Agency Legislative Proposal - 2019 Session

Document Name (e.g. OPM1015Budget.doc; OTG1015Policy.doc): 2019 DRS #1

(If submitting electronically, please label with date, agency, and title of proposal – 092611_SDE_TechRevisions)

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Title of Proposal: AA Making Minor and Technical Changes to Tax Statutes.

Statutory Reference: Click here to enter text.

Proposal Summary:

Sections 1 and 2: Make changes to the newly enacted pass-through entity tax. Section 1 includes guaranteed payments in a pass-through entity's (PE's) income subject to tax so that partnerships receive more of the associated federal tax benefits. It also makes clear that itemized deductions may not be claimed in calculating the PE Tax and that nonresident members must file a Connecticut income tax return if their PE Tax Credit is less than their tax liability. Section 2 eliminates the estimated payment requirement for PEs with liabilities of less than $1,000. This is comparable to the threshold under the income tax and the prior composite tax.

Section 3: Technical change to the definition of "withholding taxes" for purposes of the credit revenue bond language adopted in *P.A. 17-2, June Special Session (SB 1502), §§714-716*. DRS collects both wage and non-wage withholding. DRS understands that the intent is to pledge the entire withholding revenue stream, not just the withholding revenue relating to wages and salaries.

Section 4: Repeals the requirement to produce a tax incidence analysis every two years. DRS does not have funding in place for this mandate. The next report is due February 15, 2020. This date has been pushed out since 2015.

Section 5: Allows DRS to use various electronic means to issue tax warrants. Currently, only facsimile and electronic mail are authorized. This language change will enable DRS to avail itself of newer, more secure methods of electronic data submission as they become available.

Section 6: Eliminates the requirement for certain consolidated sales taxpayers who must, annually, report quarterly sales activity by town. This is a significant burden on these taxpayers, is limited in applicability and does not produce meaningful data.

Section 7: Changes the term "malt beverages" to "beer" for purposes of the exemption in Conn. Gen. Stat. §12-435 for "malt beverages which are consumed on the premises covered by a manufacturer's permit." The term "beer" is defined elsewhere in the Alcoholic Beverages Tax chapter. This change is to provide consistency and clarity for purposes of the exemption.

Section 8: Extends the time frame for requiring paid preparers to present their certificate of completion of an IRS filing season program for purposes of qualifying for a paid preparer permit.

Section 9: Changes the requirement that DRS report the revenue received from the Transportation Network Companies (TNC) Fee with the Motor Carrier Road Tax (Chapter 222) to the Admissions and Dues Tax (Chapter 225). Because the TNC Fee is general fund, non-accrued revenue, DRS needs to report the revenue with a comparably situated tax. The reason this reporting requirement exists is to guard the data as there are very few TNC taxpayers.

Section 10: States the specific tax chapters that the Urban and Industrial Site Reinvestment tax credit (also referred to as the URA credit) can be applied against. The original language reads "chapters 207 to 212a, inclusive." This has resulted in unintended application of the credit. Citing the specific chapters is best. Should the General Assembly wish to extend the credit, they can amend the section and add the intended chapter reference.

PROPOSAL BACKGROUND

◊ Reason for Proposal

Please consider the following, if applicable:

(1) Have there been changes in federal/state/local laws and regulations that make this legislation necessary?
(2) Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)?
(3) Have certain constituencies called for this action?
(4) What would happen if this was not enacted in law this session?

Click here to enter text.

◊ Origin of Proposal ☒ New Proposal ☐ Resubmission

If this is a resubmission, please share:

(1) What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?
(2) Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?
(3) Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?
(4) What was the last action taken during the past legislative session?

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PROPOSAL IMPACT

◊ **AGENCIES AFFECTED** (*please list for each affected agency*)

Agency Name: Click here to enter text. **Agency Contact (*name, title, phone*):** Click here to enter text. **Date Contacted:** Click here to enter text. Approve of Proposal ☐ **YES** ☐ **NO** ☐ **Talks Ongoing**
Summary of Affected Agency's Comments
Will there need to be further negotiation? ☐ **YES** ☐**NO**

◊ **FISCAL IMPACT** (*please include the proposal section that causes the fiscal impact and the anticipated impact*)

Municipal *(please include any municipal mandate that can be found within legislation)* Click here to enter text.
State Click here to enter text.
Federal Click here to enter text.
Additional notes on fiscal impact Click here to enter text.

◊ **POLICY and PROGRAMMATIC IMPACTS** *(Please specify the proposal section associated with the impact)*

Click here to enter text.

An Act Making Minor and Technical Changes to Tax Statutes.

Pass-through Entity Tax revisions

Sec. 1. Section 1 of public act 18-49 is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019 and applicable to taxable years commencing on or after January 1, 2019*):

(a) As used in this section and section 2 of public act 18-49, as amended by this act:

(1) "Partnership" has the same meaning as provided in Section 7701(a)(2) of the Internal Revenue Code, as defined in section 12-213 of the general statutes, and regulations adopted thereunder. "Partnership" includes a limited liability company that is treated as a partnership for federal income tax purposes;

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

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

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

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

(b) Each affected business entity that is required to file a return under the provisions of section 12-726 of the general statutes, as amended by this act, shall, on or before the fifteenth day of the third month following the close of each taxable year, pay to the commissioner a tax as determined under this section.

(c) The tax due under subsection (b) of this section shall equal (1) (A) the separately and nonseparately computed items, as described in Section 702(a) of the Internal Revenue Code with respect to a partnership or Section 1366 of the Internal Revenue Code with respect to an S corporation, of the affected business entity, excluding any item treated as an itemized deduction for federal income tax purposes, plus any item described in Section 707(c) of the Internal Revenue Code with respect to a partnership, to the extent such item is derived from or connected with sources within this state, as determined under the provisions of chapter 229 of the general statutes, (B) as increased or decreased by any modification described in section 12-701 of the general statutes, as amended by this act, that relates to an item of the affected business entity's income, gain, loss or deduction, to the extent derived from or connected with sources within this state, as determined under the provisions of chapter 229 of the general

statutes, (2) multiplied by six and ninety-nine-hundredths per cent. If the amount calculated under subdivision (1) of this subsection results in a net loss, such net loss may be carried forward to succeeding taxable years until fully used.

(d) If an affected business entity, the lower-tier entity, is a member of another affected business entity, the upper-tier entity, the lower-tier entity shall, when calculating the amount under subdivision (1) of subsection (c) of this section, subtract its distributive share of income or add its distributive share of loss from the upper-tier entity to the extent that the income or loss was derived from or connected with sources within this state.

(e) **[**(1)**]** A nonresident individual who is a member of an affected business entity shall not be required to file an income tax return under the provisions of chapter 229 of the general statutes for a taxable year if, for such taxable year, the only source of income derived from or connected with sources within this state for such member, or the member and the member's spouse if a joint federal income tax return is or shall be filed, is from one or more affected business entities and **[**such affected business entity or entities file and pay the tax due under this section.

(2) The provisions of subdivision (1) of this subsection shall not apply to a nonresident individual who is a member of an affected business entity that elects to file its return on a combined basis under subsection (j) of this section if**]** such nonresident individual member's tax under chapter 229 of the general statutes would **[**not**]** be fully satisfied by **[**(1)**]** the credit allowed to such individual under subparagraph (A) of subdivision (1) of subsection (g) of this section.

(f) Each affected business entity shall report to each of its members, for each taxable year, such member's direct **[**pro rata**]** share of the tax imposed under this section on such affected business entity and indirect **[**pro rata**]** share of the tax imposed on any upper-tier entity of which such affected business entity is a member.

(g) (1) (A) Each person that is subject to the tax imposed under chapter 229 of the general statutes and is a member of an affected business entity shall be entitled to a credit against the tax imposed under said chapter, other than the tax imposed under section 12-707 of the general statutes. Such credit shall be in an amount equal to such person's direct and indirect **[**pro rata**]** share of the tax <u>due and</u> paid under this section by any affected business entity of which such person is a member multiplied by ninety-three and one-hundredths per cent. If the amount of the credit allowed pursuant to this subdivision exceeds such person's tax liability for the tax imposed under said chapter, the commissioner shall treat such excess as an overpayment and, except as provided in section 12-739 or 12-742 of the general statutes, shall refund the amount of such excess, without interest, to such person.

(B) Each person that is subject to the tax imposed under chapter 229 of the general statutes as a resident or a part-year resident of this state and is a member of an affected business entity shall also be entitled to a credit against the tax imposed under said chapter, other than the tax imposed under section 12-707 of the general statutes, for such person's direct and indirect **[**pro rata**]** share of taxes paid to another state of the United States or the District of Columbia, on income of any affected business entity of which such person is a member that is derived therefrom, provided the taxes paid to another state of the United States or the District of Columbia results from a tax that the commissioner determines is substantially similar to the tax imposed under this section. Any such credit shall be calculated in the manner prescribed by the commissioner, which shall be consistent with the provisions of section 12-704 of the general statutes.

