

Legislative History for Connecticut Act

PA 15-179

HB6986

House	2497-2502	5
Senate	3134, 3141-3143	4
Finance, Revenue & Bonding	463, 467, 514, 515	4
		13

Transcripts from the Joint Standing Committee Public
Hearing(s) and/or Senate and House of Representatives
Proceedings

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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2015**

**VOL.58
PART 8
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/ak/dm
HOUSE OF REPRESENTATIVES

195
May 13, 2015

top 2 of *American Idol*. And I'm very, very proud to report that about 20 minutes ago he won *American Idol*! So -

[applause/cheering]

REP. SCANLON (98th):

A big round of applause for Connecticut's *American Idol*!

[applause/cheering]

SPEAKER SHARKEY:

Thank you, sir. We're proud of one of Connecticut's own. Thank you for that announcement. It lightens up our evening. God knows we needed it. And with that, are there any other announcements or introductions? If not, let's return to the call of the Calendar. Mr. Clerk, will you please call Calendar 492?

CLERK:

On Page 41, Calendar No. 492, Favorable Report of the Joint Standing Committee on Finance, Revenue, and Bonding, Substitute House Bill No.

/ak/dm
HOUSE OF REPRESENTATIVES

196
May 13, 2015

6986, AN ACT CONCERNING MINOR AND TECHNICAL CHANGES
TO TITLE 12 OF THE GENERAL STATUTES.

SPEAKER SHARKEY:

The distinguished Chairman of the Finance, Revenue, and Bonding Committee, Representative Berger. You have the floor, sir.

REP. BERGER (73rd):

Thank you, Mr. Speaker. I move for acceptance of the Joint Committee's Favorable Report and passage of the bill.

SPEAKER SHARKEY:

The question is on acceptance of the Joint Committee's Favorable Report and passage of the bill. Will you remark, sir?

REP. BERGER (73rd):

Yes, certainly, Mr. Speaker. This is clearly a minor and technical change bill for the Department of Revenue Services. It eliminates the requirement that Revenue Service Commissioner adopt regulations pertaining to the sales and use tax exemption for vessels, machinery, and equipment used exclusively, Mr. Speaker, for commercial fishing. The bill also makes several grammatical changes and corrects statutory references in tobacco products and

/ak/dm
HOUSE OF REPRESENTATIVES

197
May 13, 2015

personal income tax statutes. I move its adoption,
Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Would you care to remark on
the bill that's before us? Representative Davis,
the distinguished ranking member of the Finance
Committee.

REP. DAVIS (57th):

Thank you, Mr. Speaker. Through you, a few
questions to the proponent of the bill, if I may.

SPEAKER SHARKEY:

Please proceed, sir.

REP. DAVIS (57th):

Thank you, Mr. Speaker. In Section 5 of the
bill, as the kind Chairman mentioned, we're
removing the requirement that the Commissioner of
Revenue Services adopt procedures to seek an
exemption from the vessel fisherman tax. Through
you, Mr. Speaker, why are we removing the
Commissioner's role in adopting these procedures?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Yes, through you, Mr. Speaker, to the esteemed

/ak/dm
HOUSE OF REPRESENTATIVES

198
May 13, 2015

ranking member of the Finance, Revenue, and Bonding. The Section 5, which the good Representative is alluding to, is - has been found to be quite outdated and unnecessary because of the current, more simple registration process that is now in place that was not in place previous to this bill. Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker. And by adopting these changes to the statute, will fishermen be able to still apply for and obtain this exemption? Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

That is correct, through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker. And I thank the kind gentleman from Waterbury for his answers. As he had mentioned in the description of the bill, this bill

/ak/dm
HOUSE OF REPRESENTATIVES

199
May 13, 2015

does do many technical changes to Title 12 of our General Statutes regarding taxation and makes a simple change that removes perhaps duplicative or unnecessary procedure by the Commissioner of Revenue Services. So I do recommend that my colleagues support the bill and look forward to its passage. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Would you care to remark? Would you care to remark further on the bill that's before us? If not, staff and guests to the Well of the House. Members take your seats. The machine will be opened.

CLERK:

[bell ringing] The House of Representatives is voting by roll. Members to the Chamber please. The House of Representatives is voting by roll. Members to the Chamber immediately.

