prescribed or  
1069 furnished by the commissioner AND SIGNED BY ITS  
1070 TREASURER OR THE PERSON PERFORMING THE DUTIES OF  
1071 TREASURER, OR BY AN AUTHORIZED AGENT OR OFFICER,  
1072 specifying (1) the name and location of such  
1073 company or municipal utility, (2) the amount of  
1074 gross earnings from operations for the quarter  
1075 ending with the last day of the preceding month,  
1076 (3) the gross earnings from the sale or rental of

1077 appliances using water, steam, gas or electricity  
1078 and the cost of such appliances sold, cost to be  
1079 interpreted as net invoice price plus  
1080 transportation costs of such appliances, (4) the  
1081 gross earnings from all sales for resale of water,  
1082 steam, gas and electricity, whether or not the  
1083 purchasers are public service corporations,  
1084 municipal utilities, located in the state or  
1085 subject to the tax imposed by this chapter, (5)  
1086 the number of miles of water or steam pipes, gas  
1087 mains or electric wires operated by such company  
1088 or municipal utility within this state on the  
1089 first day and on the last day of the calendar year  
1090 immediately preceding, and (6) the number of miles  
1091 of water or steam pipes, gas mains or electric  
1092 wires wherever operated by such company or  
1093 municipal utility on said dates. Gas pipeline and  
1094 gas transmission companies which do not  
1095 manufacture or buy gas in this state for resale in  
1096 this state shall be subject to the provisions of  
1097 chapter 208 and shall not be subject to the  
1098 provisions of this chapter and chapter 212a.

1099 Sec. 14. Section 12-349 of the general  
1100 statutes is repealed and the following is  
1101 substituted in lieu thereof:

1102 (a) (1) The gross estate for the purpose of  
1103 the tax imposed by the provisions of this chapter  
1104 shall be the total of the fair market value of all  
1105 the property transferred subject to tax under the  
1106 provisions of part I, except that the value of any  
1107 real property in the gross estate classified as  
1108 farm land in accordance with section 12-107c at  
1109 the time of the decedent's death shall be  
1110 determined for purposes of said tax in accordance  
1111 with the provisions applicable to farm land in  
1112 section 12-63, provided [(1)] (A) such farm land  
1113 is transferred to any of the beneficiaries or  
1114 distributees included in the list of beneficiaries  
1115 or distributees in classes AA, A and B as provided  
1116 in section 12-344, [(2)] (B) such farm land was  
1117 owned by the decedent or any of the beneficiaries  
1118 or distributees in classes AA, A and B as provided  
1119 in section 12-344 for an aggregate of no less than  
1120 five years during the eight years immediately  
1121 preceding the decedent's death, and [(3)] (C) the  
1122 decedent or any such beneficiary or distributee  
1123 shall have engaged in active and substantial  
1124 participation in farming or agricultural

1125 operations directly related to such farm land, as  
1126 determined by the assessor, for an aggregate of no  
1127 less than five years during the eight years  
1128 immediately preceding the decedent's death.

1129 (2) WHERE REAL PROPERTY CLASSIFIED AT THE  
1130 TIME OF THE DECEDENT'S DEATH AS FARM LAND IN  
1131 ACCORDANCE WITH SECTION 12-107c IS OWNED BY A  
1132 PARTNERSHIP, CORPORATION OR TRUST ENGAGED IN  
1133 FARMING OR AGRICULTURAL OPERATIONS, AND, AT THE  
1134 TIME OF THE DECEDENT'S DEATH, (A) THE SOLE  
1135 PARTNERS, SHAREHOLDERS OR BENEFICIARIES, AS THE  
1136 CASE MAY BE, OF SUCH PARTNERSHIP, CORPORATION OR  
1137 TRUST ARE THE DECEDENT AND ANY PERSONS WHO WOULD  
1138 BE CLASSIFIED AS TRANSFEREES UNDER CLASS AA, A OR  
1139 B AS PROVIDED IN SECTION 12-344, WHETHER OR NOT  
1140 SUCH PERSONS ARE IN FACT BENEFICIARIES OR  
1141 DISTRIBUTEES OF THE DECEDENT, AND (B) ALL OF THE  
1142 DECEDENT'S INTEREST IN SUCH PARTNERSHIP,  
1143 CORPORATION OR TRUST PASSES TO TRANSFEREES UNDER  
1144 CLASS AA, A OR B AS PROVIDED IN SECTION 12-344,  
1145 THE INTEREST OF THE DECEDENT AND OF SUCH  
1146 BENEFICIARIES AND DISTRIBUTEES IN SUCH  
1147 PARTNERSHIP, CORPORATION OR TRUST SHALL BE TREATED  
1148 IN THE SAME MANNER FOR PURPOSES OF THIS CHAPTER AS  
1149 IF THE INTEREST OF THE DECEDENT AND SUCH  
1150 BENEFICIARIES AND DISTRIBUTEES WAS IN REAL  
1151 PROPERTY IN THE GROSS ESTATE CLASSIFIED AS FARM  
1152 LAND IN ACCORDANCE WITH SECTION 12-107c.

1153 (b) There shall be excluded from the gross  
1154 estate the value of an annuity or other payment  
1155 receivable after the death of the decedent by any  
1156 beneficiary, other than the decedent's estate,  
1157 under an employees' trust or plan, or under a  
1158 contract purchased by an employees' trust or plan,  
1159 forming part of a pension, stock bonus or  
1160 profit-sharing plan, or under a retirement annuity  
1161 contract purchased by an employer pursuant to a  
1162 plan, provided at the time of decedent's  
1163 separation from employment, by death or otherwise,  
1164 or at the time of termination of the plan, if  
1165 earlier, payments to or in respect of such trust,  
1166 plan or annuity were exempt from federal income  
1167 taxation under the United States Internal Revenue  
1168 Code. If such amounts payable after the death of  
1169 the decedent under a plan above described are  
1170 attributable to any extent to payments or  
1171 contributions made by the decedent, no exclusion  
1172 shall be allowed for that part of the value of

1173 such amounts in the proportion that the total  
1174 payments or contributions made by the decedent  
1175 bears to the total payments or contributions made.  
1176 For purposes of the preceding sentence,  
1177 contributions or payments made by the decedent's  
1178 employer or former employer shall not be  
1179 considered to be contributed by the decedent, if  
1180 made to or in respect to a trust, plan or annuity  
1181 exempt from federal income taxation under the  
1182 United States Internal Revenue Code.

1183 (c) There shall be excluded from the gross  
1184 taxable estate the value of any payments  
1185 receivable after the death of the decedent by  
1186 other persons under the provisions of the Federal  
1187 Social Security Act and the Railroad Retirement  
1188 Act of 1937, as the same have been and may be  
1189 amended from time to time, and with respect to  
1190 persons dying on or after June 8, 1978, the value  
1191 of any annuity payments receivable by an eligible  
1192 survivor, upon the death of a retired serviceman,  
1193 under the "Retired Serviceman's Family Protection  
1194 Plan" or the "Survivor Benefit Plan" for retired  
1195 servicemen as provided in Chapter 73 of Title 10  
1196 of the United States Code, irrespective of whether  
1197 such annuity payments are attributable to any  
1198 extent to payments or contributions made by the  
1199 decedent.

1200 (d) There shall be excluded from the gross  
1201 taxable estate the value of any payments  
1202 receivable after the death of the decedent by any  
1203 beneficiary, other than the decedent's estate,  
1204 under a pension plan for self-employed individuals  
1205 as may be established pursuant to Section 401(c)  
1206 of the Internal Revenue Code and regulations  
1207 related thereto, and with respect to which  
1208 payments to the credit of such plan were exempt  
1209 from federal income tax.

1210 (e) (1) If, within ten years immediately  
1211 following the death of the decedent, real property  
1212 in the gross estate of the decedent, classified as  
1213 farm land in accordance with section 12-107c and  
1214 the value of which, for purposes of the tax  
1215 imposed under this chapter, was determined in  
1216 accordance with provisions applicable to farm land  
1217 in section 12-63 as provided in subsection (a) of  
1218 this section, is transferred to anyone other than  
1219 a beneficiary or distributee in [classes AA, A and  
1220 B] CLASS AA, A OR B AS PROVIDED in section 12-344

1221 or is no longer classified as farm land in  
1222 accordance with section 12-107c, such beneficiary  
1223 or distributee shall be liable for a tax  
1224 applicable to such transfer or change in  
1225 classification. Said tax shall be in an amount  
1226 equal to the difference between the amount of tax  
1227 paid under this chapter with respect to such farm  
1228 land and the amount of tax which would have been  
1229 paid if such farm land had been assessed at fair  
1230 market value for purposes of determining the  
1231 amount of tax under this chapter, and accordingly,  
1232 the succession tax return of the decedent shall  
1233 include, in such manner as required by the  
1234 Commissioner of Revenue Services for purposes of  
1235 this section, a sworn statement as to the fair  
1236 market value of such farm land, based on its  
1237 highest and best use value, as of the date of  
1238 death of the decedent. Said tax shall be paid to  
1239 the Commissioner of Revenue Services within sixty  
1240 days following the date of such transfer or change  
1241 in classification, and if not so paid shall bear  
1242 interest at the rate of twelve per cent per annum,  
1243 commencing at the expiration of such sixty days,  
1244 until paid. The Commissioner of Revenue Services  
1245 may, for cause shown, on written application of  
1246 the beneficiary or distributee, filed with said  
1247 commissioner at or before the expiration of such  
1248 sixty days, extend the time for payment of said  
1249 tax or any part thereof.

1250 (2) Said tax imposed under the provisions of  
1251 subdivision (1) of this subsection shall be a lien  
1252 in favor of the state of Connecticut upon such  
1253 real property so valued as farm land for purposes  
1254 of determining the gross estate of the decedent as  
1255 provided in subsection (a) of this section and,  
1256 following the death of the decedent, transferred  
1257 or changed in respect to use, resulting in a  
1258 change in the classification of such property as  
1259 farm land so as to be subject to said tax, from  
1260 the date on which such transfer or change in  
1261 classification becomes effective until (A) the  
1262 expiration of ten years immediately following the  
1263 death of the decedent, if there has been no such  
1264 transfer or change in classification during said  
1265 period of ten years or (B) in the event of such a  
1266 transfer or change in classification resulting in  
1267 the imposition of tax as provided in said  
1268 subdivision (1), payment of any tax due in

1269 accordance with this subdivision plus interest and  
1270 costs that may accrue in addition thereto,  
1271 provided such lien shall not be valid as against  
1272 any lienor, mortgagee, judgment creditor or bona  
1273 fide purchaser, when they have no notice, unless  
1274 and until notice of such lien is filed or recorded  
1275 in the town clerk's office or place where  
1276 mortgages, liens and conveyances of such property  
1277 are required by statute to be filed or recorded.

