



House of Representatives

General Assembly

File No. 601

February Session, 2022

Substitute House Bill No. 5473

House of Representatives, April 25, 2022

The Committee on Finance, Revenue and Bonding reported through REP. SCANLON of the 98th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE DEPARTMENT OF REVENUE SERVICES' RECOMMENDATIONS FOR TAX ADMINISTRATION AND REVISIONS TO THE TAX AND RELATED STATUTES.

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

1 Section 1. Section 12-736 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) Any person required to collect, truthfully account for and pay over
4 the tax imposed under this chapter who wilfully fails to collect such tax
5 or truthfully account for and pay over such tax or who wilfully attempts
6 in any manner to evade or defeat the tax or the payment thereof, shall,
7 in addition to other penalties provided by law, be liable for a penalty
8 equal to the total amount of the tax evaded, or not collected, or not
9 accounted for and paid over, including any penalty or interest
10 attributable to such wilful failure to collect or truthfully account for and
11 pay over such tax or such wilful attempt to evade or defeat such tax. The
12 amount of a penalty for which a person may be personally liable under

13 this section shall be collected in accordance with the provisions of
14 section 12-734.

15 (b) Any person who with fraudulent intent shall fail to pay, to deduct
16 or to withhold and pay any tax, to make, render, sign or certify any
17 return or to supply any information within the time required by or
18 under this chapter shall be subject to a penalty of not more than one
19 thousand dollars, in addition to any other amounts required under this
20 chapter to be imposed, assessed and collected by the commissioner.

21 Sec. 2. Subdivision (1) of subsection (b) of section 12-704 of the general
22 statutes is repealed and the following is substituted in lieu thereof
23 (*Effective from passage and applicable to taxable years commencing on or after*
24 *January 1, 2022*):

25 (b) (1) (A) If, as a direct result of (i) the change to or correction of a
26 taxpayer's income tax return filed with another state of the United States
27 or a political subdivision thereof or the District of Columbia by the tax
28 officers or other competent authority of such jurisdiction, or (ii) a
29 taxpayer paying an assessment issued against the taxpayer by the tax
30 officers or other competent authority of such jurisdiction for any taxable
31 year for which the taxpayer has not filed an income tax return with such
32 jurisdiction, the amount of tax of such other jurisdiction that the
33 taxpayer is finally required to pay is different from the amount used to
34 determine the credit allowed to any taxpayer under this section for any
35 taxable year, the taxpayer shall provide notice of such difference to the
36 commissioner by filing, on or before the date that is ninety days after the
37 final determination of such amount, an amended return under this
38 chapter, and shall concede the accuracy of such determination or state
39 wherein it is erroneous. The commissioner may redetermine, and the
40 taxpayer shall be required to pay, the tax for any taxable year affected,
41 regardless of any otherwise applicable statute of limitations.

42 (B) If a taxpayer files an amended return under this subdivision as a
43 direct result of the taxpayer paying an assessment as set forth in
44 subparagraph (A)(ii) of this subdivision, the taxpayer shall not be
45 eligible for a refund if the amended return is filed more than five years

46 after the original due date of the taxpayer's Connecticut income tax
47 return, even if such amended return is filed within the time prescribed
48 under subdivision (2) of subsection (b) of section 12-732, as amended by
49 this act.

50 Sec. 3. Subsection (b) of section 12-732 of the general statutes is
51 repealed and the following is substituted in lieu thereof (*Effective from*
52 *passage and applicable to taxable years commencing on or after January 1,*
53 *2022*):

54 (b) (1) Notwithstanding the three-year limitation provided by
55 subsection (a) of this section, if a taxpayer has timely complied with the
56 requirements of subsection (b) of section 12-727, and, as a direct result
57 of the change to or correction of the taxpayer's federal income tax return
58 by the United States Internal Revenue Service or other competent
59 authority, or as a direct result of a renegotiation of a contract or
60 subcontract with the United States, the tax that has previously been
61 reported to be due on a tax return under this chapter has been overpaid,
62 or as a direct result of an amendment by the taxpayer of the taxpayer's
63 federal income tax return, the tax that has previously been reported to
64 be due on a tax return under this chapter has been overpaid, any claim
65 for refund subsequently filed by such taxpayer will be deemed to be
66 timely filed.

67 (2) Notwithstanding the three-year limitation provided by subsection
68 (a) of this section, if a taxpayer has timely complied with the
69 requirements of subsection (b) of section 12-704, as amended by this act,
70 and as a direct result of (A) the change to or correction of taxpayer's
71 income tax return by the tax officers or other competent authority of
72 another state of the United States or a political subdivision thereof or the
73 District of Columbia, the tax that has previously been reported to be due
74 on a tax return under this chapter has been overpaid, [or as a direct
75 result of] (B) an amendment by the taxpayer of the taxpayer's income
76 tax return to another state of the United States or a political subdivision
77 thereof or the District of Columbia, the tax that has previously been
78 reported to be due on a tax return under this chapter has been overpaid,

79 or (C) a taxpayer paying an assessment issued against the taxpayer by
80 the tax officers or other competent authority of another state of the
81 United States or a political subdivision thereof or the District of
82 Columbia for any taxable year for which the taxpayer has not filed an
83 income tax return with such jurisdiction, the tax that has previously
84 been reported to be due on a tax return under this chapter has been
85 overpaid, any claim for refund subsequently filed by such taxpayer will
86 be deemed to be timely filed.

87 Sec. 4. Section 12-39f of the general statutes is repealed and the
88 following is substituted in lieu thereof (*Effective from passage*):

89 (a) For purposes of making payment of any refund as provided in this
90 title on account of any tax, or penalty or interest thereon, paid to the
91 state, the Comptroller, upon certification by the Commissioner of
92 Revenue Services, is authorized to draw on the Treasurer in the amount
93 of such refund and the Treasurer shall pay the amount thereof from the
94 fund to which such tax, penalty or interest is credited.

95 (b) Notwithstanding any provision of law, interest added to a refund
96 of tax issued by the Commissioner of Revenue Services for a tax period
97 shall not exceed five million dollars and no court may award interest in
98 excess of five million dollars in any tax appeal in connection with a claim
99 for refund of tax for a tax period.

100 Sec. 5. (NEW) (*Effective from passage*) (a) (1) Except as provided in
101 subdivision (2) of this subsection, where the results of any civil audit,
102 investigation, examination or reexamination conducted by the
103 Commissioner of Revenue Services have become final by operation of
104 law or by exhaustion of all available administrative and judicial rights
105 of appeal, the period covered by such audit, investigation, examination
106 or reexamination shall be closed and the taxpayer may not file any
107 additional claims for refund for such period.

108 (2) A taxpayer may file a claim of refund for any period for which the
109 results of any civil audit, investigation, examination or reexamination
110 conducted by the commissioner have become final by operation of law

111 or for which the associated administrative or judicial rights of appeal
112 have been exhausted, provided such claim is filed not later than six
113 months after the date such results become final by operation of law or
114 the date such rights of appeal are exhausted, as applicable and
115 whichever is later.

116 (b) The provisions of subsection (a) of this section shall not affect
117 claims for refunds authorized under the provisions of sections 12-226,
118 12-704, as amended by this act, and 12-727 of the general statutes.

119 Sec. 6. Section 29-18b of the general statutes is repealed and the
120 following is substituted in lieu thereof (*Effective from passage*):

121 (a) The Commissioner of Emergency Services and Public Protection
122 may appoint persons nominated by the Commissioner of Revenue
123 Services to act as special policemen in the Department of Revenue
124 Services. Such appointees shall serve at the pleasure of the
125 Commissioner of Emergency Services and Public Protection and, during
126 such tenure, shall have all the powers conferred on state policemen.
127 Such special policemen shall, in addition to their duties with said
128 department, be subject to call by the Commissioner of Emergency
129 Services and Public Protection for such emergency service as the
130 Commissioner of Emergency Services and Public Protection may
131 prescribe.

132 (b) Special policemen in the Department of Revenue Services may, in
133 connection with their official duties relating to any criminal tax
134 investigation, disclose return information, as defined in section 12-15, to
135 the extent such disclosure is necessary to obtain information that is not
136 otherwise reasonably available with respect to the enforcement of any
137 criminal law of this state.

138 Sec. 7. (NEW) (*Effective from passage*) (a) Notwithstanding the
139 provisions of section 12-15 of the general statutes, the Commissioner of
140 Revenue Services may, subject to terms and conditions the
141 commissioner may prescribe, disclose returns or return information, as
142 those terms are defined in said section, to an authorized member of an

143 organized local police department, upon written request by the chief of
144 police of such department. Such written request shall: (1) Establish the
145 relevance of such return or return information to an authorized
146 investigation being conducted by such department into a violation of a
147 criminal law of this state; (2) establish that no other source of such
148 information is available to such department; and (3) include the name
149 of each member of such department who will be authorized to receive
150 such return or return information. If the commissioner deems such
151 return or return information to be relevant to such investigation, the
152 commissioner may disclose such return or return information to such
153 department.

154 (b) No member of an organized local police department who receives
155 any return or return information pursuant to this section may disclose
156 such return or return information except in connection with a criminal
157 prosecution, including any judicial proceeding related thereto, when
158 such return or return information is directly involved in and necessary
159 to such prosecution. Any person who violates this subsection shall be
160 fined not more than one thousand dollars or imprisoned not more than
161 one year, or both.

162 Sec. 8. Subdivision (9) of section 53a-3 of the 2022 supplement to the
163 general statutes is repealed and the following is substituted in lieu
164 thereof (*Effective from passage*):

165 (9) "Peace officer" means a member of the Division of State Police
166 within the Department of Emergency Services and Public Protection or
167 an organized local police department, a chief inspector or inspector in
168 the Division of Criminal Justice, a state marshal while exercising
169 authority granted under any provision of the general statutes, a judicial
170 marshal in the performance of the duties of a judicial marshal, a
171 conservation officer or special conservation officer, as defined in section
172 26-5, a constable who performs criminal law enforcement duties, a
173 special policeman appointed under section 29-18, 29-18a, 29-18b, as
174 amended by this act, or 29-19, an adult probation officer, an official of
175 the Department of Correction authorized by the Commissioner of

176 Correction to make arrests in a correctional institution or facility, any
177 investigator in the investigations unit of the office of the State Treasurer,
178 an inspector of motor vehicles in the Department of Motor Vehicles,
179 who is certified under the provisions of sections 7-294a to 7-294e,
180 inclusive, a United States marshal or deputy marshal, any special agent
181 of the federal government authorized to enforce the provisions of Title
182 21 of the United States Code, or a member of a law enforcement unit of
183 the Mashantucket Pequot Tribe or the Mohegan Tribe of Indians of
184 Connecticut created and governed by a memorandum of agreement
185 under section 47-65c who is certified as a police officer by the Police
186 Officer Standards and Training Council pursuant to sections 7-294a to
187 7-294e, inclusive;

188 Sec. 9. Subsection (b) of section 53a-19 of the general statutes is
189 repealed and the following is substituted in lieu thereof (*Effective from*
190 *passage*):

191 (b) Notwithstanding the provisions of subsection (a) of this section, a
192 person is not justified in using deadly physical force upon another
193 person if he or she knows that he or she can avoid the necessity of using
194 such force with complete safety (1) by retreating, except that the actor
195 shall not be required to retreat if he or she is in his or her dwelling, as
196 defined in section 53a-100, or place of work and was not the initial
197 aggressor, or if he or she is a peace officer [or a special policeman
198 appointed under section 29-18b,] or a private person assisting such
199 peace officer [or special policeman] at his or her direction, and acting
200 pursuant to section 53a-22, as amended by this act, or (2) by
201 surrendering possession of property to a person asserting a claim of
202 right thereto, or (3) by complying with a demand that he or she abstain
203 from performing an act which he or she is not obliged to perform.

204 Sec. 10. Section 53a-22 of the 2022 supplement to the general statutes
205 is repealed and the following is substituted in lieu thereof (*Effective from*
206 *passage*):

207 (a) (1) For purposes of this section, a reasonable belief that a person
208 has committed an offense means a reasonable belief in facts or

209 circumstances which if true would in law constitute an offense. If the
210 believed facts or circumstances would not in law constitute an offense,
211 an erroneous though not unreasonable belief that the law is otherwise
212 does not render justifiable the use of physical force to make an arrest or
213 to prevent an escape from custody.

214 (2) A peace officer [, special policeman appointed under section 29-
215 18b] or an authorized official of the Department of Correction or the
216 Board of Pardons and Paroles who is effecting an arrest pursuant to a
217 warrant or preventing an escape from custody is justified in using the
218 physical force prescribed in subsections (b), (c) and (d) of this section
219 unless such warrant is invalid and is known by such officer to be invalid.

