

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 TECHNICAL CHANGES AND ADDITIONS TO VARIOUS TAX STATUTES.

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

1 Section 1. Subsection (a) of section 12-391
2 of the general statutes, as amended by section 7
3 of public act 97-165, is repealed and the
4 following is substituted in lieu thereof:
5 (a) [For purposes of this section] EXCEPT AS
6 OTHERWISE PROVIDED BY STATUTE, "tax appeal" means
7 an appeal from an order, decision, determination
8 or disallowance of the Commissioner of Revenue
9 Services; [pursuant to subsection (b) of section
10 12-208, sections 12-237, 12-255m, 12-2681, 12-312
11 and 12-330m, subsection (d) of section 12-405k,
12 sections 12-422, 12-448 and 12-463, subsection (b)
13 of section 12-489, sections 12-522, 12-554 and
14 12-597, subsection (b) of section 12-638i and
15 section 12-730;] an appeal that may be taken from
16 a decree of a court of probate under subsection
17 (b) of section 12-359, subsection (b) of section
18 12-367 or under subsection (b) of section 12-395,
19 AS AMENDED; an appeal from any order, decision,
20 determination or disallowance of the Secretary of
21 the Office of Policy and Management pursuant to
22 sections 12-242gg to 12-242nn, inclusive; and an

23 appeal that may be taken from a decision of the
24 Penalty Review Committee under subsection (d) of
25 section 12-3a.

26 Sec. 2. Subsection (h) of section 12-217p of
27 the general statutes, as amended by section 18 of
28 public act 97-295, is repealed and the following
29 is substituted in lieu thereof:

30 (h) Any tax credit not used in the period
31 during which the investment was made may be
32 carried forward or backward for the five
33 immediately succeeding or preceding income years
34 until the full credit has been allowed. For income
35 years commencing on or after January 1, 1998, if
36 the Connecticut Housing Finance Authority
37 determines that sixty per cent or more of a
38 revolving loan fund has not been loaned as
39 provided in this section by a business firm on or
40 before the date that is three years after the date
41 that a revolving loan fund is established pursuant
42 to this section by such business firm, the
43 authority shall notify such firm and the
44 commissioner that the authority has determined
45 that sixty per cent or more of the fund has not
46 been loaned as provided in this section, and such
47 firm shall be required to recapture the credits
48 previously granted under this section, to the
49 extent provided for in written procedures of the
50 authority adopted under section 1-121, on the
51 first tax return required to be filed on or after
52 the date of such notice for a tax imposed by this
53 chapter or chapter 207, 209, 210, 210a or 212. If
54 any amount of such recaptured credit has not been
55 paid to the commissioner on or before the due date
56 [or, if an extension of time to file such return
57 has been granted, the extended due date of such
58 return. Such] OF SUCH RETURN, SUCH amount shall
59 bear interest at the rate of one per cent per
60 month or fraction thereof from such due date [or
61 extended due date] to the date of payment.

62 Sec. 3. Section 12-330e of the general
63 statutes is repealed and the following is
64 substituted in lieu thereof:

65 The commissioner may suspend or revoke the
66 license of any distributor or unclassified
67 [distributor] IMPORTER for failure to comply with
68 any provision of this chapter, or regulations
69 related thereto, following a hearing with respect
70 to which notice in writing, specifying the time

71 and place of such hearing and requiring such
72 distributor or unclassified importer to show cause
73 why such license should not be revoked, is mailed
74 or delivered to such distributor or unclassified
75 importer not less than ten days preceding the date
76 of such hearing. Such notice may be served
77 personally or by registered or certified mail. The
78 commissioner shall not issue a new license to a
79 former licensee whose license was revoked unless
80 the commissioner is satisfied that such former
81 licensee will comply with the provisions of this
82 chapter or regulations related thereto.

83 Sec. 4. (NEW) (a) Any person believing that
84 he has overpaid any tax due under the provisions
85 of chapter 214a of the general statutes may file,
86 in writing, a claim for refund with the
87 Commissioner of Revenue Services within three
88 years from the due date for which such overpayment
89 was made, stating the specific grounds upon which
90 the claim is founded. Failure to file a claim
91 within the time prescribed in this section
92 constitutes a waiver of any demand against the
93 state on account of such overpayment. Not later
94 than ninety days following receipt of such claim
95 for refund, the commissioner shall determine
96 whether such claim is valid and, if so determined
97 the commissioner shall notify the State
98 Comptroller of the amount of such refund and the
99 State Comptroller shall draw an order on the State
100 Treasurer in the amount thereof for payment to the
101 claimant. If the commissioner determines that such
102 claim is not valid, either in whole or in part, he
103 shall mail notice of the proposed disallowance in
104 whole or in part of the claim to the claimant,
105 which notice shall set forth briefly the
106 commissioner's findings of fact and the basis of
107 disallowance in each case decided in whole or in
108 part adversely to the claimant. Sixty days after
109 the date on which it is mailed, a notice of
110 proposed disallowance shall constitute a final
111 disallowance except only for such amounts as to
112 which the claimant has filed a written protest
113 with the commissioner as provided in subsection
114 (b) of this section.