1278 (3) WHERE REAL PROPERTY CLASSIFIED AT THE  
1279 TIME OF THE DECEDENT'S DEATH AS FARM LAND IN  
1280 ACCORDANCE WITH SECTION 12-107c IS OWNED BY A  
1281 PARTNERSHIP, CORPORATION OR TRUST ENGAGED IN  
1282 FARMING OR AGRICULTURAL OPERATIONS, AND, AT THE  
1283 TIME OF THE DECEDENT'S DEATH, THE SOLE PARTNERS,  
1284 SHAREHOLDERS OR BENEFICIARIES, AS THE CASE MAY BE,  
1285 OF SUCH PARTNERSHIP, CORPORATION OR TRUST, ARE THE  
1286 DECEDENT AND ANY PERSONS WHO WOULD BE CLASSIFIED  
1287 AS TRANSFEREES UNDER CLASS AA, A OR B AS PROVIDED  
1288 IN SECTION 12-344, WHETHER OR NOT SUCH PERSONS ARE  
1289 IN FACT BENEFICIARIES OR DISTRIBUTEES OF THE  
1290 DECEDENT, ANY TRANSFER OF AN INTEREST IN SUCH  
1291 PARTNERSHIP, CORPORATION OR TRUST TO ANYONE OTHER  
1292 THAN A BENEFICIARY OR DISTRIBUTEE IN CLASS AA, A  
1293 OR B AS PROVIDED IN SECTION 12-344 SHALL BE  
1294 TREATED IN THE SAME MANNER FOR PURPOSES OF THIS  
1295 CHAPTER AS A TRANSFER OF REAL PROPERTY IN THE  
1296 GROSS ESTATE CLASSIFIED AS FARM LAND IN ACCORDANCE  
1297 WITH SECTION 12-107c TO ANYONE OTHER THAN A  
1298 BENEFICIARY OR DISTRIBUTEE IN CLASS AA, A OR B AS  
1299 PROVIDED IN SECTION 12-344. ANY CHANGE IN THE USE  
1300 OF SUCH FARM LAND, BY SUCH PARTNERSHIP,  
1301 CORPORATION OR TRUST, SO THAT IT IS NO LONGER  
1302 CLASSIFIED AS FARM LAND IN ACCORDANCE WITH SECTION  
1303 12-107c SHALL BE TREATED IN THE SAME MANNER FOR  
1304 PURPOSES OF THIS CHAPTER AS A CHANGE IN THE USE OF  
1305 REAL PROPERTY IN THE GROSS ESTATE CLASSIFIED AS  
1306 FARM LAND IN ACCORDANCE WITH SECTION 12-107c, BY  
1307 THE DECEDENT'S BENEFICIARIES OR DISTRIBUTEES IN  
1308 CLASS AA, A OR B AS PROVIDED IN SECTION 12-344, SO  
1309 THAT IT IS NO LONGER SO CLASSIFIED.

1310 Sec. 15. Subsection (12) of section 12-407 of  
1311 the general statutes, as amended by section 14 of  
1312 public act 97-243, is repealed and the following  
1313 is substituted in lieu thereof:

1314 (12) "Retailer" includes: (A) Every person  
1315 engaged in the business of making sales at retail  
1316 or in the business of making retail sales at

1317 auction of tangible personal property owned by the  
1318 person or others; (B) every person engaged in the  
1319 business of making sales for storage, use or other  
1320 consumption or in the business of making sales at  
1321 auction of tangible personal property owned by the  
1322 person or others for storage, use or other  
1323 consumption; (C) every operator as defined in  
1324 subsection (18) of this section; (D) every seller  
1325 rendering any service described in subsection (2)  
1326 of this section; (E) every person under whom any  
1327 salesman, representative, peddler or canvasser  
1328 operates in this state, or from whom such  
1329 salesman, representative, peddler or canvasser  
1330 obtains the tangible personal property that is  
1331 sold; (F) every person with whose assistance any  
1332 seller is enabled to solicit orders within this  
1333 state; (G) every person making retail sales from  
1334 outside this state to a destination within this  
1335 state and not maintaining a place of business in  
1336 this state who engages in regular or systematic  
1337 solicitation of sales of tangible personal  
1338 property in this state (i) by the display of  
1339 advertisements on billboards or other outdoor  
1340 advertising in this state, (ii) by the  
1341 distribution of catalogs, periodicals, advertising  
1342 flyers or other advertising by means of print,  
1343 radio or television media, or (iii) by mail,  
1344 telegraphy, telephone, computer data base, cable,  
1345 optic, microwave or other communication system,  
1346 for the purpose of effecting retail sales of  
1347 tangible personal property, provided such person  
1348 has made one hundred or more retail sales from  
1349 outside this state to destinations within this  
1350 state during the twelve-month period ended on the  
1351 September thirtieth immediately preceding the  
1352 monthly or quarterly period with respect to which  
1353 such person's liability for tax under this chapter  
1354 is determined; (H) any person owned or controlled,  
1355 either directly or indirectly, by a retailer  
1356 engaged in business in this state which is the  
1357 same as or similar to the line of business in  
1358 which such person so owned or controlled is  
1359 engaged; (I) any person owned or controlled,  
1360 either directly or indirectly, by the same  
1361 interests that own or control, either directly or  
1362 indirectly, a retailer engaged in business in this  
1363 state which is the same as or similar to the line  
1364 of business in which such person so owned or

1365 controlled is engaged; (J) any assignee of a  
1366 person engaged in the business of leasing tangible  
1367 personal property to others, where leased property  
1368 of such person which is subject to taxation under  
1369 this chapter is situated within this state and  
1370 such assignee has a security interest, as defined  
1371 in subsection (37) of section 42a-1-201, in such  
1372 property; AND (K) EVERY PERSON MAKING RETAIL SALES  
1373 OF ITEMS OF TANGIBLE PERSONAL PROPERTY FROM  
1374 OUTSIDE THIS STATE TO A DESTINATION WITHIN THIS  
1375 STATE AND NOT MAINTAINING A PLACE OF BUSINESS IN  
1376 THIS STATE WHO REPAIRS OR SERVICES SUCH ITEMS,  
1377 UNDER A WARRANTY, IN THIS STATE, EITHER DIRECTLY  
1378 OR INDIRECTLY THROUGH AN AGENT, INDEPENDENT  
1379 CONTRACTOR OR SUBSIDIARY.

1380 Sec. 16. Subsection (15) of section 12-407 of  
1381 the general statutes is repealed and the following  
1382 is substituted in lieu thereof:

1383 (15) "Engaged in business in the state" means  
1384 and includes but shall not be limited to the  
1385 following acts or methods of transacting business:  
1386 (A) Selling in this state, or any activity in this  
1387 state in connection with selling in this state,  
1388 tangible personal property for use, storage or  
1389 consumption within the state; (B) engaging in the  
1390 transfer for a consideration of the occupancy of  
1391 any room or rooms in a hotel or lodging house for  
1392 a period of thirty consecutive calendar days or  
1393 less; (C) rendering in this state any service  
1394 described in any of the subdivisions of subsection  
1395 (2) of this section; (D) maintaining, occupying or  
1396 using, permanently or temporarily, directly or  
1397 indirectly, through a subsidiary or agent, by  
1398 whatever name called, of any office, place of  
1399 distribution, sales or sample room or place,  
1400 warehouse or storage point or other place of  
1401 business or having any representative, agent,  
1402 salesman, canvasser or solicitor operating in this  
1403 state for the purpose of selling, delivering or  
1404 taking orders; (E) notwithstanding the fact that  
1405 retail sales are made from outside this state to a  
1406 destination within this state and that a place of  
1407 business is not maintained in this state, engaging  
1408 in regular or systematic solicitation of sales of  
1409 tangible personal property in this state (i) by  
1410 the display of advertisements on billboards or  
1411 other outdoor advertising in this state, (ii) by  
1412 the distribution of catalogs, periodicals,

1413 advertising flyers or other advertising by means  
1414 of print, radio or television media, or (iii) by  
1415 mail, telegraphy, telephone, computer data base,  
1416 cable, optic, microwave or other communication  
1417 system, for the purpose of effecting retail sales  
1418 of tangible personal property, provided one  
1419 hundred or more retail sales from outside this  
1420 state to destinations within this state are made  
1421 during the twelve-month period ended on the  
1422 September thirtieth immediately preceding the  
1423 monthly or quarterly period with respect to which  
1424 liability for tax under this chapter is  
1425 determined; (F) being owned or controlled, either  
1426 directly or indirectly, by a retailer engaged in  
1427 business in this state which is the same as or  
1428 similar to the line of business in which the  
1429 retailer so owned or controlled is engaged; (G)  
1430 being owned or controlled, either directly or  
1431 indirectly, by the same interests that own or  
1432 control, either directly or indirectly, a retailer  
1433 engaged in business in this state which is the  
1434 same as or similar to the line of business in  
1435 which the retailer so owned or controlled is  
1436 engaged; (H) being the assignee of a person  
1437 engaged in the business of leasing tangible  
1438 personal property to others, where leased property  
1439 of such person is situated within this state and  
1440 such assignee has a security interest, as defined  
1441 in subsection (37) of section 42a-1-201, in such  
1442 property; AND (I) NOTWITHSTANDING THE FACT THAT  
1443 RETAIL SALES OF ITEMS OF TANGIBLE PERSONAL  
1444 PROPERTY ARE MADE FROM OUTSIDE THIS STATE TO A  
1445 DESTINATION WITHIN THIS STATE AND THAT A PLACE OF  
1446 BUSINESS IS NOT MAINTAINED IN THIS STATE,  
1447 REPAIRING OR SERVICING SUCH ITEMS, UNDER A  
1448 WARRANTY, IN THIS STATE, EITHER DIRECTLY OR  
1449 INDIRECTLY THROUGH AN AGENT, INDEPENDENT  
1450 CONTRACTOR OR SUBSIDIARY. A retailer who has  
1451 contracted with a commercial printer for printing  
1452 and distribution of printed material shall not be  
1453 deemed to be engaged in business in this state  
1454 because of the ownership or leasing by the  
1455 retailer of tangible or intangible personal  
1456 property located at the premises of the commercial  
1457 printer in this state, the sale by the retailer of  
1458 property of any kind produced or processed at and  
1459 shipped or distributed from the premises of the  
1460 commercial printer in this state, the activities

1461 of the retailer's employees or agents at the  
1462 premises of the commercial printer in this state,  
1463 which activities relate to quality control,  
1464 distribution or printing services performed by the  
1465 printer, or the activities of any kind performed  
1466 by the commercial printer in this state for or on  
1467 behalf of the retailer.