220 (b) Except as provided in subsection (a) or (d) of this section, a peace
221 officer [, special policeman appointed under section 29-18b] or an
222 authorized official of the Department of Correction or the Board of
223 Pardons and Paroles is justified in using physical force upon another
224 person when and to the extent that he or she reasonably believes such
225 use to be necessary to: (1) Effect an arrest or prevent the escape from
226 custody of a person whom he or she reasonably believes to have
227 committed an offense, unless he or she knows that the arrest or custody
228 is unauthorized; or (2) defend himself or herself or a third person from
229 the use or imminent use of physical force while effecting or attempting
230 to effect an arrest or while preventing or attempting to prevent an
231 escape.

232 (c) (1) Except as provided in subsection (d) of this section, a peace
233 officer [, special policeman appointed under section 29-18b] or an
234 authorized official of the Department of Correction or the Board of
235 Pardons and Paroles is justified in using deadly physical force upon
236 another person for the purposes specified in subsection (b) of this
237 section only when his or her actions are objectively reasonable under the
238 given circumstances at that time, and:

239 (A) He or she reasonably believes such use to be necessary to defend
240 himself or herself or a third person from the use or imminent use of
241 deadly physical force; or

242 (B) He or she (i) has reasonably determined that there are no available
243 reasonable alternatives to the use of deadly physical force, (ii)
244 reasonably believes that the force employed creates no unreasonable
245 risk of injury to a third party, and (iii) reasonably believes such use of
246 force to be necessary to (I) effect an arrest of a person whom he or she
247 reasonably believes has committed or attempted to commit a felony
248 which involved the infliction of serious physical injury, and if, where
249 feasible, he or she has given warning of his or her intent to use deadly
250 physical force, or (II) prevent the escape from custody of a person whom
251 he or she reasonably believes has committed a felony which involved
252 the infliction of serious physical injury and who poses a significant
253 threat of death or serious physical injury to others, and if, where feasible,
254 he or she has given warning of his or her intent to use deadly physical
255 force.

256 (2) For purposes of evaluating whether actions of a peace officer [,
257 special policeman appointed under section 29-18b] or an authorized
258 official of the Department of Correction or the Board of Pardons and
259 Paroles are reasonable under subdivision (1) of this subsection, factors
260 to be considered include, but are not limited to, whether (A) the person
261 upon whom deadly physical force was used possessed or appeared to
262 possess a deadly weapon, (B) the peace officer [, special policeman
263 appointed under section 29-18b] or an authorized official of the
264 Department of Correction or the Board of Pardons and Paroles engaged
265 in reasonable deescalation measures prior to using deadly physical
266 force, and (C) any unreasonable conduct of the peace officer [, special
267 policeman appointed under section 29-18b] or an authorized official of
268 the Department of Correction or the Board of Pardons and Paroles led
269 to an increased risk of an occurrence of the situation that precipitated
270 the use of such force.

271 (d) A peace officer [, special policeman appointed under section 29-
272 18b] or an authorized official of the Department of Correction or the
273 Board of Pardons and Paroles is justified in using a chokehold or other
274 method of restraint applied to the neck area or that otherwise impedes
275 the ability to breathe or restricts blood circulation to the brain of another

276 person for the purposes specified in subsection (b) of this section only
277 when he or she reasonably believes such use to be necessary to defend
278 himself or herself from the use or imminent use of deadly physical force.

279 (e) Except as provided in subsection (f) of this section, a person who
280 has been directed by a peace officer [, special policeman appointed
281 under section 29-18b] or an authorized official of the Department of
282 Correction or the Board of Pardons and Paroles to assist such peace
283 officer [, special policeman] or official to effect an arrest or to prevent an
284 escape from custody is justified in using reasonable physical force when
285 and to the extent that he or she reasonably believes such to be necessary
286 to carry out such peace officer's [, special policeman's] or official's
287 direction.

288 (f) A person who has been directed to assist a peace officer [, special
289 policeman appointed under section 29-18b] or an authorized official of
290 the Department of Correction or the Board of Pardons and Paroles
291 under circumstances specified in subsection (e) of this section may use
292 deadly physical force to effect an arrest or to prevent an escape from
293 custody only when: (1) He or she reasonably believes such use to be
294 necessary to defend himself or herself or a third person from what he or
295 she reasonably believes to be the use or imminent use of deadly physical
296 force; or (2) he or she is directed or authorized by such peace officer [,
297 special policeman] or official to use deadly physical force, unless he or
298 she knows that the peace officer [, special policeman] or official himself
299 or herself is not authorized to use deadly physical force under the
300 circumstances.

301 (g) A private person acting on his or her own account is justified in
302 using reasonable physical force upon another person when and to the
303 extent that he or she reasonably believes such use to be necessary to
304 effect an arrest or to prevent the escape from custody of an arrested
305 person whom he or she reasonably believes to have committed an
306 offense and who in fact has committed such offense; but he or she is not
307 justified in using deadly physical force in such circumstances, except in
308 defense of person as prescribed in section 53a-19, as amended by this

309 act.

310 (h) In determining whether use of force by a peace officer who is a
311 police officer, as defined in subsection (a) of section 29-6d, is justified
312 pursuant to this section, the trier of fact may draw an unfavorable
313 inference from a police officer's deliberate failure in violation of section
314 29-6d to record such use of physical force.

315 Sec. 11. Section 53a-23 of the general statutes is repealed and the
316 following is substituted in lieu thereof (*Effective from passage*):

317 A person is not justified in using physical force to resist an arrest by
318 a reasonably identifiable peace officer, [or special policeman appointed
319 under section 29-18b,] whether such arrest is legal or illegal.

320 Sec. 12. Section 53a-167a of the general statutes is repealed and the
321 following is substituted in lieu thereof (*Effective from passage*):

322 (a) A person is guilty of interfering with an officer when such person
323 obstructs, resists, hinders or endangers any peace officer [, special
324 policeman appointed under section 29-18b] or firefighter in the
325 performance of such peace officer's [, special policeman's] or firefighter's
326 duties.

327 (b) Interfering with an officer is a class A misdemeanor, except that,
328 if such violation causes the death or serious physical injury of another
329 person, such person shall be guilty of a class D felony.

330 Sec. 13. Section 53a-167b of the general statutes is repealed and the
331 following is substituted in lieu thereof (*Effective from passage*):

332 (a) A person is guilty of failure to assist a peace officer [, special
333 policeman] or firefighter when, commanded by a peace officer [, special
334 policeman appointed under section 29-18b] or firefighter authorized to
335 command assistance, such person refuses to assist such peace officer [,
336 special policeman] or firefighter in the execution of such peace officer's
337 [, special policeman's] or firefighter's duties.

338 (b) Failure to assist a peace officer [, special policeman] or firefighter
339 is a class A misdemeanor.

340 Sec. 14. Subsection (a) of section 53a-167c of the general statutes is
341 repealed and the following is substituted in lieu thereof (*Effective from*
342 *passage*):

343 (a) A person is guilty of assault of public safety, emergency medical,
344 public transit or health care personnel when, with intent to prevent a
345 reasonably identifiable peace officer, [special policeman appointed
346 under section 29-18b,] firefighter or employee of an emergency medical
347 service organization, as defined in section 53a-3, as amended by this act,
348 emergency room physician or nurse, health care employee as defined in
349 section 19a-490q, employee of the Department of Correction, member or
350 employee of the Board of Pardons and Paroles, probation officer,
351 employee of the Judicial Branch assigned to provide pretrial secure
352 detention and programming services to juveniles accused of the
353 commission of a delinquent act, liquor control agent, state or municipal
354 animal control officer, security officer, employee of the Department of
355 Children and Families assigned to provide direct services to children
356 and youths in the care or custody of the department, employee of a
357 municipal police department assigned to provide security at the police
358 department's lockup and holding facility, active individual member of
359 a volunteer canine search and rescue team, as defined in section 5-249,
360 or public transit employee from performing his or her duties, and while
361 such peace officer, [special policeman,] firefighter, employee, physician,
362 nurse, health care employee, member, liquor control agent, animal
363 control officer, security officer, probation officer or active individual
364 member is acting in the performance of his or her duties, (1) such person
365 causes physical injury to such peace officer, [special policeman,]
366 firefighter, employee, physician, nurse, member, liquor control agent,
367 animal control officer, security officer, probation officer or active
368 individual member, or (2) such person throws or hurls, or causes to be
369 thrown or hurled, any rock, bottle, can or other article, object or missile
370 of any kind capable of causing physical harm, damage or injury, at such
371 peace officer, [special policeman,] firefighter, employee, physician,

372 nurse, member, liquor control agent, animal control officer, security
373 officer, probation officer or active individual member, or (3) such person
374 uses or causes to be used any mace, tear gas or any like or similar
375 deleterious agent against such peace officer, [special policeman,]
376 firefighter, employee, physician, nurse, member, liquor control agent,
377 animal control officer, security officer, probation officer or active
378 individual member, or (4) such person throws or hurls, or causes to be
379 thrown or hurled, any paint, dye or other like or similar staining,
380 discoloring or coloring agent or any type of offensive or noxious liquid,
381 agent or substance at such peace officer, [special policeman,] firefighter,
382 employee, physician, nurse, member, liquor control agent, animal
383 control officer, security officer, probation officer or active individual
384 member, or (5) such person throws or hurls, or causes to be thrown or
385 hurled, any bodily fluid including, but not limited to, urine, feces, blood
386 or saliva at such peace officer, [special policeman,] firefighter, employee,
387 physician, nurse, member, liquor control agent, animal control officer,
388 security officer, probation officer or active individual member. For the
389 purposes of this section, "public transit employee" means a person
390 employed by the state, a political subdivision of the state, a transit
391 district formed under chapter 103a or a person with whom the
392 Commissioner of Transportation has contracted in accordance with
393 section 13b-34 to provide transportation services who operates a vehicle
394 or vessel providing public ferry service or fixed route bus service or
395 performs duties directly related to the operation of such vehicle or
396 vessel, or who, as part of the provision of public rail service, is a train
397 operator, conductor, inspector, signal person or station agent and
398 "security officer" has the same meaning as provided in section 29-152u.

399 Sec. 15. Subsection (a) of section 12-699 of the general statutes is
400 repealed and the following is substituted in lieu thereof (*Effective from*
401 *passage*):

402 (a) As used in this [section and section 12-699a] chapter and section
403 16 of this act:

404 (1) "Partnership" has the same meaning as provided in Section

405 7701(a)(2) of the Internal Revenue Code, as defined in section 12-213,
406 and regulations adopted thereunder. "Partnership" includes a limited
407 liability company that is treated as a partnership for federal income tax
408 purposes;

409 (2) "S corporation" means a corporation or a limited liability company
410 that is treated as an S corporation for federal income tax purposes;

411 (3) "Affected business entity" means a partnership or an S
412 corporation, but does not include a publicly-traded partnership, as
413 defined in Section 7704(b) of the Internal Revenue Code, that has agreed
414 to file an annual return pursuant to section 12-726 reporting the name,
415 address, Social Security number or federal employer identification
416 number and such other information required by the Commissioner of
417 Revenue Services of each unitholder whose distributive share of
418 partnership income derived from or connected with sources within this
419 state was more than five hundred dollars;

420 (4) "Member" means (A) a shareholder of an S corporation, (B) a
421 partner in (i) a general partnership, (ii) a limited partnership, or (iii) a
422 limited liability partnership, or (C) a member of a limited liability
423 company that is treated as a partnership or an S corporation for federal
424 income tax purposes; and

425 (5) "Taxable year" means the taxable year of an affected business
426 entity for federal income tax purposes.

427 Sec. 16. (NEW) (*Effective from passage*) (a) Any affected business entity
428 may elect to file a composite income tax return on behalf of each
429 nonresident individual who is a member of such affected business
430 entity, subject to any requirements and conditions the Commissioner of
431 Revenue Services may prescribe in the return form and instructions for
432 such return. The affected business entity shall make such election by the
433 due date or extended due date of such affected business entity's return
434 under chapter 228z of the general statutes.

435 (b) If an affected business entity elects to file a composite income tax

436 return pursuant to subsection (a) of this section, the affected business
437 entity shall pay to the commissioner the tax calculated under subsection
438 (c) of this section, plus penalties and interest due thereon, on behalf of
439 each nonresident individual member of such affected business entity.
440 Any such payment made by an affected business entity to the
441 commissioner with respect to any taxable period shall be considered to
442 be a payment by such nonresident individual member for the tax
443 imposed on such member under chapter 229 of the general statutes for
444 such taxable period.