115 (b) On or before the sixtieth day after the
116 mailing of the proposed disallowance, the claimant
117 may file with the commissioner a written protest
118 against the proposed disallowance in which the

119 claimant sets forth the grounds on which the
120 protest is based. If the protest is filed, the
121 commissioner shall reconsider the proposed
122 disallowance and, if the claimant has so
123 requested, may grant or deny the claimant or the
124 claimant's authorized representatives an oral
125 hearing.

126 (c) The commissioner shall mail notice of his
127 determination to the claimant, which notice shall
128 set forth briefly the commissioner's findings of
129 fact and the basis of decision in each case
130 decided in whole or in part adversely to the
131 claimant.

132 (d) The action of the commissioner on the
133 claimant's protest shall be final upon the
134 expiration of one month from the date on which he
135 mails notice of his action to the claimant unless
136 within such period the claimant seeks judicial
137 review of the commissioner's determination
138 pursuant to section 12-330m of the general
139 statutes.

140 Sec. 5. Subsection (2) of section 12-408 of
141 the general statutes is repealed and the following
142 is substituted in lieu thereof:

143 (2) (A) Reimbursement for the tax hereby
144 imposed shall be collected by the retailer from
145 the consumer and such tax reimbursement, termed
146 "tax" in this and the following subsections, shall
147 be paid by the consumer to the retailer and each
148 retailer shall collect from the consumer the full
149 amount of the tax imposed by this chapter or an
150 amount equal as nearly as possible or practicable
151 to the average equivalent thereof. Such tax shall
152 be a debt from the consumer to the retailer, when
153 so added to the original sales price, and shall be
154 recoverable at law in the same manner as other
155 debts except as provided in section 12-432a. The
156 amount of tax reimbursement, when so collected,
157 shall be deemed to be a special fund in trust for
158 the state of Connecticut.

159 (B) Whenever such tax, payable by the
160 consumer [(A)] (i) with respect to a charge
161 account or credit sale occurring on or after July
162 1, 1984, is remitted by the retailer to the
163 commissioner and such sale as an account
164 receivable is determined to be worthless and is
165 actually written off as uncollectible for federal
166 income tax purposes, or [(B)] (ii) to a retailer

167 who computes taxable income, for purposes of
168 taxation under the Internal Revenue Code of 1986,
169 or any subsequent corresponding internal revenue
170 code of the United States, as from time to time
171 amended, on the cash basis method of accounting
172 with respect to a sale occurring on or after July
173 1, 1989, is remitted by the retailer to the
174 commissioner and such sale as an account
175 receivable is determined to be worthless, the
176 amount of such tax remitted may be credited
177 against the tax due on the sales tax return filed
178 by the retailer for the monthly or quarterly
179 period, whichever is applicable, next following
180 the period in which such amount is actually so
181 written off, but in no event shall such credit be
182 allowed later than three years following the date
183 such tax is remitted, UNLESS THE CREDIT RELATES TO
184 A PERIOD FOR WHICH A WAIVER IS GIVEN PURSUANT TO
185 SUBSECTION (8) OF SECTION 12-415. The commissioner
186 shall, by regulations adopted in accordance with
187 chapter 54, provide standards for proving any such
188 claim for credit. If any account with respect to
189 which such credit is allowed is thereafter
190 collected by the retailer in whole or in part, the
191 amount so collected shall be included in the sales
192 tax return covering the period in which such
193 collection occurs. The tax applicable in any such
194 case shall be determined in accordance with the
195 rate of sales tax in effect at the time of the
196 original sale.

197 Sec. 6. Subsection (13) of section 12-412 of
198 the general statutes is repealed and the following
199 is substituted in lieu thereof:

200 (13) "Food products" include cereals and
201 cereal products, milk and milk products,
202 oleomargarine, meat and meat products, fish and
203 fish products, eggs and egg products, vegetables
204 and vegetable products, fruit and fruit products,
205 spices and salt, sugar and sugar products other
206 than candy and confectionery; coffee and coffee
207 substitutes, tea, cocoa and cocoa products other
208 than candy and confectionery. "Food products" do
209 not include spirituous, malt or vinous liquors,
210 soft drinks, sodas or beverages such as are
211 ordinarily dispensed at bars and soda fountains,
212 or in connection therewith, medicines except by
213 prescription, tonics and preparations in liquid,
214 powdered, granular, tablet, capsule, lozenge and