1468 Sec. 17. Subsection (1) of section 12-408 of  
1469 the general statutes, as amended by section 17 of  
1470 public act 97-243, is repealed and the following  
1471 is substituted in lieu thereof:

1472 (1) For the privilege of making any sales as  
1473 defined in subsection (2) of section 12-407, AS  
1474 AMENDED, at retail, in this state for a  
1475 consideration, a tax is hereby imposed on all  
1476 retailers at the rate of six per cent of the gross  
1477 receipts of any retailer from the sale of all  
1478 tangible personal property sold at retail or from  
1479 the rendering of any services constituting a sale  
1480 in accordance with subsection (2) of section  
1481 12-407, AS AMENDED, except, in lieu of said rate  
1482 of six per cent, (A) at a rate of five and  
1483 one-half per cent of the gross receipts of any  
1484 retailer from the sale of any repair or  
1485 replacement parts exclusively for use in  
1486 machinery, as defined in subsection (34) of  
1487 section 12-412, used directly in a manufacturing  
1488 production process, (B) at a rate of twelve per  
1489 cent with respect to each transfer of occupancy,  
1490 from the total amount of rent received for such  
1491 occupancy of any room or rooms in a hotel or  
1492 lodging house for the first period not exceeding  
1493 thirty consecutive calendar days, (C) with respect  
1494 to the sale of a motor vehicle to any individual  
1495 who is a member of the armed forces of the United  
1496 States and is on full-time active duty in  
1497 Connecticut and who is considered, under 50 App  
1498 USC 574, a resident of another state, OR TO ANY  
1499 SUCH INDIVIDUAL AND THE SPOUSE THEREOF, at a rate  
1500 of four and one-half per cent of the gross  
1501 receipts of any retailer from such sales, provided  
1502 such retailer requires and maintains an affidavit  
1503 or other evidence, satisfactory to the  
1504 commissioner, concerning the purchaser's state of  
1505 residence under 50 App USC 574, (D) with respect  
1506 to the sale of a vessel to any individual who does  
1507 not maintain a permanent place of abode in this  
1508 state and who is a resident of another state and

1509 who does not present such vessel for registration  
1510 with the Department of Motor Vehicles in this  
1511 state, at a rate which is the lesser of: (i) Six  
1512 per cent of the gross receipts of any retailer  
1513 from such sales; or (ii) the percentage of such  
1514 gross receipts that is payable as a state sales  
1515 tax by retailers engaged in business in the  
1516 purchaser's state of residence, provided such  
1517 retailer requires and maintains an affidavit or  
1518 other evidence, satisfactory to the commissioner,  
1519 concerning the purchaser's state of residence, (E)  
1520 with respect to the sales of computer and data  
1521 processing services occurring on or after July 1,  
1522 1997, and prior to July 1, 1998, at the rate of  
1523 five per cent, on or after July 1, 1998, and prior  
1524 to July 1, 1999, at the rate of four per cent, on  
1525 or after July 1, 1999, and prior to July 1, 2000,  
1526 at the rate of three per cent, on or after July 1,  
1527 2000, and prior to July 1, 2001, at the rate of  
1528 two per cent, on and after July 1, 2001, and prior  
1529 to July 1, 2002, at the rate of one per cent and  
1530 on and after July 1, 2002, such services shall be  
1531 exempt from such tax, and (F) with respect to the  
1532 sales of repair or maintenance services on vessels  
1533 as defined in section 15-127, occurring on or  
1534 after July 1, 1997, and prior to July 1, 1998, at  
1535 the rate of four per cent, on or after July 1,  
1536 1998, and prior to July 1, 1999, at the rate of  
1537 two per cent and on and after July 1, 1999, such  
1538 services shall be exempt from such tax. The rate  
1539 of tax imposed by this chapter shall be applicable  
1540 to all retail sales upon the effective date of  
1541 such rate, except that a new rate which represents  
1542 an increase in the rate applicable to the sale  
1543 shall not apply to any sales transaction wherein a  
1544 binding sales contract without an escalator clause  
1545 has been entered into prior to the effective date  
1546 of the new rate and delivery is made within ninety  
1547 days after the effective date of the new rate. For  
1548 the purposes of payment of the tax imposed under  
1549 this section, any retailer of services taxable  
1550 under subdivision (i) of subsection (2) of section  
1551 12-407, AS AMENDED, who computes taxable income,  
1552 for purposes of taxation under the Internal  
1553 Revenue Code of 1986, or any subsequent  
1554 corresponding internal revenue code of the United  
1555 States, as from time to time amended, on an  
1556 accounting basis which recognizes only cash or

1557 other valuable consideration actually received as  
1558 income and who is liable for such tax only due to  
1559 the rendering of such services may make payments  
1560 related to such tax for the period during which  
1561 such income is received, without penalty or  
1562 interest, without regard to when such service is  
1563 rendered. Information about the state sales tax  
1564 rate of other states shall, upon request, be  
1565 furnished by the commissioner.

1566 Sec. 18. Subsection (1) of section 12-411 of  
1567 the general statutes, as amended by section 19 of  
1568 public act 97-243, is repealed and the following  
1569 is substituted in lieu thereof:

1570 (1) An excise tax is hereby imposed on the  
1571 storage, acceptance, consumption or any other use  
1572 in this state of tangible personal property  
1573 purchased from any retailer for storage,  
1574 acceptance, consumption or any other use in this  
1575 state, the acceptance or receipt of any services  
1576 constituting a sale in accordance with subsection  
1577 (2) of section 12-407, AS AMENDED, purchased from  
1578 any retailer for consumption or use in this state,  
1579 or the storage, acceptance, consumption or any  
1580 other use in this state of tangible personal  
1581 property which has been manufactured, fabricated,  
1582 assembled or processed from materials by a person,  
1583 either within or without this state, for storage,  
1584 acceptance, consumption or any other use by such  
1585 person in this state, to be measured by the sales  
1586 price of materials, at the rate of six per cent of  
1587 the sales price of such property or services,  
1588 except, in lieu of said rate of six per cent, (A)  
1589 with respect to the storage, acceptance,  
1590 consumption or use of any repair or replacement  
1591 parts purchased from any retailer for storage,  
1592 acceptance, consumption or use in this state, at  
1593 the rate of five and one-half per cent of the  
1594 sales price of such parts, provided such parts are  
1595 exclusively for use in machinery, as defined in  
1596 subsection (34) of section 12-412, that is used  
1597 directly in a manufacturing production process,  
1598 (B) at a rate of twelve per cent of the rent paid  
1599 for occupancy of any room or rooms in a hotel or  
1600 lodging house for the first period of not  
1601 exceeding thirty consecutive calendar days, (C)  
1602 with respect to the storage, acceptance,  
1603 consumption or use in this state of a motor  
1604 vehicle purchased from any retailer for storage,

1605 acceptance, consumption or use in this state by  
1606 any individual who is a member of the armed forces  
1607 of the United States and is on full-time active  
1608 duty in Connecticut and who is considered, under  
1609 50 App USC 574, a resident of another state, OR TO  
1610 ANY SUCH INDIVIDUAL AND THE SPOUSE OF SUCH  
1611 INDIVIDUAL at a rate of four and one-half per cent  
1612 of the sales price of such vehicle provided such  
1613 retailer requires and maintains an affidavit or  
1614 other evidence, satisfactory to the commissioner,  
1615 concerning the purchaser's state of residence,  
1616 under 50 App USC 574, (D) with respect to the  
1617 storage, acceptance, consumption or use in this  
1618 state of a vessel purchased from any retailer for  
1619 storage, acceptance, consumption or any other use  
1620 in this state by any individual who does not  
1621 maintain a permanent place of abode in this state  
1622 and who is a resident of another state and who  
1623 does not present such vessel for registration with  
1624 the Department of Motor Vehicles in this state, at  
1625 a rate which is the lesser of: (i) Six per cent of  
1626 the sales price of such vessel; or (ii) the  
1627 percentage of such sales price that is payable as  
1628 a state use tax by purchasers making purchases in  
1629 the purchaser's state of residence, provided the  
1630 retailer requires and maintains an affidavit or  
1631 other evidence, satisfactory to the commissioner,  
1632 concerning the purchaser's state of residence, (E)  
1633 with respect to the sales of repair or maintenance  
1634 services on vessels as defined in section 15-127,  
1635 occurring on or after July 1, 1997, and prior to  
1636 July 1, 1998, at the rate of four per cent, on or  
1637 after July 1, 1998, and prior to July 1, 1999, at  
1638 the rate of two per cent and on and after July 1,  
1639 1999, such services shall be exempt from such tax,  
1640 and (F) with respect to the acceptance or receipt  
1641 in this state of computer and data processing  
1642 services purchased from any retailer for  
1643 consumption or use in this state occurring on or  
1644 after July 1, 1997, and prior to July 1, 1998, at  
1645 the rate of five per cent of such services, on or  
1646 after July 1, 1998, and prior to July 1, 1999, at  
1647 the rate of four per cent of such services, on or  
1648 after July 1, 1999, and prior to July 1, 2000, at  
1649 the rate of three per cent of such services, on or  
1650 after July 1, 2000, and prior to July 1, 2001, at  
1651 the rate of two per cent of such services, on and  
1652 after July 1, 2001, and prior to July 1, 2002, at

1653 the rate of one per cent of such services and on  
1654 and after July 1, 2002, such services shall be  
1655 exempt from such tax. Information about the state  
1656 use tax rate of other states shall, upon request,  
1657 be furnished by the commissioner.

1658 Sec. 19. (NEW) The Commissioner of Revenue  
1659 Services is authorized to pay to a revenue agency  
1660 of another state an amount not to exceed fifty per  
1661 cent of the tax actually collected as the result  
1662 of an assessment made under section 12-416 of the  
1663 general statutes, as amended, against any  
1664 purchaser of tangible personal property or  
1665 services described in subsection (2) of section  
1666 12-407 of the general statutes, as amended, if  
1667 said commissioner, in his sole discretion,  
1668 determines that information provided by such  
1669 agency was instrumental in the making of such  
1670 assessment.

1671 Sec. 20. Section 12-458b of the general  
1672 statutes is repealed and the following is  
1673 substituted in lieu thereof:

1674 Any person who receives fuels from an  
1675 unlicensed distributor or in such form and under  
1676 such circumstances as to preclude collection from  
1677 a distributor of the tax imposed in section 12-458  
1678 and who thereafter sells or uses any such fuels in  
1679 such manner or under such circumstances as to  
1680 render such sale or use subject to said tax, is  
1681 considered to be a distributor and shall make the  
1682 same report, pay the same tax and be subject to  
1683 all provisions of this chapter applicable to a  
1684 distributor of such fuels except the surety bond  
1685 requirement of section 12-456, PROVIDED ANY SUCH  
1686 PERSON WHO IS A CONTRACTOR PERFORMING A SERVICE  
1687 FOR A MUNICIPALITY OR SCHOOL DISTRICT OF THIS  
1688 STATE IN ACCORDANCE WITH A CONTRACT SHALL, IN LIEU  
1689 OF FILING TAX RETURNS MONTHLY AND PAYING TAXES  
1690 MONTHLY, FILE A QUARTERLY TAX RETURN ON OR BEFORE  
1691 THE LAST DAY OF THE MONTH NEXT SUCCEEDING THE END  
1692 OF EACH CALENDAR QUARTER AND SHALL PAY THE TAXES  
1693 DUE WITH SUCH RETURN ON OR BEFORE THE LAST DAY OF  
1694 THE MONTH NEXT SUCCEEDING THE END OF EACH CALENDAR  
1695 QUARTER. Such person may, at the discretion of the  
1696 commissioner, be required to file a surety bond or  
1697 other security acceptable to the commissioner in  
1698 an amount set by the commissioner.

1699 Sec. 21. Subsection (b) of section 12-459 of

1700 the general statutes is repealed and the following  
1701 is substituted in lieu thereof:

1702 (b) All claims for refund shall be  
1703 accompanied by original invoices or sales receipts  
1704 or other statements of fact, under penalty of  
1705 false statement, showing, to the satisfaction of  
1706 the commissioner, that the tax has been paid on  
1707 the fuel involved in such refund, and any other  
1708 information which is deemed necessary by the  
1709 commissioner for the determination of such claims.  
1710 Any claim for refund of said tax for fuel used  
1711 during any calendar year shall be filed with the  
1712 commissioner on or before [March] MAY thirty-first  
1713 of the succeeding year. Such claim shall be on a  
1714 form prescribed by the commissioner which shall  
1715 contain such information as he deems necessary for  
1716 the determination of such claim.