(2) Each company that is subject to the tax imposed under chapter 208 of the general statutes and is a member of an affected business entity shall be entitled to a credit against the tax imposed under said chapter. Such credit shall be in an amount equal to such company's direct and indirect **[**pro rata**]** share of the tax paid under this section by any affected business entity of which such company is a member multiplied by ninety-three and one-hundredths per cent. Such credit shall be applied after all other credits are applied and shall not be subject to the limits imposed under section 12-217zz of the general statutes. Any credit that is not used in the income year during which the affected business entity incurs the tax under this section shall be carried forward to each of the succeeding income years by the company until such credit is fully taken against the tax under chapter 208 of the general statutes.

(h) Upon the failure of any affected business entity to pay the tax due under this section within thirty days of the due date, the provisions of section 12-35 of the general statutes shall apply with respect to the enforcement of this section and the collection of such tax. The warrant therein provided for shall be signed by the commissioner or an authorized agent of the commissioner. The amount of any such tax, penalty and interest shall be a lien, from the last day of the last month of the taxable year next preceding the due date of such tax until discharged by payment, against all real estate of the taxpayer within the state, and a certificate of such lien signed by the commissioner may be recorded in the office of the clerk of any town in which such real estate is situated, provided no such lien shall be effective as against any bona fide purchaser or qualified encumbrancer of any interest in any such property. When any tax with respect to which a lien has been recorded under the provisions of this section has been satisfied, the commissioner, upon request of any interested party, shall issue a certificate discharging such lien, which certificate shall be recorded in the same office in which the lien was recorded. Any action for the foreclosure of such lien shall be brought by the Attorney General in the name of the state in the superior court for the judicial district in which the

property subject to such lien is situated, or, if such property is located in two or more judicial districts, in the superior court for any one such judicial district, and the court may limit the time for redemption or order the sale of such property or make such other or further decree as it judges equitable.

(i) If any tax is not paid when due as provided in this section, there shall be added to the amount of the tax interest at the rate of one per cent per month or fraction thereof from the date the tax became due until it is paid.

(j) (1) Any affected business entity subject to tax under this section may elect to file a combined return together with one or more other commonly-owned affected business entities subject to tax under this section. Each affected business entity making such election shall submit written notice of such election to file a combined return, including the written consent of the other commonly-owned affected business entities to such election, to the commissioner not later than the due date, or if an extension of time to file has been requested and granted, the extended due date, of the returns due from such entities. An affected business entity shall submit such written notice and consent for each taxable year such entity makes the election under this subdivision. Each affected business entity electing to file a combined return under this subdivision shall be jointly and severally liable for the tax due under this section. For the purposes of this subdivision, "commonly-owned" means that more than eighty per cent of the voting control of an affected business entity is directly or indirectly owned by a common owner or owners, either corporate or noncorporate. Whether voting control is indirectly owned shall be determined in accordance with Section 318 of the Internal Revenue Code.

(2) Except as provided in subdivision (5) of this subsection, affected business entities that elect to file a combined return under subdivision (1) of this subsection shall net the amounts each such entity calculates under subdivision (1) of subsection (c) of this section after such amounts are separately apportioned or allocated by each affected business entity in accordance with this section.

(3) Affected business entities that elect to file a combined return under subdivision (1) of this subsection shall report to the commissioner the portion of the direct and indirect **[**pro rata**]** share of the tax paid with the combined return that is allocated to each of their members. Such report shall be filed with the combined return and the allocation reported shall be irrevocable.

(4) The election made under this subsection shall not affect the calculation of tax due under any other provision of the general statutes other than with respect to the calculation of the credits under subsection (g) of this section.

(5) Affected business entities that elect to file a combined return under subdivision (1) of this subsection shall calculate their tax due in accordance with subsection (c) of this section unless each such entity elects under subsection (k) of this section to calculate its tax due on the alternative basis under subsection (l) of this section. If such election is made, the affected business entities shall net their alternative tax bases instead of netting the amounts under subdivision (2) of this subsection.

(k) In lieu of calculating the tax due in accordance with subsection (c) of this section, any affected business entity may elect to calculate the tax due on the alternative basis under subsection (l) of this section. An affected business entity making such election shall submit to the commissioner written notice of such election not later than the due date, or if an extension of time to file has been requested and granted, the extended due date, of the return due from such entity. An affected business entity shall submit such written notice for each taxable year such entity makes the election under this subsection. The election made under this subsection shall not affect the calculation of tax due under any other provision of the general statutes other than with respect to the calculation of the credits under subsection (g) of this section.

(l) (1) The tax due from an affected business entity making the election under subsection (k) of this section shall be equal to six and ninety-nine-hundredths per cent multiplied by the alternative tax base. The alternative tax base shall be equal to the resident portion of unsourced income plus modified Connecticut source income.

(2) For the purposes of this subsection:

(A) "Resident portion of unsourced income" means unsourced income multiplied by a percentage equal to the sum of the ownership interests in the affected business entity owned by members who are residents of this state, as defined in section 12-701 of the general statutes, as amended by this act;

(B) "Unsourced income" means the separately and nonseparately computed items, as described in Section 702(a) of the Internal Revenue Code with respect to a partnership or Section 1366 of the Internal Revenue Code with respect to an S corporation, of the affected business entity, excluding any item treated as an itemized deduction for federal income tax purposes, plus any item described in Section 707(c) of the Internal Revenue Code with respect to a partnership, regardless of the location from which such item is derived or connected, as increased or decreased by any modification described in section 12-701 of the general statutes, as amended by this act, that relates to an item of the affected business entity's income, gain, loss or deduction, regardless of the location from which such item is derived or connected, less (i) the amount determined under subdivision (1) of subsection (c) of this section, determined without regard to subsection (d) of this section, and (ii) the separately and nonseparately

computed items, as described in Section 702(a) of the Internal Revenue Code, of the affected business entity, excluding any item treated as an itemized deduction for federal income tax purposes, plus any item described in Section 707(c) of the Internal Revenue Code with respect to a partnership, to the extent such item is derived from or connected with sources within another state that has jurisdiction to subject the affected business entity to tax, as determined under the provisions of chapter 229 of the general statutes, as increased or decreased by any modification described in section 12-701 of the general statutes, as amended by this act, that relates to an item of the affected business entity's income, gain or deduction, to the extent derived from or connected with sources within another state that has jurisdiction to subject the affected business entity to tax, as determined under the provisions of chapter 229 of the general statutes; and

(C) "Modified Connecticut source income" means the amount calculated under subdivision (1) of subsection (c) of this section multiplied by a percentage equal to the sum of the ownership interests in the affected business entity owned by members that are (i) subject to tax under chapter 229 of the general statutes, or (ii) affected business entities to the extent such entities are directly or indirectly owned by persons subject to tax under chapter 229 of the general statutes. A member that is an affected business entity shall be presumed to be directly or indirectly owned by persons subject to tax under chapter 229 of the general statutes unless the affected business entity subject to tax under this section can establish otherwise by clear and convincing evidence to the satisfaction of the commissioner.

(m) The provisions of sections 12-723, 12-725 and 12-728 to 12-737, inclusive, of the general statutes shall apply to the provisions of this section in the same manner and with the same force and effect as if the language of said sections had been incorporated in full into this section and had expressly referred to the tax under this section, except to the extent that any such provision is inconsistent with a provision of this section.

Sec. 2. Subdivision (1) of subsection (b) of section 2 of public act 18-49 is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019 and applicable to taxable years commencing on or after January 1, 2019*):

(b) (1) Each affected business entity required to pay the tax imposed under section 1 of public act 18-49 and whose required annual payment for the taxable year is greater than or equal to one thousand dollars shall make the required annual payment each taxable year, in four required estimated tax installments on the following due dates: (A) For the first required installment, the fifteenth day of the fourth month of the taxable year; (B) for the second required installment, the fifteenth day of the sixth month of the taxable year; (C) for the third required installment, the fifteenth day of the ninth month of the taxable year, and (D) for the

fourth required installment, the fifteenth day of the first month of the next succeeding taxable year. An affected business entity may elect to pay any required installment prior to the specified due date. Except as provided in subdivision (2) of this subsection, the amount of each required installment shall be twenty-five per cent of the required annual payment.

Credit revenue bond language

Sec. 3. Subdivision (8) of subsection (a) of section 3-20j of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(8) "Withholding taxes" means taxes required to be deducted and withheld **[**by employers from the wages and salaries of employees**]** pursuant to sections 12-705 and 12-706 and paid **[**by employers**]** to the Commissioner of Revenue Services pursuant to section 12-707 **[**as a credit for income taxes payable by such employees, and includes, without limitation, taxes deducted and withheld pursuant to sections 12-705 and 12-706**]** upon receipt by the state and including penalty and interest charges on such taxes.

Repeal tax incidence report

Sec. 4. Section 12-7c of the 2018 supplement to the general statutes is repealed (*Effective from passage*).

Authorize the issuance of tax warrants by other electronic means

Sec. 5. Subdivision (2) of subsection (b) of section 12-35 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2019*):

(2) Any such warrant on any intangible personal property of any person may be served by electronic mail, **[**or**]** facsimile machine, or other electronic means on any third person in possession of, or obligated with respect to, receivables, bank accounts, evidences of debt, securities, salaries, wages, commissions, compensation or other intangible personal property subject to such warrant, ordering such third person to forthwith deliver such property or pay the amount due or payable to the state collection agency that has made out such warrant, provided such warrant may be issued only after the state collection agency making out such warrant has notified the person owning such property, in writing, of its intention to issue such warrant. The notice of intent shall be: (A) Given in person; (B) left at the dwelling or usual place of business of such person; or (C) sent by certified mail, return receipt requested, to such

person's last-known address, not less than thirty days before the day the warrant is to be issued. Any such warrant for tax due may further include an order to such third person to continually deliver, during the one hundred eighty days immediately following the date of issuance of the warrant or until the tax is fully paid, whichever occurs earlier, all intangible property that is due and that becomes due to the person owing the tax. Except as otherwise provided in this subdivision, such warrant shall have the same force and effect as an execution issued pursuant to chapter 906.