[pause]

DEPUTY SPEAKER RYAN:

Have all the members voted? Have all the members voted? Will the members please check the

/ak/dm
HOUSE OF REPRESENTATIVES

200
May 13, 2015

board to determine if the vote is properly cast. If all members have voted, the machine will be locked, and the Clerk will take a tally.

The Clerk will please announce the tally.

CLERK:

House Bill No. 6986

Total Number Voting 144

Necessary for Passage 73

Those voting Yea 144

Those voting Nay 0

Absent and not voting 7

[pause]

DEPUTY SPEAKER RYAN:

The bill passes. [gavel]

[pause]

DEPUTY SPEAKER RYAN:

Are there any announcements or points of personal privilege? Hearing none, will the Clerk please call Calendar No. 378.

CLERK:

**S - 688
CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2015**

**VOL. 58
PART 10
2993 – 3245**

/tl
SENATE

148
June 2, 2015

On Calendar Page 9, Calendar 500, House Bill 6579.
I'd like to place that item on the Consent Calendar.

THE CHAIR:

Seeing no objection, so ordered, sir.

SENATOR DUFF:

On Calendar Page 12, Calendar 522, House Bill 6834.
I'd like to place that item on the Consent Calendar.

THE CHAIR:

Seeing no objection, so ordered, sir.

SENATOR DUFF:

On Calendar Page 14, Calendar 530, House Bill 6977.
I'd like to place that item on the Consent Calendar.

THE CHAIR:

Seeing no objection, so ordered, sir.

SENATOR DUFF:

On Calendar Page 18, Calendar 564, House Bill 7000.
I'd like to place that item on the Consent Calendar.

THE CHAIR:

Seeing no objection, so ordered, sir.

SENATOR DUFF:

On Calendar Page 19, Calendar 575, House Bill 6975.
I'd like to place that item on the Consent Calendar.

THE CHAIR:

Seeing no objection, so ordered, sir.

SENATOR DUFF:

On Calendar Page 11, Calendar 513, House Bill 6986.
I'd like to place that item on the Consent Calendar.

/tl
SENATE

155
June 2, 2015

THE CLERK:

House Bill 6915. Page 4, Calendar 383 -

THE CHAIR:

Hold on a minute. Mr. Clerk, you're gonna have to use your microphone so we can hear you, please. I apologize. Thank you.

THE CLERK:

Page 4, Calendar 382, House Bill 6915. Page 4, Calendar 383, House Bill 6723. Page 5, Calendar 390, House Bill 6317. Page 5, Calendar 437, House Bill 6771. Page 5, 438, House Bill 6772. On Page 6, Calendar 439, House Bill 6259. On Page 8, Calendar 480, House Bill 6910.

On Page 8 also, Calendar 481, House Bill 6978, and on Page 9, Calendar 500, House Bill 6579. On Page 10, Calendar 502, House Bill 6868. Page 11, Calendar 511, House Bill 6937. Also on Page 11, Calendar 513, House Bill 6986, and on Page 12, Calendar 515, House Bill 6902.

Also on Page 12, Calendar 521, House Bill 6971. On Page 12 again, Calendar 522, House Bill 6834. Page 12, Calendar 518, House Bill 6770. On Page 13, Calendar 524, House Bill 6997. Also on Page 13, Calendar 525, House Bill 6984, and on Page 14, Calendar 530, House Bill 6977.

Also on Page 14, Calendar 531, House Bill 6994. Page 15, Calendar 535, House Bill 6730. Page 17, Calendar 552, House Bill 6884. Page 17, Calendar 557, House Bill 6155. On Page 18, Calendar 564, House Bill 7000. Page 18 again, 566, House Bill 6138. Also on Page 18, Calendar 571, House Bill 5092, and on Page 19, Calendar 577, House Bill 6853.

On Page 20, Calendar 585, House Bill 6571. Page 20, Calendar 578, House Bill 6852. On Page 23, Calendar 606, House Bill 5660, and on Page 24, Calendar 609, House Bill 5257. Page 24, Calendar 611, House Bill 7060. Page 24, Calendar 610, House Bill 7050. On Page 25, Calendar 617, House Bill 6020.

