



Agency Legislative Proposal - 2021 Session

Document Name: 2021 DRS #1 AAC Minor and Technical Changes to Title 12. 10/1/20

(If submitting electronically, please label with date, agency, and title of proposal – 092621_SDE_TechRevisions)

State Agency: Department of Revenue Services

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Lead agency division requesting this proposal:

Agency Analyst/Drafter of Proposal: Louis Bucari

Title of Proposal: An Act Concerning Minor and Technical Changes to Title 12.

Statutory Reference: §§ 12-391(c), 12-392(b)(3)(J), 12-643, 12-704c(d) and new section in Chapter 228z.

Proposal Summary:

Section 1: Codifies that a pass-through entity may file a composite income tax return on behalf of its nonresident members or partners;

Sections 2 through 4: Technical Revisions to the provisions of the Estate and Gift Tax to conform to the thresholds in Public Act 18-81;

Section 5: Revises the income tax credit for individuals who will pay the 2.25% real estate conveyance tax rate on properties in excess of \$2.5M. This change also comports with the adopted fiscal note; and

Section 6: Placeholder regarding partnership audit rules. Changes to Connecticut tax law will likely be needed as a result of the federal Bipartisan Budget Act of 2015, which makes significant changes to the way that the IRS audits and assesses partnerships and their partners for taxable year 2018 and forward. As background, when the IRS adjusts the federal return of a Connecticut taxpayer, the taxpayer is required to file a Connecticut amended return to report such adjustments. We intend to propose technical changes to Title 12 so that taxpayers can report the federal changes that are made under the new partnership audit regime.



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)? Are other states considering something similar this year?*
- (3) *Have certain constituencies called for this action?*
- (4) *What would happen if this was not enacted in law this session?*

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

All but the placeholder were part of the DRS minor and technical changes bill submitted in 2020.

PROPOSAL IMPACT

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

Agency Name:
Agency Contact (name, title, phone):
Date Contacted:

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 <i>(please include any municipal mandate that can be found within legislation)</i>
State Precludes a revenue loss by preserving the fiscal note for the income tax credit for conveyance tax paid at the 2.25% rate.
Federal
Additional notes on fiscal impact

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

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◇ **EVIDENCE BASE**

<i>What data will be used to track the impact of this proposal over time, and what measurable outcome do you anticipate? Is that data currently available or must it be developed? Please provide information on the measurement and evaluation plan. Where possible, those plans should include process and outcome components. Pew MacArthur Results First evidence definitions can help you to establish the evidence-base for your program and their Clearinghouse allows for easy access to information about the evidence base for a variety of programs.</i>

DRS #1: AAC Minor and Technical Changes to Title 12.

Section 1. (NEW) *(Effective from passage)* (a) An affected business entity may elect to file a composite income tax return on behalf of each nonresident individual who is a member of such affected business entity, subject to the requirements and conditions the commissioner may prescribe in the form and instructions for such return. Such election shall be made by the due date, or extended due date, of the affected business entity's return under chapter 228z.

(b) If an affected business entity elects to file a composite income tax return pursuant to this section, the affected business entity shall pay to the commissioner the tax, as calculated under subsection (c), plus interest and penalties thereon, on behalf of each nonresident individual member of such affected business entity. Any such payment made by an affected business entity to the commissioner with respect to any taxable period shall be considered to be a payment by such nonresident member for the tax imposed on such nonresident member under chapter 229 of the general statutes for such taxable period.



(c) The composite income tax due on behalf of each nonresident individual member shall equal (A) such member's distributive share of the affected business entity's items derived from or connected with sources within this state as calculated under subdivision (1) of subsection (c) of section 12-699 multiplied by the highest marginal rate in effect under section 12-700 for the taxable year, less (B) the credit allowed to such nonresident individual member pursuant to subdivision (1) of subsection (g) of section 12-699 with respect to the affected business entity. In no event shall an amount due on behalf of a nonresident individual member be less than zero. Such composite income tax shall be due at the same time, and subject to interest and penalties, as if such tax were a tax due from the affected business entity under section 12-699.