Repeal requirement for disaggregated filings

Sec. 6. Section 12-408d of the general statutes is repealed (*Effective from passage and applicable for calendar quarters commencing on or after July 1, 2018*).

Change "malt beverages" to "beer"

Sec. 7. Section 12-435 of the general statutes is repealed and following is substituted in lieu thereof *(Effective July 1, 2019*):

Each distributor of alcoholic beverages shall pay a tax to the state on all sales within the state of alcoholic beverages, except sales to licensed distributors, sales of alcoholic beverages which, in the course of such sales, are actually transported to some point without the state and except **[**malt beverages**]** beer which **[**are**]** is consumed on the premises covered by a manufacturer's permit, at the rates for the respective categories of alcoholic beverages listed below:

(a) Beer, seven dollars and twenty cents for each barrel, three dollars and sixty cents for each half barrel, one dollar and eighty cents for each quarter barrel and twenty-four cents per wine gallon or fraction thereof on quantities less than a quarter barrel;

(b) Liquor, five dollars and forty cents per wine gallon;

(c) Still wines containing not more than twenty-one per cent of absolute alcohol, except as provided in subsections (g) and (h) of this section, seventy-two cents per wine gallon;

(d) Still wines containing more than twenty-one per cent of absolute alcohol and sparkling wines, one dollar and eighty cents per wine gallon;

(e) Alcohol in excess of 100 proof, five dollars and forty cents per proof gallon;

(f) Liquor coolers containing not more than seven per cent of alcohol by volume, two dollars and forty-six cents per wine gallon;

(g) Still wine containing not more than twenty-one per cent of absolute alcohol, produced by a person who produces not more than fifty-five thousand wine gallons of wine during the calendar year, eighteen cents per wine gallon, provided such person presents to each distributor of alcoholic beverages described in this section a certificate, issued by the commissioner, stating that such person produces not more than fifty-five thousand wine gallons of wine during the calendar year. The commissioner is authorized to issue such certificates, prescribe the procedures for obtaining such certificates and prescribe their form; and

(h) Cider containing not more than seven per cent of absolute alcohol shall be subject to the same rate as applies to beer, as provided in subsection (a) of this section.

Paid preparer education requirement extended to 2022

Sec. 8. Section 12-790a of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) As used in sections 12-790a to 12-790c, inclusive, "attorney", "certified public accountant", "commissioner", "creditor", "facilitator", "refund anticipation check", "refund anticipation loan", "return", "tax preparation services" and "tax preparer" have the same meanings as provided in section 12-790, and "commercial tax return preparation business" means a person that employs tax preparers.

(b) (1) On and after January 1, 2019, no person, except as provided in subsection (e) of this section, shall engage in the business of, solicit business as or advertise as furnishing tax preparation services or acting as a facilitator or make representations to be a tax preparer or facilitator, without a tax preparer permit or a facilitator permit, as applicable, issued by the commissioner. Each applicant for such permit and renewal of such permit shall apply by electronic means in the form and manner prescribed by the commissioner.

(2) Each individual applying for a permit shall (A) be eighteen years of age or older, (B) have obtained a high school diploma, (C) possess a preparer tax identification number issued by the Internal Revenue Service that shall be used by the tax preparer or facilitator for each return such tax preparer is required to sign and each refund anticipation loan or refund anticipation check such facilitator is required to sign, and (D) for tax preparers, present evidence satisfactory to the commissioner that the applicant has experience, education or training in tax preparation services, which evidence shall include, on and after January 1, **[**2020**]** 2022, a certificate of completion of an annual filing season program administered by the Internal Revenue Service.

(3) The commissioner may issue a permit under this subsection to an applicant that presents evidence satisfactory to the commissioner that the applicant is authorized to act as a tax preparer or facilitator in a state that has professional requirements substantially similar to the requirements for tax preparers or facilitators in this state. The commissioner shall provide written notice of the commissioner's decision approving or denying an application for issuance or renewal of a permit not later than sixty days after receipt of the application.

(4) The fee for an initial application shall be one hundred dollars. A permit issued pursuant to this subsection shall expire after two years and a tax preparer or facilitator seeking renewal shall submit a renewal application and renewal fee of fifty dollars.

(5) If an individual acts as both a tax preparer and a facilitator, the commissioner shall issue a single permit covering both activities.

(c) (1) If, at any time following the issuance or renewal of a permit issued pursuant to subsection (b) of this section, any information provided to the commissioner by the tax preparer or facilitator is no longer accurate, such tax preparer or facilitator shall promptly provide updated information to the commissioner.

(2) The issuance of a tax preparer permit or a facilitator permit shall not be advertised as an endorsement by the commissioner of the tax preparer's or facilitator's services.

(d) (1) On and after January 1, 2019, the commissioner may impose on any tax preparer or facilitator that has not been issued a permit pursuant to this section a civil penalty of one hundred dollars for each day that the commissioner finds such tax preparer or facilitator to have provided tax preparation services or acted as a facilitator.

(2) On and after January 1, 2019, if a tax preparer, facilitator or commercial tax return preparation business employs an individual to provide tax preparation services or a person to act as a facilitator that is not exempt under subsection (e) of this section and has not been issued a permit pursuant to this section, the commissioner may impose on such employing tax preparer, facilitator or business a civil penalty of five hundred dollars per violation.

(3) On and after January 1, 2019, whenever a tax preparer ceases to engage in the preparation of or in advising or assisting in the preparation of personal income tax returns or a facilitator ceases to engage in the activities of a facilitator, such tax preparer or facilitator may apply to the commissioner for inactive permit status. A permit that is granted inactive status shall not require renewal, except that such permit may be reactivated before its expiration upon application to the commissioner with a payment of the renewal fee.

(4) A tax preparer or facilitator whose permit is inactive shall neither act as a tax preparer or facilitator nor advertise such tax preparer's or facilitator's status as being permitted to act as a tax preparer or facilitator.

(e) The following persons shall be exempt from the provisions of sections 12-790a to 12-790c, inclusive:

(1) An accountant holding (A) an active license issued by the State Board of Accountancy, or (B) a valid and active permit, license or equivalent professional credential issued by another state or jurisdiction of the United States;

(2) An attorney and any person engaged in providing tax preparation services under the supervision of such attorney;

(3) An individual enrolled to practice before the Internal Revenue Service under Circular 230;

(4) An individual employed by a local, state or federal governmental agency while engaged in the performance of such person's official duties;

(5) An individual serving as an employee of or assistant to a tax preparer or a person exempted under this subsection, in the performance of official duties for such tax preparer or exempt person;

(6) An individual employed, full-time or part-time, to act as a tax preparer solely for the business purposes of such individual's employer;

(7) A person acting as a fiduciary on behalf of an estate; and

(8) An Internal Revenue Services qualified <u>volunteer</u> tax preparer, including, but not limited to, a tax preparer sponsored by the Tax Counseling for the Elderly program or the Volunteer Income Tax Assistance program.

(f) The commissioner shall maintain a public registry containing the names and principal business address of each person holding a permit pursuant to this section.

(g) The commissioner shall keep confidential any personal financial information gathered pursuant to an investigation of any alleged violation of sections 12-790a to 12-790c, inclusive, unless disclosure is (1) considered necessary for the investigation or prosecution of an alleged violation of this section or any regulation or order adopted thereunder, or (2) otherwise expressly authorized under the provisions of federal or state law. For purposes of this subsection, "personal financial information" includes, but is not limited to, returns and return information, as defined under federal and state law.

Revise TNC reporting

Sec. 9. Subsection (f) of section 13b-121 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(f) Any fees received under this section shall be deposited into the General Fund. For revenue reporting purposes only, the Commissioner of Revenue Services shall include any such fees with the revenue reported under chapter **[**222**]** 225.

Revise the URA credit

Sec. 10. Subsection (b) of section 32-9t of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to income years commencing on or after such date*):

(b) There is established an urban and industrial site reinvestment program under which taxpayers who make investments in eligible urban reinvestment projects or eligible industrial site investment projects may be allowed a credit against the tax imposed under chapters 207, 208, 208a, 209, 210, 211 **[**to**]** and 212 **[**212a**]**, inclusive, or section 38a-743, or a combination of said taxes, in an amount equal to the percentage of their approved investment determined in accordance with subsection (i) of this section.

Agency Legislative Proposal - 2019 Session

Document Name (e.g. OPM1015Budget.doc; OTG1015Policy.doc): 2019 DRS #2	Revised 10/29/18

(If submitting electronically, please label with date, agency, and title of proposal – 092611_SDE_TechRevisions)

State Agency: Department of Revenue Services	
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Lead agency division requesting this proposal: Click here to enter text.	
Agency Analyst/Drafter of Proposal: Marilee Clark	

Title of Proposal: AAC the Department of Revenue Services Recommendations for Tax Administration.

