



Agency Legislative Proposal – 2024 Session

Document Name:

Document Name	DRS [1 of 2]
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Naming Format: AGENCY ACRONYM PROPOSAL NUMBER - TOPIC

Please insert a copy of the fully drafted bill at the end of this document (required for review)

Legislative Liaison	Ernest Adamo
Division Requesting This Proposal	
Drafter	Lou Bucari, General Counsel

Title of Proposal	Expansion of the Commissioner’s authority to audit and reaudit to include chapter 207
Statutory Reference, if any	Conn. Gen. Stat. §12-204(a)
Brief Summary and Statement of Purpose	<p>This change would be consistent with recent legislation (Conn. Pub Acts 22-117) enacted in connection with the sales & use taxes (chapter 219) statutes. More specifically, said legislation amended chapter 219 on equal footing with the income tax (chapter 229). The current proposal is the next step in extending this language and authority.</p> <p>To that end, the insurance premiums, health care centers, and foreign insurance premiums taxes (Chapter 207) does not provide the Commissioner with the ability to audit and reaudit. This proposal amends Conn. Gen. Stat. § 12-204 to allow such authority.</p>

SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate



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BACKGROUND

Origin of Proposal **New Proposal** **Resubmission**

If this is a resubmission, please share the prior bill number, the reason the bill did not move forward, and any changes made or conversations had since it was last proposed:

Please consider the following, if applicable:

How does this proposal connect to the 10-year vision for the agency’s mission?	Brings consistency in tax treatment across tax types.
How will we measure if the proposal successfully accomplishes its goals?	
Have there been changes in federal/state laws or regulations that make this legislation necessary?	
Has this proposal or a similar proposal been	Unknown



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implemented in other states? If yes, to what result?	
Have certain constituencies called for this proposal?	No

INTERAGENCY IMPACT

List each affected agency. Copy the table as needed.

[x] Check here if this proposal does NOT impact other agencies

1. Agency Name	
Agency Contact (name, title)	
Date Contacted	
Status	[] Approved [] Talks Ongoing
Open Issues, if any	

FISCAL IMPACT

Include the section number(s) responsible for the fiscal impact and the anticipated impact

[] Check here if this proposal does NOT have a fiscal impact

State	Potential revenue gain
Municipal (Include any municipal mandate that can be found within legislation)	



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Federal	
Additional notes	

MONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

Check here if this proposal does NOT lead to any measurable outcomes

ANYTHING ELSE WE SHOULD KNOW?

INSERT FULLY DRAFTED BILL HERE

Sec. 1. Section 12-204 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The commissioner shall, not later than three years after the due date for the filing of a return or not later than three years after the date of receipt of such return by the commissioner, whichever period expires later, examine or reexamine it and, in case any error is disclosed by such examination or reexamination, shall, not later than thirty days after such disclosure, notify the taxpayer of such error. When it appears that any part of the deficiency for which a deficiency assessment or reassessment is made is due to negligence or intentional disregard of the provisions



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of this chapter or regulations promulgated thereunder, there shall be imposed a penalty equal to ten per cent of the amount of such deficiency assessment or reassessment, or fifty dollars, whichever is greater. When it appears that any part of the deficiency for which a deficiency assessment or reassessment is made is due to fraud or intent to evade the provisions of this chapter or regulations promulgated thereunder, there shall be imposed a penalty equal to twenty-five per cent of the amount of such deficiency assessment or reassessment. No taxpayer shall be subject to more than one penalty under this section 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 shown to be due by the examination or reexamination, or shall be paid by the State Treasurer, upon order of the Comptroller, any amount shown to be due it by such examination or reexamination. The failure of the taxpayer to receive any notice required by this section shall not relieve the taxpayer of the obligation to pay the tax or any interest or penalties thereon. If, before the expiration of the time prescribed by this section for the examination or reexamination of the return or the assessment or reassessment of the tax, both the commissioner and the taxpayer consent in writing to such examination or reexamination or assessment or reassessment after such time, the return may be examined or reexamined and the tax may be assessed or reassessed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period agreed upon. The commissioner may also in such a case extend the period during which a claim for refund may be made by such taxpayer.