/tl
SENATE

156
June 2, 2015

On Page 26, Calendar 619, House Bill 6750. Also on Page 26, Calendar 620, House Bill 6745. Page 27, Calendar 627, House Bill 5101. Page 29, Calendar 635, House Bill 5110. Also on Page 29, Calendar 641, House Bill 6967. On Page 30, Calendar 645, House Bill 6943, and also on Page 30, Calendar 642, 6707.

THE CHAIR:

Thank you, Mr. Clerk. We're adding - we have to add one more. Hold on for one second, please.

[pause]

THE CLERK:

On - and the last item is on Page 19, Calendar 576, House Bill 6976.

THE CHAIR:

Mr. Clerk, will you call - hold on a minute. There's a question. Senator Kelly, you have a question? Senator Kelly.

SENATOR KELLY:

Thank you, Madam President. That last item on Page 19, the Clerk called 576, House Bill 6976. Was it supposed to be 57 - Calendar No. 575, 6975?

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Madam President. And thanks to Senator Kelly for the - catching that. Yes, it is Calendar 575, House Bill 6975.

THE CHAIR:

6975.

THE CLERK:

/tl
SENATE

157
June 2, 2015

And that is Page 19, Calendar 575, House Bill 6975.

THE CHAIR:

Are there any other corrections anybody has? If not, at this time, Mr. Clerk, will you please call for a roll call vote on the Consent Calendar. The machine is open.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Immediate roll call on today's Consent Calendar has been ordered in the Senate.

[pause]

THE CHAIR:

If all members have voted, all members have voted. The machine will be closed. Mr. Clerk, please call a tally. You wanna call on the Consent Calendar? Yes, it's closed. It's closed on the machine here.

THE CLERK:

On today's Consent Calendar

Total Number Voting	36
Necessary for Passage	19
Those voting Yea	36
Those voting Nay	0
Absent/not voting	0

THE CHAIR:

The Consent Calendar passes. [gavel] Senator Duff.

SENATOR DUFF:

Thank you, Madam President. Before we adjourn, I'd like to yield for any points or announcements.

THE CHAIR:

**JOINT
STANDING
COMMITTEE
HEARINGS**

**FINANCE
REVENUE
AND BONDING
PART 2
456 – 1000**

2015

lockdown announcement, please remain in the hearing room and stay away from the exit doors until an all clear announcement is heard. Thank you.

REP. BERGER: Thank you Representative. Commissioner Sullivan

SB 1081
HB 6986
(HB 6996)

COMMISSIONER SULLIVAN: Good evening Senator -- I mean good afternoon Senator Fonfara. Senator Fonfara, Representative Berger, Senator Frantz and Representative Davis, members of the committee, I want to thank you for this opportunity to testify and I want to more importantly thank the committee for raising the bills on behalf of our agency. I did attempt to prepare this in 28, if I could type today on the computer, so as to not wear these but that was not enough so I'm back to glasses again here.

Senate Bill 1080. I will go quickly and be the summary (inaudible) as I can. Sections 1 and 2 would substitute a different mail process of giving notice to tax payers. Right now we're required to use certified mail, there is something called substitute certificates of mailing. They have the same notice, they have the same period of time, nothing would change in terms of how we would advise tax payers. What changes is, it's probably -- it's worth about \$150,000 in postal savings through the State of Connecticut on an annualized basis to use this method.

And I can tell you, those savings are built into our budget request, so there would be an implication if we were not able to go forward with this. Section 3 to 6 will standardize all Neighborhood Assistance Act grants or credits in the range of 80 percent. Currently they now

House bill 6986. It doesn't get any more exciting than this one. These are -- these are truly, truly technical changes and I know that you use -- do a bill each year -- the committee has traditionally done a bill each year and I hope that they would find their way into there. I was to assure you that the reference to regulation in Section 5 is here because it is both outdated and unnecessary. We have an acquirement that we adopt regulation, nothing we would adopt would be any more specific than the statute it, it would simply be a replication of the statute. There's no confusion, there's no questions about this in all the years, it's simply an odd sort of artifact that would go away.