Statutory Reference: Click here to enter text.

Proposal Summary:

Section 1: Changes the order for the application of tax payments so that penalty, then interest then tax is satisfied. This reverses the change made last year.

Sections 2 and 3: Requires the use of single sales factor apportionment for the capital base under the Corporation Business Tax. This is consistent with the net income apportionment rules.

Section 4: Eliminates the graduated penalty of 2%, 5% or 10% for late electronic payments. Instead, the late payment penalty will be the amount provided for in the respective tax chapter. The graduated penalty was introduced in 1998 after DRS started requiring electronic payments. Since electronic payments are now routine, the standard late filing penalties should apply.

Section 5: If a business receives a refund of tax and the refund is the result of tax collected from customers, the business must show that the tax collected has been or will be repaid to the customer.

PROPOSAL BACKGROUND

- ◊ **Reason for Proposal**

Please consider the following, if applicable:

(1) Have there been changes in federal/state/local laws and regulations that make this legislation necessary?
(2) Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)?
(3) Have certain constituencies called for this action?
(4) What would happen if this was not enacted in law this session?

Click here to enter text.

◊ **Origin of Proposal** ☒ **New Proposal** ☐ **Resubmission**

If this is a resubmission, please share:

(1) What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?
(2) Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?
(3) Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?
(4) What was the last action taken during the past legislative session?

Click here to enter text.

PROPOSAL IMPACT

◊ **AGENCIES AFFECTED** (*please list for each affected agency*)

Agency Name: Click here to enter text.
Agency Contact (*name, title, phone*): Click here to enter text.
Date Contacted: Click here to enter text.

Approve of Proposal ☐ **YES** ☐ **NO** ☐ **Talks Ongoing**

Summary of Affected Agency's Comments
Click here to enter text.

Will there need to be further negotiation? ☐ **YES** ☐**NO**

◊ **FISCAL IMPACT** (*please include the proposal section that causes the fiscal impact and the anticipated impact*)

Municipal *(please include any municipal mandate that can be found within legislation)*
Click here to enter text.

State
Click here to enter text.

Federal Click here to enter text.
Additional notes on fiscal impact Click here to enter text.

◊ **POLICY and PROGRAMMATIC IMPACTS** *(Please specify the proposal section associated with the impact)*

AAC the Department of Revenue Services Recommendations for Tax Administration.

Revert language on application of partial payments

Sec. 1. Section 12-39h of the 2018 supplement to the general statutes is repealed and following is substituted in lieu thereof *(Effective upon passage for periods ending on and after December 31, 2019*):

Notwithstanding any instructions by the payor to the contrary, any partial payment against any tax outstanding shall be applied by the Commissioner of Revenue Services first to any penalties unless a waiver of penalty has been requested and approved in accordance with the general statutes, and any amount in excess of such penalty shall be applied first to interest on such tax and then to the **[**interest on such**]** tax.

Change the capital base calculation to a single-sales factor

Sec. 2. Subsection (a) of section 12-219a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019 and applicable to income years commencing on or after January 1, 2019*):

(a) If a taxpayer is taxable both within and without the state, a tax shall be imposed on the base as provided in section 12-219, apportioned on the following basis: **[**(1) The average monthly value of all investments other than stock of private corporations, and all cash, credits and other intangible assets of the taxpayer shall be divided between (A) those having a tax situs within the state and (B) those having a tax situs without the state; (2) the average monthly net book value of the tangible property held and owned by the taxpayer during the income year shall be divided between (A) that held within the state and (B) that held without the state; the numerator of the allocation fraction shall consist of the sum of subparagraph (A) of subdivision (1) of this subsection and subparagraph (A) of subdivision (2) of this subsection, and the denominator shall consist of the sum of subdivisions (1) and (2) of this subsection; which allocation fraction shall be multiplied by the amount of the unallocated tax base as

computed under the terms of said section 12-219 to obtain the tax base for such taxpayer. For the purposes of this section, the intangible assets of a company having its principal place of business within the state shall be deemed to have a tax situs within the state unless it can be clearly established that some or all of such assets are held in connection with business conducted during the income year without the state, and a similar rule shall apply to intangible assets of a company having its principal place of business without the state. Such assets shall be reported by the taxpayer at the valuations at which they appear upon its books, provided the Commissioner of Revenue Services shall exercise the powers with respect to such valuations granted him under the terms of said section 12-219.**]** (1) taxpayers that are primarily engaged in activities described in subsections (c) or (d) of section 12-218 shall apportion the base using the fraction calculated under said subsection (c) or (d) of section 12-218; and (2) all other taxpayers shall apportion the base using a fraction where the numerator shall consist of all receipts that are included in the numerators of the fractions calculated under subsections (b), (e), (f), (j), or (k) of section 12-218 and the denominator shall consist of all receipts that are included in the denominators of the fractions calculated under subsections (b), (e), (f), (j), or (k) of section 12-218. For the purpose of apportionment of the base as provided in said section 12-219, a taxpayer is taxable in another state if in such state such taxpayer conducts business and is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business or a corporate stock tax, or if such state has jurisdiction to subject such taxpayer to such a tax, regardless of whether such state does, in fact, impose such a tax.

Sec. 3. Subsection (g) of Section 12-218e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2019 and applicable to income years commencing on or after January 1, 2019*):

(g) A taxable member of a combined group required to file a combined unitary tax return pursuant to section 12-222 shall determine its apportionment percentage under section 12-219a as follows:

(1) A taxable member whose separate additional tax base is included in the calculation of the combined group's additional tax base under subdivision (1) of subsection (f) of this section shall apportion the combined group's additional tax base using the otherwise applicable apportionment formula provided in section 12-219a. However, the denominator of such apportionment fraction shall be the sum of **[**subdivisions (1) and (2) of subsection (a) of**]** the denominators calculated under said section 12-219a for all members whose separate additional tax bases are included in the calculation of the combined group's additional tax base under subdivision (1) of subsection (f) of this section. The numerator of such apportionment fraction shall be the **[**sum of subparagraph (A) of subdivision (1) of subsection (a) of said

section 12-219a and subparagraph (A) of subdivision (2) of subsection (a) of**]** numerator calculated under said section 12-219a for such taxable member.

(2) Taxable members of the combined group that are financial service companies, as defined in section 12-218b, shall each have an additional tax liability as described in subdivision (2) of subsection (h) of this section.

(3) Each taxable member of a combined group, other than a financial service company as defined in section 12-218b, that includes at least one taxable member that, if it filed a separate return, would be required to apportion its additional tax base under subdivision (1) of subsection (a) of said section 12-219a and at least one taxable member that, if it filed a separate return, would be required to apportion its additional tax base under subdivision (2) of subsection (a) of said section 12-219a shall apportion the combined group's additional tax base in accordance with subdivision (1) of this subsection, except that:

(A) If the combined group is primarily engaged in activities that are described in subsections (c) and (d) of section 12-218, each taxable member shall use the apportionment fraction described in subdivision (1) of subsection (a) of section 12-219a; and

(B) If the combined group is not primarily engaged in activities that are described in subsections (c) and (d) of section 12-218, each taxable member shall use the apportionment fraction described in subdivision (2) of subsection (a) of said section 12-219a.

Eliminate progressive electronic payment penalty

Sec. 4. Subsection (b) of section 12-687 of the general statutes is repealed and following is substituted in lieu thereof *(Effective upon passage for periods ending on and after December 31, 2019*):

(b) Where any tax payment is required to be made by electronic funds transfer, such payment shall be treated as a tax payment not made in a timely manner if the electronic funds transfer for the amount of the tax payment is not initiated on or before the due date thereof. Any tax payment treated under this subsection as a tax payment not made in a timely manner shall be subject to interest and penalty in accordance with the applicable provisions of the general statutes**[**, and a penalty that shall be equal to two per cent of the tax payment required to be made by electronic funds transfer, if such failure to pay by electronic funds transfer is for not more than five days, five per cent of the tax payment required to be made by electronic funds transfer, if such failure to pay by electronic funds transfer is for more than five days but not more than fifteen days, and ten per cent of the tax payment required to be made by

electronic funds transfer, if such failure to pay by electronic funds transfer is for more than fifteen days**]**.

Refund provision

Sec. 5. (NEW) (*Effective July 1, 2019, and applicable to refund claims received on or after July 1, 2019*) Notwithstanding any other provision of law, no refund shall be made to a person of tax collected from a customer of such person until the person has established to the satisfaction of the commissioner that the amount of the tax for which the refund is being claimed has been, or will be, repaid to the customer.

Agency Legislative Proposal - 2019 Session

Document Name (e.g. OPM1015Budget.doc; OTG1015Policy.doc): 2019 DRS #3 November 13, 2018

(If submitting electronically, please label with date, agency, and title of proposal – 092611_SDE_TechRevisions)

State Agency: Department of Revenue Services	
Liaison: Susan Sherman **Phone:** (860) 297-5693 **E-mail:** susan.sherman@po.state.ct.us	Ernie Adamo (860) 297-5694 ernest.adamo@po.state.ct.us
Lead agency division requesting this proposal: Legal Services Bureau	
Agency Analyst/Drafter of Proposal: Louis Bucari	

Title of Proposal: AAC the Consolidation of and Technical and Minor Changes to the Health Care Provider Taxes.