215 pill form sold as dietary supplements or adjuncts.
216 "Food products" also do not include meals sold by
217 an eating establishment or caterer. "Meal" means
218 food products which are furnished, prepared or
219 served in such a form and in such portions that
220 they are ready for immediate consumption. A meal
221 as defined in this subsection includes food
222 products which are sold on a "take out" or "to go"
223 basis and which are actually packaged or wrapped.
224 The sale of a meal, as defined in this subsection,
225 is a taxable sale. "Eating establishment" means a
226 place where meals are sold and includes a
227 restaurant, cafeteria, grinder shop, pizzeria,
228 drive-in, fast food outlet, ice cream truck, hot
229 dog cart, [vending machine,] refreshment stand,
230 sandwich shop, private or social club, cocktail
231 lounge, tavern, diner, snack bar, or hotel or
232 boarding house which furnishes both lodging and
233 meals to its guests.

234 Sec. 7. Subsection (7) of section 12-415 of
235 the general statutes is repealed and the following
236 is substituted in lieu thereof:

237 (7) Except in the case of fraud, intent to
238 evade this chapter or authorized regulations,
239 failure to make a return, or claim for additional
240 amount pursuant to subsection (3) of section
241 12-418, every notice of a deficiency assessment
242 shall be mailed within three years after the last
243 day of the month following the period for which
244 the amount is proposed to be assessed or within
245 three years after the return is filed, whichever
246 period expires later. The limitation specified in
247 this subsection does not apply in case of a sales
248 tax proposed to be assessed with respect to sales
249 of services or property for the storage,
250 acceptance, consumption or other use of which
251 notice of a deficiency assessment has been or is
252 given pursuant to subsection (6) of this section,
253 subsection [(5)] (4) of section 12-416, subsection
254 (2) of section 12-417 and this subsection. The
255 limitation specified in this subsection does not
256 apply in case of an amount of use tax proposed to
257 be assessed with respect to storage, acceptance,
258 consumption or other use of services or property
259 for the sale of which notice of a deficiency
260 assessment has been or is given pursuant to said
261 subsections and this subsection.

262 Sec. 8. Subsection (a) of section 12-462 of
263 the general statutes, as amended by section 36 of
264 public act 97-243, is repealed and the following
265 is substituted in lieu thereof:

266 (a) The commissioner may license dealers to
267 purchase fuel that is exempt under subparagraph
268 [(M)] (L) of subdivision (3) of subsection (a) of
269 section 12-458, AS AMENDED, from distributors and
270 to sell such nontaxable fuel, provided they can
271 properly control such sale, through meters or by
272 full tank wagon compartment delivery, directly
273 into the fuel tank of any aircraft or aircraft
274 engine. The dealer so licensed shall keep and
275 maintain proper accounting records of all
276 purchases from the distributor and sales invoices
277 to the purchaser, showing the signature of the
278 purchaser and the license number of the aircraft
279 serviced, and the inventory on hand on the first
280 day of each month. Such records shall be preserved
281 for a period of at least three years and shall be
282 audited by the commissioner at regular intervals.
283 Any discrepancies found to exist for which a
284 satisfactory explanation cannot be submitted shall
285 be subject to the tax imposed by section 12-458,
286 AS AMENDED, against such dealer. The license to
287 sell fuel as a dealer under this subsection may be
288 revoked if the licensee fails to properly control
289 and safeguard the state from any diversion to uses
290 other than those specified in this section.

291 Sec. 9. Section 12-692 of the general
292 statutes, as amended by section 6 of public act
293 97-4 of the June 18 special session, is repealed
294 and the following is substituted in lieu thereof:

295 (a) For purposes of this section:

296 (1) "Passenger motor vehicle" means a
297 passenger vehicle, which is rented without a
298 driver and which is part of a motor vehicle fleet
299 of five or more passenger motor vehicles that are
300 [owned and] used for rental purposes by [the same]
301 A rental company.

302 (2) "Rental company" means any business
303 entity that is engaged in the business of renting
304 passenger motor vehicles without a driver in this
305 state TO LESSEES and that [owns and] uses for
306 rental purposes a motor vehicle fleet of five or
307 more passenger motor vehicles in this state, but
308 does not mean any person, firm or corporation that
309 is licensed, or required to be licensed, pursuant

310 to section 14-52, as a new car dealer, used car
311 dealer, repairer or limited repairer.

312 (3) "LESSEE" MEANS ANY PERSON WHO LEASES A
313 PASSENGER MOTOR VEHICLE FROM A RENTAL COMPANY FOR
314 SUCH PERSON'S OWN USE AND NOT FOR RENTAL TO
315 OTHERS.