(d) (1) If income from one or more affected business entities that each elect to file a composite income tax return pursuant to this section is the only source of income derived from or connected with Connecticut sources of a nonresident individual member, or the member and his or her spouse if a joint federal income tax return is or shall be made, the filing by the affected business entity of the composite income tax return and the payment by the affected business entity on behalf of the member of the tax prescribed under this section shall satisfy the filing and payment requirements otherwise separately imposed on the member by chapter 229. The commissioner may make any deficiency assessment against, at the commissioner's sole discretion, either the affected business entity or the member, provided any such assessment against the member shall be limited to the member's share thereof. Except as otherwise provided in section 12-733, any such assessment shall be made not later than three years after the affected business entity's annual return pursuant to section 12-699 is filed.

(2) If income from one or more affected business entities that each elect to file a composite income tax return pursuant to this section is not the only source of income derived from or connected with Connecticut sources of a nonresident individual member, or the member and his or her spouse if a joint federal income tax return is or shall be made, nothing in this section shall be construed as excusing the member from the obligation to file his or her own separate tax return under chapter 229. In such event, the member shall receive credit for the composite income tax paid under this section by the affected business entity on his or her behalf. The commissioner may make any deficiency assessment that is related to the member's distributive share of income from the affected business entity against either, in the commissioner's sole discretion, the affected business entity or the member. If the commissioner chooses to make any deficiency assessment against the affected business entity, then, except as otherwise provided in section 12-733, any such assessment shall be made not later than three years after the affected business entity's annual return pursuant to section 12-699 is filed.

Sec. 2. Subsection (c) of section 12-391 of the 2020 supplement to the general statutes is amended by adding subdivision (4) as follows (*Effective October 1, 2021*):

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



Sec. 3. Subparagraph (J) of subdivision (3) of subsection (b) of section 12-392 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2021*):

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

Sec. 4. Section 12-643 of the general statutes is amended by adding subdivision (4) as follows (*Effective October 1, 2021*):

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

Sec. 5. Subsection (d) of section 12-704c of the 2020 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(d) (1) Notwithstanding the provisions of subsections (b) and (c) of this section, for taxable years commencing on or after January 1, [2021] 2023, for any taxpayer who paid the conveyance tax on real property at the rate prescribed by subparagraph (C)(ii) of subdivision (2) of subsection (b) of section 12-494, the credit allowed under this section shall not exceed thirty-three and one-third per cent of the amount of the conveyance tax paid [at such rate] in excess of one and one-quarter per cent on that portion of the consideration taxed under section 12-494 that is in excess of eight hundred thousand dollars, in each of the three taxable years [next succeeding the second] beginning with the third taxable year after the taxable year in which such conveyance tax was paid. For any taxable year such taxpayer



claims the credit or portion thereof under this subsection, such credit shall be in lieu of any credit such taxpayer may be eligible to claim under subsection (b) or (c) of this section.

(2) If any credit allowed under this subsection or portion thereof is not used because the amount of the credit exceeds the tax due and owing by the taxpayer or the amount of property tax paid by the taxpayer, the unused amount may be carried forward to each of the successive taxable years until such amount is fully taken, except that in no event may any amount of the credit be carried forward for a period of more than six taxable years.

Sec. 6. TBD - placeholder for partnership audit rules.



Agency Legislative Proposal - 2021 Session

Document Name: 2021 DRS #2 - AA Making Changes to Title 12 and Other Statutes. 10/1/20

(If submitting electronically, please label with date, agency, and title of proposal – 092621_SDE_TechRevisions)

State Agency: Department of Revenue Services

Liaison: Susan Sherman

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Lead agency division requesting this proposal:

Agency Analyst/Drafter of Proposal: Louis Bucari

Title of Proposal: An Act Making Changes to Title 12 and Other Statutes.