(b) To any taxes which are assessed or reassessed under this section, there shall be added interest at the rate of one per cent per month or fraction thereof from the date when the original tax became due and payable. The amount of any tax, penalty or interest due and unpaid under the provisions of this chapter may be collected under the provisions of section 12-35. The warrant therein provided for shall be signed by the commissioner or his authorized agent. The amount of any such tax, penalty or interest shall be a lien on the real estate of the taxpayer from the thirty-first day of December next preceding the due date of such tax until such tax is paid. The commissioner may, at any time after such December thirty-first, record such lien in the records of any town in which the real estate of such company is situated, but no such lien shall be enforceable against a bona fide purchaser or qualified encumbrancer of such real estate. 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.



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Legislative Liaison	Ernest Adamo
Division Requesting This Proposal	
Drafter	Lou Bucari, General Counsel

Title of Proposal	Provides for a Technical change to the initial filing obligation of nonresident or foreign insurance companies.
Statutory Reference, if any	Conn. Gen. Stat. §12-210
Brief Summary and Statement of Purpose	This is a taxpayer friendly change that will increase the 45-day due date to file Form 207F-5 to 90 days. Increasing the due date will allow taxpayers ample time to file and eliminate the need to file on paper.

SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate

<p>Nonresident or foreign licensed insurance companies currently have the obligation pay taxes on the net direct premiums they have received for the past five years to the Commissioner of Revenue Services within 45 days of their initial license to transact business in Connecticut. Proposal 6 will extend this deadline by another 45 days, allowing a three-month period for newly licensed insurance companies, most of which are estimated to be nonresident or foreign small businesses, to file these taxes.</p>



BACKGROUND

Origin of Proposal New Proposal Resubmission

If this is a resubmission, please share the prior bill number, the reason the bill did not move forward, and any changes made, or conversations had since it was last proposed:

Please consider the following, if applicable:

How does this proposal connect to the 10-year vision for the agency’s mission?	Proposal 6 streamlines and makes administration of taxes more efficient through eliminating in a broad scale their need to use paper filing. This feature aligns with the DRS mission to promote fairness in tax collection and achieve the highest level of voluntary taxpayer compliance while improving agency performance for the benefit of the state economy.
How will we measure if the proposal successfully accomplishes its goals?	Through promoting electronic filing, the agency anticipates a higher volume of filing in less time, increasing agency efficiency in tax collection. It also promotes taxpayer goodwill towards the DRS, who will benefit from a larger filing timeframe to avoid late penalty fees, and a convenient electronic system in place of paper and mail filing.
Have there been changes in federal/state laws or regulations that make this legislation necessary?	No
Has this proposal or a similar proposal been implemented in other states? If yes, to what result?	It is important to note that an extended deadline for tax filing, while it does not explicitly target low-income families, benefits tax filers across the income spectrum and especially to small businesses, who often operate with limited cash buffers, by offering them more flexibility. Tax payment delays will provide immediate liquidity in the state economy as tax filers have more disposable income in the short-term.



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Have certain constituencies called for this proposal?	No
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INTERAGENCY IMPACT

List each affected agency. Copy the table as needed.

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1. Agency Name	
Agency Contact (name, title)	
Date Contacted	
Status	[] Approved [] Talks Ongoing
Open Issues, if any	

FISCAL IMPACT

Include the section number(s) responsible for the fiscal impact and the anticipated impact

[] Check here if this proposal does NOT have a fiscal impact

State	Minimal fiscal impact. Less than 20 companies a year register for this and the tax paid under the new registration is less than \$5,000 annually. Administrative savings within DRS are expected to be far greater than costs.
Municipal (Include any municipal mandate that can be found within legislation)	
Federal	



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Additional notes	

MONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

[] Check here if this proposal does NOT lead to any measurable outcomes

ANYTHING ELSE WE SHOULD KNOW?

INSERT FULLY DRAFTED BILL HERE

Sec. 1. Subsection (a) of section 12-210 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Each newly licensed insurance company incorporated by or organized under the laws of any other state or foreign government shall pay to the Commissioner of Revenue Services, within [forty-five] ninety days of the effective date of such company's initial license to transact business in this state, a tax on the net direct premiums received by such company in the next five preceding calendar years from policies written on property or risks located or resident in this state, except ocean marine insurance, at the rate in effect for each such calendar year.