Statutory Reference: See below

Proposal Summary:

Sections 1-9: These sections contain amendments to chapter 211c to consolidate the tax on ambulatory surgical centers with the three other health care provider taxes and fees contained in said chapter in order to ensure proper administration of said tax and compliance with federal law governing Connecticut's Medicaid program.

Sections 10-14: These sections contain technical amendments to the hospital user fee contained in chapter 211c to clarify the impact of hospital mergers and licensure changes as well as to update the base year from federal fiscal year 2016 to 2017. These changes ensure continued compliance with federal law.

Section 15: This section amends Conn. Gen. Stat. § 3-114s to make a conforming change regarding how the Comptroller is to record the revenue received by the Department under section 2 of this Act.

PROPOSAL BACKGROUND

Reason for Proposal

Sections 1-9: These sections make necessary changes to ensure compliance with federal law consistent with notice by the Centers for Medicare and Medicaid Services. Lack of compliance with federal law could result in loss of federal funding.

Sections 10-14: These sections contain technical amendments to ensure continued compliance with federal law.

Section 15: This section makes a conforming change regarding how the Comptroller is to record the revenue received by the Department under section 2 of this Act.

◊ **Origin of Proposal** ☒ **New Proposal** ☐ **Resubmission**

If this is a resubmission, please share:

(1) What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?
(2) Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?
(3) Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?
(4) What was the last action taken during the past legislative session?

Click here to enter text.

PROPOSAL IMPACT

◊ **AGENCIES AFFECTED** (*please list for each affected agency*)

Agency Name: Department of Social Services
Agency Contact (*name, title, phone*): Joel Norwood, Staff Attorney, (860) 424-5124
Date Contacted: October 18, 2018

Approve of Proposal ☒ **YES** ☐ **NO** ☐ **Talks Ongoing**

Summary of Affected Agency's Comments
Approval. No comments.

Will there need to be further negotiation? ☐ **YES** ☒**NO**

◊ **FISCAL IMPACT** (*please include the proposal section that causes the fiscal impact and the anticipated impact*)

Municipal *(please include any municipal mandate that can be found within legislation)*
Click here to enter text.

State
Click here to enter text.

Federal Click here to enter text.
Additional notes on fiscal impact Click here to enter text.

POLICY and PROGRAMMATIC IMPACTS *(Please specify the proposal section associated with the impact)*

An Act Concerning the Consolidation of and Technical and Minor Changes to the Health Care Provider Taxes.

Sec. 1. Section 12-263p of the 2018 supplement to the general statutes is repealed and following is substituted in lieu thereof *(Effective upon passage*):

As used in sections 12-263p to 12-263x, inclusive, as amended by this Act, and section 2 of this Act, unless the context otherwise requires:

(1) "Commissioner" means the Commissioner of Revenue Services;

(2) "Department" means the Department of Revenue Services;

(3) "Taxpayer" means any health care provider subject to any tax or fee under section 12-263q, as amended by this Act, **[**or**]** 12-263r or section 2 of this Act;

(4) "Health care provider" means an individual or entity that receives any payment or payments for health care items or services provided;

(5) "Gross receipts" means the amount received, whether in cash or in kind, from patients, third-party payers and others for taxable health care items or services provided by the taxpayer in the state, including retroactive adjustments under reimbursement agreements with third-party payers, without any deduction for any expenses of any kind;

(6) "Net revenue" means gross receipts less payer discounts, charity care and bad debts, to the extent the taxpayer previously paid tax under section 12-263q, as amended by this Act, or section 2 of this Act, on the amount of such bad debts;

(7) "Payer discounts" means the difference between a health care provider's published charges and the payments received by the health care provider from one or more health care

payers for a rate or method of payment that is different than or discounted from such published charges. "Payer discounts" does not include charity care or bad debts;

(8) "Charity care" means free or discounted health care services rendered by a health care provider to an individual who cannot afford to pay for such services, including, but not limited to, health care services provided to an uninsured patient who is not expected to pay all or part of a health care provider's bill based on income guidelines and other financial criteria set forth in the general statutes or in a health care provider's charity care policies on file at the office of such provider. "Charity care" does not include bad debts or payer discounts;

(9) "Received" means "received" or "accrued", construed according to the method of accounting customarily employed by the taxpayer;

(10) "Hospital" means any health care facility, as defined in section 19a-630, that (A) is licensed by the Department of Public Health as a short-term general hospital; (B) is maintained primarily for the care and treatment of patients with disorders other than mental diseases; (C) meets the requirements for participation in Medicare as a hospital; and (D) has in effect a utilization review plan, applicable to all Medicaid patients, that meets the requirements of 42 CFR 482.30, as amended from time to time, unless a waiver has been granted by the Secretary of the United States Department of Health and Human Services;

(11) "Inpatient hospital services" means, in accordance with federal law, all services that are (A) ordinarily furnished in a hospital for the care and treatment of inpatients; (B) furnished under the direction of a physician or dentist; and (C) furnished in a hospital. "Inpatient hospital services" does not include skilled nursing facility services and intermediate care facility services furnished by a hospital with swing bed approval;

(12) "Inpatient" means a patient who has been admitted to a medical institution as an inpatient on the recommendation of a physician or dentist and who (A) receives room, board and professional services in the institution for a twenty-four-hour period or longer, or (B) is expected by the institution to receive room, board and professional services in the institution for a twenty-four-hour period or longer, even if the patient does not actually stay in the institution for a twenty-four-hour period or longer;

(13) "Outpatient hospital services" means, in accordance with federal law, preventive, diagnostic, therapeutic, rehabilitative or palliative services that are (A) furnished to an outpatient; (B) furnished by or under the direction of a physician or dentist; and (C) furnished by a hospital;

(14) "Outpatient" means a patient of an organized medical facility or a distinct part of such facility, who is expected by the facility to receive, and who does receive, professional services for less than a twenty-four-hour period regardless of the hour of admission, whether or not a bed is used or the patient remains in the facility past midnight;

(15) "Nursing home" means any licensed chronic and convalescent nursing home or a rest home with nursing supervision;

(16) "Intermediate care facility for individuals with intellectual disabilities" or "intermediate care facility" means a residential facility for persons with intellectual disability that is certified to meet the requirements of 42 CFR 442, Subpart C, as amended from time to time, and, in the case of a private facility, licensed pursuant to section 17a-227;

(17) "Medicare day" means a day of nursing home care service provided to an individual who is eligible for payment, in full or with a coinsurance requirement, under the federal Medicare program, including fee for service and managed care coverage;

(18) "Nursing home resident day" means a day of nursing home care service provided to an individual and includes the day a resident is admitted and any day for which the nursing home is eligible for payment for reserving a resident's bed due to hospitalization or temporary leave and for the date of death. For purposes of this subdivision, a day of nursing home care service shall be the period of time between the census-taking hour in a nursing home on two successive calendar days. "Nursing home resident day" does not include a Medicare day or the day a resident is discharged;

(19) "Intermediate care facility resident day" means a day of intermediate care facility residential care provided to an individual and includes the day a resident is admitted and any day for which the intermediate care facility is eligible for payment for reserving a resident's bed due to hospitalization or temporary leave and for the date of death. For purposes of this subdivision, a day of intermediate care facility residential care shall be the period of time between the census-taking hour in a facility on two successive calendar days. "Intermediate care facility resident day" does not include the day a resident is discharged;

(20) <u>"Ambulatory surgical center" means any distinct entity that (A) operates exclusively for the purpose of providing surgical services to patients not requiring hospitalization and in which the expected duration of services would not exceed twenty-four hours following an admission; (B) has an agreement with the Centers for Medicare and Medicaid Services to participate in Medicare as an ambulatory surgical center; and (C) meets the general and specific conditions for participation in Medicare set forth in 42 CFR Part 416, Subparts B and C, as amended from time to time;</u>

(21) "Ambulatory surgical center services" means, in accordance with 42 CFR 433.56(a)(9), as amended from time to time, services that are furnished in connection with covered surgical procedures performed in an ambulatory surgical center as provided in 42 CFR 416.164(a), as amended from time to time, for which payment is included in the ambulatory surgical center payment established under 42 CFR 416.171, as amended from time to time, for the covered surgical procedure. "Ambulatory surgical center services" includes facility services only and does not include surgical procedures;

(22) "Medicaid" means the program operated by the Department of Social Services pursuant to section 17b-260 and authorized by Title XIX of the Social Security Act, as amended from time to time; and

[(21)**]** (23) "Medicare" means the program operated by the Centers for Medicare and Medicaid Services in accordance with Title XVIII of the Social Security Act, as amended from time to time.

Sec. 2. (NEW) (*Effective from passage*) (a) For each calendar quarter commencing on or after July 1, 2019, each ambulatory surgical center shall pay a tax on the total net revenue received by such ambulatory surgical center for the provision of ambulatory surgical center services. The rate of tax on all net revenue received on and after July 1, 2019, for the provision of ambulatory surgical center services, shall be six per cent, except that revenue from Medicaid payments and Medicare payments for the provision of ambulatory surgical center services shall be exempt from tax.