Statutory Reference: Chapter 211c, §12-704(b)(1), §12-732, §12-736, §29-18b, §53a-3 and a new section.

Proposal Summary:

Section 1: Limitation on claims for refund for closed audit periods;

Sections 2 through 11: Incorporates the ambulatory surgical centers provisions into Chapter 211c;

Sections 12 and 13: Makes corresponding changes to Conn. Gen. Stat. §§ 12-704 and 12-732(b) to authorize claims for refund due to changes made by another jurisdiction that impact a taxpayer's Connecticut liability on or before the ninetieth day, even if an original return was not filed;

Section 14: Amends Conn. Gen. Stat. § 12-736 so as to conform the responsible person penalty for withholding tax with that of the sales tax in Conn. Gen. Stat. § 12-414a;

Section 15: Authorization to share return information with local police departments; and

Section 16: Amends Conn. Gen. Stat. § 53a-3 to expand the scope of officer protection afforded the special agents at the Department of Revenue Services.

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)? Are other states considering something similar this year?
- (3) Have certain constituencies called for this action?
- (4) What would happen if this was not enacted in law this session?

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

The ASC language and sections 14 and 15 were submitted to OPM last year.

PROPOSAL IMPACT

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

Agency Name: DESPP
Agency Contact (name, title, phone): Scott DeVico
Date Contacted: Language will be shared – setting up time to discuss.

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)

State

Federal



Additional notes on fiscal impact
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◇ **POLICY and PROGRAMMATIC IMPACTS** *(Please specify the proposal section associated with the impact)*

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◇ **EVIDENCE BASE**

<i>What data will be used to track the impact of this proposal over time, and what measurable outcome do you anticipate? Is that data currently available or must it be developed? Please provide information on the measurement and evaluation plan. Where possible, those plans should include process and outcome components. Pew MacArthur Results First evidence definitions can help you to establish the evidence-base for your program and their Clearinghouse allows for easy access to information about the evidence base for a variety of programs.</i>

An Act Making Changes to Title 12 and Other Statutes.

Section. 1. (NEW) *(Effective upon passage)*: Notwithstanding any other provision, where the results of any civil audit, investigation, examination, or reexamination conducted by the Commissioner of Revenue Services have become final either by operation of law or exhaustion of all available administrative and judicial rights of appeal, the period covered by said audit, investigation, examination, or reexamination shall be closed and the taxpayer may not file any additional claims for refund for said period, except for those claims for refund authorized under the provisions of sections 12-226, 12-704, and 12-727 of the general statutes.

Sec. 2. Section 12-263p of the general statutes is repealed and following is substituted in lieu thereof *(Effective July 1, 2021, and applicable to calendar quarters commencing on or after July 1, 2021)*:

As used in sections 12-263p to 12-263x, inclusive, and section 3 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, [or] 12-263r or section 3 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, or section 3 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) "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;

(21) “Ambulatory surgical center services” means, in accordance with 42 CFR 433.56(a)(9), as amended from time to time, services for which payment is received from any payer that, if such services were furnished under the federal Medicare program (A) would be 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, and (B) for which payment would be 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, physicians' services, anesthetists' services, radiology services, diagnostic services or ambulance services, if such items or services would be reimbursed separately from facility services under 42 CFR 416.164(a), as amended from time to time;

(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. **3.** (NEW) *(Effective July 1, 2021, and applicable to calendar quarters commencing on or after July 1, 2021)* (a) For each calendar quarter commencing on or after July 1, 2021 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, 2021, 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. 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.