1717 Sec. 22. Subsection (a) of section 12-498 of  
1718 the general statutes is repealed and the following  
1719 is substituted in lieu thereof:

1720 (a) The tax imposed by section 12-494 shall  
1721 not apply to: (1) Deeds which this state is  
1722 prohibited from taxing under the constitution or  
1723 laws of the United States; (2) deeds which secure  
1724 a debt or other obligation; (3) deeds to which  
1725 this state or any of its political subdivisions or  
1726 its or their respective agencies is a party; (4)  
1727 tax deeds; (5) deeds of release of property which  
1728 is security for a debt or other obligation; (6)  
1729 deeds of partition; (7) deeds made pursuant to  
1730 mergers of corporations; (8) deeds made by a  
1731 subsidiary corporation to its parent corporation  
1732 for no consideration other than the cancellation  
1733 or surrender of the subsidiary's stock; (9)  
1734 [conveyance of an interest in real property] DEEDS  
1735 MADE pursuant to a decree of the Superior Court  
1736 under section 46b-81, 49-24 or 52-495; [(10)  
1737 certificates of devise or distribution; (11)  
1738 transfers for no consideration between parents and  
1739 children; (12) an assignment, with no  
1740 consideration, of any interests, present or  
1741 future, vested or contingent, in real property  
1742 which endure for a period of time and the  
1743 termination of which is not fixed or ascertained  
1744 by a specific number of years; (13) an assignment,  
1745 with no consideration, of the unexpired portion of  
1746 a term or estate for life or of a term or estate  
1747 for years; (14) transfers made by a corporation

1748 affiliated with the corporation to which such  
1749 transfer is made] (10) DEEDS, WHEN THE  
1750 CONSIDERATION FOR THE INTEREST OR PROPERTY  
1751 CONVEYED IS LESS THAN TWO THOUSAND DOLLARS; (11)  
1752 DEEDS BETWEEN AFFILIATED CORPORATIONS, provided  
1753 both of such corporations are exempt from taxation  
1754 pursuant to paragraph (2), (3) or (25) of Section  
1755 501(c) of the Internal Revenue Code of 1986, or  
1756 any subsequent corresponding internal revenue code  
1757 of the United States, as from time to time  
1758 amended; [, and provided further such corporations  
1759 are affiliated in such manner that (A) either  
1760 corporation in such transaction owns or controls  
1761 either directly or indirectly not less than one  
1762 hundred per cent of the capital stock of the other  
1763 corporation or (B) either corporation in such  
1764 transaction is owned or controlled either directly  
1765 or indirectly by interests which own or control  
1766 either directly or indirectly not less than one  
1767 hundred per cent of the capital stock of the other  
1768 corporation; (15) transfers] (12) DEEDS made by a  
1769 corporation which is exempt from taxation pursuant  
1770 to paragraph (3) of Section 501(c) of the Internal  
1771 Revenue Code of 1986, or any subsequent  
1772 corresponding internal revenue code of the United  
1773 States, as from time to time amended, to any  
1774 corporation which is exempt from taxation pursuant  
1775 to said paragraph (3) of said Section 501(c);  
1776 [(16) transfers made on or after July 1, 1992,]  
1777 (13) DEEDS MADE to any nonprofit organization  
1778 which is organized for the purpose of holding  
1779 undeveloped land in trust for conservation or  
1780 recreation purposes; [(17) transfers] (14) DEEDS  
1781 between spouses; and [(18) transfers] (15) DEEDS  
1782 of property for the stadium facility site, as  
1783 defined in section 32-381 or the practice facility  
1784 site, as defined in section 32-381.  
1785 Sec. 23. (NEW) When the Commissioner of  
1786 Revenue Services makes a deficiency assessment for  
1787 any taxes payable under chapter 223 of the general  
1788 statutes to the state, the commissioner is  
1789 authorized to make a deficiency assessment for any  
1790 taxes payable under said chapter 223 to a  
1791 municipality and to hold a hearing, when requested  
1792 in writing by any person aggrieved by the action  
1793 of the commissioner or his authorized agent in  
1794 fixing the amount of any tax, penalty or interest  
1795 provided for by said chapter 223 on or before the

1796 sixtieth day after notice of such action is  
1797 delivered or mailed to such person. The deficiency  
1798 assessment for any taxes payable under said  
1799 chapter 223 to a municipality shall bear interest  
1800 at the rate of one per cent per month or fraction  
1801 thereof from the date when the original tax was  
1802 due and payable. When it appears that any part of  
1803 the deficiency for which a deficiency assessment  
1804 is made is due to negligence or intentional  
1805 disregard of the provisions of said chapter 223 or  
1806 regulations adopted under said chapter 223, there  
1807 shall be imposed a penalty equal to ten per cent  
1808 of the amount of such deficiency assessment, or  
1809 fifty dollars, whichever is greater. When it  
1810 appears that any part of the deficiency for which  
1811 a deficiency assessment is made is due to fraud or  
1812 intent to evade the provisions of said chapter 223  
1813 or regulations adopted under said chapter 223,  
1814 there shall be imposed a penalty equal to  
1815 twenty-five per cent of the amount of such  
1816 deficiency assessment. No taxpayer shall be  
1817 subject to more than one penalty under this  
1818 section in relation to the same tax period. Once a  
1819 deficiency assessment for any taxes payable under  
1820 said chapter 223 to a municipality is no longer  
1821 the subject of a timely filed administrative  
1822 appeal to the commissioner or of a timely filed  
1823 appeal pending before any court of competent  
1824 jurisdiction, the commissioner may collect, on  
1825 behalf of such municipality, such taxes, and all  
1826 interest and penalties added thereto by law, under  
1827 the provisions of section 12-35 of the general  
1828 statutes as if such taxes, penalties or interest  
1829 due such municipality were "tax due the state", as  
1830 such term is defined in said section 12-35, and as  
1831 if such term expressly included taxes, penalties  
1832 or interest due to such municipality. Such taxes,  
1833 and all interest and penalties added thereto by  
1834 law, shall be treated, for purposes of subsection  
1835 (a) of section 12-39g of the general statutes, as  
1836 amended, and for purposes of subsection (a) of  
1837 section 12-739 of the general statutes, as  
1838 amended, as if they were taxes due to the state.

1839 Sec. 24. Subsection (4) of section 12-540 of  
1840 the general statutes is repealed and the following  
1841 is substituted in lieu thereof:

1842 (4) "Cabaret or other similar place" means  
1843 any room in any hotel, restaurant, hall or other

1844 public place where music, dancing privileges or  
1845 any other entertainment, except mechanical music  
1846 alone or the music of a single performer alone OR  
1847 KARAOKE ALONE WITHOUT A PAID KARAOKE ENTERTAINER,  
1848 are afforded the patrons in connection with the  
1849 serving or selling of alcoholic beverages even  
1850 though the charge made for admission, refreshment,  
1851 service or merchandise is not increased by reason  
1852 of the furnishing of such entertainment. "CABARET  
1853 OR OTHER SIMILAR PLACE" DOES NOT INCLUDE ANY ROOM  
1854 IN ANY RESTAURANT, AS DEFINED IN SUBSECTION (e) OF  
1855 SECTION 30-22, FOR WHICH ONLY A RESTAURANT PERMIT  
1856 FOR BEER, AS PROVIDED IN SUBSECTION (b) OF SECTION  
1857 30-22, OR ONLY A RESTAURANT PERMIT FOR WINE AND  
1858 BEER, AS PROVIDED IN SUBSECTION (c) OF SECTION  
1859 30-22 HAS BEEN ISSUED.

1860 Sec. 25. Section 12-587 of the general  
1861 statutes, as amended by section 1 of public act  
1862 97-281, is repealed and the following is  
1863 substituted in lieu thereof:

1864 (a) As used in this chapter: (1) "Company"  
1865 includes a corporation, partnership, limited  
1866 partnership, LIMITED LIABILITY COMPANY, LIMITED  
1867 LIABILITY PARTNERSHIP, association, individual or  
1868 any fiduciary thereof; (2) "quarterly period"  
1869 means a period of three calendar months commencing  
1870 on the first day of January, April, July or  
1871 October and ending on the last day of March, June,  
1872 September or December, respectively; (3) "gross  
1873 earnings" means [those earnings derived] ALL  
1874 CONSIDERATION RECEIVED from the first sale within  
1875 this state of a petroleum product; [, but does not  
1876 include earnings in a taxable year commencing  
1877 prior to January 1, 2000, from the sale of propane  
1878 gas as a fuel for a motor vehicle and] (4)  
1879 "petroleum products" means those products which  
1880 contain or are made from petroleum or a petroleum  
1881 derivative; [, but does not mean (A) the product  
1882 designated by the American Society for Testing and  
1883 Materials as "Specification for Heating Oil  
1884 D396-69", commonly known as number 2 heating oil,  
1885 to be used exclusively for heating purposes or to  
1886 be used in a commercial fishing vessel which  
1887 vessel qualifies for an exemption pursuant to  
1888 section 12-412, (B) kerosene, commonly known as  
1889 number 1 oil, used exclusively for heating  
1890 purposes, provided delivery is of both number 1  
1891 and number 2 oil, and via a truck with a metered

1892 delivery ticket to a residential dwelling or to a  
1893 centrally metered system serving a group of  
1894 residential dwellings, (C) the product identified  
1895 as propane gas to be used exclusively for heating  
1896 purposes, or (D) bunker fuel oil, intermediate  
1897 fuel, marine diesel oil and marine gas oil for use  
1898 in any vessel having a displacement exceeding four  
1899 thousand dead weight tons. For calendar quarters  
1900 commencing on or after July 1, 2002, petroleum  
1901 products shall not include grade number 6 fuel  
1902 oil, as defined in regulations adopted pursuant to  
1903 section 16a-22c, to be used exclusively by a  
1904 company which, in accordance with census data  
1905 contained in the Standard Industrial  
1906 Classification Manual, United States Office of  
1907 Management and Budget, 1987 edition, is included  
1908 in code classifications 2000 to 3999, inclusive,  
1909 or number 2 heating oil used exclusively in a  
1910 vessel primarily engaged in interstate commerce,  
1911 which vessel qualifies for an exemption under  
1912 12-412] (5) "FIRST SALE OF PETROLEUM PRODUCTS  
1913 WITHIN THIS STATE" MEANS THE INITIAL SALE OF A  
1914 PETROLEUM PRODUCT DELIVERED TO A LOCATION IN THIS  
1915 STATE; (6) "EXPORT" OR "EXPORTATION" MEANS THE  
1916 CONVEYANCE OF PETROLEUM PRODUCTS FROM WITHIN THIS  
1917 STATE TO A LOCATION OUTSIDE THIS STATE FOR THE  
1918 PURPOSE OF SALE OR USE OUTSIDE THIS STATE; AND (7)  
1919 "SALE FOR EXPORTATION" MEANS A SALE OF PETROLEUM  
1920 PRODUCTS TO A PURCHASER WHICH ITSELF EXPORTS SUCH  
1921 PRODUCTS.

1922 (b) (1) Except as OTHERWISE provided in  
1923 subdivision (2) of this subsection, any company  
1924 which is engaged in the refining or distribution,  
1925 or both, of petroleum products and which  
1926 distributes such products in this state shall pay  
1927 a quarterly tax [at the rate of five per cent of]  
1928 ON its gross earnings derived from the FIRST sale  
1929 of petroleum products within this state. Each  
1930 company shall on or before the last day of the  
1931 month next succeeding each quarterly period render  
1932 to the commissioner [, under oath of its treasurer  
1933 or the person performing the duties of treasurer  
1934 or of an authorized agent or officer,] a return on  
1935 forms prescribed or furnished by the commissioner  
1936 AND SIGNED BY THE PERSON PERFORMING THE DUTIES OF  
1937 TREASURER OR AN AUTHORIZED AGENT OR OFFICER,  
1938 including the amount of gross earnings derived  
1939 from the FIRST sale of petroleum products within

1940 this state for the quarterly period and such other  
1941 facts as the commissioner may require for the  
1942 purpose of making any computation required by this  
1943 chapter. EXCEPT AS OTHERWISE PROVIDED IN  
1944 SUBDIVISION (3) OF THIS SUBSECTION, THE RATE OF  
1945 TAX SHALL BE FIVE PER CENT.