445 (c) The composite income tax due on behalf of each nonresident
446 individual member shall equal (1) such member's distributive share of
447 the affected business entity's items derived from or connected with
448 sources within this state as calculated under subdivision (1) of
449 subsection (c) of section 12-699 of the general statutes multiplied by the
450 highest marginal rate in effect under section 12-700 of the general
451 statutes for the taxable year, less (2) the credit allowed to such
452 nonresident individual member pursuant to subdivision (1) of
453 subsection (g) of section 12-699 of the general statutes with respect to
454 the affected business entity. In no event shall an amount due on behalf
455 of a nonresident individual member be less than zero. Such composite
456 income tax shall be due at the same time, and subject to penalties and
457 interest, as if such tax was a tax due from the affected business entity
458 under section 12-699 of the general statutes, as amended by this act.

459 (d) (1) If income from one or more affected business entities that each
460 elect to file a composite income tax return pursuant to this section is the
461 only source of income derived from or connected with sources within
462 this state for a nonresident individual member, or for the member and
463 the member's spouse if a joint federal income tax return is or shall be
464 filed, the filing by the affected business entity of the composite income
465 tax return and the payment by the affected business entity on behalf of
466 the member of the tax imposed under this section shall satisfy the filing
467 and payment requirements otherwise separately imposed on the
468 member under chapter 229 of the general statutes. The commissioner
469 may make any deficiency assessment against the affected business

470 entity or the member, provided any such assessment against the
471 member shall be limited to the member's share thereof. Except as
472 provided in section 12-733 of the general statutes, any such assessment
473 shall be made not later than three years after the affected business
474 entity's annual return pursuant to section 12-699 of the general statutes,
475 as amended by this act, is filed.

476 (2) If income from one or more affected business entities that each
477 elect to file a composite income tax return pursuant to this section is not
478 the only source of income derived from or connected with sources
479 within this state for a nonresident individual member, or for the
480 member and the member's spouse if a joint federal income tax return is
481 or shall be filed, nothing in this section shall be construed as excusing
482 the member from the obligation to file such member's own separate tax
483 return under chapter 229 of the general statutes. In such event, the
484 member shall receive credit for the composite income tax paid under
485 this section by the affected business entity on the member's behalf. The
486 commissioner may make any deficiency assessment that is related to the
487 member's distributive share of income from the affected business entity
488 against the affected business entity or the member. Except as provided
489 in section 12-733 of the general statutes, any such assessment against the
490 affected business entity shall be made not later than three years after the
491 affected business entity's annual return pursuant to section 12-699 of the
492 general statutes, as amended by this act, is filed.

493 Sec. 17. Subsection (c) of section 12-391 of the general statutes is
494 amended by adding subdivision (4) as follows (*Effective October 1, 2022*):

495 (NEW) (4) "Federal basic exclusion amount" means the dollar amount
496 published annually by the Internal Revenue Service at which a decedent
497 would be required to file a federal estate tax return based on the value
498 of the decedent's gross estate and federally taxable gifts.

499 Sec. 18. Subparagraph (J) of subdivision (3) of subsection (b) of section
500 12-392 of the general statutes is repealed and the following is substituted
501 in lieu thereof (*Effective October 1, 2022*):

502 (J) A tax return shall be filed, in the case of every decedent who dies
503 on or after January 1, 2023, and at the time of death was (i) a resident of
504 this state, or (ii) a nonresident of this state whose gross estate includes
505 any real property situated in this state or tangible personal property
506 having an actual situs in this state. If the decedent's Connecticut taxable
507 estate is over [five million four hundred ninety thousand dollars] the
508 federal basic exclusion amount, such tax return shall be filed with the
509 Commissioner of Revenue Services and a copy of such return shall be
510 filed with the court of probate for the district within which the decedent
511 resided at the date of his or her death or, if the decedent died a
512 nonresident of this state, the court of probate for the district within
513 which such real property or tangible personal property is situated. If the
514 decedent's Connecticut taxable estate is equal to or less than [five million
515 four hundred ninety thousand dollars] the federal basic exclusion
516 amount, such return shall be filed with the court of probate for the
517 district within which the decedent resided at the date of his or her death
518 or, if the decedent died a nonresident of this state, the court of probate
519 for the district within which such real property or tangible personal
520 property is situated, and no such return shall be filed with the
521 Commissioner of Revenue Services. The judge of probate for the district
522 in which such return is filed shall review each such return and shall
523 issue a written opinion to the estate representative in each case in which
524 the judge determines that the estate is not subject to tax under this
525 chapter.

526 Sec. 19. Section 12-643 of the general statutes is amended by adding
527 subdivision (4) as follows (*Effective October 1, 2022*):

528 (NEW) (4) "Federal basic exclusion amount" means the dollar amount
529 published annually by the Internal Revenue Service over which a donor
530 would owe federal gift tax based on the value of the donor's federally
531 taxable gifts.

532 Sec. 20. Subdivision (1) of subsection (d) of section 12-704c of the 2022
533 supplement to the general statutes is repealed and the following is
534 substituted in lieu thereof (*Effective from passage*):

535 (d) (1) Notwithstanding the provisions of subsections (b) and (c) of
536 this section, for taxable years commencing on or after January 1, [2021]
537 2023, for any taxpayer who paid the conveyance tax on real property at
538 the rate prescribed by subparagraph (C)(ii) of subdivision (2) of
539 subsection (b) of section 12-494, the credit allowed under this section
540 shall not exceed thirty-three and one-third per cent of the amount of the
541 conveyance tax paid [at such rate] in excess of one and one-quarter per
542 cent on that portion of the consideration taxed under section 12-494 that
543 is in excess of eight hundred thousand dollars, in each of the three
544 taxable years [next succeeding the second] beginning with the third
545 taxable year after the taxable year in which such conveyance tax was
546 paid. For any taxable year such taxpayer claims the credit or portion
547 thereof under this subsection, such credit shall be in lieu of any credit
548 such taxpayer may be eligible to claim under subsection (b) or (c) of this
549 section.

550 Sec. 21. Section 12-415 of the general statutes is repealed and the
551 following is substituted in lieu thereof (*Effective from passage*):

552 (a) If the commissioner is not satisfied with the return or returns of
553 the tax or the amount of tax required to be paid to the state by any
554 person, the commissioner may compute and assess or reassess the
555 amount required to be paid upon the basis of the facts contained in the
556 return or returns or upon the basis of any information which is in or that
557 may come into the commissioner's possession. [Except in the case of
558 fraud or intent to evade or in the case of new information that may come
559 into the commissioner's possession, the commissioner may not make
560 more than one assessment for a tax period for which a return has been
561 filed.]

562 (b) The amount of the assessment or reassessment, exclusive of
563 penalties, shall bear interest at the rate of one per cent per month or
564 fraction thereof from the last day of the month succeeding the period for
565 which the amount or any portion thereof should have been returned
566 until the date of payment.

567 (c) When it appears that any part of the deficiency for which a

568 deficiency assessment or reassessment is made is due to negligence or
569 intentional disregard of the provisions of this chapter or regulations
570 promulgated thereunder, there shall be imposed a penalty equal to
571 fifteen per cent of the amount of such deficiency assessment or
572 reassessment, or fifty dollars, whichever is greater.

573 (d) When it appears that any part of the deficiency for which a
574 deficiency assessment or reassessment is made is due to fraud or intent
575 to evade the provisions of this chapter or regulations promulgated
576 thereunder, there shall be imposed a penalty equal to twenty-five per
577 cent of the amount of such deficiency assessment or reassessment. No
578 taxpayer shall be subject to a penalty under both subsection (c) of this
579 section and this subsection in relation to the same tax period.

580 (e) The commissioner shall give to the retailer or person storing,
581 accepting, consuming or otherwise using services or tangible personal
582 property written notice of the commissioner's assessment or
583 reassessment. The notice may be served personally or by mail. If by
584 mail, it shall be addressed to the retailer or person storing, accepting,
585 consuming or otherwise using services or tangible personal property at
586 the address as it appears in the records of the commissioner's office.

587 (f) Except in the case of fraud, intent to evade this chapter or
588 authorized regulations, failure to make a return, or claim for additional
589 amount pursuant to [subdivision (3)] subsection (c) of section 12-418, as
590 amended by this act, every notice of a deficiency assessment or
591 reassessment shall be mailed within three years after the last day of the
592 month following the period for which the amount is proposed to be
593 assessed or reassessed or within three years after the return is filed,
594 whichever period expires later. The limitation specified in this
595 subsection does not apply in case of a sales tax proposed to be assessed
596 or reassessed with respect to sales of services or property for the storage,
597 acceptance, consumption or other use of which notice of a deficiency
598 assessment or reassessment has been or is given pursuant to this
599 subsection, subsection (e) of this section, subsection (c) of section 12-416,
600 as amended by this act, [subdivision (1)] and subsection (a) of section

601 12-417, [and this subsection] as amended by this act. The limitation
602 specified in this subsection does not apply in case of an amount of use
603 tax proposed to be assessed or reassessed with respect to storage,
604 acceptance, consumption or other use of services or property for the sale
605 of which notice of a deficiency assessment or reassessment has been or
606 is given pursuant to this subsection and said subsections. [and this
607 subsection.]

608 (g) If, before the expiration of the time prescribed in subsection (f) of
609 this section for the mailing of a notice of deficiency [determination]
610 assessment or reassessment, the taxpayer has consented in writing to
611 the mailing of the notice after such time, the notice may be mailed at any
612 time prior to the expiration of the period agreed upon. The period so
613 agreed upon may be extended by subsequent agreements in writing
614 made before the expiration of the period previously agreed upon.

615 Sec. 22. Section 12-416 of the general statutes is repealed and the
616 following is substituted in lieu thereof (*Effective from passage*):

617 If any person fails to make a return, the commissioner shall make an
618 estimate of the amount of the gross receipts of the person or, as the case
619 may be, of the amount of the total sales price of services or tangible
620 personal property sold or purchased by the person, the storage,
621 acceptance, consumption or other use of which in this state is subject to
622 the use tax. The estimate shall be made for the period or periods in
623 respect to which the person failed to make a return and shall be based
624 upon any information which is in or may come into the commissioner's
625 possession. To the tax imposed upon the basis of such estimate, there
626 shall be added an amount equal to fifteen per cent of such tax, or fifty
627 dollars, whichever is greater. No person shall be subject to a penalty
628 under both this section and section 12-419, as amended by this act.
629 [Except in the case of new information that may come into the
630 commissioner's possession, the] The commissioner may [not] make
631 more than one assessment for a tax period for which a tax return has not
632 been filed.

633 (b) The amount of the assessment shall bear interest at the rate of one

634 per cent per month or fraction thereof from the last day of the month
635 succeeding the period for which the amount or any portion thereof
636 should have been returned until the date of payment.

637 (c) Promptly after making the assessment, the commissioner shall
638 give to the person written notice of the estimate, assessment and
639 penalty, the notice to be served personally or by mail in the manner
640 prescribed for service of notice of a deficiency assessment.

641 (d) Nothing in this section shall preclude the commissioner from
642 issuing a deficiency assessment or reassessment pursuant to the
643 provisions of section 12-415, as amended by this act, for any period for
644 which the commissioner issues a written notice of estimate, assessment
645 and penalty under this section.

646 Sec. 23. Section 12-417 of the general statutes is repealed and the
647 following is substituted in lieu thereof (*Effective from passage*):

648 [(1)] (a) If the commissioner believes that the collection of any tax or
649 any amount of tax required to be collected and paid to the state or of any
650 assessment will be jeopardized by delay, the commissioner shall make
651 an assessment or reassessment of the tax or amount of tax required to
652 be collected, noting that fact upon the assessment or reassessment and
653 serving written notice thereof, personally or by mail, in the manner
654 prescribed for service of notice of a deficiency assessment or
655 reassessment, on the person against whom the jeopardy assessment or
656 reassessment is made. Ten days after the date on which such notice is
657 served on such person, such notice shall constitute a final assessment or
658 reassessment except only for such amounts as to which such person has
659 filed a written [petition for reassessment] protest with the
660 commissioner, as provided in [subdivision (3)] subsection (c) of this
661 section.

662 [(2)] (b) The amount assessed or reassessed is due and payable no
663 later than the tenth day after service of the notice of assessment or
664 reassessment, unless on or before such tenth day the person against
665 whom such assessment or reassessment is made has obtained a stay of

666 collection, as provided in [subdivision (3)] subsection (c) of this section.
667 To the extent that collection has not been stayed, the commissioner may
668 enforce collection of such tax by using the method provided in section
669 12-35, as amended by this act, or by using any other method provided
670 for in the general statutes relating to the enforced collection of taxes,
671 provided, if the amount of such tax has been definitely fixed, the amount
672 so fixed shall be assessed and collected, and if the amount of such tax
673 has not been definitely fixed, the commissioner shall assess and collect
674 such amount as, in the commissioner's opinion, from the facts available
675 to the commissioner, is sufficient. If the amount specified in the notice
676 of jeopardy assessment or reassessment is not paid on or before the tenth
677 day after service of notice thereof upon the person against whom the
678 jeopardy assessment or reassessment is made, the delinquency penalty
679 and the interest provided in section 12-419, as amended by this act, shall
680 attach to the amount of the tax or the amount of the tax required to be
681 collected.