Sec. 4. Section 12-263s of the general statutes is repealed and following is substituted in lieu thereof (*Effective July 1, 2021, and applicable to calendar quarters commencing on or after July 1, 2021*):

(a) No tax credit or credits shall be allowable against any tax or fee imposed under section 12-263q, [or] 12-263r or section 3 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, [or] 12-263r or section 3 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, [or] 12-263r or section 3 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 3 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. 5. Section 12-263t of the general statutes is repealed and following is substituted in lieu thereof (*Effective July 1, 2021, and applicable to calendar quarters commencing on or after July 1, 2021*):

(a) (1) The commissioner may examine the records of any taxpayer subject to a tax or fee imposed under section 12-263q₂[or] 12-263r or section 3 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 12-263q₂ [or] 12-263r or section 3 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, [or] 12-263r or section 3 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, [or] 12-263r or section 3 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, [or] 12-263r or section 3 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. 6. Subsection (a) of section 12-263u of the general statutes is repealed and following is substituted in lieu thereof (*Effective July 1, 2021, and applicable to calendar quarters commencing on or after July 1, 2021*):

(a) Any taxpayer subject to any tax or fee under section 12-263q, [or] 12-263r or section 3 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. 7. Section 12-263v of the 2020 supplement to the general statutes is repealed and following is substituted in lieu thereof (*Effective July 1, 2021, and applicable to calendar quarters commencing on or after July 1, 2021*):

(a) Any taxpayer subject to any tax or fee under section 12-263q, [or] 12-263r or section 3 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 3 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, [or] 12-263r or section 3 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 3 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. 8. Section 12-263w of the general statutes is repealed and following is substituted in lieu thereof (*Effective July 1, 2021, and applicable to calendar quarters commencing on or after July 1, 2021*):

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 3 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. 9. Section 12-263x of the general statutes is repealed and following is substituted in lieu thereof (*Effective July 1, 2021, and applicable to calendar quarters commencing on or after July 1, 2021*):

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 3 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. 10. Subdivision (1) of subsection (b) of section 12-263i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021, and applicable to calendar quarters commencing on or after July 1, 2021*):

(b) (1) For each calendar quarter commencing on or after October 1, 2015 but prior to July 1, 2021, 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:

(A) Prior to July 1, 2019, such tax shall not be imposed on any amount of such gross receipts that constitutes either (i) the first million dollars of gross receipts of the ambulatory surgical center in the applicable fiscal year, or (ii) net revenue of a hospital that is subject to the tax imposed under section 12-263q; and

(B) On and after July 1, 2019 but prior to July 1, 2021, such tax shall not be imposed on any amount of such gross receipts that constitutes any of the following: (i) The first million dollars of gross receipts of the ambulatory surgical center in the applicable fiscal year, excluding Medicaid and Medicare payments, (ii) net revenue of a hospital that is subject to the tax imposed under section 12-263q, (iii) Medicaid payments received by the ambulatory surgical center, and (iv) Medicare payments received by the ambulatory surgical center.

Sec. 11. Section 3-114s of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021, and applicable to calendar quarters commencing on or after July 1, 2021*):

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 3 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.

Sec. 12. Subdivision (1) of subsection (b) of section 12-704 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective upon passage and applicable to taxable years commencing on and after January 1, 2021*):

(b)(1) If, as a direct result of the change to or correction of a taxpayer's income tax return filed with another state of the United States or a political subdivision thereof or the District of Columbia by the tax officers or other competent authority of such jurisdiction or as a direct result of a taxpayer paying an assessment issued against the taxpayer by the tax officers or other competent authority of a jurisdiction for any taxable year for which said taxpayer has not filed an income tax return with such jurisdiction, the amount of tax of such other jurisdiction that the taxpayer is finally required to pay is different from the amount used to determine the credit allowed to any taxpayer under this section for any taxable year, the taxpayer shall provide notice of such difference to the commissioner by filing, on or before the date that is ninety days after the final determination of such amount, an amended return under this chapter, and shall concede the accuracy of such determination or state wherein it is



erroneous. The commissioner may redetermine, and the taxpayer shall be required to pay, the tax for any taxable year affected, regardless of any otherwise applicable statute of limitations. If a taxpayer files an amended return under this subdivision as a direct result of paying an assessment issued against said taxpayer by the tax officers or other competent authority of a jurisdiction for any taxable year for which said taxpayer has not filed an income tax return with such jurisdiction, said taxpayer shall not be eligible for a refund if the amended return is filed more than five years after the original due date of the taxpayer's Connecticut income tax return, even if said amended return is filed within the time prescribed in subdivision (2) of subsection (b) of section 12-732 of the general statutes.