316 (b) There is hereby imposed a three per cent
317 surcharge on each passenger motor vehicle rented
318 within the state by a rental company to a lessee
319 for a period of less than thirty-one days. The
320 rental surcharge shall be imposed on the total
321 amount the rental company charges the lessee for
322 the rental of a motor vehicle. Such surcharge
323 shall be in addition to any tax otherwise
324 applicable to any such transaction and shall be
325 includable in the measure of the sales and use
326 taxes imposed under chapter 219.

327 (c) Reimbursement for the surcharge imposed
328 by subsection (b) of this section shall be
329 collected by the rental company from the lessee
330 and such surcharge reimbursement, termed
331 "surcharge" in this subsection, shall be paid by
332 the lessee to the rental company and each rental
333 company shall collect from the lessee the full
334 amount of the surcharge imposed by said subsection
335 (b). Such surcharge shall be a debt from the
336 lessee to the rental company, when so added to the
337 original lease or rental price, and shall be
338 recoverable at law in the same manner as other
339 debts. The rental contract shall separately
340 indicate the rental surcharge imposed on each
341 passenger motor vehicle rental. The rental
342 surcharge shall, subject to the provisions of
343 subsection (d) of this section, be retained by the
344 rental company.

345 (d) (1) On or before February 15, 1997, and
346 the fifteenth of February annually thereafter,
347 each rental company shall file a report with the
348 Commissioner of Revenue Services detailing the
349 aggregate amount of personal property tax that is
350 actually paid by such company to a Connecticut
351 municipality or municipalities during the
352 preceding calendar year on passenger motor
353 vehicles that are [owned and] used for rental
354 purposes by such company, the aggregate amount of
355 registration and titling fees that are actually
356 paid by such company to the Department of Motor
357 Vehicles of this state during the preceding

358 calendar year on passenger motor vehicles that are
359 [owned and] used for rental purposes by such
360 company and the aggregate amount of the rental
361 surcharge that is actually received, pursuant to
362 this section, by such company during the preceding
363 calendar year on passenger motor vehicles that are
364 [owned and] used for rental purposes by such
365 company. The report shall also show such other
366 information as the commissioner deems necessary
367 for the proper administration of this section.

368 (2) On or before February 15, 1997, and the
369 fifteenth of February annually thereafter, each
370 rental company shall remit to the Commissioner of
371 Revenue Services for deposit in the General Fund,
372 the amount by which the aggregate amount of the
373 rental surcharge actually received by such company
374 on such vehicles during the preceding calendar
375 year exceeds the sum of the aggregate amount of
376 property taxes actually paid by such company on
377 such vehicles to a Connecticut municipality or
378 municipalities during the preceding calendar year
379 and the aggregate amount of registration and
380 titling fees actually paid by such company on such
381 vehicles to the Department of Motor Vehicles of
382 this state during the preceding calendar year.

383 (3) FOR PURPOSES OF THIS SUBSECTION, IN THE
384 CASE OF ANY RENTAL COMPANY THAT LEASES A PASSENGER
385 MOTOR VEHICLE FROM ANOTHER PERSON AND THAT USES
386 SUCH VEHICLE FOR RENTAL PURPOSES AND SUCH LEASE
387 REQUIRES SUCH RENTAL COMPANY TO PAY THE
388 REGISTRATION AND TITLING FEES AND THE PROPERTY
389 TAXES TO SUCH OTHER PERSON, THE RENTAL COMPANY
390 SHALL INCLUDE (A) ANY REGISTRATION AND TITLING
391 FEES ACTUALLY PAID BY SUCH RENTAL COMPANY TO SUCH
392 OTHER PERSON ON SUCH PASSENGER MOTOR VEHICLE, AND
393 (B) IN THE AGGREGATE AMOUNT OF PROPERTY TAXES
394 ACTUALLY PAID BY SUCH RENTAL COMPANY TO A
395 CONNECTICUT MUNICIPALITY OR MUNICIPALITIES ANY
396 SUCH PROPERTY TAXES ACTUALLY PAID BY SUCH RENTAL
397 COMPANY TO SUCH OTHER PERSON ON SUCH PASSENGER
398 MOTOR VEHICLE OR VEHICLES.

399 (e) Any person who fails to pay any amount
400 required to be paid to the Commissioner of Revenue
401 Services under this section within the time
402 required shall pay a penalty of fifteen per cent
403 of such amount or fifty dollars, whichever amount
404 is greater, in addition to such amount, plus
405 interest at the rate of one per cent per month or

406 fraction thereof from the due date of such amount
407 until the date of payment. Subject to the
408 provisions of section 12-3a, AS AMENDED, the
409 commissioner may waive all or any part of the
410 penalties provided under this section when it is
411 proven to the satisfaction of the commissioner
412 that the failure to pay any amount required to be
413 paid to the commissioner was due to reasonable
414 cause and was not intentional or due to neglect.