682 [(3)] (c) The person against whom a jeopardy assessment or
683 reassessment is made may file a [petition for the reassessment] written
684 protest thereof, pursuant to section 12-418, as amended by this act, with
685 the commissioner on or before the tenth day after the service upon such
686 person of notice of the jeopardy assessment or reassessment. Such
687 person may obtain a stay of collection of the whole or any part of the
688 amount of such jeopardy assessment or reassessment by filing with the
689 commissioner, on or before such tenth day, a bond of a surety company
690 authorized to do business in this state or other security acceptable to the
691 commissioner in such an amount not exceeding double the amount as
692 to which the stay is desired, as the commissioner deems necessary to
693 ensure compliance with this chapter, conditioned upon payment of as
694 much of the amount, the collection of which is stayed by the bond, as is
695 found to be due from such person. The security may be sold by the
696 commissioner in the manner prescribed by section 12-430, as amended
697 by this act. At any time thereafter in respect to the whole or any part of
698 the amount covered by the bond, such person may waive the stay, and
699 if as the result of such waiver, any part of the amount covered by the
700 bond is paid, the bond shall, at the request of such person, be

701 proportionately reduced.

702 Sec. 24. Section 12-418 of the general statutes is repealed and the
703 following is substituted in lieu thereof (*Effective from passage*):

704 [(1)(A)] (a) (1) Any person against whom an assessment or a
705 reassessment is made under section 12-414a, 12-415, as amended by this
706 act, 12-416, as amended by this act, or 12-424 or any person directly
707 interested may [petition for a reassessment] file a written protest not
708 later than sixty days after service upon such person of notice thereof. If
709 a petition for reassessment is not filed within the sixty-day period, the
710 assessment or reassessment becomes final at the expiration of the
711 period.

712 [(B)] (2) Any person against whom an assessment or reassessment is
713 made under section 12-417, as amended by this act, or any person
714 directly interested may [petition for a reassessment] file a written
715 protest not later than ten days after service of notice upon such person.
716 If a [petition for reassessment] written protest is not filed within such
717 ten-day period, the assessment or reassessment becomes final at the
718 expiration of the period.

719 [(2)] (b) If a [petition for reassessment] written protest is filed within
720 the sixty-day period, in the case of an assessment or reassessment made
721 under section 12-414a, 12-415, as amended by this act, 12-416, as
722 amended by this act, or 12-424, or within the ten-day period, in the case
723 of an assessment or reassessment made under section 12-417, as
724 amended by this act, the commissioner shall reconsider the assessment
725 or reassessment and, if the person has so requested in the petition, shall,
726 in the commissioner's discretion, grant the person an oral hearing and
727 shall give such person ten days' notice of the time and place of the
728 hearing. The commissioner may continue the hearing from time to time,
729 as may be necessary, and may assign the conduct of such hearing to a
730 representative of the commissioner.

731 [(3)] (c) The commissioner may decrease or increase the amount of
732 the assessment or reassessment before it becomes final, but the amount

733 may be increased only if a claim for the increase is asserted by the
734 commissioner at or before the hearing.

735 [(4)] (d) The order or decision of the commissioner upon a [petition
736 for reassessment] protest becomes final one month after service upon
737 the [petitioner] person filing the protest of notice thereof unless within
738 such period [the petitioner] such person seeks judicial review of the
739 commissioner's order or decision pursuant to section 12-422.

740 [(5)] (e) All assessments or reassessments made by the commissioner
741 under section 12-414a, 12-415, as amended by this act, 12-416, as
742 amended by this act, or 12-424 are due and payable at the time they
743 become final.

744 [(6)] (f) Any notice required by this section shall be served personally
745 or by mail in the manner prescribed for service of notice of a deficiency
746 assessment.

747 Sec. 25. Section 12-419 of the general statutes is repealed and the
748 following is substituted in lieu thereof (*Effective from passage*):

749 (a) Any person, other than an individual making purchases for
750 personal use or consumption and not making purchases for use or
751 consumption in carrying on a trade, occupation, business or profession,
752 who fails to pay any tax to the state or any amount of tax required to be
753 collected and paid to the state, except amounts of assessments or
754 reassessments made by the commissioner under sections 12-415 and 12-
755 416, as amended by this act, within the time required shall pay, in
756 addition to such tax or such amount of tax required to be collected and
757 paid, a penalty of fifteen per cent of the tax or fifty dollars, whichever
758 amount is greater, plus interest on such tax or such amount of tax
759 required to be collected and paid at the rate of one per cent per month
760 or fraction thereof from the due date to the date of payment.

761 (b) Any individual making purchases for personal use or
762 consumption and not making purchases for use or consumption in
763 carrying on a trade, occupation, business or profession who fails to pay

764 use tax to the state, except amounts of assessments or reassessments
765 made by the commissioner under sections 12-415 and 12-416, as
766 amended by this act, within the time required shall pay, in addition to
767 such tax, a penalty of ten per cent of the tax, plus interest on such tax at
768 the rate of one per cent per month or fraction thereof from the due date
769 of such tax to the date of payment.

770 (c) Subject to the provisions of section 12-3a, the commissioner may
771 waive all or any part of the penalties provided under this chapter when
772 it is proven to the satisfaction of the commissioner that failure to pay
773 any tax was due to reasonable cause and was not intentional or due to
774 neglect.

775 Sec. 26. Subdivision (6) of subsection (a) of section 12-408c of the
776 general statutes is repealed and the following is substituted in lieu
777 thereof (*Effective from passage*):

778 (6) The commissioner may, at any time within three years after the
779 date of receipt of such claim for refund, examine such claim and
780 supporting documentation and, if any error is disclosed by such
781 examination, mail a notice of assessment or reassessment in the manner
782 provided in section 12-415, as amended by this act, as if a return had
783 been filed with which the commissioner was not satisfied. In such event,
784 the claimant may [petition for reassessment] file a written protest in the
785 time and manner provided in section 12-418, as amended by this act.
786 The order or decision of the commissioner upon the [petition for
787 reassessment] written protest shall be subject to judicial review in the
788 time and manner provided in section 12-422.

789 Sec. 27. Subsections (c) and (d) of section 12-420b of the general
790 statutes are repealed and the following is substituted in lieu thereof
791 (*Effective from passage*):

792 (c) The commissioner may, in the commissioner's sole discretion,
793 terminate a managed compliance agreement and conduct an audit of an
794 eligible taxpayer under [subdivision (1)] subsection (a) of section 12-415,
795 as amended by this act, if the eligible taxpayer fails to fulfill any of the

796 terms of a managed compliance agreement and such failure is materially
797 adverse to the commissioner and the taxpayer fails to cure such failure
798 not later than thirty days after the mailing of written notice of such
799 failure by the commissioner, provided no such notice need be given in
800 the event such failure is not capable of being cured or the commissioner
801 believes that the collection of any tax required to be collected and paid
802 to the state or of any assessment or reassessment will be jeopardized by
803 delay. Any such termination shall be effective on the first day of the
804 fourth month following the month in which notice of such termination
805 is given by the commissioner to the taxpayer, except that such
806 termination shall take effect immediately if such failure is not capable of
807 being cured or if the commissioner believes that the collection of any tax
808 required to be collected and paid to the state or of any assessment or
809 reassessment will be jeopardized by delay.

810 (d) Nothing in this section shall abridge or alter any other
811 requirements, rights or obligations of an eligible taxpayer or the
812 commissioner granted or imposed by statute or regulation, including,
813 but not limited to, penalties for negligence or intentional disregard of
814 the provisions of this chapter, except as provided in subsection (c) of this
815 section; penalties for failure to file returns or for fraud or intent to evade
816 the provisions of this chapter; limitation periods and waivers of
817 limitation periods; the right of an eligible taxpayer to [petition for
818 reassessment] file a written protest under section 12-418, as amended by
819 this act; the right of an eligible taxpayer to appeal an assessment or a
820 reassessment under section 12-422; or the right of an eligible taxpayer to
821 claim a refund under section 12-425, as amended by this act.

822 Sec. 28. Subsections (b) to (d), inclusive, of section 12-420c of the
823 general statutes are repealed and the following is substituted in lieu
824 thereof (*Effective from passage*):

825 (b) Such agreement may provide that, upon compliance by the
826 taxpayer with all the terms of [said] such agreement, in calculating the
827 total amount of the audit assessment resulting from such managed audit
828 the first ten thousand dollars of interest and ten per cent of any

829 additional interest otherwise due under [subdivision (2)] subsection (b)
830 of section 12-415, as amended by this act, shall not be imposed. Any
831 interest accruing after the initial assessment shall be at the rate of
832 interest specified in [subdivision (2)] subsection (b) of section 12-415, as
833 amended by this act.

834 (c) The commissioner may, in the commissioner's sole discretion,
835 terminate a managed audit agreement and conduct an audit of an
836 eligible taxpayer under [subdivision (1)] subsection (a) of section 12-415,
837 as amended by this act, if the eligible taxpayer fails to fulfill any of the
838 terms of a managed audit agreement, or if the commissioner believes
839 that a managed audit should not be conducted for any other reason.

840 (d) Nothing in this section shall abridge or alter any other
841 requirements, rights or obligations of an eligible taxpayer or the
842 commissioner granted or imposed by statute or regulation, including,
843 but not limited to, penalties for negligence or intentional disregard of
844 the provisions of this chapter, except as provided in subsection (c) of this
845 section; penalties for failure to file returns or for fraud or intent to evade
846 the provisions of this chapter; limitation periods and waivers of
847 limitation periods; the right of an eligible taxpayer to [petition for
848 reassessment] file a written protest under section 12-418, as amended by
849 this act; the right of an eligible taxpayer to appeal an assessment or a
850 reassessment under section 12-422 or the right of an eligible taxpayer to
851 claim a refund under section 12-425, as amended by this act.

852 Sec. 29. Subdivision (1) of section 12-425 of the general statutes is
853 repealed and the following is substituted in lieu thereof (*Effective from*
854 *passage*):

855 No refund shall be allowed unless a claim therefor is filed with the
856 commissioner within three years from the last day of the month
857 succeeding the period for which the overpayment was made, or, with
858 respect to assessments or reassessments made under sections 12-415 and
859 12-416, as amended by this act, within six months after the assessments
860 or reassessments become final. No credit shall be allowed after the
861 expiration of the period specified for filing claims for refund unless a

862 claim for credit is filed with the commissioner within such period, or
863 unless the credit relates to a period for which a waiver is given pursuant
864 to subsection (g) of section 12-415, as amended by this act.

865 Sec. 30. Subparagraphs (C) and (D) of subdivision (7) of section 12-
866 430 of the general statutes are repealed and the following is substituted
867 in lieu thereof (*Effective from passage*):

868 (C) (i) Every prime or general contractor who is an unverified
869 contractor shall post with the commissioner a good and valid bond with
870 a surety company authorized to do business in this state in an amount
871 equal to five per cent of the contract price, to secure the payment of any
872 sums due under this chapter either from such contractor or from any
873 subcontractor who enters into a contract with such contractor to
874 perform any part of the contract entered into by such contractor. The
875 commissioner shall release such contractor from its obligations under
876 such bond if it has been established, to the commissioner's satisfaction,
877 that such contractor has met the requirements of either clause (ii) or (iii)
878 of this subparagraph.

879 (ii) If a prime or general contractor who is an unverified contractor
880 establishes, to the satisfaction of the commissioner by submitting such
881 documentation, including any forms prescribed by the commissioner,
882 as the commissioner deems necessary, that such contractor has paid all
883 of the taxes that it owes in connection with the contract and that its
884 subcontractors who are unverified contractors have paid all of the taxes
885 that they owe in connection with the contract, the commissioner shall
886 release such contractor from its obligations under the bond.

887 (iii) (I) If a prime or general contractor who is an unverified contractor
888 establishes, to the satisfaction of the commissioner by submitting such
889 documentation, including any forms prescribed by the commissioner,
890 as the commissioner deems necessary, that such contractor has paid all
891 of the taxes that it owes in connection with the contract, has held back
892 an amount equal to five per cent of the payments being made by such
893 contractor in connection with the contract to its subcontractors who are
894 unverified contractors, and has complied with the provisions of either

895 subclause (V) or (VI) of this clause, as the case may be, the commissioner
896 shall release such contractor from its obligations under the bond.

897 (II) Every prime or general contractor who is an unverified contractor
898 and doing business with a subcontractor who is an unverified contractor
899 shall hold back an amount equal to five per cent of such payments
900 otherwise required to be made to such subcontractor until such
901 subcontractor furnishes such contractor with a certificate of compliance,
902 as described in this clause, authorizing the full or partial release of the
903 amount held back from such payments to such subcontractor. Such
904 contractor shall provide written notice of the requirement to hold back
905 to each subcontractor who is an unverified contractor not later than the
906 time of commencement of work under the contract by such
907 subcontractor.