Sec. 13. Subsection (b) of section 12-732 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective upon passage and applicable to taxable years commencing on and after January 1, 2021*):

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

(2) Notwithstanding the three-year limitation provided by subsection (a) of this section, if a taxpayer has timely complied with the requirements of subsection (b) of section 12-704, as amended by this Act, and as a direct result of the change to or correction of taxpayer's income tax return by the tax officers or other competent authority of another state of the United States or a political subdivision thereof or the District of Columbia, the tax that has previously been reported to be due on a tax return under this chapter has been overpaid, or as a direct result of an amendment by the taxpayer of the taxpayer's income tax return to another state of the United States or a political subdivision thereof or the District of Columbia, the tax that has previously been reported to be due on a tax return under this chapter has been overpaid, or as a direct result of a taxpayer paying an assessment issued against the taxpayer by the tax officers or other competent authority of a jurisdiction for any taxable year for which said taxpayer has not filed an income tax return with such jurisdiction, any claim for refund subsequently filed by such taxpayer will be deemed to be timely filed.

Sec. 14. Section 12-736 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective upon passage*):



(a) Any person required to collect, truthfully account for and pay over the tax imposed under this chapter who wilfully fails to collect such tax or truthfully account for and pay over such tax or who wilfully attempts in any manner to evade or defeat the tax or the payment thereof, shall, in addition to other penalties provided by law, be liable for a penalty equal to the total amount of the tax evaded, or not collected, or not accounted for and paid over, including any penalty or interest attributable to such wilful failure to collect or truthfully account for and pay over such tax or such wilful attempt to evade or defeat such tax. The amount of such penalty with respect to which a person may be personally liable under this section shall be collected in accordance with said section 12-734.

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

Sec. 15. Section 29-18b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective upon passage*):

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

(b) Notwithstanding the provisions of 12-15 of the general statutes, the Commissioner of Revenue Services, may, subject to such terms and conditions as the commissioner may prescribe, disclose return or return information, as such terms are defined in section 12-15, to an authorized member of an organized local police department, upon written request by the head of such department. Such written request shall establish the relevance of such return or return information to an authorized investigation into a violation of any criminal law of this state being conducted by the organized local police department, and shall establish that no other source of such information is available to such department. Such written request must also contain the name of each member of the organized local police department who will be authorized to receive such information. If the commissioner deems such return or return information to be relevant to the investigation being conducted by the organized local police department, the commissioner may disclose such information to said department. Any member of an organized police department who receives any return or return information pursuant to a proper request under this section shall be prohibited from further disclosure of such information, except in connection with a criminal prosecution, including any judicial proceeding



related thereto, when such information is directly involved in and necessary to such prosecution. Any person who violates any provision of this section shall be fined not more than one thousand dollars or imprisoned not more than one year, or both.

(c) Special policemen in the Department of Revenue Services may, in connection with their official duties relating to any criminal tax investigation, disclose return information to the extent that such disclosure is necessary in obtaining information, which is not otherwise reasonably available, with respect to the enforcement of any criminal law of this state.

Sec. 16. Subdivision (9) of section 53a-3 of the 2020 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective upon passage*):