1946 (2) GROSS EARNINGS DERIVED FROM THE FIRST  
1947 SALE OF THE FOLLOWING PETROLEUM PRODUCTS WITHIN  
1948 THIS STATE SHALL BE EXEMPT FROM TAX: (A) ANY  
1949 PETROLEUM PRODUCTS SOLD FOR EXPORTATION FROM THIS  
1950 STATE FOR SALE OR USE OUTSIDE THIS STATE; (B) THE  
1951 PRODUCT DESIGNATED BY THE AMERICAN SOCIETY FOR  
1952 TESTING AND MATERIALS AS "SPECIFICATION FOR  
1953 HEATING OIL D396-69", COMMONLY KNOWN AS NUMBER 2  
1954 HEATING OIL, TO BE USED EXCLUSIVELY FOR HEATING  
1955 PURPOSES OR TO BE USED IN A COMMERCIAL FISHING  
1956 VESSEL, WHICH VESSEL QUALIFIES FOR AN EXEMPTION  
1957 PURSUANT TO SECTION 12-412, AS AMENDED; (C)  
1958 KEROSENE, COMMONLY KNOWN AS NUMBER 1 OIL, TO BE  
1959 USED EXCLUSIVELY FOR HEATING PURPOSES, PROVIDED  
1960 DELIVERY IS OF BOTH NUMBER 1 AND NUMBER 2 OIL, AND  
1961 VIA A TRUCK WITH A METERED DELIVERY TICKET TO A  
1962 RESIDENTIAL DWELLING OR TO A CENTRALLY METERED  
1963 SYSTEM SERVING A GROUP OF RESIDENTIAL DWELLINGS;  
1964 (D) THE PRODUCT IDENTIFIED AS PROPANE GAS, TO BE  
1965 USED EXCLUSIVELY FOR HEATING PURPOSES; (E) BUNKER  
1966 FUEL OIL, INTERMEDIATE FUEL, MARINE DIESEL OIL AND  
1967 MARINE GAS OIL TO BE USED IN ANY VESSEL HAVING A  
1968 DISPLACEMENT EXCEEDING FOUR THOUSAND DEAD WEIGHT  
1969 TONS; (F) FOR ANY FIRST SALE OCCURRING PRIOR TO  
1970 JANUARY 1, 2000, PROPANE GAS TO BE USED AS A FUEL  
1971 FOR A MOTOR VEHICLE; (G) FOR ANY FIRST SALE  
1972 OCCURRING ON OR AFTER JULY 1, 2002, GRADE NUMBER 6  
1973 FUEL OIL, AS DEFINED IN REGULATIONS ADOPTED  
1974 PURSUANT TO SECTION 16a-22c, TO BE USED  
1975 EXCLUSIVELY BY A COMPANY WHICH, IN ACCORDANCE WITH  
1976 CENSUS DATA CONTAINED IN THE STANDARD INDUSTRIAL  
1977 CLASSIFICATION MANUAL, UNITED STATES OFFICE OF  
1978 MANAGEMENT AND BUDGET, 1987 EDITION, IS INCLUDED  
1979 IN CODE CLASSIFICATIONS 2000 TO 3999, INCLUSIVE;  
1980 OR (H) FOR ANY FIRST SALE OCCURRING ON OR AFTER  
1981 JULY 1, 2002, NUMBER 2 HEATING OIL TO BE USED  
1982 EXCLUSIVELY IN A VESSEL PRIMARILY ENGAGED IN  
1983 INTERSTATE COMMERCE, WHICH VESSEL QUALIFIES FOR AN  
1984 EXEMPTION UNDER SECTION 12-412, AS AMENDED.

1985 [(2)] (3) The rate of tax ON GROSS EARNINGS  
1986 derived from the FIRST sale of grade number 6 fuel  
1987 oil, as defined in regulations adopted pursuant to

1988 section 16a-22c, to be used exclusively by a  
1989 company which, in accordance with census data  
1990 contained in the Standard Industrial  
1991 Classification Manual, United States Office of  
1992 Management and Budget, 1987 edition, is included  
1993 in code classifications 2000 to 3999, inclusive,  
1994 or number 2 heating oil used exclusively in a  
1995 vessel primarily engaged in interstate commerce,  
1996 which vessel qualifies for an exemption under  
1997 SECTION 12-412, AS AMENDED, shall be: (A) Four per  
1998 cent with respect to calendar quarters commencing  
1999 on or after July 1, 1998, and prior to July 1,  
2000 1999; (B) three per cent with respect to calendar  
2001 quarters commencing on or after July 1, 1999, and  
2002 prior to July 1, 2000; (C) two per cent with  
2003 respect to calendar quarters commencing on or  
2004 after July 1, 2000, and prior to July 1, 2001; and  
2005 (D) one per cent with respect to calendar quarters  
2006 commencing on or after July 1, 2001, and prior to  
2007 July 1, 2002. [Gross earnings from sales as  
2008 provided in this subdivision shall not be subject  
2009 to the provisions of this chapter with respect to  
2010 calendar quarters commencing on or after July 1,  
2011 2002.]

2012 (c) (1) Any company which imports or causes  
2013 to be imported into this state petroleum products  
2014 for its use and consumption, other than a company  
2015 [which is] subject to and [which has] HAVING paid  
2016 the tax on such COMPANY'S GROSS EARNINGS FROM  
2017 FIRST SALES OF petroleum products WITHIN THIS  
2018 STATE, WHICH EARNINGS INCLUDE GROSS EARNINGS  
2019 ATTRIBUTABLE TO SUCH IMPORTED OR CAUSED TO BE  
2020 IMPORTED PETROLEUM PRODUCTS, in accordance with  
2021 subsection (b) of this section, shall pay a  
2022 quarterly tax [at the rate of five per cent of] ON  
2023 the consideration given or contracted to be given  
2024 for such petroleum product if the consideration  
2025 given or contracted to be given for all such  
2026 deliveries during the quarterly period for which  
2027 such tax is to be paid exceeds one hundred  
2028 thousand dollars. [For the purposes of this  
2029 subsection, "use" includes the sale of imported  
2030 petroleum products in the regular course of  
2031 business.] EXCEPT AS OTHERWISE PROVIDED IN  
2032 SUBDIVISION (3) OF THIS SUBSECTION, THE RATE OF  
2033 TAX SHALL BE FIVE PER CENT. Fuel in the fuel  
2034 supply tanks of a motor vehicle, which fuel tanks  
2035 are directly connected to the engine, shall not be

2036 considered a delivery for the purposes of this  
2037 subsection.

2038 (2) CONSIDERATION GIVEN OR CONTRACTED TO BE  
2039 GIVEN FOR PETROLEUM PRODUCTS, GROSS EARNINGS FROM  
2040 THE FIRST SALE OF WHICH ARE EXEMPT FROM TAX UNDER  
2041 SUBDIVISION (2) OF SUBSECTION (b) OF THIS SECTION,  
2042 SHALL BE EXEMPT FROM TAX.

2043 (3) THE RATE OF TAX ON CONSIDERATION GIVEN OR  
2044 CONTRACTED TO BE GIVEN FOR GRADE NUMBER 6 FUEL  
2045 OIL, AS DEFINED IN REGULATIONS ADOPTED PURSUANT TO  
2046 SECTION 16a-22c, TO BE USED EXCLUSIVELY BY A  
2047 COMPANY WHICH, IN ACCORDANCE WITH CENSUS DATA  
2048 CONTAINED IN THE STANDARD INDUSTRIAL  
2049 CLASSIFICATION MANUAL, UNITED STATES OFFICE OF  
2050 MANAGEMENT AND BUDGET, 1987 EDITION, IS INCLUDED  
2051 IN CODE CLASSIFICATIONS 2000 TO 3999, INCLUSIVE,  
2052 OR NUMBER 2 HEATING OIL USED EXCLUSIVELY IN A  
2053 VESSEL PRIMARILY ENGAGED IN INTERSTATE COMMERCE,  
2054 WHICH VESSEL QUALIFIES FOR AN EXEMPTION UNDER  
2055 SECTION 12-412, AS AMENDED, SHALL BE: (A) FOUR PER  
2056 CENT WITH RESPECT TO CALENDAR QUARTERS COMMENCING  
2057 ON OR AFTER JULY 1, 1998, AND PRIOR TO JULY 1,  
2058 1999; (B) THREE PER CENT WITH RESPECT TO CALENDAR  
2059 QUARTERS COMMENCING ON OR AFTER JULY 1, 1999, AND  
2060 PRIOR TO JULY 1, 2000; (C) TWO PER CENT WITH  
2061 RESPECT TO CALENDAR QUARTERS COMMENCING ON OR  
2062 AFTER JULY 1, 2000, AND PRIOR TO JULY 1, 2001; AND  
2063 (D) ONE PER CENT WITH RESPECT TO CALENDAR QUARTERS  
2064 COMMENCING ON OR AFTER JULY 1, 2001, AND PRIOR TO  
2065 JULY 1, 2002.

2066 (d) The amount of tax reported to be due on  
2067 such return shall be due and payable on or before  
2068 the last day of the month next succeeding the  
2069 quarterly period. The tax imposed under the  
2070 provisions of this chapter shall be in addition to  
2071 any other tax imposed by this state on such  
2072 company.

2073 (e) For the purposes of this chapter, the  
2074 gross earnings of any producer or refiner of  
2075 petroleum products operating a service station  
2076 along the highways or interstate highways within  
2077 the state pursuant to a contract with the  
2078 Department of Transportation or operating a  
2079 service station which is used as a training or  
2080 test marketing center under the provisions of  
2081 subsection (b) of section 14-344d, shall be  
2082 calculated by multiplying the volume of petroleum  
2083 products delivered by any producer or refiner to

2084 any such station by such producer's or refiner's  
2085 dealer tank wagon price or dealer wholesale price  
2086 in the area of the service station.

2087 Sec. 26. Section 12-587a of the general  
2088 statutes is repealed and the following is  
2089 substituted in lieu thereof:

2090 (a) Any company, as such term is used in  
2091 section 12-587, AS AMENDED BY THIS ACT, liable for  
2092 the tax imposed under [said] SUBSECTION (b) OF  
2093 SAID section 12-587 on gross earnings from [sales]  
2094 THE FIRST SALE of petroleum products WITHIN THIS  
2095 STATE, which products the purchaser thereof  
2096 subsequently sells FOR EXPORTATION AND SALE OF USE  
2097 outside [the] THIS state, shall be allowed a  
2098 credit against any tax for which such company is  
2099 liable in accordance with [said] SUBSECTION (b) OF  
2100 SAID section 12-587, in the amount of tax paid to  
2101 the state with respect to the sale of such  
2102 products, provided (1) such purchaser has  
2103 submitted certification to such company, in such  
2104 form as prescribed by the Commissioner of Revenue  
2105 Services, that such products were sold OR USED  
2106 outside [the] THIS state, (2) such certification  
2107 and any additional information related to such  
2108 sale OR USE BY SUCH PURCHASER, which said  
2109 commissioner may request, have been submitted to  
2110 said commissioner and (3) such company makes a  
2111 payment to such purchaser, related to such  
2112 products sold OR USED outside [the] THIS state, in  
2113 the amount [of that portion of the total sales  
2114 price therefor representing] EQUAL TO the tax  
2115 imposed under said section 12-587 ON GROSS  
2116 EARNINGS FROM THE FIRST SALE TO SUCH PURCHASER  
2117 WITHIN THE STATE. In addition, such company shall  
2118 be allowed such credit when there has been any  
2119 sale of such products subsequent to THE sale by  
2120 such company but prior to sale OR USE outside  
2121 [the] THIS state, provided (1) each purchaser  
2122 receives payment, related to [the inclusion of the  
2123 amount of such tax in the total sales price paid  
2124 by the purchaser] SUCH PRODUCTS SOLD OR USED  
2125 OUTSIDE THIS STATE, EQUAL TO THE TAX IMPOSED UNDER  
2126 SAID SECTION 12-587, ON GROSS EARNINGS FROM THE  
2127 FIRST SALE OF SUCH PRODUCTS WITHIN THIS STATE, and  
2128 (2) the purchaser [consummating the sale] SELLING  
2129 OR USING SUCH PRODUCTS outside [the] THIS state  
2130 complies with the requirements in this section

2131 related to a purchaser of such products from the  
2132 company liable for such tax.