(b) Net revenue derived from providing a health care item or service to a patient shall be taxed only one time under this section and section 12-263q, as amended by this Act. Net revenue from each hospital-owned ambulatory surgical center shall be considered net revenue of the hospital and shall be reported as net revenue from inpatient hospital services or outpatient hospital services to the extent such net revenue is derived from services that fall within the scope of inpatient hospital services or outpatient hospital services, as defined in section 12-263p, as amended by this Act. As used in this subsection, "hospital-owned ambulatory surgical center" includes only those ambulatory surgical centers that are considered departments of the owner-hospital and that have provider-based status in accordance with 42 CFR 413.65, as amended from time to time. If an ambulatory surgical center is owned by a hospital, but is not considered to be a department of the hospital or does not have provider-based status in accordance with 42 CFR 413.65, as amended from time to time, the net revenue of such ambulatory surgical center shall not be considered net revenue of the owner-hospital, and such

ambulatory surgical center shall be required to file and pay tax for any net revenue received from the provision of ambulatory surgical center services.

(c) (1) Prior to July 1, 2019, and annually thereafter, the Commissioner of Social Services shall seek approval from the Centers for Medicare and Medicaid Services to exempt from the tax imposed on the provision of ambulatory surgical center services the first million dollars of revenue an ambulatory surgical center receives during each state fiscal year beginning July 1 and ending June 30. The first state fiscal year this exemption shall apply to is the fiscal year beginning July 1, 2019. Should the exemption of the first million dollars of revenue not pass the applicable federal waiver test set forth in 42 CFR 433.72, as amended from time to time, the Commissioner of Social Services shall seek approval from the Centers for Medicare and Medicaid Services to exempt from the tax imposed on the provision of ambulatory surgical center services the amount of revenue closest to a million dollars that will pass said test, if any, but said request for waiver shall not be less than five hundred thousand and not more than one and a half million dollars. Should the Centers for Medicare and Medicaid Services not approve any waiver, all revenue shall be subject to tax except as otherwise provided in this section.

(2) Each ambulatory surgical center shall provide to the Commissioner of Social Services, annually upon request, such information as said commissioner may require to make any computations necessary to seek approval for exemption under this subsection. Such information shall be provided no later than June 30 of each year.

Sec. 3. Section 12-263s of the 2018 supplement to the general statutes is repealed and following is substituted in lieu thereof *(Effective upon passage)*:

(a) No tax credit or credits shall be allowable against any tax or fee imposed under section 12-263q, as amended by this Act, **[**or**]** 12-263r or section 2 of this Act. Notwithstanding any other provision of the general statutes, any health care provider that has been assigned tax credits under section 32-9t for application against the taxes imposed under chapter 211a may further assign such tax credits to another taxpayer or taxpayers one time, provided such other taxpayer or taxpayers may claim such credit only with respect to a taxable year for which the assigning health care provider would have been eligible to claim such credit and such other taxpayer or taxpayers may not further assign such credit. The assigning health care provider shall file with the commissioner information requested by the commissioner regarding such assignments, including but not limited to, the current holders of credits as of the end of the preceding calendar year.

(b) (1) Each taxpayer doing business in this state shall, on or before the last day of January, April, July and October of each year, render to the commissioner a quarterly return,

on forms prescribed or furnished by the commissioner and signed by one of the taxpayer's principal officers, stating specifically the name and location of such taxpayer, the amount of its net patient revenue or resident days during the calendar quarter ending on the last day of the preceding month and such other information as the commissioner deems necessary for the proper administration of this section and the state's Medicaid program. Except as provided in subdivision (2) of this subsection, the taxes and fees imposed under section 12-263q, as amended by this Act, **[**or**]** 12-263r or section 2 of this Act shall be due and payable on the due date of such return. Each taxpayer shall be required to file such return electronically with the department and to make such payment by electronic funds transfer in the manner provided by chapter 228g, irrespective of whether the taxpayer would have otherwise been required to file such return electronically or to make such payment by electronic funds transfer under the provisions of said chapter.

(2) (A) A taxpayer may file, on or before the due date of a payment of tax or fee imposed under section 12-263q, as amended by this Act, **[**or**]** 12-263r or section 2 of this Act, a request for a reasonable extension of time for such payment for reasons of undue hardship. Undue hardship shall be demonstrated by a showing that such taxpayer is at substantial risk of defaulting on a bond covenant or similar obligation if such taxpayer were to make payment on the due date of the amount for which the extension is requested. Such request shall be filed on forms prescribed by the commissioner and shall include complete information of such taxpayer's inability, due to undue hardship, to make payment of the tax or fee on or before the due date of such payment. The commissioner shall not grant any extension for a general statement of hardship by the taxpayer or for the convenience of the taxpayer.

(B) The commissioner may grant an extension if the commissioner determines an undue hardship exists. Such extension shall not exceed three months from the original due date of the payment, except that the commissioner may grant an additional extension not exceeding three months from the initial extended due date of the payment (i) upon the filing of a subsequent request by the taxpayer on or before the extended due date of the payment, on forms prescribed by the commissioner, and (ii) upon a showing of extraordinary circumstances, as determined by the commissioner.

(3) If the commissioner grants an extension pursuant to subdivision (2) of this subsection, no penalty shall be imposed and no interest shall accrue during the period of time for which an extension is granted if the taxpayer pays the tax or fee due on or before the extended due date of the payment. If the taxpayer does not pay such tax or fee by the extended due date, a penalty shall be imposed in accordance with subsection (c) of this section and interest shall begin to accrue at a rate of one per cent per month for each month or fraction thereof from the extended due date of such tax or fee until the date of payment.

(c) (1) Except as provided in subdivision (2) of subsection (b) of this section, if any taxpayer fails to pay the amount of tax or fee reported to be due on such taxpayer's return within the time specified under the provisions of this section, there shall be imposed a penalty equal to ten per cent of such amount due and unpaid, or fifty dollars, whichever is greater. The tax or fee shall bear interest at the rate of one per cent per month or fraction thereof, from the due date of such tax or fee until the date of payment.

(2) If any taxpayer has not made its return within one month of the due date of such return, the commissioner may make such return at any time thereafter, according to the best information obtainable and according to the form prescribed. There shall be added to the tax or fee imposed upon the basis of such return an amount equal to ten per cent of such tax or fee, or fifty dollars, whichever is greater. The tax or fee shall bear interest at the rate of one per cent per month or fraction thereof, from the due date of such tax or fee until the date of payment.

(3) Subject to the provisions of section 12-3a, the commissioner may waive all or part of the penalties provided under this subsection when it is proven to the commissioner's satisfaction that the failure to pay any tax or fee on time was due to reasonable cause and was not intentional or due to neglect.

(4) The commissioner shall notify the Commissioner of Social Services of any amount delinquent under this section and, upon receipt of such notice, the Commissioner of Social Services shall deduct and withhold such amount from amounts otherwise payable by the Department of Social Services to the delinquent taxpayer.

(d) (1) Any person required under sections 12-263q to 12-263v, inclusive, and section 2 of this Act to pay any tax or fee, make a return, keep any records or supply any information, who wilfully fails, at the time required by law, to pay such tax or fee, make such return, keep such records or supply such information, shall, in addition to any other penalty provided by law, be fined not more than one thousand dollars or imprisoned not more than one year, or both. As used in this subsection, "person" includes any officer or employee of a taxpayer under a duty to pay such tax or fee, make such return, keep such records or supply such information. Notwithstanding the provisions of section 54-193, no person shall be prosecuted for a violation of the provisions of this subsection committed on or after July 1, 1997, except within three years next after such violation has been committed.

(2) Any person who wilfully delivers or discloses to the commissioner or the commissioner's authorized agent any list, return, account, statement or other document, known by such person to be fraudulent or false in any material matter, shall, in addition to any other penalty provided by law, be guilty of a class D felony. No person shall be charged with an offense under both this subdivision and subdivision (1) of this subsection in relation to the same

tax period but such person may be charged and prosecuted for both such offenses upon the same information.

Sec. 4. Section 12-263t of the 2018 supplement to the general statutes is repealed and following is substituted in lieu thereof *(Effective upon passage)*:

(a) (1) The commissioner may examine the records of any taxpayer subject to a tax or fee imposed under section 12-263q, as amended by this Act, **[**or**]** 12-263r or section 2 of this Act as the commissioner deems necessary. If the commissioner determines from such examination that there is a deficiency with respect to the payment of any such tax or fee due under section 12-263q, as amended by this Act, **[**or**]** 12-263r or section 2 of this Act, the commissioner shall assess the deficiency in tax or fee, give notice of such deficiency assessment to the taxpayer and make demand for payment. Such amount shall bear interest at the rate of one per cent per month or fraction thereof from the date when the original tax or fee was due and payable. (A) When it appears that any part of the deficiency for which a deficiency assessment is made is due to negligence or intentional disregard of the provisions of this section or regulations adopted thereunder, there shall be imposed a penalty equal to ten per cent of the amount of such deficiency assessment, or fifty dollars, whichever is greater. (B) When it appears that any part of the deficiency for which a deficiency assessment is made is due to fraud or intent to evade the provisions of this section or regulations adopted thereunder, there shall be imposed a penalty equal to twenty-five per cent of the amount of such deficiency assessment. No taxpayer shall be subject to more than one penalty under this subdivision in relation to the same tax period. Not later than thirty days after the mailing of such notice, the taxpayer shall pay to the commissioner, in cash or by check, draft or money order drawn to the order of the Commissioner of Revenue Services, any additional amount of tax, penalty and interest shown to be due.