(9) "Peace officer" means a member of the Division of State Police within the Department of Emergency Services and Public Protection or an organized local police department, a chief inspector or inspector in the Division of Criminal Justice, a state marshal while exercising authority granted under any provision of the general statutes, a judicial marshal in the performance of the duties of a judicial marshal, a conservation officer or special conservation officer, as defined in section 26-5, a constable who performs criminal law enforcement duties, a special policeman appointed under section 29-18, 29-18a, ~~29-18b~~, or 29-19, an adult probation officer, an official of the Department of Correction authorized by the Commissioner of Correction to make arrests in a correctional institution or facility, any investigator in the investigations unit of the office of the State Treasurer, an inspector of motor vehicles in the Department of Motor Vehicles, who is certified under the provisions of sections 7-294a to 7-294e, inclusive, a United States marshal or deputy marshal, any special agent of the federal government authorized to enforce the provisions of Title 21 of the United States Code, or a member of a law enforcement unit of the Mashantucket Pequot Tribe or the Mohegan Tribe of Indians of Connecticut created and governed by a memorandum of agreement under section 47-65c who is certified as a police officer by the Police Officer Standards and Training Council pursuant to sections 7-294a to 7-294e, inclusive;



Agency Legislative Proposal - 2021 Session

Document Name: 2021 DRS #3 An Act Affecting Tax Collection. 10/1/20

(If submitting electronically, please label with date, agency, and title of proposal – 092621_SDE_TechRevisions)

State Agency: Department of Revenue Services

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Lead agency division requesting this proposal:

Agency Analyst/Drafter of Proposal: Louis Bucari

Title of Proposal: An Act Affecting Tax Collection.

Statutory Reference:

Proposal Summary:

Section 1: Authorizes the Commissioner to request that Connecticut Courts turn over judgments to satisfy tax debts;

Section 2: Authorizes the Commissioner to establish with the Treasurer an offset program for unclaimed property to satisfy tax debts;

Section 3: Issuance or renewal of motor vehicle licenses and motor vehicle registrations denied for failure to pay taxes owed to the Commissioner of Revenue Services. This provision is similar to current authority provided to municipalities and consistent with legislation enacted in several states, e.g. NY, CA and ME.; and

Section 4: Impose a ten year statute of limitations on all collections actions.

PROPOSAL BACKGROUND



◇ Reason for Proposal

To assist the department in the effective and efficient administration of taxes to the benefit of taxpayers in the state.

◇ 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?

PROPOSAL IMPACT

◇ AGENCIES AFFECTED (please list for each affected agency)

Agency Name: The Branch, Treasurer’s Office , DMV
Agency Contact (name, title, phone):
Date Contacted: Need to contact each agency and share language. Wanted to get OPM feedback prior to discussions with The Branch and DMV. Met with the Treasurer’s Office pre-covid on the concept and they were very supportive. Will continue that discussion with them.
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)
State
Potential significant revenue gain. DRS is currently evaluating other states’ experiences.



Federal
Additional notes on fiscal impact

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

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◇ **EVIDENCE BASE**

<i>What data will be used to track the impact of this proposal over time, and what measurable outcome do you anticipate? Is that data currently available or must it be developed? Please provide information on the measurement and evaluation plan. Where possible, those plans should include process and outcome components. Pew MacArthur Results First evidence definitions can help you to establish the evidence-base for your program and their Clearinghouse allows for easy access to information about the evidence base for a variety of programs.</i>

An Act Affecting Tax Collection.

Section 1. (NEW) *(Effective upon passage)*: The Commissioner of Revenue Services may make an application for payment of moneys awarded to a taxpayer in any civil action in order to satisfy taxes owed by the taxpayer to the commissioner. Notice of such application shall be served in the same manner as to commence a civil action on all persons known to have an interest in such property. Upon receipt of such application, the court or judge, after providing at least ten days' notice to the parties interested of the time and place of hearing, shall hear the commissioner and any parties interested, take such testimonies as deemed material and determine the equities of the parties having a record interest in such moneys. Upon determination of the equities, the court or judge shall order the turnover of moneys awarded to the commissioner subject to a determination that such action will prejudice a party with a superior interest in the moneys awarded and subject to any appeal brought to the Appellate Court. If no appeal to the Appellate Court is filed within the time allowed by law, or if one is filed and the proceedings have terminated in a final judgment determining the amount due to each party, the clerk shall send a certified copy of the statement of compensation and of the judgment to the prevailing party or parties, as the case may be, which shall, upon receipt thereof, order payment to such parties the amount due them. For purposes of this section, "tax" shall have the same meaning as defined in section 12-35 of the general statutes and the provisions of this section apply only to taxes that are eligible for collection under section 12-35 of the general statutes.