415 (f) The Commissioner of Revenue Services for
416 good cause may extend the time for making any
417 report and paying any amount required to be paid
418 to the commissioner under this section if a
419 written request therefor is filed with the
420 commissioner together with a tentative report
421 which shall be accompanied by a payment of any
422 amount tentatively believed to be due to the
423 commissioner, on or before the last day for filing
424 the report. Any person to whom an extension is
425 granted shall pay, in addition to the amount
426 required to be paid, interest at the rate of one
427 per cent per month or fraction thereof from the
428 date on which such amount would have been due
429 without the extension until the date of payment.

430 (g) The provisions of sections 12-548 to
431 12-554, inclusive, AS AMENDED, and section 12-555a
432 shall apply to the provisions of this section in
433 the same manner and with the same force and effect
434 as if the language of said sections 12-548 to
435 12-554, inclusive, AS AMENDED, and section 12-555a
436 had been incorporated in full into this section,
437 except to the extent that any provision is
438 inconsistent with a provision in this section, and
439 except that the term "tax" shall be read as
440 "surcharge".

441 Sec. 10. Subsection (f) of section 1 of
442 public act 97-295 is repealed and the following is
443 substituted in lieu thereof:

444 (f) If the fixed capital on account of which
445 a corporation has claimed the credit allowed by
446 this section is not held and used in this state in
447 the ordinary course of the corporation's trade or
448 business in this state for three full years
449 following its acquisition as provided in
450 subsection (a) of this section, the corporation
451 shall recapture one hundred per cent of the amount
452 of the credit allowed under this section on its
453 corporation business tax return required to be

454 filed for the [immediately succeeding] income year
455 IMMEDIATELY SUCCEEDING THE INCOME YEAR DURING
456 WHICH SUCH THREE-YEAR PERIOD EXPIRES. If the fixed
457 capital on account of which a corporation has
458 claimed the credit allowed by this section is not
459 held and used in this state in the ordinary course
460 of the corporation's trade or business in this
461 state for five full years following its
462 acquisition as provided in subsection (a) of this
463 section, the corporation shall recapture fifty per
464 cent of the amount of the credit allowed under
465 this section on its corporation business tax
466 return required to be filed for the [immediately
467 succeeding] income year IMMEDIATELY SUCCEEDING THE
468 INCOME YEAR DURING WHICH SUCH FIVE-YEAR PERIOD
469 EXPIRES. The provisions of this subsection shall
470 not apply if the property that is the subject of
471 the credit under this section is replaced. IF ANY
472 AMOUNT OF CREDIT REQUIRED TO BE RECAPTURED HAS NOT
473 BEEN PAID TO THE COMMISSIONER ON OR BEFORE THE
474 FIRST DAY OF THE FOURTH MONTH NEXT SUCCEEDING THE
475 END OF THE INCOME YEAR IMMEDIATELY SUCCEEDING THE
476 INCOME YEAR DURING WHICH THE THREE-YEAR OR
477 FIVE-YEAR PERIOD, AS THE CASE MAY BE, EXPIRES,
478 SUCH AMOUNT SHALL BEAR INTEREST AT THE RATE OF ONE
479 PER CENT PER MONTH OR FRACTION THEREOF FROM SUCH
480 DATE TO THE DATE OF PAYMENT.

481 Sec. 11. Subdivision (3) of subsection (c) of
482 section 12-719 of the general statutes is repealed
483 and the following is substituted in lieu thereof:

484 (3) Any payment under this subdivision shall
485 be in an amount equal to the highest marginal tax
486 rate in effect under section 12-700, AS AMENDED,
487 multiplied by the SUM OF (A) TO THE EXTENT DERIVED
488 FROM OR CONNECTED WITH SOURCES WITHIN THIS STATE
489 AS REFLECTED ON THE S CORPORATION'S ANNUAL RETURN
490 FOR THE TAXABLE PERIOD UNDER SECTION 12-726, THE
491 AMOUNT OF THE subject shareholder's pro rata share
492 of such corporation's separately computed items,
493 as defined in Section 1366 of the Internal Revenue
494 Code, and (B) TO THE EXTENT DERIVED FROM OR
495 CONNECTED WITH SOURCES WITHIN THIS STATE AS
496 REFLECTED ON THE S CORPORATION'S ANNUAL RETURN
497 WITHIN THIS STATE AS REFLECTED ON THE S
498 CORPORATION'S ANNUAL RETURN FOR THE TAXABLE PERIOD
499 UNDER SECTION 12-726, the amount of such
500 shareholder's pro rata share of such corporation's
501 nonseparately computed items, as defined in