908 (III) The amount required to be held back from a subcontractor who
909 is an unverified contractor, when so held back, shall be held to be a
910 special fund in trust for the state. No such subcontractor shall have any
911 right of action against a prime or general contractor holding back under
912 this clause with respect to any amount held back in compliance with or
913 intended compliance with this clause.

914 (IV) Any subcontractor who is an unverified contractor shall, upon
915 the completion of its work under the contract, request the commissioner,
916 in writing, for the issuance of a certificate of compliance to such
917 subcontractor. Such subcontractor shall submit, with such request, such
918 documentation, including any forms prescribed by the commissioner,
919 as the commissioner deems necessary. The commissioner shall, after
920 receipt of such request and such required documentation, review the
921 documentation in the context of generally accepted construction
922 industry cost guidelines for the scope and type of construction project.
923 Not later than one hundred twenty days after the receipt by the
924 commissioner of the required documentation, the commissioner shall
925 either issue a certificate of compliance authorizing the full or partial
926 release of an amount held back from payments being made to such
927 subcontractor, or shall be deemed to have issued such certificate.

928 (V) If the commissioner issues a certificate of compliance authorizing
929 a full release of the amount held back from a subcontractor who is an
930 unverified contractor, the prime or general contractor holding back such
931 amount shall pay over such amount to such subcontractor. Such
932 contractor shall not be liable for any claim of the commissioner for any
933 taxes of such subcontractor arising from the activities of such
934 subcontractor on the project.

935 (VI) If the commissioner issues a certificate of compliance authorizing
936 a partial release of the amount held back from a subcontractor who is an
937 unverified contractor, the prime or general contractor holding back such
938 amount shall pay over the released amount to such subcontractor and
939 shall pay over the unreleased amount to the commissioner. When such
940 contractor pays over to the commissioner an amount held back in
941 accordance with this subclause, such contractor shall not be liable for
942 any claim of such subcontractor for such amount or for any claim of the
943 commissioner for any taxes of such subcontractor arising from the
944 activities of such subcontractor on the project for which the amount was
945 paid over. If the amount that such contractor is required to pay over to
946 the commissioner is not paid over on or before the thirtieth day after the
947 date of mailing of such certificate of compliance, such contractor shall
948 be liable for a penalty equal to ten per cent of such amount. The amount
949 that such contractor is required to pay over to the commissioner, and
950 the penalty thereon, may be collected under the provisions of section 12-
951 35, as amended by this act.

952 (VII) The commissioner shall treat the issuance to a subcontractor
953 who is an unverified contractor of a certificate of compliance
954 authorizing a partial release of an amount held back in the same manner
955 as the issuance to such subcontractor of a notice of assessment or
956 reassessment under section 12-415, as amended by this act.

957 (VIII) The issuance to a subcontractor who is an unverified contractor
958 of a certificate of compliance shall not preclude the commissioner, in the
959 exercise of the commissioner's authority under this chapter, from
960 examining the tax returns and books and records of such subcontractor

961 and, if appropriate and other than in connection with the project for
962 which the certificate of compliance was issued, from making an
963 assessment or reassessment against such subcontractor.

964 (D) (i) Every prime or general contractor who is either a resident
965 contractor or a verified contractor and doing business with a
966 subcontractor who is an unverified contractor shall hold back an
967 amount equal to five per cent of such payments otherwise required to
968 be made to such subcontractor until such subcontractor furnishes such
969 contractor with a certificate of compliance, as described in this
970 subparagraph, authorizing the full or partial release of the amount held
971 back from such payments to such subcontractor. Such contractor shall
972 provide written notice of the requirement to hold back to each
973 subcontractor who is an unverified contractor not later than the time of
974 commencement of work under the contract by such subcontractor.

975 (ii) The amount required to be held back from a subcontractor who is
976 an unverified contractor, when so held back, shall be held to be a special
977 fund in trust for the state. No such subcontractor shall have any right of
978 action against a prime or general contractor holding back under this
979 subparagraph with respect to any amount held back in compliance with
980 or intended compliance with this subparagraph.

981 (iii) A subcontractor who is an unverified contractor shall, upon the
982 completion of its work under the contract, request the commissioner, in
983 writing, for the issuance of a certificate of compliance to such
984 subcontractor. Such subcontractor shall submit, with such request, such
985 documentation, including any forms prescribed by the commissioner,
986 as the commissioner deems necessary. The commissioner shall, after
987 receipt of such request and such required documentation, review the
988 documentation in the context of generally accepted construction
989 industry cost guidelines for the scope and type of construction project.
990 Not later than one hundred twenty days after the receipt by the
991 commissioner of the required documentation, the commissioner shall
992 either issue a certificate of compliance authorizing the full or partial
993 release of an amount held back from payments being made to such

994 subcontractor or shall be deemed to have issued such certificate.

995 (iv) If the commissioner issues a certificate of compliance authorizing
996 a full release of the amount held back from a subcontractor who is an
997 unverified contractor, the prime or general contractor holding back such
998 amount shall pay over such amount to such subcontractor. Such
999 contractor shall not be liable for any claim of the commissioner for any
1000 taxes of such subcontractor arising from the activities of such
1001 subcontractor on the project.

1002 (v) If the commissioner issues a certificate of compliance authorizing
1003 a partial release of the amount held back from a subcontractor who is an
1004 unverified contractor, the prime or general contractor holding back such
1005 amount shall pay over the released amount to such subcontractor and
1006 shall pay over the unreleased amount to the commissioner. When such
1007 contractor pays over to the commissioner an amount held back in
1008 accordance with this clause, such contractor shall not be liable for any
1009 claim of such subcontractor for such amount or for any claim of the
1010 commissioner for any taxes of such subcontractor arising from the
1011 activities of such subcontractor on the project for which the amount was
1012 paid over. If the amount that such contractor is required to pay over to
1013 the commissioner is not paid over on or before the thirtieth day after the
1014 date of mailing of such certificate of compliance, such contractor shall
1015 be liable for a penalty equal to ten per cent of such amount. The amount
1016 that such contractor is required to pay over to the commissioner, and
1017 the penalty thereon, may be collected under the provisions of section 12-
1018 35, as amended by this act.

1019 (vi) The commissioner shall treat the issuance to a subcontractor who
1020 is an unverified contractor of a certificate of compliance authorizing a
1021 partial release of an amount held back in the same manner as the
1022 issuance to such subcontractor of a notice of assessment or reassessment
1023 under section 12-415, as amended by this act.

1024 (vii) The issuance to a subcontractor who is an unverified contractor
1025 of a certificate of compliance shall not preclude the commissioner, in the
1026 exercise of the commissioner's authority under this chapter, from

1027 examining the tax returns and books and records of such subcontractor
1028 and, if appropriate and other than in connection with the project for
1029 which the certificate of compliance was issued, from making an
1030 assessment or reassessment against such subcontractor.

1031 Sec. 31. Section 12-35 of the general statutes is repealed and the
1032 following is substituted in lieu thereof (*Effective from passage*):

1033 (a) (1) Wherever used in this chapter, unless otherwise provided,
1034 "state collection agency" includes the Treasurer, the Commissioner of
1035 Revenue Services and any other state official, board or commission
1036 authorized by law to collect taxes payable to the state and any duly
1037 appointed deputy of any such official, board or commission; "tax"
1038 includes not only the principal of any tax but also all interest, penalties,
1039 fees and other charges added thereto by law; and "serving officer"
1040 includes any state marshal, constable or employee of such state
1041 collection agency designated for such purpose by a state collection
1042 agency and any person so designated by the Labor Commissioner.

1043 (2) Upon the failure of any person to pay any tax, except any tax
1044 under chapter 216, due the state within thirty days from its due date, the
1045 state collection agency charged by law with its collection shall add
1046 thereto such penalty or interest or both as are prescribed by law,
1047 provided, (A) if any statutory penalty is not specified, there may be
1048 added a penalty in the amount of ten per cent of the whole or such part
1049 of the principal of the tax as is unpaid or fifty dollars, whichever amount
1050 is greater, and [provided,] (B) if any statutory interest is not specified,
1051 there shall be added interest at the rate of one per cent of the whole or
1052 such part of the principal of the tax as is unpaid for each month or
1053 fraction thereof, from the due date of such tax to the date of payment.

1054 (3) Upon the failure of any person to pay any tax, except any tax
1055 under chapter 216, due within thirty days of its due date, the state
1056 collection agency charged by law with the collection of such tax may
1057 make out and sign a warrant directed to any serving officer for distraint
1058 upon any property of such person found within the state, whether real
1059 or personal. An itemized bill shall be attached thereto, certified by the

1060 state collection agency issuing such warrant as a true statement of the
1061 amount due from such person.

1062 (A) Such warrant shall have the same force and effect as an execution
1063 issued pursuant to chapter 906. Such warrant may be levied on any real
1064 property or tangible or intangible personal property of such person, and
1065 sale made pursuant to such warrant in the same manner and with the
1066 same force and effect as a levy of sale pursuant to an execution. In
1067 addition thereto, if such warrant has been issued by the Commissioner
1068 of Revenue Services, [his] the commissioner's deputy, the Labor
1069 Commissioner, the executive director of the Employment Security
1070 Division or any person in the Employment Security Division in a
1071 position equivalent to or higher than the position presently held by a
1072 revenue examiner four, [said] such serving officer shall be authorized to
1073 place a keeper in any place of business and it shall be such keeper's duty
1074 to secure the income of such business for the state and, when it is in the
1075 best interest of the state, to force cessation of such business operation. In
1076 addition, the Attorney General may collect any such tax by civil action.
1077 Each serving officer so receiving a warrant shall make a return with
1078 respect to such warrant to the appropriate collection agency within a
1079 period of ten days following receipt of such warrant.

1080 (B) Each serving officer shall collect from such person, in addition to
1081 the amount shown on such warrant, [his] such officer's fees and charges,
1082 which shall be twice those authorized by statute for serving officers,
1083 provided the minimum charge shall be five dollars and money collected
1084 pursuant to such warrant shall be first applied to the amount of any fees
1085 and charges of the serving officer. In the case of an employee of the state
1086 acting as a serving officer the fees and charges collected by such
1087 employee shall inure to the benefit of the state.

1088 (4) For the purposes of this section, "keeper" means a person who has
1089 been given authority by an officer authorized to serve a tax warrant to
1090 act in the state's interest to secure the income of a business for the state
1091 and, when it is in the best interest of the state, to force the cessation of
1092 such business's operation, upon the failure of such business to pay taxes

1093 owed to the state.

1094 (b) (1) Any such warrant on any intangible personal property of any
1095 person may be served by mailing a certified copy of such warrant by
1096 certified mail, return receipt requested, to any third person in possession
1097 of, or obligated with respect to, receivables, bank accounts, evidences of
1098 debt, securities, salaries, wages, commissions, compensation or other
1099 intangible personal property subject to such warrant, ordering such
1100 third person to forthwith deliver such property or pay the amount due
1101 or payable to the state collection agency that has made out such warrant,
1102 provided such warrant may be issued only after the state collection
1103 agency making out such warrant has notified the person owning such
1104 property, in writing, of its intention to issue such warrant. The notice of
1105 intent shall be: (A) Given in person; (B) left at the dwelling or usual place
1106 of business of such person; or (C) sent by certified mail, return receipt
1107 requested, to such person's last known address, not less than thirty days
1108 before the day the warrant is to be issued.

1109 (2) Any such warrant on any intangible personal property of any
1110 person may be served by electronic mail, facsimile machine or other
1111 electronic means on any third person in possession of, or obligated with
1112 respect to, receivables, bank accounts, evidences of debt, securities,
1113 salaries, wages, commissions, compensation or other intangible
1114 personal property subject to such warrant, ordering such third person
1115 to forthwith deliver such property or pay the amount due or payable to
1116 the state collection agency that has made out such warrant, provided
1117 such warrant may be issued only after the state collection agency
1118 making out such warrant has notified the person owning such property,
1119 in writing, of its intention to issue such warrant. The notice of intent
1120 shall be: (A) Given in person; (B) left at the dwelling or usual place of
1121 business of such person; or (C) sent by certified mail, return receipt
1122 requested, to such person's last-known address, not less than thirty days
1123 before the day the warrant is to be issued. Any such warrant for tax due
1124 may further include an order to such third person to continually deliver,
1125 during the one hundred eighty days immediately following the date of
1126 issuance of the warrant or until the tax is fully paid, whichever occurs

1127 earlier, all intangible personal property that is due and that becomes due
1128 to the person owing the tax. Except as otherwise provided in this
1129 subdivision, such warrant shall have the same force and effect as an
1130 execution issued pursuant to chapter 906.