(2) Except in the case of a wilfully false or fraudulent return with intent to evade the tax or fee, no assessment of additional tax or fee shall be made after the expiration of more than three years from the date of the filing of a return or from the original due date of a return, whichever is later. Where, before the expiration of the period prescribed under this subsection for the assessment of an additional tax or fee, a taxpayer has consented, in writing, that such period may be extended, the amount of such additional tax due may be determined at any time within such extended period. The period so extended may be further extended by subsequent consents, in writing, before the expiration of the extended period.

(b) (1) The commissioner may enter into an agreement with the Commissioner of Social Services delegating to the Commissioner of Social Services the authority to examine the records and returns of any taxpayer subject to any tax or fee imposed under section 12-263q, as

amended by this Act, [or] 12-263r or section 2 of this Act and to determine whether such tax has been underpaid or overpaid. If such authority is so delegated, examinations of such records and returns by the Commissioner of Social Services and determinations by the Commissioner of Social Services that such tax or fee has been underpaid or overpaid shall have the same effect as similar examinations or determinations made by the commissioner.

(2) The commissioner may enter into an agreement with the Commissioner of Social Services in order to facilitate the exchange of returns or return information necessary for the Commissioner of Social Services to perform his or her responsibilities under this section and to ensure compliance with the state's Medicaid program.

(3) The Commissioner of Social Services may engage an independent auditor to assist in the performance of said commissioner's duties and responsibilities under this subsection. Any reports generated by such independent auditor shall be provided simultaneously to the department and the Department of Social Services.

(c) (1) The commissioner may require all persons subject to a tax or fee imposed under section 12-263q, as amended by this Act, [or] 12-263r or section 2 of this Act to keep such records as the commissioner may prescribe and may require the production of books, papers, documents and other data, to provide or secure information pertinent to the determination of the taxes or fees imposed under section 12-263q, as amended by this Act, [or] 12-263r or section x of this Act and the enforcement and collection thereof.

(2) The commissioner or any person authorized by the commissioner may examine the books, papers, records and equipment of any person liable under the provisions of this section and may investigate the character of the business of such person to verify the accuracy of any return made or, if no return is made by the person, to ascertain and determine the amount required to be paid.

(d) The commissioner may adopt regulations, in accordance with the provisions of chapter 54, to implement the provisions of sections 12-263q to 12-263x, inclusive.

Sec. 5. Subsection (a) of section 12-263u of the 2018 supplement to the general statutes is repealed and following is substituted in lieu thereof *(Effective upon passage)*:

(a) Any taxpayer subject to any tax or fee under section 12-263q, as amended by this Act, [or] 12-263r or section 2 of this Act, believing that it has overpaid any tax or fee due under said sections, may file a claim for refund, in writing, with the commissioner not later than three years after the due date for which such overpayment was made, stating the specific grounds upon

which the claim is founded. Failure to file a claim within the time prescribed in this subsection shall constitute a waiver of any demand against the state on account of overpayment. Within a reasonable time, as determined by the commissioner, following receipt of such claim for refund, the commissioner shall determine whether such claim is valid and, if so determined, the commissioner shall notify the Comptroller of the amount of such refund and the Comptroller shall draw an order on the Treasurer in the amount thereof for payment to the taxpayer. If the commissioner determines that such claim is not valid, either in whole or in part, the commissioner shall mail notice of the proposed disallowance in whole or in part of the claim to the taxpayer, which notice shall set forth briefly the commissioner's findings of fact and the basis of disallowance in each case decided in whole or in part adversely to the taxpayer. Sixty days after the date on which it is mailed, a notice of proposed disallowance shall constitute a final disallowance except only for such amounts as to which the taxpayer has filed, as provided in subsection (b) of this section, a written protest with the commissioner.

Sec. 6. Section 12-263v of the 2018 supplement to the general statutes is repealed and following is substituted in lieu thereof *(Effective upon passage)*:

(a) Any taxpayer subject to any tax or fee under section 12-263q, as amended by this Act, **[**or**]** 12-263r or section 2 of this Act that is aggrieved by the action of the commissioner, the Commissioner of Social Services or an authorized agent of said commissioners in fixing the amount of any tax, penalty, interest or fee under sections 12-263q to 12-263t, inclusive, and section 2 of this Act may apply to the commissioner, in writing, not later than sixty days after the notice of such action is delivered or mailed to such taxpayer, for a hearing and a correction of the amount of such tax, penalty, interest or fee, setting forth the reasons why such hearing should be granted and the amount by which such tax, penalty, interest or fee should be reduced. The commissioner shall promptly consider each such application and may grant or deny the hearing requested. If the hearing request is denied, the taxpayer shall be notified immediately. If the hearing request is granted, the commissioner shall notify the applicant of the date, time and place for such hearing. After such hearing, the commissioner may make such order as appears just and lawful to the commissioner and shall furnish a copy of such order to the taxpayer. The commissioner may, by notice in writing, order a hearing on the commissioner's own initiative and require a taxpayer or any other individual who the commissioner believes to be in possession of relevant information concerning such taxpayer to appear before the commissioner or the commissioner's authorized agent with any specified books of account, papers or other documents, for examination under oath.

(b) Any taxpayer subject to any tax or fee under section 12-263q, as amended by this Act, **[**or**]** 12-263r or section 2 of this Act that is aggrieved because of any order, decision, determination or disallowance of the commissioner made under sections 12-263q to 12-263u,

inclusive, and section 2 of this Act or subsection (a) of this section may, not later than one month after service of notice of such order, decision, determination or disallowance, take an appeal therefrom to the superior court for the judicial district of New Britain, which appeal shall be accompanied by a citation to the commissioner to appear before said court. Such citation shall be signed by the same authority and such appeal shall be returnable at the same time and served and returned in the same manner as is required in case of a summons in a civil action. The authority issuing the citation shall take from the appellant a bond or recognizance to the state of Connecticut, with surety, to prosecute the appeal to effect and to comply with the orders and decrees of the court in the premises. Such appeals shall be preferred cases, to be heard, unless cause appears to the contrary, at the first session, by the court or by a committee appointed by the court. Said court may grant such relief as may be equitable and, if such tax or charge has been paid prior to the granting of such relief, may order the Treasurer to pay the amount of such relief, with interest at the rate of two-thirds of one per cent per month or fraction thereof, to such taxpayer. If the appeal has been taken without probable cause, the court may tax double or triple costs, as the case demands and, upon all such appeals that are denied, costs may be taxed against such taxpayer at the discretion of the court but no costs shall be taxed against the state.

Sec. 7. Section 12-263w of the 2018 supplement to the general statutes is repealed and following is substituted in lieu thereof *(Effective upon passage)*:

The commissioner and any agent of the commissioner duly authorized to conduct any inquiry, investigation or hearing pursuant to sections 12-263s to 12-263x, inclusive, and section 2 of this Act shall have power to administer oaths and take testimony under oath relative to the matter of inquiry or investigation. At any hearing ordered by the commissioner, the commissioner or the commissioner's agent authorized to conduct such hearing and having authority by law to issue such process may subpoena witnesses and require the production of books, papers and documents pertinent to such inquiry or investigation. No witness under subpoena authorized to be issued under the provisions of this section shall be excused from testifying or from producing books, papers or documentary evidence on the ground that such testimony or the production of such books, papers or documentary evidence would tend to incriminate such witness, but such books, papers or documentary evidence so produced shall not be used in any criminal proceeding against such witness. If any person disobeys such process or, having appeared in obedience thereto, refuses to answer any pertinent question put to such person by the commissioner or the commissioner's authorized agent, or to produce any books, papers or other documentary evidence pursuant thereto, the commissioner or such agent may apply to the superior court of the judicial district wherein the taxpayer resides or wherein the business has been conducted, or to any judge of such court if the same is not in session, setting forth such disobedience to process or refusal to answer, and such court or such judge

shall cite such person to appear before such court or such judge to answer such question or to produce such books, papers or other documentary evidence and, upon such person's refusal so to do, shall commit such person to a community correctional center until such person testifies, but not for a period longer than sixty days. Notwithstanding the serving of the term of such commitment by any person, the commissioner may proceed in all respects with such inquiry and examination as if the witness had not previously been called upon to testify. Officers who serve subpoenas issued by the commissioner or under the commissioner's authority and witnesses attending hearings conducted by the commissioner pursuant to this section shall receive fees and compensation at the same rates as officers and witnesses in the courts of this state, to be paid on vouchers of the commissioner on order of the Comptroller from the proper appropriation for the administration of this section.