Sec. 2. (NEW) (*Effective from passage*): The Commissioner of Revenue Services and the Treasurer shall enter into an agreement for the crediting of property, funds or money held by the Treasurer under the provisions of Chapter 32 of the general statutes against the amount of unpaid taxes of the owner of said property, fund or money. The agreement shall include procedures to identify those taxpayers who have unpaid taxes for whom the Treasurer is holding property, funds or money under the provisions of Chapter 32, and procedures for crediting said property, funds or money against said taxes. Upon identification of a taxpayer who has unpaid taxes and for whom the Treasurer is holding property, funds or money under the provisions of chapter 32, the commissioner shall notify such taxpayer that such property, fund or money will be applied against the taxpayer's unpaid taxes sixty days before such action occurs. Such notification shall contain notice of the taxpayer's right to a hearing before an officer designated by the commissioner if the person contests the validity of the commissioner's actions. If the taxpayer fails to apply in writing for a hearing within sixty days of the issuance of notice, the commissioner shall notify the Treasurer, and the Treasurer shall turn over such property, funds or money. For purposes of this section, "tax" shall have the same meaning as defined in section 12-35 of the general statutes and provisions of this section apply only to taxes that are eligible for collection under section 12-35 of the general statutes

Sec. 3. (NEW) (*Effective upon passage*): (a) When used in this section, unless the context otherwise requires:

(1) "License" means a motor vehicle operator's license issued by the Commissioner of Motor Vehicles pursuant to the provisions of section 14-36 of the general statutes;

(2) "Registration" shall have the meaning as said term is defined in subdivision (80) of section 14-1 of the general statutes;

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

(4) "Person" shall have the same meaning as said term is defined in section 12-1 of the general statutes; and

(5) "Tax" shall have the same meaning as said term is defined in section 12-35 of the general statutes and the provisions of this section apply only to taxes that are eligible for collection under section 12-35 of the general statutes.

(b) The commissioner may enter into an agreement with the Commissioner of Motor Vehicles pursuant to which the Commissioner of Motor Vehicles shall not issue or renew a license or registration held by or applied for by any person owing taxes to the commissioner. The agreement shall include the procedures by which the commissioner shall provide a list to the Commissioner of Motor Vehicles of persons owing taxes to the commissioner and any other matter the Commissioner of Motor Vehicles and commissioner shall deem necessary to carry out the provisions this section.



(c) The commissioner shall notify each person owing taxes to said commissioner of said person's inclusion on the list referenced in subsection (b) and shall do so not less than sixty days prior to the disclosure of said list to the Commissioner of Motor Vehicles. Such notice shall inform the person of said person's right to a hearing. Said person shall have sixty days from the service of said notice upon said person to request a hearing with the commissioner contesting said person's inclusion on said list. Any request for hearing must be made in writing and must set forth the grounds on which the person is contesting inclusion on said list. If the person does not request a hearing or fails to request a hearing in the method and manner prescribed herein, such person shall be included on the list that is provided by the commissioner to the Commissioner of Motor Vehicles. The action of the commissioner on any request for hearing made hereunder shall be final and not subject to appeal. Moreover, the provisions of this section shall not be construed as creating any right or cause of action to challenge the taxes that are owed to the commissioner by any person included on said list.

(d) Upon receipt of the list referenced in subsection (b), the Commissioner of Motor Vehicles shall not issue or renew a license or registration held by or applied for by any person on said list until such person pays the taxes owed to the commissioner or makes an arrangement satisfactory to the commissioner to pay such taxes.

(e) Nothing herein shall prevent any person whose license is not issued or renewed hereunder from applying to the Commissioner of Motor Vehicles for a special operator's permit.