1131 (c) (1) Except as provided in subdivision (3) of this subsection:

1132 (A) The Commissioner of Revenue Services may not collect a tax after
1133 ten years from the date the tax was reported on a return that was filed
1134 with the commissioner; and

1135 (B) If the commissioner makes an assessment of any tax within the
1136 statute of limitations applicable to the period for which such assessment
1137 was made, the commissioner may not collect such tax after ten years
1138 from the date such assessment became final.

1139 (2) Any taxes that remain unpaid after the applicable ten-year period
1140 shall be deemed abated as of the first day of the eleventh year
1141 succeeding the date the return was filed or the assessment became final,
1142 as applicable.

1143 (3) This subsection shall not apply to any taxes for which the
1144 commissioner has entered into an agreement under the provisions of
1145 section 12-2d or 12-2e or to any taxes that have been secured by the
1146 recoding of a lien on the real property or personal property of a
1147 taxpayer.

1148 Sec. 32. (NEW) (*Effective from passage*) (a) For purposes of this section:

1149 (1) "Consumer collection agency" has the same meaning as provided
1150 in section 36a-800 of the general statutes; and

1151 (2) "Qualifying outstanding tax liabilities" means any taxes due to the
1152 Commissioner of Revenue Services that have been eligible for
1153 collections under the provisions of section 12-35 of the general statutes,
1154 as amended by this act, for not less than three years. "Qualifying
1155 outstanding tax liabilities" does not include (A) taxes that are the subject
1156 of litigation, a criminal investigation, wage garnishment, lien or other

1157 tax warrant, or (B) taxes that are the subject of a settlement agreement,
1158 an active payment plan or an offer of compromise and for which the
1159 taxpayer has not defaulted on such agreement, payment plan or offer of
1160 compromise.

1161 (b) (1) The Commissioner of Revenue Services may sell qualifying
1162 outstanding tax liabilities to any consumer collection agency licensed
1163 under section 36a-801 of the general statutes and in compliance with the
1164 provisions of chapter 669 of the general statutes. Any eligible consumer
1165 collection agency may submit an application to purchase qualifying
1166 outstanding tax liabilities to the commissioner, in such form and manner
1167 prescribed by the commissioner and containing such information as the
1168 commissioner determines is necessary to verify the eligibility of such
1169 consumer collection agency to purchase, and to effectuate the sale of,
1170 qualifying outstanding tax liabilities.

1171 (2) If, after evaluation of an application, the commissioner determines
1172 that it is in the best interest of the state to effectuate such sale, the
1173 commissioner may enter into an agreement with the consumer
1174 collection agency to sell qualifying outstanding tax liabilities to such
1175 agency. Such agreement shall constitute prima facie evidence that the
1176 consumer collection agency is the bona fide purchaser of the qualifying
1177 outstanding tax liabilities identified in the agreement. The provisions of
1178 subsection (c) of section 36a-813 of the general statutes shall not apply
1179 to the commissioner.

1180 (3) Notwithstanding the provisions of section 12-15 of the general
1181 statutes, the commissioner may disclose to a consumer collection agency
1182 that purchases qualifying outstanding tax liabilities such information as
1183 the commissioner deems necessary for such consumer collection agency
1184 to pursue collection of such tax liabilities. Any information disclosed
1185 pursuant to this subdivision may not be redisclosed by the consumer
1186 collection agency, except as necessary for such consumer collection
1187 agency to pursue collection of such tax liabilities.

1188 (c) A consumer collection agency that has purchased qualifying
1189 outstanding tax liabilities:

1190 (1) May pursue collections of such tax liabilities for not more than six
1191 years after the date of sale; and

1192 (2) Shall not be deemed a state collection agency for purposes of
1193 section 12-35 of the general statutes, as amended by this act, by virtue of
1194 the consumer collection agency's purchase of qualifying outstanding tax
1195 liabilities. No consumer collection agency shall hold itself out to be or
1196 represent in any way that it is a state collection agency or affiliated with
1197 or authorized to act on behalf of the commissioner or the state.

1198 (d) Qualifying outstanding tax liabilities purchased under the
1199 provisions of this section may not be resold or otherwise reassigned.

1200 (e) Any qualifying outstanding tax liabilities purchased by a
1201 consumer collection agency shall be deemed to have been satisfied and
1202 moneys received by the commissioner from such sale shall be deemed
1203 to have been applied against the account of the taxpayer that owed such
1204 tax liabilities and shall be deposited in the General Fund.

1205 (f) Nothing in this section shall require the commissioner to sell
1206 qualifying outstanding tax liabilities and any decision to sell qualifying
1207 outstanding tax liabilities shall be at the sole discretion of the
1208 commissioner.

1209 Sec. 33. Section 12-35c of the general statutes is repealed and the
1210 following is substituted in lieu thereof (*Effective from passage*):

1211 (a) At the request of the Commissioner of Revenue Services, the
1212 Attorney General may bring suit in the name of this state in the
1213 appropriate court of any other state or the District of Columbia to collect
1214 any tax legally due this state; and any political subdivision of this state
1215 or the appropriate officer thereof, acting in its behalf, may bring suit in
1216 the appropriate court of any other state or the District of Columbia to
1217 collect any tax legally due [to] such political subdivision.

1218 (b) The Commissioner of Revenue Services may enter into
1219 agreements with collection agencies and attorneys for collection
1220 services, for the purposes of collecting a taxpayer's unpaid taxes and

1221 penalties and interest thereon. Such collection services may be
1222 performed both within and without this state and may include bringing
1223 an action in the name of this state in the appropriate court of any other
1224 state or the District of Columbia to collect any tax legally due this state.

1225 (c) The courts shall recognize and enforce liabilities for taxes similar
1226 to the taxes imposed by this state and lawfully imposed by any other
1227 state, the District of Columbia or any political subdivision [thereof] of
1228 such state or district, which extends a like comity to this state, and the
1229 duly authorized officer of any other state, the District of Columbia or
1230 any political subdivision [thereof] of such state or district, may sue for
1231 the collection of such taxes in the courts of this state. A certificate by the
1232 Secretary of the State of such other state or the Secretary of the District
1233 of Columbia, as applicable, that the officer suing for the collection of
1234 such a tax is duly authorized to collect the same shall be conclusive
1235 proof of such authority. A certificate by the Commissioner of Revenue
1236 Services that the tax of such other state, the District of Columbia or a
1237 political subdivision [thereof] of such state or district is similar to a tax
1238 imposed by this state shall be prima facie evidence of such similarity.
1239 For the purposes of this section, the words "tax" and "taxes" shall include
1240 interest and penalties due under any taxing statute, and liability for such
1241 interest or penalties, or both, due under a taxing statute of another state,
1242 the District of Columbia or a political subdivision [thereof] of such state
1243 or district shall be recognized and enforced by the courts of this state to
1244 the same extent that the laws of such other state or district, as applicable,
1245 permit the enforcement in its courts of liability for such interest or
1246 penalties, or both, due under the tax laws of this state or any political
1247 subdivision thereof.

1248 Sec. 34. Section 12-35h of the general statutes is repealed and the
1249 following is substituted in lieu thereof (*Effective from passage*):

1250 When an agreement has been entered into, by the state for the
1251 Commissioner of Revenue Services or by said commissioner, with a
1252 collection agency or attorney for the purpose of collecting a taxpayer's
1253 unpaid taxes and penalties and interest thereon, the account of the

1254 taxpayer shall be credited with the amounts of such unpaid taxes,
1255 penalties and interest actually collected by the collection agency or
1256 attorney before such amounts are reduced by the compensation paid by
1257 the commissioner to, or retained by, the collection agency or attorney
1258 for collection services provided pursuant to such agreement.

1259 Sec. 35. Section 12-39o of the general statutes is repealed and the
1260 following is substituted in lieu thereof (*Effective from passage*):

1261 (a) For purposes of this section: [, "license"]

1262 (1) "License" means [(1)] (A) any license issued by the commissioner
1263 pursuant to the provisions of chapter 214, [(2)] (B) any license issued by
1264 the commissioner pursuant to the provisions of section 12-330b, or [(3)]
1265 (C) a seller's permit issued by the commissioner pursuant to section 12-
1266 409; [.]

1267 (2) "Related person" means (A) an individual, a corporation, a
1268 partnership, an association or a trust that is in control of a person subject
1269 to this section, (B) a corporation, a partnership, an association or a trust
1270 that is controlled by a person subject to this section, (C) a corporation, a
1271 partnership, an association or a trust, controlled by an individual, a
1272 corporation, a partnership, an association or a trust that is in control of
1273 a person subject to this section, or (D) a member of the same controlled
1274 group as a person subject to this section; and

1275 (3) "Control" means (A) with respect to a corporation, ownership,
1276 directly or indirectly, of stock possessing fifty per cent or more of the
1277 total combined voting power of all classes of the stock of such
1278 corporation entitled to vote, and (B) with respect to a trust, ownership,
1279 directly or indirectly, of fifty per cent or more of the beneficial interest
1280 in the principal or income of such trust. The ownership of stock in a
1281 corporation, of a capital or profits interest in a partnership or association
1282 or of a beneficial interest in a trust shall be determined in accordance
1283 with the rules for constructive ownership of stock provided in Section
1284 267(c) of the Internal Revenue Code of 1986, or any subsequent
1285 corresponding internal revenue code of the United States, as amended

1286 from time to time, other than paragraph (3) of said section.

1287 (b) Prior to issuing or renewing the license of any person, the
1288 commissioner may determine whether such person or related person
1289 has failed to file any returns required to be filed with the commissioner
1290 by such person or related person. If the commissioner determines that
1291 such person or related person has failed to file any required returns, the
1292 commissioner shall not issue a license to, or renew the license of, such
1293 person until such person or related person, as applicable, files all
1294 outstanding returns or makes an arrangement satisfactory to the
1295 commissioner to file all outstanding returns.

1296 (c) Prior to issuing or renewing the license of any person, the
1297 commissioner may determine whether such person or related person
1298 owes taxes to this state, which taxes are finally due and payable and
1299 with respect to which any administrative or judicial remedies, or both,
1300 have been exhausted or have lapsed. If the commissioner determines
1301 that such person or related person owes such taxes, the commissioner
1302 shall not issue a license to, or renew the license of, such person [,] until
1303 such person or related person, as applicable, pays such taxes [,] or makes
1304 an arrangement satisfactory to the commissioner to pay such taxes.

1305 Sec. 36. (*Effective from passage*) (a) The Commissioner of Revenue
1306 Services shall study alternative approaches for the imposition of the tax
1307 under chapter 229 of the general statutes with respect to the residency
1308 of individuals subject to such tax. The study shall identify any legislative
1309 changes that may be made to improve the collection of such tax or to
1310 implement an alternative approach for the imposition of such tax.

1311 (b) The commissioner shall study each tax and fee that the
1312 Department of Revenue Services is statutorily responsible for
1313 administering, to determine the overall effectiveness of each such tax
1314 and fee. The study shall (1) include information as to the amount of
1315 revenue generated by each such tax and fee for the most recent year for
1316 which the commissioner has complete records, and the costs incurred
1317 by the department in the administration of each such tax and fee for
1318 such year, and (2) identify any legislative changes that may be made to

1319 improve the administration of any such tax or fee.

1320 (c) The commissioner may (1) consult with any individuals,
 1321 businesses and state agencies the commissioner deems necessary or
 1322 appropriate to accomplish the purposes of the studies required under
 1323 this section, and (2) enter into a contract with any public or private entity
 1324 for the purposes of preparing a report required under this section.

1325 (d) Not later than January 1, 2023, the commissioner shall submit a
 1326 report, in accordance with the provisions of section 11-4a of the general
 1327 statutes, for each study required under this section on the
 1328 commissioner's findings and recommendations to the joint standing
 1329 committee of the General Assembly having cognizance of matters
 1330 relating to finance, revenue and bonding.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-736
Sec. 2	<i>from passage and applicable to taxable years commencing on or after January 1, 2022</i>	12-704(b)(1)
Sec. 3	<i>from passage and applicable to taxable years commencing on or after January 1, 2022</i>	12-732(b)
Sec. 4	<i>from passage</i>	12-39f
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	29-18b
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>from passage</i>	53a-3(9)
Sec. 9	<i>from passage</i>	53a-19(b)
Sec. 10	<i>from passage</i>	53a-22
Sec. 11	<i>from passage</i>	53a-23
Sec. 12	<i>from passage</i>	53a-167a
Sec. 13	<i>from passage</i>	53a-167b
Sec. 14	<i>from passage</i>	53a-167c(a)
Sec. 15	<i>from passage</i>	12-699(a)
Sec. 16	<i>from passage</i>	New section

Sec. 17	October 1, 2022	12-391(c)
Sec. 18	October 1, 2022	12-392(b)(3)(J)
Sec. 19	October 1, 2022	12-643
Sec. 20	from passage	12-704c(d)(1)
Sec. 21	from passage	12-415
Sec. 22	from passage	12-416
Sec. 23	from passage	12-417
Sec. 24	from passage	12-418
Sec. 25	from passage	12-419
Sec. 26	from passage	12-408c(a)(6)
Sec. 27	from passage	12-420b(c) and (d)
Sec. 28	from passage	12-420c(b) to (d)
Sec. 29	from passage	12-425(1)
Sec. 30	from passage	12-430(7)(C) and (D)
Sec. 31	from passage	12-35
Sec. 32	from passage	New section
Sec. 33	from passage	12-35c
Sec. 34	from passage	12-35h
Sec. 35	from passage	12-39o
Sec. 36	from passage	New section

Statement of Legislative Commissioners:

In Section 33(a), "or the District of Columbia" was added to conform with the changes being made in the section.