Sec. 8. Section 12-263x of the 2018 supplement to the general statutes is repealed and following is substituted in lieu thereof *(Effective upon passage*):

The amount of any tax, penalty, interest or fee, due and unpaid under the provisions of sections 12-263q to 12-263v, inclusive, and section 2 of this Act may be collected under the provisions of section 12-35. The warrant provided under section 12-35 shall be signed by the commissioner or the commissioner's authorized agent. The amount of any such tax, penalty, interest or fee shall be a lien on the real estate of the taxpayer from the last day of the month next preceding the due date of such tax until such tax is paid. The commissioner may record such lien in the records of any town in which the real estate of such taxpayer is situated but no such lien shall be enforceable against a bona fide purchaser or qualified encumbrancer of such real estate. When any tax or fee with respect to which a lien has been recorded under the provisions of this subsection has been satisfied, the commissioner shall, upon request of any interested party, issue a certificate discharging such lien, which certificate shall be recorded in the same office in which the lien was recorded. Any action for the foreclosure of such lien shall be brought by the Attorney General in the name of the state in the superior court for the judicial district in which the property subject to such lien is situated, or, if such property is located in two or more judicial districts, in the superior court for any one such judicial district, and the court may limit the time for redemption or order the sale of such property or make such other or further decree as it judges equitable. For purposes of section 12-39g, a fee under this section shall be treated as a tax.

Sec. 9. Subdivision (1) of subsection (b) of section 12-263i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) (1) For each calendar quarter commencing on or after October 1, 2015, and prior to July 1, 2019, there is hereby imposed a tax on each ambulatory surgical center in this state to be paid each calendar quarter. The tax imposed by this section shall be at the rate of six per cent of the gross receipts of each ambulatory surgical center, except that such tax shall not be imposed on any amount of such gross receipts that constitutes either (A) the first million dollars of gross receipts of the ambulatory surgical center in the applicable fiscal year, or (B) net revenue of a hospital that is subject to the tax imposed under section 602 of public act 17-2 of the June special session. Nothing in this section shall prohibit an ambulatory surgical center from seeking remuneration for the tax imposed by this section.

Sec. 10. Subparagraph (C) of subdivision (1) of subsection (a) of section 12-263q of the 2018 supplement to the general statutes is repealed and following is substituted in lieu thereof *(Effective upon passage)*:

(C) On and after July 1, 2019, the rate of tax for the provision of inpatient hospital services and outpatient hospital services shall be three hundred eighty-four million dollars divided by the total audited net revenue for fiscal year **[**2016**]** 2017, of all hospitals that are required to pay such tax.

Sec. 11. Subparagraph (C) of subdivision (3) of subsection (a) of section 12-263q of the 2018 supplement to the general statutes is repealed and following is substituted in lieu thereof *(Effective upon passage)*:

(C) For each state fiscal year commencing on or after July 1, 2017 and prior to June 30, 2019, each hospital required to pay tax on inpatient hospital services or outpatient hospital services shall calculate the amount of tax due on forms prescribed by the commissioner by multiplying the applicable rate set forth in subdivision (1) of this subsection by its audited net revenue for fiscal year 2016. For each state fiscal year commencing on or after July 1, 2019, each hospital required to pay tax on inpatient hospital services or outpatient hospital services shall calculate the amount of tax due on forms prescribed by the commissioner by multiplying the applicable rate set forth in subdivision (1) of this subsection by its audited net revenue for fiscal year 2017. Hospitals shall make all payments required under this section in accordance with procedures established by and on forms provided by the commissioner.

Sec. 12. Subdivision (4) of subsection (a) of section 12-263q of the 2018 supplement to the general statutes is repealed and following is substituted in lieu thereof *(Effective upon passage)*:

(4) (A) (i) For state fiscal years commencing on or after July 1, 2017 and prior to June 30, 2019, **[**Each**]** each hospital required to pay tax on inpatient hospital services or outpatient hospital services shall submit to the commissioner such information as the commissioner requires in order to calculate the audited net inpatient revenue for fiscal year 2016, the audited net outpatient revenue for fiscal year 2016 and the audited net revenue for fiscal year 2016 of all such health care providers. Such information shall be provided to the commissioner not later than January 1, 2018. The commissioner shall make additional requests for information as necessary to fully audit each hospital's net revenue. Upon completion of the commissioner's examination, the commissioner shall notify, prior to February 28, 2018, each hospital of its audited net inpatient revenue for fiscal year 2016, audited net outpatient revenue for fiscal year 2016 and audited net revenue for fiscal year 2016.

[(B)**]** (ii) Any hospital that fails to provide the requested information prior to January 1, 2018, or fails to comply with a request for additional information made under this subdivision shall be subject to a penalty of one thousand dollars per day for each day the hospital fails to provide the requested information or additional information.

[(C)**]** (iii) The commissioner may engage an independent auditor to assist in the performance of the commissioner's duties and responsibilities under this subdivision.

(B) (i) For state fiscal years commencing on or after July 1, 2019, each hospital required to pay tax on inpatient hospital services or outpatient hospital services shall submit to the commissioner such information as the commissioner requires in order to calculate the audited net inpatient revenue for fiscal year 2017, the audited net outpatient revenue for fiscal year 2017 and the audited net revenue for fiscal year 2017 of all such health care providers. Such information shall be provided to the commissioner not later than June 30, 2019. The commissioner shall make additional requests for information as necessary to fully audit each hospital's net revenue. Upon completion of the commissioner's examination, the commissioner shall notify, each hospital of its audited net inpatient revenue for fiscal year 2017, audited net outpatient revenue for fiscal year 2017 and audited net revenue for fiscal year 2017.

(ii) Any hospital that fails to provide the requested information prior to June 30, 2019, or fails to comply with a request for additional information made under this subdivision shall be subject to a penalty of one thousand dollars per day for each day the hospital fails to provide the requested information or additional information.

(iii) The commissioner may engage an independent auditor to assist in the performance of the commissioner's duties and responsibilities under this subdivision.

(C) Should a hospital or hospitals subject to the tax imposed by this section merge, consolidate or otherwise reorganize, the surviving hospital shall assume and be liable for the total tax imposed under this section on the merging, reorganizing or consolidating hospitals, including any outstanding liabilities from periods prior to such merger, consolidation, or reorganization. If a hospital ceases to operate as a hospital for any reason, other than merger, consolidation or reorganization, or for any reason ceases to be subject to any part of the tax imposed under this section, the amount of tax due from each taxpayer under this section shall not be recalculated to take into account such occurrence. Rather, the total amount of tax to be collected under this section as set forth in subdivision (1) of this subsection shall be reduced by the amount of the tax liability imposed on the hospital no longer subject to tax.

Sec. 13. Subparagraph (A) of subdivision (6) of subsection (a) of section 12-263q of the 2018 supplement to the general statutes is repealed and following is substituted in lieu thereof *(Effective upon passage)*:

(6) (A) For purposes of this section:

(i) "Audited net inpatient revenue for fiscal year 2016" and "audited net inpatient revenue for fiscal year 2017" mean**[**s**]** the amount of revenue that the commissioner determines, in accordance with federal law, that a hospital received for the provision of inpatient hospital services during the 2016 federal fiscal year or 2017 federal fiscal year, respectively;

(ii) "Audited net outpatient revenue for fiscal year 2016"and "audited net outpatient revenue for fiscal year 2017" mean**[**s**]** the amount of revenue that the commissioner determines, in accordance with federal law, that a hospital received for the provision of outpatient hospital services during the 2016 federal fiscal year or 2017 federal fiscal year, respectively; and

(iii) "Audited net revenue for fiscal year 2016" and "audited net revenue for fiscal year 2017" mean**[**s**]** net revenue, as reported in each hospital's audited financial statement, less the amount of revenue that the commissioner determines, in accordance with federal law, that a hospital received from other than the provision of inpatient hospital services and outpatient hospital services. The total audited net revenue for fiscal year 2016 or 2017 shall be the sum of all audited net revenue for fiscal year 2016 or 2017, respectively, for all hospitals required to pay tax on inpatient hospital services and outpatient hospital services.

Sec. 14. Subsection (c) of section 12-263q of the 2018 supplement to the general statutes is repealed and following is substituted in lieu thereof *(Effective upon passage)*:

(c) Prior to [January 1, 2018] July 1, 2019, and every three years thereafter, the Commissioner of Social Services shall seek approval from the Centers for Medicare and Medicaid Services to exempt financially distressed hospitals from the net revenue tax imposed on outpatient hospital services. Any such hospital for which the Centers for Medicare and Medicaid Services grants an exemption shall be exempt from the net revenue tax imposed on outpatient hospital services under subsection (a) of this section. Any hospital for which the Centers for Medicare and Medicaid Services denies an exemption shall be required to pay the net revenue tax imposed on outpatient hospital services under subsection (a) of this section. For purposes of this subsection, "financially distressed hospital" means a hospital that has experienced over a five-year period an average net loss of more than five per cent of aggregate revenue. A hospital has an average net loss of more than five per cent of aggregate revenue if such a loss is reflected in the five most recent years of financial reporting that have been made available by the Office of Health Care Access for such hospital in accordance with section 19a-670 as of the effective date of the request for approval which effective date shall be July first of the year in which the request is made.

Sec. 15. Section 3-114s of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective upon passage*):

At the close of each fiscal year commencing with the fiscal year ending June 30, 2018, the Comptroller is authorized to record as revenue for each such fiscal year the amount of tax and fee imposed under sections 12-263q to 12-263x, inclusive, as amended by this Act, and section 2 of this Act that is received by the Commissioner of Revenue Services not later than five business days after the last day of July immediately following the end of such fiscal year.