502 Section 1366 of the Internal Revenue Code,
503 [reduced by the amount of such nonseparately
504 computed items that are subject to tax under
505 chapter 208 in accordance with subsection (c) of
506 section 12-217, derived from or connected with
507 sources within this state as reflected on the S
508 corporation's annual return for the taxable
509 period] TO THE EXTENT INCLUDABLE, IF THE
510 SHAREHOLDER IS AN INDIVIDUAL, IN SUCH
511 SHAREHOLDER'S CONNECTICUT ADJUSTED GROSS INCOME
512 OR, IF THE SHAREHOLDER IS A TRUST OR ESTATE, IN
513 SUCH SHAREHOLDER'S CONNECTICUT TAXABLE INCOME. Any
514 amount paid by an S corporation to this state with
515 respect to any taxable period pursuant to this
516 subdivision shall be considered to be a payment by
517 the shareholder on account of the income tax
518 imposed on the shareholder for such taxable period
519 pursuant to this chapter. An S corporation shall
520 be entitled to recover a payment made pursuant to
521 this subdivision from the shareholder on whose
522 behalf the payment was made. Any estimated tax
523 instalment shall be made on or before the due date
524 of such instalment pursuant to section 12-722, AS
525 AMENDED, and any other payment for a taxable
526 period shall be made at or before the date the
527 annual return for such taxable period is required
528 to be filed pursuant to section 12-726.

529 Sec. 12. Subsection (d) of section 12-80a of
530 the general statutes, as amended by section 1 of
531 public act 97-137, is repealed and the following
532 is substituted in lieu thereof:

533 (d) Any taxpayer that, on or after January 1,
534 1990, is subject to tax under chapter [211] 219
535 for rendering telecommunications service but that,
536 prior to January 1, 1990, was not subject to tax
537 under chapter [219] 211 for rendering
538 telecommunications service may elect to have
539 personal property taxed in the manner specified in
540 this section. Such election shall be made in
541 writing and filed with the Secretary of the Office
542 of Policy and Management and a copy thereof shall
543 be filed with the assessor of each town in which
544 personal property affected by such election is
545 located. Such election, once filed with the
546 secretary, shall be irrevocable and shall, if
547 filed on or before the date that is two months
548 prior to the start of the assessment year, be
549 effective for such assessment year and for all

550 succeeding assessment years, otherwise to be
551 effective for the next succeeding assessment year
552 and all succeeding assessment years.

553 Sec. 13. Section 21 of public act 97-295 is
554 repealed and the following is substituted in lieu
555 thereof:

556 Notwithstanding the repeal of [subparagraphs
557 (G) and (H) of subdivision (2) of subsection (a)
558 of section 12-214,] sections 12-217c, 12-217d,
559 12-252a, 12-252b, 12-258b, 12-258c, 12-265b,
560 12-265c and 17b-740 of the general statutes, any
561 taxpayer or business firm eligible for a tax
562 credit pursuant to any of said sections may carry
563 any remaining tax credit forward to any income
564 year commencing on or after January 1, 1998, as
565 the provisions of the appropriate section would
566 have allowed prior to said repeal.

567 Sec. 14. Section 25 of public act 97-295 is
568 repealed and the following is substituted in lieu
569 thereof:

570 [This act] PUBLIC ACT 97-295 shall take
571 effect from its passage, except that (1) sections
572 [4, 8 and] 13 to 20, inclusive, shall be
573 applicable to tax returns filed for (A) income
574 years of corporations under chapter 208 of the
575 general statutes and of air carriers under chapter
576 209 of the general statutes commencing on or after
577 January 1, 1997, (B) calendar years of insurance
578 companies under chapter 207 of the general
579 statutes, railroad companies under chapter 210 of
580 the general statutes and express, telegraph, cable
581 and community antenna television system companies
582 under chapter 211 of the general statutes
583 commencing on or after January 1, 1997, and (C)
584 calendar quarters of utility companies under
585 chapter 212 of the general statutes commencing on
586 or after January 1, 1997, and (2) sections 1 to 3,
587 INCLUSIVE, 5, 6, [inclusive,] 8 to 12, inclusive,
588 and sections 21 and 24 shall be applicable to
589 income years commencing on or after January 1,
590 1998.