FIN Joint Favorable Subst. -LCO

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Department of Revenue Services	GF - Precludes Revenue Loss	4.3 million	7.8 million
Department of Revenue Services	GF - Revenue Gain	Potential	Potential
Department of Revenue Services	GF - Savings	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which makes numerous tax administration-related changes, results in the following fiscal impacts:

Section 4 results in a potential savings by capping at \$5 million the amount of interest (a) added to any tax refund issued by the Department of Revenue Services (DRS) commissioner for a tax period and (b) that a court may award in any tax appeal in connection with a tax refund claim for a tax period.

Section 20, which makes a clarifying change to the personal income tax credit for certain real estate conveyance taxes paid, precludes General Fund revenue losses estimated at \$4.3 million in FY 23, \$7.8M in FY 24, \$9.7M in FY 25, \$5.4 million in FY 26, and \$1.9 million in FY 27.

Sections 21-30, 33-34, and 35 result in a potential revenue gain to the extent they result in additional collections from delinquent taxpayers.

Section 32 results in a potentially significant revenue gain as early as

FY 24, the magnitude of which is dependent on the design, execution, and terms of a tax debt sale program. There is currently approximately \$1.3 billion in outstanding tax debt.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future.

OLR Bill Analysis**sHB 5473****AN ACT CONCERNING THE DEPARTMENT OF REVENUE SERVICES' RECOMMENDATIONS FOR TAX ADMINISTRATION AND REVISIONS TO THE TAX AND RELATED STATUTES.**

TABLE OF CONTENTS:

[SUMMARY](#)[§ 1 — RESPONSIBLE PARTY PENALTY FOR WITHHOLDING TAX](#)

Modifies the responsible party penalty for income tax withholding

[§§ 2 & 3 — INCOME TAX REFUNDS DUE TO CHANGES MADE BY ANOTHER JURISDICTION](#)

Establishes conditions under which taxpayers must file amended income tax returns, and may file refund claims, because of certain changes and corrections made by another qualifying jurisdiction

[§ 4 — INTEREST ON TAX REFUNDS](#)

Caps at \$5 million the amount of interest (a) added to any tax refund issued by the DRS commissioner for a tax period and (b) that a court may award in any tax appeal in connection with a tax refund claim for a tax period

[§ 5 — LIMITATION ON CLAIMS FOR REFUNDS FOR CLOSED AUDIT PERIODS](#)

Limits the period during which taxpayers may file refund claims for closed audit periods

[§§ 6 & 7 — AUTHORIZATION TO SHARE RETURN INFORMATION IN CONNECTION WITH CRIMINAL INVESTIGATIONS](#)

Establishes conditions under which the DRS commissioner and DRS special police may disclose specified tax return information in connection with criminal investigations

[§§ 8-14 — DRS SPECIAL POLICE](#)

Designates DRS special police as “peace officers,” giving them certain powers and legal protections under state law

[§§ 15 & 16 — NONRESIDENT COMPOSITE INCOME TAX RETURNS](#)

Codifies an existing DRS policy by allowing pass-through entities to elect to remit composite income tax on behalf of their nonresident members

§§ 17-19 — TECHNICAL CORRECTIONS TO THE ESTATE AND GIFT TAX LAWS

Makes technical corrections to the estate and gift tax laws

§ 20 — CONVEYANCE TAX CREDIT AGAINST THE INCOME TAX

Modifies the conveyance tax credit that applies against the personal income tax

§§ 21-30 — SALES AND USE TAX REASSESSMENTS

Authorizes the DRS commissioner to impose more than one sales and use tax deficiency assessment (i.e., reassessments) for a tax period

§ 31 — STATUTE OF LIMITATIONS ON COLLECTION ACTIONS

Generally prohibits the DRS commissioner from collecting a tax after 10 years (1) from the date the tax was reported on a return filed with DRS or (2) in the case of an assessment, from the date the assessment became final

§ 32 — DRS SALE OF OUTSTANDING TAX LIABILITIES

Establishes conditions under which the DRS commissioner may sell certain outstanding tax debt to state-licensed consumer collection agencies

§§ 33 & 34 — OUT-OF-STATE DEBT COLLECTIONS

Authorizes the DRS commissioner to enter into agreements with collection agencies and attorneys for collection services within or outside the state to bring an action in the name of the state in the appropriate court in any other state or the District of Columbia

§ 35 — CONDITIONS FOR LICENSE OR PERMIT ISSUANCE OR RENEWAL

Expands the circumstances under which the DRS commissioner is prohibited from issuing or renewing certain permits or licenses

§ 36 — PERSONAL INCOME TAX STUDY

Requires the DRS commissioner to study alternative approaches for imposing the personal income tax with respect to taxpayer residency

BACKGROUND

SUMMARY

This bill makes numerous tax administration-related changes. Among other things, it:

1. caps at \$5 million the amount of interest (a) added to any tax refund issued by the Department of Revenue Services (DRS)

- commissioner for a tax period and (b) that a court may award in any tax appeal in connection with a tax refund claim for a tax period (§ 4);
2. establishes conditions under which the DRS commissioner and DRS special police may disclose specified tax return information in connection with criminal investigations (§§ 6 & 7);
 3. designates DRS special police as “peace officers,” thus giving them certain powers and legal protections under state law (§§ 8-14);
 4. modifies the conveyance tax credit that applies against the personal income tax (§ 20);
 5. authorizes the DRS commissioner to impose more than one sales and use tax deficiency assessment (i.e., reassessments) for a tax period (§§ 21-30);
 6. generally prohibits the DRS commissioner from collecting a tax after 10 years (a) from the date the tax was reported on a return filed with DRS or (b) in the case of an assessment, from the date the assessment became final (§ 31);
 7. establishes conditions under which the DRS commissioner may sell certain outstanding tax debt to state-licensed consumer collection agencies (§ 32); and
 8. expands the circumstances under which the DRS commissioner is prohibited from issuing or renewing certain permits or licenses (§ 35).

EFFECTIVE DATE: Upon passage, except the technical corrections to the estate and gift tax laws are effective October 1, 2022, and the amended tax return provisions apply to tax years beginning on or after January 1, 2022.

§ 1 — RESPONSIBLE PARTY PENALTY FOR WITHHOLDING TAX

Modifies the responsible party penalty for income tax withholding

By law, anyone required to collect, truthfully account for, and pay Connecticut personal income tax who willfully fails to do so, or who willfully attempts to evade or defeat the tax or its payment, is liable for a penalty equal to the total amount of tax evaded or not collected, accounted for, or paid. The bill additionally makes them liable for any penalty or interest attributable to these actions. Under the bill, the penalty amount for which a person may be personally liable under this provision must be collected according to existing state income tax collection laws.

§§ 2 & 3 — INCOME TAX REFUNDS DUE TO CHANGES MADE BY ANOTHER JURISDICTION

Establishes conditions under which taxpayers must file amended income tax returns, and may file refund claims, because of certain changes and corrections made by another qualifying jurisdiction

By law, taxpayers must file an amended personal income tax return if they claimed a credit for income tax paid to a qualifying jurisdiction (e.g., another state) on their original return and the jurisdiction's tax officials or courts made a change to, or a correction that changes, the amount of tax the taxpayer owes to the jurisdiction (and thus changes the amount of the allowable Connecticut income tax credit). The bill additionally requires taxpayers who claimed this credit to file an amended return for any tax year in which the qualifying jurisdiction's tax officials or courts issued an assessment against the taxpayer for failing to file an income tax return with the jurisdiction.

As under existing law, taxpayers must file these amended returns within 90 days after the final determination of the tax due to the other jurisdiction. Under the bill, if a taxpayer files an amended return as a direct result of paying such an assessment to a qualifying jurisdiction, the taxpayer is eligible for a refund for any resulting Connecticut income tax overpayment only if the amended return is filed within five years after the original Connecticut income tax return was due. Amended returns filed more than five years after this date are ineligible for a refund under the bill.

§ 4 — INTEREST ON TAX REFUNDS

Caps at \$5 million the amount of interest (a) added to any tax refund issued by the DRS commissioner for a tax period and (b) that a court may award in any tax appeal in connection with a tax refund claim for a tax period

The bill caps at \$5 million the amount of interest (1) added to any tax refund issued by the DRS commissioner for a tax period and (2) that a court may award in any tax appeal in connection with a tax refund claim for a tax period.

§ 5 — LIMITATION ON CLAIMS FOR REFUNDS FOR CLOSED AUDIT PERIODS

Limits the period during which taxpayers may file refund claims for closed audit periods

The bill limits the period during which taxpayers may file refund claims for tax periods for which the results of any DRS-conducted civil audit, investigation, examination, or reexamination have become final. Under the bill, taxpayers must file these claims within six months after the date the results become final by operation of law or by exhaustion of all available administrative and judicial rights of appeal, whichever is later.

Under the bill, after this six-month period, the tax period covered by the audit, investigation, examination, or reexamination must be closed and the taxpayer may not file any additional refund claims for the period, except for specified refund claims authorized under existing corporation business and personal income tax laws.

§§ 6 & 7 — AUTHORIZATION TO SHARE RETURN INFORMATION IN CONNECTION WITH CRIMINAL INVESTIGATIONS

Establishes conditions under which the DRS commissioner and DRS special police may disclose specified tax return information in connection with criminal investigations

The bill allows DRS special police, in connection with their official criminal tax investigation duties and the enforcement of any state criminal law, to disclose return information if doing so is necessary to obtain information that is not otherwise reasonably available (see BACKGROUND).

The bill also allows the DRS commissioner, subject to any terms and conditions he prescribes, to disclose returns and return information to

authorized members of organized local police departments upon a written request by the department's police chief. The request must:

1. establish the return or return information's relevance to an authorized investigation into a state criminal law violation being conducted by the department;
2. establish that no other source of such information is available to the department; and
3. include the name of each department member who will be authorized to receive the information.

The DRS commissioner may disclose the information if he deems it relevant to the investigation. The bill prohibits any police department member who receives the information from disclosing it except in connection with a criminal prosecution, including related judicial proceedings, when the information is directly involved in and necessary to the prosecution. Violators are subject to a fine up to \$1,000, up to one year in prison, or both.

§§ 8-14 — DRS SPECIAL POLICE

Designates DRS special police as "peace officers," giving them certain powers and legal protections under state law

The bill expands the definition of "peace officer" to include DRS special police and makes conforming changes. Under current law, DRS special police have many, but not all, the powers and protections afforded to peace officers. By designating them as peace officers, the bill specifically allows them to, among other things:

1. use a hand-held cellphone while driving while performing official duties within the scope of their employment (CGS § 14-296aa),
2. be considered peace officers under the state's Blue Alert system, which can be used to apprehend anyone suspected of killing or seriously injuring a peace officer or to locate any officer who is missing (CGS § 29-1k),

3. obtain a motor vehicle's event data recorder pursuant to a search warrant (CGS § 14-164aa), and
4. be considered peace officers subjected to a substantial risk of bodily injury at the scene of 1st degree arson (CGS § 53a-111).

By law, the DRS special police are appointed by the emergency services and public protection commissioner and have all the powers of state police.

§§ 15 & 16 — NONRESIDENT COMPOSITE INCOME TAX RETURNS

Codifies an existing DRS policy by allowing pass-through entities to elect to remit composite income tax on behalf of their nonresident members

Composite Return Election

The bill codifies an existing DRS policy by allowing pass-through entities (PE) (i.e., affected business entities) to elect, on an annual basis, to remit composite income tax on behalf of their nonresident members. (Under the policy, if a PE makes this election, its nonresident members are excused from filing their own Connecticut personal income tax returns if they have no Connecticut source income other than from the electing PE.) Under the bill, the PEs must (1) make this election by the due date or extended due date for filing their PE tax returns and (2) file the composite returns subject to any requirements and conditions the DRS commissioner prescribes in the return form and instructions.