2133 (b) ANY COMPANY WHICH IMPORTS OR CAUSES TO BE  
2134 IMPORTED PETROLEUM PRODUCTS INTO THIS STATE FOR  
2135 ITS OWN USE OR CONSUMPTION SHALL BE ALLOWED A  
2136 CREDIT AGAINST TAX UNDER SUBSECTION (c) OF SECTION  
2137 12-587, AS AMENDED BY THIS ACT, ON THE  
2138 CONSIDERATION GIVEN OR CONTRACTED TO BE GIVEN FOR  
2139 ALL DELIVERIES IF THE COMPANY SUBSEQUENTLY EXPORTS  
2140 SUCH PETROLEUM PRODUCTS FOR SALE OR USE OUTSIDE  
2141 THIS STATE.

2142 Sec. 27. Section 12-687 of the general  
2143 statutes is repealed and the following is  
2144 substituted in lieu thereof:

2145 (a) Any electronic funds transfer shall be  
2146 initiated in a timely fashion in order to ensure  
2147 that the bank account designated by the department  
2148 is credited BY ELECTRONIC FUNDS TRANSFER for the  
2149 amount of the tax payment required to be made by  
2150 such method on or before the due date thereof,  
2151 [provided with respect to any transfer by  
2152 electronic funds transfer by any employer who is  
2153 required to pay over Connecticut income tax that  
2154 has been deducted and withheld from employee  
2155 wages, an electronic funds transfer will be deemed  
2156 to have been initiated in a timely fashion if the  
2157 bank account designated by the department is  
2158 credited for the amount of such tax payment  
2159 required to be made by such method on or before  
2160 the business day next succeeding the due date  
2161 thereof] OR, IN THE CASE OF THE PAYMENT OVER BY AN  
2162 EMPLOYER OF INCOME TAX DEDUCTED AND WITHHELD FROM  
2163 EMPLOYEE WAGES, THE NEXT SUCCEEDING DAY THAT IS  
2164 NOT A SATURDAY, SUNDAY OR LEGAL HOLIDAY, AS  
2165 DEFINED IN SECTION 12-39a, AS AMENDED.

2166 (b) [If the bank account designated by the  
2167 department is not credited for the amount of the  
2168 tax payment on or before the due date thereof,  
2169 such payment shall be considered a failure to pay  
2170 the tax required to be so paid in a timely manner  
2171 and] (1) WHERE A TAX PAYMENT IS REQUIRED TO BE  
2172 MADE BY ELECTRONIC FUNDS TRANSFER, ANY PAYMENT  
2173 MADE BY OTHER THAN ELECTRONIC FUNDS TRANSFER SHALL  
2174 BE TREATED AS A TAX PAYMENT NOT MADE IN A TIMELY  
2175 MANNER, AND ANY PAYMENT MADE BY ELECTRONIC FUNDS  
2176 TRANSFER, WHERE THE BANK ACCOUNT DESIGNATED BY THE  
2177 DEPARTMENT IS NOT CREDITED FOR THE AMOUNT OF THE  
2178 TAX PAYMENT ON OR BEFORE THE DUE DATE THEREOF, OR

2179 IN THE CASE OF THE PAYMENT OVER BY AN EMPLOYER OF  
2180 INCOME TAX DEDUCTED AND WITHHELD FROM EMPLOYEE  
2181 WAGES, THE NEXT SUCCEEDING DAY THAT IS NOT A  
2182 SATURDAY, SUNDAY OR LEGAL HOLIDAY, AS DEFINED IN  
2183 SECTION 12-39a, AS AMENDED, SHALL BE TREATED AS A  
2184 TAX PAYMENT NOT MADE IN A TIMELY MANNER. ANY TAX  
2185 PAYMENT TREATED UNDER THIS SUBSECTION AS A TAX  
2186 PAYMENT NOT MADE IN A TIMELY MANNER shall be  
2187 subject to penalty and interest in accordance with  
2188 the applicable provisions of the general statutes.  
2189 [, provided with respect to any transfer by  
2190 electronic funds transfer by any employer who is  
2191 required to pay over Connecticut income tax that  
2192 has been deducted and withheld from employee  
2193 wages, if the bank account designated by the  
2194 department is not credited for the amount of such  
2195 tax payment on or before the business day next  
2196 succeeding the due date thereof, such payment  
2197 shall be considered a failure to pay the tax  
2198 required to be so paid in a timely manner and  
2199 shall be subject to penalty and interest in  
2200 accordance with the applicable provisions of the  
2201 general statutes.]

2202 (2) WHERE ANY TAX PAYMENT IS TREATED UNDER  
2203 THIS SUBSECTION AS A TAX PAYMENT NOT MADE IN A  
2204 TIMELY MANNER BECAUSE IT IS MADE BY OTHER THAN  
2205 ELECTRONIC FUNDS TRANSFER, THERE SHALL BE IMPOSED  
2206 A PENALTY EQUAL TO TEN PER CENT OF THE TAX PAYMENT  
2207 REQUIRED TO BE MADE BY ELECTRONIC FUNDS TRANSFER.  
2208 WHERE ANY TAX PAYMENT MADE BY ELECTRONIC FUNDS  
2209 TRANSFER IS TREATED UNDER THIS SUBSECTION AS A TAX  
2210 PAYMENT NOT MADE IN A TIMELY MANNER BECAUSE THE  
2211 BANK ACCOUNT DESIGNATED BY THE DEPARTMENT IS NOT  
2212 CREDITED BY ELECTRONIC FUNDS TRANSFER FOR THE  
2213 AMOUNT OF THE TAX PAYMENT ON OR BEFORE THE DUE  
2214 DATE THEREOF, THERE SHALL BE IMPOSED A PENALTY  
2215 EQUAL TO TWO PER CENT OF THE TAX PAYMENT REQUIRED  
2216 TO BE MADE BY ELECTRONIC FUNDS TRANSFER, IF SUCH  
2217 FAILURE TO PAY BY ELECTRONIC FUNDS TRANSFER IS FOR  
2218 NOT MORE THAN FIVE DAYS, FIVE PER CENT OF THE TAX  
2219 PAYMENT REQUIRED TO BE MADE BY ELECTRONIC FUNDS  
2220 TRANSFER, IF SUCH FAILURE TO PAY BY ELECTRONIC  
2221 FUNDS TRANSFER IS FOR MORE THAN FIVE DAYS BUT NOT  
2222 MORE THAN FIFTEEN DAYS, AND TEN PER CENT OF THE  
2223 TAX PAYMENT REQUIRED TO BE MADE BY ELECTRONIC  
2224 FUNDS TRANSFER, IF SUCH FAILURE TO PAY BY  
2225 ELECTRONIC FUNDS TRANSFER IS FOR MORE THAN FIFTEEN  
2226 DAYS.

2227 Sec. 28. Section 12-704 of the general  
2228 statutes, as amended by section 4 of public act  
2229 97-286, is repealed and the following is  
2230 substituted in lieu thereof:

2231 (a) Any resident or part-year resident of  
2232 this state shall be allowed a credit against the  
2233 tax otherwise due under this chapter in the amount  
2234 of any income tax imposed on such resident or  
2235 part-year resident for the taxable year by another  
2236 state of the United States or a political  
2237 subdivision thereof or the District of Columbia  
2238 [or any province of Canada] on income derived from  
2239 sources therein and which is also subject to tax  
2240 under this chapter. In the case of a resident, the  
2241 credit provided under this section shall not  
2242 exceed the proportion of the tax otherwise due  
2243 under this chapter that the amount of the  
2244 taxpayer's Connecticut adjusted gross income  
2245 derived from or connected with sources in the  
2246 other taxing jurisdiction bears to such taxpayer's  
2247 Connecticut adjusted gross income under this  
2248 chapter. In the case of a part-year resident, the  
2249 credit provided under this section shall not  
2250 exceed the proportion of the tax otherwise due  
2251 during the period of residency under this chapter  
2252 that the amount of the taxpayer's Connecticut  
2253 adjusted gross income derived from or connected  
2254 with sources in the other jurisdiction during the  
2255 period of residency bears to such taxpayer's  
2256 Connecticut adjusted gross income during the  
2257 period of residency under this chapter, nor shall  
2258 the allowance of the credit provided under this  
2259 section reduce the tax otherwise due under this  
2260 chapter to an amount less than what would have  
2261 been due if the income subject to taxation by such  
2262 other jurisdiction were excluded from Connecticut  
2263 adjusted gross income.

2264 (b) (1) If, AS A DIRECT RESULT OF THE CHANGE  
2265 TO OR CORRECTION OF A TAXPAYER'S INCOME TAX RETURN  
2266 FILED WITH ANOTHER STATE OF THE UNITED STATES OR A  
2267 POLITICAL SUBDIVISION THEREOF OR THE DISTRICT OF  
2268 COLUMBIA BY THE TAX OFFICERS OR OTHER COMPETENT  
2269 AUTHORITY OF SUCH JURISDICTION, the amount of tax  
2270 of [another] SUCH OTHER jurisdiction that the  
2271 taxpayer is finally required to pay is different  
2272 than the amount used to determine the credit  
2273 allowed to any taxpayer under this section for any  
2274 taxable year, [commencing on or after January 1,

2275 1991,) the taxpayer shall [send] PROVIDE notice of  
2276 such difference to the commissioner [within thirty  
2277 days of] BY FILING, ON OR BEFORE THE DATE THAT IS  
2278 NINETY DAYS AFTER the final determination of such  
2279 amount, [except that for the income year  
2280 commencing January 1, 1991, only, the taxpayer  
2281 shall send notice of such difference to the  
2282 commissioner within thirty days of May 8, 1996,  
2283 and the commissioner shall] AN AMENDED RETURN  
2284 UNDER THIS CHAPTER, AND SHALL CONCEDE THE ACCURACY  
2285 OF SUCH DETERMINATION OR STATE WHEREIN IT IS  
2286 ERRONEOUS. THE COMMISSIONER MAY redetermine, and  
2287 the taxpayer shall be required to pay, the tax for  
2288 any taxable year affected, regardless of any  
2289 otherwise applicable statute of limitations.