591 Sec. 15. Section 7 of public act 97-309, as
592 amended by section 4 of public act 97-322, is
593 repealed and the following is substituted in lieu
594 thereof:

595 (a) Any resident of this state, as defined in
596 subdivision (1) of subsection (a) of section
597 12-701 of the general statutes, subject to the tax

598 under chapter 229 of the general statutes for any
599 taxable year shall be entitled to a credit in
600 determining the amount of tax liability under said
601 chapter 229, for ALL OR a portion, AS PERMITTED BY
602 THIS SECTION, of the amount of property tax, as
603 defined in this section, FIRST BECOMING DUE AND
604 actually paid DURING SUCH TAXABLE YEAR by such
605 person on such person's primary residence or motor
606 vehicle in accordance with this section, provided
607 in the case of a person who files a return under
608 the federal income tax for such taxable year as an
609 unmarried individual, a married individual filing
610 separately or a head of household, one motor
611 vehicle shall be eligible for such credit and in
612 the case of a husband and wife who file a return
613 under federal income tax for such taxable year as
614 married individuals filing jointly, no more than
615 two motor vehicles shall be eligible for a credit
616 under the provisions of this section.

617 (b) The credit allowed under this section
618 shall not exceed two hundred fifteen dollars for
619 the taxable year commencing ON OR AFTER January 1,
620 1997, AND PRIOR TO JANUARY 1, 1998, and for
621 taxable years commencing on or after January 1,
622 1998, two hundred eighty-five dollars. [of the
623 property tax first becoming due and actually paid
624 during the taxpayer's taxable year.] In the case
625 of any husband and wife who file a return under
626 the federal income tax for such taxable year as
627 married individuals filing a joint return, the
628 credit allowed, IN THE AGGREGATE, shall not exceed
629 such amounts for each such taxable year. [, in the
630 aggregate, of the property tax first becoming due
631 and actually paid during the taxable year of such
632 husband and wife.]

633 (c) In the case of any such taxpayer who
634 files under the federal income tax for such
635 taxable year as an unmarried individual whose
636 Connecticut adjusted gross income exceeds
637 fifty-two thousand five hundred dollars, the
638 amount of the credit that exceeds one hundred
639 dollars shall be reduced by ten per cent for each
640 ten thousand dollars, or fraction thereof, by
641 which the taxpayer's Connecticut adjusted gross
642 income exceeds said amount. In the case of any
643 such taxpayer who files under the federal income
644 tax for such taxable year as a married individual
645 filing separately whose Connecticut adjusted gross

646 income exceeds fifty thousand two hundred fifty
647 dollars, the amount of the credit that exceeds one
648 hundred dollars shall be reduced by ten per cent
649 for each five thousand dollars, or fraction
650 thereof, by which the taxpayer's Connecticut
651 adjusted gross income exceeds said amount. In the
652 case of a taxpayer who files under the federal
653 income tax for such taxable year as a head of
654 household whose Connecticut adjusted gross income
655 exceeds seventy-eight thousand five hundred
656 dollars, the amount of the credit that exceeds one
657 hundred dollars shall be reduced by ten per cent
658 for each ten thousand dollars or fraction thereof,
659 by which the taxpayer's Connecticut adjusted gross
660 income exceeds said amount. In the case of a
661 taxpayer who files under federal income tax for
662 such taxable year as married individuals filing
663 jointly whose Connecticut adjusted gross income
664 exceeds one hundred thousand five hundred dollars,
665 the amount of the credit that exceeds one hundred
666 dollars shall be reduced by ten per cent for each
667 ten thousand dollars, or fraction thereof, by
668 which the taxpayer's Connecticut adjusted gross
669 income exceeds said amount.

670 (d) The credit allowed under the provisions
671 of this section shall be available for any person
672 leasing a motor vehicle pursuant to a written
673 agreement for a term of more than one year. Such
674 lessee shall be entitled to the credit in
675 accordance with the provisions of this section for
676 the taxes actually paid by the lessor or lessee on
677 such leased vehicle, provided the lessee was
678 lawfully in possession of the motor vehicle at
679 such time when the taxes first became due. The
680 lessor shall provide the lessee with documentation
681 establishing, to the satisfaction of the
682 Commissioner of Revenue Services, the amount of
683 property tax paid during the time period in which
684 the lessee was lawfully in possession of the motor
685 vehicle. The lessor of the motor vehicle shall not
686 be entitled to a credit under the provisions of
687 this section.

688 (e) The credit may only be used to reduce
689 such qualifying taxpayer's tax liability for the
690 year for which such credit is applicable and shall
691 not be used to reduce such tax liability to less
692 than zero.

693 (f) The amount of tax due pursuant to
694 sections 12-705 and 12-722 of the general
695 statutes, AS AMENDED, shall be calculated without
696 regard to this credit.