Calculating the Tax Due

A PE that makes this election must remit to DRS the composite income tax, plus any applicable interest and penalties, on behalf of each of its nonresident individual members. Under the bill, these payments are considered personal income tax payments by the nonresident individuals for the taxable period.

The composite income tax due on behalf of each nonresident individual member is (1) each member's distributive share of the PE's Connecticut source income multiplied by 6.99%, minus (2) each member's PE tax credit. The amount due on any member's behalf may not be less than zero. Composite income tax payments are due at the

same time as PE tax payments and subject to the same penalties and interest.

Nonresident Filing and Payment Requirements

Under the bill, if the only Connecticut source income for the nonresident member (or in the case of joint filers, the nonresident member and spouse) is from one or more electing PEs, the composite income tax return and payment the PE remitted on his or her behalf satisfies his or her Connecticut income tax filing and payment requirements. But the nonresident member (or member and spouse) is not excused from filing a separate Connecticut income tax return if he or she has Connecticut source income from sources other than the electing PE. Any such member must receive credit for the composite income tax payment the PE made on his or her behalf.

In either case, the DRS commissioner may make any deficiency assessments against the PE or the member, but the member's assessment must be limited to his or her share of the deficiency. These deficiency assessments generally must be made within three years after the PE annual return's filing, except as provided under existing law for income tax collections in which a taxpayer has not filed a return, committed fraud, or otherwise intended to evade the taxes due.

§§ 17-19 — TECHNICAL CORRECTIONS TO THE ESTATE AND GIFT TAX LAWS

Makes technical corrections to the estate and gift tax laws

The bill reestablishes definitions of "federal basic exclusion amount" under the estate and gift tax laws and corrects a reference to the taxable threshold for filing estate tax returns with the DRS commissioner.

Under the bill, "the federal basic exclusion amount" is the dollar amount published annually by the Internal Revenue Service (1) at which a decedent would be required to file a federal estate tax return based on the value of his or her gross estate and federal taxable gifts, or (2) for the gift tax, over which a donor would owe federal gift tax based on the value of the donor's federally taxable gifts. The same definitions applied under prior law.

§ 20 — CONVEYANCE TAX CREDIT AGAINST THE INCOME TAX

Modifies the conveyance tax credit that applies against the personal income tax

Current law allows taxpayers who paid conveyance tax at the 2.25% marginal rate to claim a property tax credit against their state income tax liability based on the amount they paid in conveyance tax at this rate. The bill instead allows them to claim a credit equal to the tax paid they paid in excess of 1.25% on the portion of sales price exceeding \$800,000. (By law, the 2.25% rate applies to any portion of a residential dwelling's sales price that exceeds \$2.5 million; the 1.25% rate applies to any portion that exceeds \$800,000 and is less than or equal to \$2.5 million.)

As under existing law, taxpayers may use the conveyance tax payment as the basis for the property tax credit for three years, beginning in the third tax year after the year in which the taxpayer paid the conveyance tax. The credit in each year cannot exceed 33.3% of the eligible tax payment. The bill also makes technical changes.

§§ 21-30 — SALES AND USE TAX REASSESSMENTS

Authorizes the DRS commissioner to impose more than one sales and use tax deficiency assessment (i.e., reassessments) for a tax period

Deficiency Assessments and Reassessments

The bill authorizes the DRS commissioner to impose more than one sales and use tax deficiency assessment (i.e., reassessments) for a tax period. Current law allows him to impose only one assessment per tax period, except (1) in the case of fraud or tax evasion, where a return was filed, or (2) if he finds new information warranting more than one assessment, regardless of whether a return was filed.

The bill subjects these reassessments to the same requirements that apply to deficiency assessments under existing law, including interest, penalty, notice, and statute of limitations provisions. (With certain exceptions, the DRS commissioner generally has three years from the tax return's due date to make a deficiency assessment. This three-year limitation does not apply under specified conditions (e.g., in the case of fraud or tax evasion) or if the taxpayer did not file a return for the filing period.) The bill also makes numerous conforming changes throughout

the sales and use tax law.

Existing law authorizes the commissioner to issue a written notice of estimate, assessment, and penalty to sales and use taxpayers that fail to file a tax return. The bill specifies that these provisions do not preclude the commissioner from issuing a deficiency assessment or reassessment for any period for which he has issued such a written notice.

Jeopardy Tax Collections

The bill similarly authorizes the DRS commissioner to impose reassessments in sales and use tax jeopardy tax collections (i.e., when the commissioner takes action to collect sales and use taxes that are assessed but not yet due when he believes that the tax will be jeopardized by delay). It subjects these reassessments to the same requirements that currently apply to jeopardy assessments.

Written Protests

Current law authorizes taxpayers against whom a sales and use tax assessment or jeopardy assessment has been made (or any person directly interested) to petition for a reassessment within 60 days after receiving notice of the assessment. The bill instead allows them to file a written protest for the assessment and extends this same authorization to taxpayers against whom a reassessment or jeopardy reassessment has been made. The bill also makes conforming changes.

§ 31 — STATUTE OF LIMITATIONS ON COLLECTION ACTIONS

Generally prohibits the DRS commissioner from collecting a tax after 10 years (1) from the date the tax was reported on a return filed with DRS or (2) in the case of an assessment, from the date the assessment became final

The bill generally prohibits the DRS commissioner from collecting a tax after 10 years (1) from the date the tax was reported on a return filed with DRS or (2) in the case of an assessment, from the date the assessment became final. Any taxes that remain unpaid after the 10-year period are deemed abated as of the first day of the 11th year succeeding the date on which the return was filed or the assessment became final, as applicable.

The 10-year statute of limitations does not apply to any taxes (1) for which the commissioner has entered into a compromise or closing agreement or (2) that have been secured by recording a lien on taxpayer's real or personal property.

§ 32 — DRS SALE OF OUTSTANDING TAX LIABILITIES

Establishes conditions under which the DRS commissioner may sell certain outstanding tax debt to state-licensed consumer collection agencies

The bill authorizes the DRS commissioner to sell “qualifying outstanding tax liabilities” to state-licensed consumer collection agencies that are in compliance with applicable state banking laws. Eligible agencies may apply to the commissioner to purchase these outstanding taxes. The DRS commissioner must prescribe the application form and process that includes the information he deems necessary to sell the tax liabilities and verify each agency's eligibility to purchase them.

The bill specifies that it does not require the commissioner to sell these liabilities and any decision to do so is at the commissioner's sole discretion.

Qualifying Outstanding Tax Liabilities

The bill defines “qualifying outstanding tax liabilities” as taxes due to DRS that have been eligible for collections for at least three years. They exclude taxes that are the subject of (1) litigation, a criminal investigation, wage garnishment, lien, or other tax warrant or (2) a settlement agreement, an active payment plan, or an offer of compromise for which the taxpayer has not defaulted.

Under the bill, any such liabilities purchased by a consumer collection agency are deemed to have been satisfied. Any money the commissioner receives from the sale is deemed to have been applied against the respective taxpayers' accounts and must be deposited in the General Fund.

Agreements with Eligible Agencies

The commissioner may enter into an agreement with an agency to sell

qualifying outstanding tax liabilities to the agency if, after evaluating the agency's application, he determines that it is in the state's best interest to make the sale. The agreement is prima facie evidence that the agency is the bona fide purchaser of the liabilities. The bill prohibits these agencies from reselling or reassigning the liabilities.

Existing law establishes procedural requirements for legal actions brought by consumer collection agencies to collect consumer debts that they purchased from a creditor. Under this law, the court or Superior Court rules may require the (1) plaintiff to submit additional documentation or (2) plaintiff, plaintiff's authorized representative, or other affiants or counsel to appear before the court before it renders judgment, if the court determines this is necessary. The bill specifies these provisions do not apply to the DRS commissioner.

Sharing Tax Information with Agencies

The bill authorizes the DRS commissioner to disclose to a consumer collection agency that purchases outstanding tax liabilities whatever information he deems necessary for the agency to pursue debt collection. In doing so, it supersedes the existing law establishing the narrow conditions under which the commissioner may disclose tax returns and return information (CGS § 12-15; see BACKGROUND). The bill prohibits the agencies from further disclosing this information, except as necessary for collection purposes.

Limitations on Collections Pursued by the Agencies

Agencies that purchase these liabilities may pursue collections for up to six years after the sale date. They are not deemed a state collection agency under the state's tax collection law (CGS § 12-25) by virtue of the purchase and may not hold themselves out to be or represent in any way that they are such an agency or affiliated or authorized to act on the commissioner's or state's behalf.

§§ 33 & 34 — OUT-OF-STATE DEBT COLLECTIONS

Authorizes the DRS commissioner to enter into agreements with collection agencies and attorneys for collection services within or outside the state to bring an action in the name of the state in the appropriate court in any other state or the District of Columbia

Enforcement of Tax Debts in Other States

Existing law allows the attorney general, at the DRS commissioner's request, to bring suit in the appropriate court in any other state to collect any tax legally due to Connecticut. It also allows any political subdivision of the state to bring these suits to collect any tax due to it. The bill allows the attorney general and political subdivisions to also file these suits in the District of Columbia.

The law similarly requires state courts to enforce liabilities for taxes imposed by other states and their subdivisions that are similar to those imposed in Connecticut as long as the other state extends the same privilege to Connecticut and its subdivisions. The bill extends these same provisions to taxes imposed by the District of Columbia and makes conforming changes to the related procedures for enforcing these taxes.

Collections Services Agreements

The bill authorizes the DRS commissioner to enter into agreements with collection agencies and attorneys for collection services to collect a taxpayer's unpaid taxes, including penalties and interest. It allows these services to (1) be performed within or outside the state and (2) include bringing an action in the name of the state in the appropriate court in any other state or the District of Columbia.

By law, when the state enters into these collection agreements for the DRS commissioner, the taxpayer's account must be credited with the amount collected before the amounts are reduced by the compensation the commissioner pays or the agency or lawyer retains under the agreements. The bill explicitly extends this same requirement to agreements entered into by the commissioner.

§ 35 — CONDITIONS FOR LICENSE OR PERMIT ISSUANCE OR RENEWAL

Expands the circumstances under which the DRS commissioner is prohibited from issuing or renewing certain permits or licenses

Existing law bars the DRS commissioner from issuing or renewing certain permits or licenses for any applicant who he determines (1) has

failed to file any required tax returns or (2) owes any state taxes for which all administrative or judicial remedies have expired or been exhausted. The bill additionally bars him from issuing or renewing these licenses or permits if he determines that the applicant has a “related person” with outstanding returns or taxes. The related person must file any outstanding returns and pay any taxes owed, or arrange to do so, to the commissioner’s satisfaction before the commissioner may issue or renew the license or permit. These same requirements apply to the applicants under existing law.

Under the bill, a “related person” is a person or entity (i.e., corporation, partnership, association, or trust) that (1) controls or is controlled by the applicant, (2) is controlled by another person or entity that controls the applicant, or (3) is a member of the same controlled group as the applicant. In the case of a corporation, “control” means directly or indirectly owning 50% or more of the combined voting power of all classes of its stock. In the case of a trust, control means directly or indirectly owning 50% or more of the beneficial interest of the trust’s principal or income. Ownership is defined as in federal income tax law.

By law, these provisions apply to applicants for a (1) cigarette dealer, distributor, or manufacturer license; (2) tobacco product distributor or unclassified importer license; or (3) sales tax seller’s permit.

§ 36 — PERSONAL INCOME TAX STUDY

Requires the DRS commissioner to study alternative approaches for imposing the personal income tax with respect to taxpayer residency

The bill requires the DRS commissioner to study alternative approaches for imposing the personal income tax with respect to taxpayer residency. The study must identify legislative changes to (1) improve income tax collection or (2) implement an alternative approach for imposing the tax.

BACKGROUND

Tax Returns and Return Information

By law, a “return” is any of the following filed with the DRS

commissioner by, on behalf of, or with respect to, anyone: (1) a tax or information return; (2) an estimated tax declaration; (3) a refund claim; or (4) any license, permit, registration, or other application. The term also covers amendments or supplements, including supporting schedules, attachments, or lists that supplement or are part of a filed return.

“Return information” includes:

1. a taxpayer’s identity;
2. the nature, source, or amount of the taxpayer’s income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax collected or withheld, tax under- or over-reporting, or tax payments; and
3. any other data received, recorded, prepared, or collected by or furnished to the DRS commissioner regarding (a) a return or (b) any determination of liability for a tax, penalty, interest, fine, forfeiture, or other imposition or offense (CGS § 12-15(h)(1) & (2)).

Related Bill

sHB 5475 (§§ 15-17), favorably reported by the Finance, Revenue and Bonding Committee, includes the same corrections to the estate and gift tax laws.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 43 Nay 8 (04/06/2022)