2290 (2) IF, AS A DIRECT RESULT OF A TAXPAYER  
2291 FILING AN AMENDED INCOME TAX RETURN WITH ANOTHER  
2292 STATE OF THE UNITED STATES OR A POLITICAL  
2293 SUBDIVISION THEREOF OR THE DISTRICT OF COLUMBIA,  
2294 THE AMOUNT OF TAX OF SUCH OTHER JURISDICTION THAT  
2295 THE TAXPAYER IS REQUIRED TO PAY IS DIFFERENT THAN  
2296 THE AMOUNT USED TO DETERMINE THE CREDIT ALLOWED TO  
2297 ANY TAXPAYER UNDER THIS SECTION FOR ANY TAXABLE  
2298 YEAR, THE TAXPAYER SHALL PROVIDE NOTICE OF SUCH  
2299 DIFFERENCE TO THE COMMISSIONER BY FILING, ON OR  
2300 BEFORE THE DATE THAT IS NINETY DAYS AFTER THE DATE  
2301 OF FILING OF SUCH AMENDED RETURN, AN AMENDED  
2302 RETURN UNDER THIS CHAPTER AND SHALL GIVE SUCH  
2303 INFORMATION AS THE COMMISSIONER MAY REQUIRE. THE  
2304 COMMISSIONER MAY REDETERMINE AND THE TAXPAYER  
2305 SHALL BE REQUIRED TO PAY THE TAX FOR ANY TAXABLE  
2306 YEAR AFFECTED, REGARDLESS OF ANY OTHERWISE  
2307 APPLICABLE STATUTE OF LIMITATIONS.

2308 (3) THE COMMISSIONER MAY BY REGULATION  
2309 PRESCRIBE SUCH EXCEPTIONS TO THE REQUIREMENTS OF  
2310 THIS SUBSECTION AS HE DEEMS APPROPRIATE.

2311 [(c) In the case of a taxpayer who elects to  
2312 claim the foreign tax credit pursuant to the  
2313 Internal Revenue Code for federal income tax  
2314 purposes, the credit under this section for income  
2315 tax imposed by a province of Canada shall be  
2316 allowed for that portion of the provincial tax not  
2317 claimed for federal income tax purposes for the  
2318 taxable year or a preceding taxable year,  
2319 provided, to the extent the provincial tax is  
2320 claimed for federal income tax purposes for a  
2321 succeeding taxable year, the credit allowed under  
2322 this section shall be added back to the amount of

2323 tax for such succeeding taxable year. Credit for  
2324 the provincial tax shall be deemed to be claimed  
2325 last for federal income tax purposes and for  
2326 purposes of this subsection.]

2327 [(d)] (c) A taxpayer shall not be allowed  
2328 credit under this section if such taxpayer has  
2329 claimed or will claim a credit against the income  
2330 tax imposed by such other jurisdiction for the tax  
2331 paid or payable under this chapter.

2332 [(e)] (d) Notwithstanding the provisions of  
2333 subsection [(d)] (c) of this section, if an  
2334 individual is not domiciled in this state but  
2335 maintains a permanent place of abode in this state  
2336 and is in this state for an aggregate of more than  
2337 one hundred eighty-three days of a taxable year  
2338 and such individual is domiciled in another state  
2339 of the United States, a political subdivision of  
2340 such state, or the District of Columbia for the  
2341 taxable year, such individual shall be allowed a  
2342 credit under this section against the tax  
2343 otherwise due under this chapter for income tax  
2344 imposed by and paid to the qualifying jurisdiction  
2345 in which such individual is domiciled on such  
2346 individual's income from intangible personal  
2347 property, to the extent such income is from  
2348 property not employed in a business, trade,  
2349 profession or occupation carried on in this state,  
2350 and on such individual's income derived from or  
2351 connected with sources within another state of the  
2352 United States or the District of Columbia that  
2353 does not impose an income tax on such income. This  
2354 subsection shall apply only where the jurisdiction  
2355 in which such individual is domiciled allows an  
2356 income tax credit for the tax imposed by this  
2357 state to an individual who is domiciled in this  
2358 state for a taxable year but maintains a permanent  
2359 place of abode in such jurisdiction and is in such  
2360 jurisdiction for an aggregate of more than one  
2361 hundred eighty-three days of the taxable year that  
2362 is analogous to that provided in this subsection.

2363 Sec. 29. Subsection (b) of section 12-711 of  
2364 the general statutes is amended by adding  
2365 subdivision (4) as follows:

2366 (NEW) (4) Income directly or indirectly  
2367 derived by an athlete, entertainer or performing  
2368 artist from closed-circuit and cable television  
2369 transmissions of an event, other than events  
2370 occurring on a regularly scheduled basis, taking

2371 place within this state as a result of the  
2372 rendition of services by such athlete, entertainer  
2373 or performing artist shall constitute income  
2374 derived from or connected with sources within this  
2375 state only to the extent that such transmissions  
2376 were received or exhibited within this state.

2377 Sec. 30. Section 12-723 of the general  
2378 statutes is repealed and the following is  
2379 substituted in lieu thereof:

2380 The commissioner may for reasonable cause  
2381 extend the time for the filing of any return,  
2382 [declaration,] statement or other document due or  
2383 required under this chapter and the payment of tax  
2384 due pursuant to this chapter in accordance with  
2385 regulations adopted in accordance with chapter 54.  
2386 Said commissioner may require the filing of a  
2387 tentative return and the payment of the tax  
2388 reported to be due thereon in connection with such  
2389 extension. Any additional tax which may be found  
2390 to be due on the filing of a return,  
2391 [declaration,] statement or other document as  
2392 allowed by such extension shall bear interest at  
2393 the rate of one per cent per month or fraction  
2394 thereof from the original due date of such tax to  
2395 the date of actual payment. NOTWITHSTANDING THE  
2396 PROVISIONS OF SECTION 12-735, NO PENALTY SHALL BE  
2397 IMPOSED ON ACCOUNT OF ANY FAILURE TO PAY THE  
2398 AMOUNT OF TAX REPORTED TO BE DUE ON A RETURN,  
2399 STATEMENT OR OTHER DOCUMENT WITHIN THE TIME  
2400 SPECIFIED UNDER THE PROVISIONS OF THIS CHAPTER IF  
2401 THE EXCESS OF THE AMOUNT OF TAX SHOWN ON THE  
2402 RETURN, STATEMENT OR OTHER DOCUMENT OVER THE  
2403 AMOUNT OF TAX PAID ON OR BEFORE THE ORIGINAL DUE  
2404 DATE OF SUCH RETURN, STATEMENT OR OTHER DOCUMENT  
2405 IS NO GREATER THAN TEN PER CENT OF THE AMOUNT OF  
2406 TAX SHOWN ON SUCH RETURN, STATEMENT OR OTHER  
2407 DOCUMENT, AND ANY BALANCE DUE SHOWN ON SUCH  
2408 RETURN, STATEMENT OR OTHER DOCUMENT IS PAID ON OR  
2409 BEFORE THE EXTENDED DUE DATE OF SUCH RETURN,  
2410 STATEMENT OR OTHER DOCUMENT.

2411 Sec. 31. Subsection (b) of section 12-727 of  
2412 the general statutes is repealed and the following  
2413 is substituted in lieu thereof:

2414 (b) (1) If the amount of a taxpayer's federal  
2415 taxable income reported on such taxpayer's federal  
2416 income tax return for any taxable year is changed  
2417 or corrected by the United States Internal Revenue  
2418 Service or other competent authority, or as the

2419 result of a renegotiation of a contract or  
2420 subcontract with the United States, the taxpayer  
2421 shall [report] PROVIDE NOTICE OF such change or  
2422 correction in federal taxable income [within] TO  
2423 THE COMMISSIONER BY FILING, ON OR BEFORE THE DATE  
2424 THAT IS ninety days after the final determination  
2425 of such change, correction or renegotiation, or as  
2426 otherwise required by the commissioner, AN AMENDED  
2427 RETURN UNDER THIS CHAPTER and shall concede the  
2428 accuracy of such determination or state wherein it  
2429 is erroneous. THE COMMISSIONER MAY REDETERMINE AND  
2430 THE TAXPAYER SHALL BE REQUIRED TO PAY THE TAX FOR  
2431 ANY TAXABLE YEAR AFFECTED, REGARDLESS OF ANY  
2432 OTHERWISE APPLICABLE STATUTE OF LIMITATIONS.

2433 (2) Any taxpayer filing an amended federal  
2434 income tax return shall also file, [within] ON OR  
2435 BEFORE THE DATE THAT IS ninety days [thereafter]  
2436 AFTER THE DATE OF FILING OF SUCH AMENDED RETURN,  
2437 an amended return under this chapter and shall  
2438 give such information as the commissioner may  
2439 require. THE COMMISSIONER MAY REDETERMINE, AND THE  
2440 TAXPAYER SHALL BE REQUIRED TO PAY THE TAX FOR ANY  
2441 TAXABLE YEAR AFFECTED, REGARDLESS OF ANY OTHERWISE  
2442 APPLICABLE STATUTE OF LIMITATIONS.

2443 (3) The commissioner may by regulation  
2444 prescribe such exceptions to the requirements of  
2445 this [section] SUBSECTION as he deems appropriate.  
2446 Sec. 32. Subsection (b) of section 12-732 of  
2447 the general statutes is repealed and the following  
2448 is substituted in lieu thereof:

2449 (b) (1) Notwithstanding the three-year  
2450 limitation provided by subsection (a) of this  
2451 section, if a taxpayer has timely complied with  
2452 the requirements of subsection (b) of section  
2453 12-727, AS AMENDED BY THIS ACT, and, as a direct  
2454 result of the change to [, correction of or  
2455 amendment] OR CORRECTION OF THE TAXPAYER'S FEDERAL  
2456 INCOME TAX RETURN BY THE UNITED STATES INTERNAL  
2457 REVENUE SERVICE OR OTHER COMPETENT AUTHORITY, OR  
2458 AS A DIRECT RESULT OF A RENEGOTIATION OF A  
2459 CONTRACT OR SUBCONTRACT WITH THE UNITED STATES,  
2460 THE TAX THAT HAS PREVIOUSLY BEEN REPORTED TO BE  
2461 DUE ON A TAX RETURN UNDER THIS CHAPTER HAS BEEN  
2462 OVERPAID, OR AS A DIRECT RESULT OF AN AMENDMENT BY  
2463 THE TAXPAYER of the taxpayer's federal income tax  
2464 return, the tax that has previously been reported  
2465 to be due on a tax return under this chapter has  
2466 been overpaid, any claim for refund subsequently

2467 filed by such taxpayer will be deemed to be timely  
2468 filed.

2469 (2) NOTWITHSTANDING THE THREE-YEAR LIMITATION  
2470 PROVIDED BY SUBSECTION (a) OF THIS SECTION, IF A  
2471 TAXPAYER HAS TIMELY COMPLIED WITH THE REQUIREMENTS  
2472 OF SUBSECTION (b) OF SECTION 12-704, AS AMENDED BY  
2473 THIS ACT, AND AS A DIRECT RESULT OF THE CHANGE TO  
2474 OR CORRECTION OF TAXPAYER'S INCOME TAX RETURN BY  
2475 THE TAX OFFICERS OR OTHER COMPETENT AUTHORITY OF  
2476 ANOTHER STATE OF THE UNITED STATES OR A POLITICAL  
2477 SUBDIVISION THEREOF OR THE DISTRICT OF COLUMBIA,  
2478 THE TAX THAT HAS PREVIOUSLY BEEN REPORTED TO BE  
2479 DUE ON A TAX RETURN UNDER THIS CHAPTER HAS BEEN  
2480 OVERPAID, OR AS A DIRECT RESULT OF AN AMENDMENT BY  
2481 THE TAXPAYER OF THE TAXPAYER'S INCOME TAX RETURN  
2482 TO ANOTHER STATE OF THE UNITED STATES OR A  
2483 POLITICAL SUBDIVISION THEREOF OR THE DISTRICT OF  
2484 COLUMBIA, THE TAX THAT HAS PREVIOUSLY BEEN  
2485 REPORTED TO BE DUE ON A TAX RETURN UNDER THIS  
2486 CHAPTER HAS BEEN OVERPAID, ANY CLAIM FOR REFUND  
2487 SUBSEQUENTLY FILED BY SUCH TAXPAYER WILL BE DEEMED  
2488 TO BE TIMELY FILED.