697 (g) For the purposes of this section:
698 ["property tax"] (1) "PROPERTY TAX" means the
699 amount of property tax [actually paid] EXCLUSIVE
700 OF ANY INTEREST, FEES OR CHARGES THEREON FOR WHICH
701 A TAXPAYER IS LIABLE, OR IN THE CASE OF ANY
702 HUSBAND AND WIFE WHO FILE A RETURN UNDER THE
703 FEDERAL INCOME TAX FOR SUCH TAXABLE YEAR AS
704 MARRIED INDIVIDUALS FILING A JOINT RETURN, FOR
705 WHICH THE HUSBAND OR WIFE OR BOTH ARE LIABLE, to a
706 Connecticut political subdivision [by a taxpayer]
707 on the taxpayer's primary residence or motor
708 vehicles; [, and] (2) "motor vehicle" means a
709 motor vehicle, as defined in section 14-1 of the
710 general statutes, AS AMENDED, which is privately
711 owned or leased; AND (3) PROPERTY TAX FIRST
712 BECOMES DUE, IF DUE AND PAYABLE IN A SINGLE
713 INSTALMENT, ON THE DATE DESIGNATED BY THE
714 LEGISLATIVE BODY OF THE MUNICIPALITY AS THE DATE
715 ON WHICH SUCH INSTALMENT SHALL BE DUE AND PAYABLE
716 AND, IF DUE AND PAYABLE IN TWO OR MORE
717 INSTALMENTS, ON THE DATE DESIGNATED BY THE
718 LEGISLATIVE BODY OF THE MUNICIPALITY AS THE DATE
719 ON WHICH SUCH INSTALMENT SHALL BE DUE AND PAYABLE
720 OR, AT THE ELECTION OF THE TAXPAYER, ON THE DATE
721 DESIGNATED BY THE LEGISLATIVE BODY OF THE
722 MUNICIPALITY AS THE DATE ON WHICH ANY EARLIER
723 INSTALMENT OF SUCH TAX SHALL BE DUE AND PAYABLE.

724 Sec. 16. Section 12-299 of the general
725 statutes is repealed.

726 Sec. 17. This act shall take effect from its
727 passage, except that sections 2 and 10 shall be
728 applicable to income years commencing on or after
729 January 1, 1998, sections 11 and 15 shall be
730 applicable to taxable years commencing on or after
731 January 1, 1998, and section 9 shall be applicable
732 to calendar years commencing on or after January
733 1, 1998.

734 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 5681

STATE IMPACT None, see explanation below

MUNICIPAL IMPACT None

STATE AGENCY(S) Department of Revenue Services

EXPLANATION OF ESTIMATES:

Since the bill clarifies, conforms the language of the statutes to current practice and corrects errors, it is not anticipated to have any fiscal impact.

* * * * *

OFA BILL ANALYSIS

SHB 5681

AN ACT CONCERNING TECHNICAL CHANGES AND ADDITIONS TO VARIOUS TAX STATUTES

SUMMARY: The bill contains the following provisions:

Section 1 expands the statute covering the appeal of state taxes to cover all appeals. The effect of this is to include in the statute the appeal to the Superior Court, of a decision not to waive a penalty.

The standard date when interest begins accruing is from the due date of the return, and not the extended due date of the return. Sections 2 and 10 make consistent the date accrual begins for interest, for the recapture of (1) the housing assistance credit, and (2) the fixed capital credit, for the Corporation Tax.

Section 3 clarifies the Tobacco Products Tax statutes by changing "unclassified distributor" to "unclassified importer."

Section 4 conforms the Tobacco Products Tax statutes by adding a provision permitting claims for refunds.

Section 5 conforms the Sales Tax statutes by adding a reference to the statute of limitation (in the section on waivers), to language dealing with bad debt write-offs.

Under current law, sales from one-cent vending machines are exempt from the Sales Tax. Section 6 conforms the language by removing an exclusion for vending machines from the exemption for food for human consumption.

Sections 7 and 8 correct references in the Sales Tax and Motor Vehicle Fuels Tax statutes, respectively.

Under current law, companies that own their rental cars may use the motor vehicle rental surcharge to pay property taxes or registration fees on cars. Section 9 makes it clear that rental companies leasing cars and paying property taxes or registration fees on the leased cars may use the money from the surcharge for these taxes or fees.

Section 11 corrects language concerning the manner in which S corporation shareholders are taxed.

Section 12 corrects the transposition of "chapter 211" and "chapter 219" in PA 97-137, An Act Concerning Taxation of the Telecommunications Industry.

Section 13 corrects erroneous references in the carry forward provision for repealed Corporation Tax credits in PA 97-295, An Act Concerning Various Changes to and Reform and Simplification of Corporation Business Tax Credits.

Section 14 corrects the effective date section of PA 97-295, An Act Concerning Various Changes to and Reform and Simplification of Corporation Business Tax Credits.

Section 15 makes technical corrections to the language in PA 97-309 the Personal Income Tax credit for Property Tax payments.

Section 16 repeals the provision under the Cigarette Tax statutes for marking cigarette packages with a metering machine rather than using stamps.

EFFECTIVE DATE: Upon Passage

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 43 Nay 0