Sec. 4. Section 12-35 of the 2020 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Wherever used in this chapter, unless otherwise provided, "state collection agency" includes the Treasurer, the Commissioner of Revenue Services and any other state official, board or commission authorized by law to collect taxes payable to the state and any duly appointed deputy of any such official, board or commission; "tax" includes not only the principal of any tax but also all interest, penalties, fees and other charges added thereto by law; and "serving officer" includes any state marshal, constable or employee of such state collection agency designated for such purpose by a state collection agency and any person so designated by the Labor Commissioner. Upon the failure of any person to pay any tax, except any tax under chapter 216, due the state within thirty days from its due date, the state collection agency charged by law with its collection shall add thereto such penalty or interest or both as are prescribed by law, provided, if any statutory penalty is not specified, there may be added a penalty in the amount of ten per cent of the whole or such part of the principal of the tax as is unpaid or fifty dollars, whichever amount is greater, and provided, if any statutory interest is not specified, there shall be added interest at the rate of one per cent of the whole or such part of the principal of the tax as is unpaid for each month or fraction thereof, from the due date of such tax to the date of payment. Upon the failure of any person to pay any tax, except any tax under chapter 216, due within thirty days of its due date, the state collection agency charged by law with the collection of



such tax may make out and sign a warrant directed to any serving officer for distraint upon any property of such person found within the state, whether real or personal. An itemized bill shall be attached thereto, certified by the state collection agency issuing such warrant as a true statement of the amount due from such person. Such warrant shall have the same force and effect as an execution issued pursuant to chapter 906. Such warrant may be levied on any real property or tangible or intangible personal property of such person, and sale made pursuant to such warrant in the same manner and with the same force and effect as a levy of sale pursuant to an execution. In addition thereto, if such warrant has been issued by the Commissioner of Revenue Services, his deputy, the Labor Commissioner, the executive director of the Employment Security Division or any person in the Employment Security Division in a position equivalent to or higher than the position presently held by a revenue examiner four, said serving officer shall be authorized to place a keeper in any place of business and it shall be such keeper's duty to secure the income of such business for the state and, when it is in the best interest of the state, to force cessation of such business operation. In addition, the Attorney General may collect any such tax by civil action. Each serving officer so receiving a warrant shall make a return with respect to such warrant to the appropriate collection agency within a period of ten days following receipt of such warrant. Each serving officer shall collect from such person, in addition to the amount shown on such warrant, his fees and charges, which shall be twice those authorized by statute for serving officers, provided the minimum charge shall be five dollars and money collected pursuant to such warrant shall be first applied to the amount of any fees and charges of the serving officer. In the case of an employee of the state acting as a serving officer the fees and charges collected by such employee shall inure to the benefit of the state. For the purposes of this section, "keeper" means a person who has been given authority by an officer authorized to serve a tax warrant to act in the state's interest to secure the income of a business for the state and, when it is in the best interest of the state, to force the cessation of such business's operation, upon the failure of such business to pay taxes owed to the state.

(b) (1) Any such warrant on any intangible personal property of any person may be served by mailing a certified copy of such warrant by certified mail, return receipt requested, to 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.

(2) Any such warrant on any intangible personal property of any person may be served by electronic mail or facsimile machine 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 personal 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.

(c) The Commissioner of Revenue Services may not collect a tax after ten years from the date the tax was reported on a return that was filed with said commissioner, except as otherwise provided herein. If the Commissioner of Revenue Services makes an assessment of any tax within the statute of limitations applicable to the period for which said assessment was made, the tax that is the subject of said assessment may not be collected after ten years from the date the assessment became final, except as otherwise provided herein. Any taxes that remain unpaid after the applicable ten year period shall be deemed to be abated as of the first day of the eleventh year succeeding the date the return was filed or the date the assessment became final. This subsection shall not apply to any taxes for which the Commissioner of Revenue Services has entered into an agreement under the provisions of sections 12-2d or 12-2e of the general statutes or any taxes which have been secured by the recording of a lien on the real or personal property of a taxpayer.