2489 Sec. 33. Subsection (b) of section 12-733 of  
2490 the general statutes, as amended by section 43 of  
2491 public act 97-243, is repealed and the following  
2492 is substituted in lieu thereof:

2493 (b) (1) If the taxpayer omits from  
2494 Connecticut adjusted gross income, in the case of  
2495 an individual, or from Connecticut taxable income,  
2496 in the case of a trust or estate, an amount  
2497 properly includable therein which is in excess of  
2498 twenty-five per cent of the amount of Connecticut  
2499 adjusted gross income or Connecticut taxable  
2500 income, as the case may be, stated in the return,  
2501 a notice of a proposed deficiency assessment may  
2502 be mailed to the taxpayer within six years after  
2503 the return is filed. For purposes of this  
2504 subsection, there shall not be taken into account  
2505 any amount which is omitted in the return if such  
2506 amount is disclosed in the return, or in a  
2507 statement attached to the return, in a manner  
2508 adequate to apprise the Commissioner of Revenue  
2509 Services of the nature and the amount of such  
2510 item.

2511 (2) IF THE TAXPAYER OMITTS FROM THE  
2512 CONNECTICUT ADJUSTED GROSS INCOME DERIVED FROM OR  
2513 CONNECTED WITH SOURCES WITHIN THIS STATE, IN THE  
2514 CASE OF A NONRESIDENT INDIVIDUAL OR PART-YEAR

2515 RESIDENT INDIVIDUAL, OR FROM CONNECTICUT TAXABLE  
2516 INCOME DERIVED FROM OR CONNECTED WITH SOURCES  
2517 WITHIN THIS STATE, IN THE CASE OF A NONRESIDENT  
2518 TRUST OR ESTATE OF PART-YEAR RESIDENT TRUST, AN  
2519 AMOUNT PROPERLY INCLUDABLE THEREIN WHICH IS IN  
2520 EXCESS OF TWENTY-FIVE PER CENT OF THE AMOUNT OF  
2521 CONNECTICUT ADJUSTED GROSS INCOME DERIVED FROM OR  
2522 CONNECTED WITH SOURCES WITHIN THIS STATE OR  
2523 CONNECTICUT TAXABLE INCOME DERIVED FROM OR  
2524 CONNECTED WITH SOURCES WITHIN THIS STATE, AS THE  
2525 CASE MAY BE, STATED IN THE RETURN, A NOTICE OF A  
2526 PROPOSED DEFICIENCY ASSESSMENT MAY BE MAILED TO  
2527 THE TAXPAYER WITHIN SIX YEARS AFTER THE RETURN IS  
2528 FILED. FOR PURPOSES OF THIS SUBSECTION, THERE  
2529 SHALL NOT BE TAKEN INTO ACCOUNT ANY AMOUNT WHICH  
2530 IS OMITTED IN THE RETURN IF SUCH AMOUNT IS  
2531 DISCLOSED IN THE RETURN, OR IN A STATEMENT  
2532 ATTACHED TO THE RETURN, IN A MANNER ADEQUATE TO  
2533 APPRISE THE COMMISSIONER OF REVENUE SERVICES OF  
2534 THE NATURE AND THE AMOUNT OF SUCH ITEM.

2535 Sec. 34. This act shall take effect from its  
2536 passage, except that (1) section 14 shall be  
2537 applicable to estates of persons dying on or after  
2538 June 20, 1996, (2) sections 4 and 11 shall be  
2539 applicable to calendar years commencing on or  
2540 after January 1, 1998, (3) sections 5 to 8,  
2541 inclusive, and section 10 shall be applicable to  
2542 income years commencing on or after January 1,  
2543 1998, (4) sections 28 to 33, inclusive, shall be  
2544 applicable to taxable years commencing on or after  
2545 January 1, 1998, (5) sections 22 and 23 shall take  
2546 effect October 1, 1998, (6) sections 12, 13, 25  
2547 and 26 shall be applicable to calendar quarters  
2548 commencing on or after October 1, 1998, (7)  
2549 section 17, 18 and 24 shall be applicable to sales  
2550 occurring on or after October 1, 1998, (8) section  
2551 20 shall be applicable to sales or use of fuel  
2552 commencing on or after October 1, 1998, (9)  
2553 section 27 shall be applicable to payments first  
2554 due and payable on or after October 1, 1998, (10)  
2555 section 9 shall be applicable to income years  
2556 commencing on or after January 1, 1999, and (11)  
2557 section 21 shall be applicable to claims for  
2558 refund filed on or after January 1, 1999.

2559 FIN COMMITTEE VOTE: YEA 43 NAY 0 JFS

\* \* \* \* \*

"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF 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 HOUSE THEREOF FOR ANY PURPOSE."

\* \* \* \* \*

**FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5679**

|                  |   |
|------------------|---|
| STATE IMPACT     | See Explanation Below                         |
| MUNICIPAL IMPACT | Potential Revenue Gain, see explanation below |
| STATE AGENCY(S)  | Department of Revenue Services                |

EXPLANATION OF ESTIMATES:

STATE IMPACT: Since most sections of the bill clarify, conform the language of the statutes to current practice and correct errors, they are not anticipated to have a significant fiscal impact.

Section 6 eliminates Corporation Tax payments under the minimum tax and the capital base for S corporations, which is expected to result in an annual revenue loss of between \$2 million and \$5 million, beginning in FY 2001-02.

The Succession Tax provisions in Section 14 for farmland valuation is expected to result in a revenue loss of \$75,000 in FY 1998-99

MUNICIPAL IMPACT: There is a potential revenue gain for the municipal portion of the Real Estate Conveyance Tax because Section 23 permits DRS to collect any additional Tax due to a municipality when an audit assessment is made.

\* \* \* \* \*

**OFA BILL ANALYSIS**

sHB 5679

**AN ACT CONCERNING SIMPLIFICATION, ENFORCEMENT AND MINOR CHANGES TO VARIOUS TAX STATUTES**

**SUMMARY:** The bill contains the following provisions:

Section 1 permits disclosure of certain return information concerning real property, Real Estate Conveyance Tax and Controlling Interest Transfer Tax to an authorized representative of a municipality or office of the United States government, upon written request.

Section 2 adds new language that permits DRS to offset tax refunds paid to residents of another state if the person owes unpaid taxes to another state. Currently, states try to set up reciprocal agreements.

Section 3 modifies the procedure for payments made as a cash bond to allow application of payment prior to billing. Under current law, cash bonds may not be used until after an assessment is made.

Sections 4, 11, 12 and 13 simplify the filing of returns by eliminating the notarization requirement for the Insurance Premiums Tax on domestic companies, the Railroad Companies Tax, the Hospitals Gross Earnings Tax and the Utility Companies Tax.

Section 5 conforms the state Corporation Tax to the federal statutes by treating qualified subchapter S subsidiaries as part of one corporation.

Section 6 exempts from the Corporation Tax minimum tax, to foreign-sourced income of (1) non-United States corporations whose sole activity in this state is trading in stocks or securities for its own account, and (2) for income years commencing on or after 1/1/01, S corporations who the minimum tax or pay under the capital base.

Section 7 gives subchapter S corporations an additional two weeks to file a tentative or final Corporation Tax return. This conforms the date (normally 4/15) to when Personal Income Tax returns are due.

Section 8 allows corporations to re-elect combined return status after electing to file separate returns and after filing separate returns for 5 successive income years.

Section 9 allows annualization of estimated tax payments for corporate payers.

Section 10 establishes the order in which Corporation Tax credits must be taken, when businesses are eligible for more than one credit.

Section 14 classifies farmland transferred by a decedent to a partnership, corporation or trust held by family members who are Class AA, A or B inheritors, continues to be valued as farmland for Succession Tax purposes. (Class AA inheritors are spouses; Class A inheritors include parents, grandparents, adoptive parents, and any natural or adoptive descendants; Class B inheritors include (1) spouses who have not remarried, and (2) natural or adopted brothers or sisters and natural or adopted descendants of the brothers or sisters.)

Sections 15 and 16 add "making regular repairs" and "making regular deliveries" in this state, to the Sales Tax definition of "engaging in business in this state."

Sections 17 and 18 allow for a tax rate reduction and exemption for motor vehicles sold to military personnel when only one of two people on a motor vehicle title is in the military.

Section 19 permits DRS to pay to another state up to 50% of the tax collected from a taxpayer assessed for failing to file a return, if DRS determines that the information provided by the other state was instrumental in making the collection.

Section 20 allows school bus contractors to file quarterly Motor Vehicle Tax returns for payment of tax on their non-exempt uses of fuel.

Section 21 moves the date by which claims for Motor Vehicle Fuels refunds must be filed from 3/31 to 5/31. It also permits an extension of time to file such claims.

Section 22 clarifies exempt transactions under the Real Estate Conveyance Tax.

Section 23 permits DRS to collect any additional Real Estate Conveyance Tax due to a municipality when an audit assessment is made.

Section 24 excludes establishments where the only form of entertainment is karaoke, from the definition of a cabaret for the purposes of the Cabaret Tax.

Sections 25 and 26 reorganize and clarify the Petroleum Products Gross Earnings Tax statutes, but makes no substantive changes to the language.

Section 27 ties the penalty calculation for electronic funds transfer to the period lateness rather than the current flat 10%. Under the new rules the penalty is 2% if the payment is late by up to 2 days, 5% if it is late from 2 to 5 days, and 10% if it is late by more than 5 days.

Section 28 extends from 30 to 90 days, the period of time within which (1) the filing of amended return to another jurisdiction, or (2) changes or corrections made to a return filed in another jurisdiction, must be reported to DRS. Such returns are filed by resident individuals who claim a Personal Income Tax credit for taxes paid to another jurisdiction.

Section 29 levies the Personal Income Tax on nonresident individuals employed in the broadcasting industry, on the basis of where the broadcasting audience is located. The tax is only levied on income with a Connecticut source.

Section 30 waives the penalty for situations where an extension of time to file a Personal Income Tax return has been requested and granted and additional tax is due at the time of the filing. The penalty is waived only in cases where 90% of the tax shown on the return is paid by the original date of the return and any remaining balance is paid on or before the extended due date of the return.

Section 31 clarifies that taxpayers are entitled to a Personal Income Tax refund when their federal income tax return has been changed or corrected by a competent

federal authority so that their liability is less. The refund is only due if an amended state return is filed within 90 days after the final determination of the federal change or correction is made.

Section 32 clarifies that taxpayers are entitled to a Personal Income Tax refund when they have filed an amended federal income tax return that shows their liability is less. The refund is only due if an amended state return is filed within 90 days after the filing of the amended return.

Section 33 permits DRS to make a Personal Income Tax assessment against a nonresident or part-year resident taxpayer within 6 years after a return is filed, if the taxpayer omits Connecticut-sourced income in an amount that is 25% or more of the Connecticut AGI stated on the return.

EFFECTIVE DATE: Upon passage with various effective dates for various sections of the bill

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute  
Yea 43 Nay 0