(HB6996)

Then last, 6986. So, this has been developed after about a year of discussion with the dry cleaning industry, as well as with the Department of Community -- Economic and Community Development. There is a tax on dry cleaners which we collect. It then goes into a fund which is maintained at the Department of Economic and Community Development for remediation purposes. Dry cleaners have for some time been concerned that there is a motif is the statute and that they believe that there is a significant degree of noncompliance. So, the competitors who are supposed to one, be paying the tax, are not paying the tax and competitors who may ultimately make a claim on the fund, are not contributing to the fund. And this fund has been largely oversubscribed so there's also an issue whether -- how to get sufficient funds in there to deal with a significant remediation case.

So, this would be two things; without an additional fee, we would require them to not only register for tax purposes but to register

Pg. 1 line: 4



Joint Committee on Finance, Revenue and Bonding
Public Hearing
March 18, 2015

SB1081
HB6986
HB6996

TESTIMONY OF COMMISSIONER KEVIN B. SULLIVAN

Senator Fonfara, Representative Berger, Senator Frantz, Representative Davis and members of the committee, thank you for the opportunity to testify in support of legislation requested by our agency.

Senate Bill 1080 – AN ACT CONCERNING THE DEPARTMENT OF REVENUE SERVICES

- **Sections 1-2** allow DRS to substitute certificates of mailing rather than certified mail when giving required notices and service of collection warrants. This service is offered by the U.S. Postal Service at lower rates and reflects savings built into our FY2016-17 biennial budget request. This method is no less verifiable, is still directed to the last-known address, requires the same 30 day notice period and meets the current standard of due process for such collection actions.
- **Sections 3-6** standardize at 80% the amount of tax credits that may be claimed for every type of eligible expenditure under the Neighborhood Assistance Act. This will not increase or decrease the total amount available since that remains at \$5 million annually.
- **Sections 7-8** will remedy an area of significant confusion by conforming the timing provisions under state law to federal tax law for purposes of equitable relief under the "innocent spouse" protections. The federal and state "innocent spouse" laws protect spouses from liability for fraudulent or erroneous joint income tax filings when he or she did not know, did not have reason to know or was coerced.

We are also requesting amendment of SB 1080 to add language we have provided to the Committee in order to strengthen our ability to prevent tax fraud. As you know, this has been an especially challenging tax season and we have indeed stopped even more fraud than in years past. DRS now has two internal and one external screening procedures to identify suspicious

filers. Even so, we need to do more just to keep up with sophisticated thieves who are often part of large, global criminal enterprises increasingly able to use actual taxpayer information that has been stolen from some third party source. The more comparison data we have for verification purposes and the sooner we have it in our screening, the more tax fraud we can prevent and stop. Currently, state tax agencies do not receive W-2 employer withholding data until the end of March even though employers must provide it to employees before the end of January. We are asking for legislation to have employers transmit to DRS, usually electronically, the same W-2 information at the same time as must now be sent to employees annually. In New York, this change has significantly increased detection of fraudulent income tax claims.

Senate Bill 1081 – AN ACT CONCERNING ENFORCEMENT OF TAX STATUTES

- **Section 1** follows the provisions applicable to the Department of Motor Vehicles and other state agencies by providing DRS the same organizational flexibility in our employment of the special police agents we are already permitted to employ. These employees will continue as sworn officers trained and designated by the Commissioner of Emergency Services and Public Protection, will continue to have the same investigatory and criminal enforcement authority, and will be unaffected in terms of their current bargaining unit status.
- **Section 2** remedies a recurring problem and is especially important as we ramp up civil and criminal enforcement with respect to illegal cigarette trafficking as required by legislation enacted last session. It creates a narrow exception allowing DRS to disclose tax record information to local police authorities in the course of investigating suspected violations related to cigarettes, tobacco and alcohol.
- **Section 3** brings cigarette tax criminal activity within Connecticut's existing racketeering law.

House Bill 6986 – AN ACT CONCERNING MINOR AND TECHNICAL CHANGES TO TITLE 12 of the GENERAL STATUTES. It just doesn't get any more exciting than this. All sections of this bill are needed but truly technical. The regulatory reference is **Section 5**, in particular, is outdated and unnecessary given the simple registration process long in place that is no different in scope than the specific provisions of the statute.

House Bill 6996 – AN ACT CONCERNING REGISTRATION REQUIREMENTS RELATED TO THE DRY CLEANING ESTABLISHMENT SURCHARGE. This proposal was developed at the request of the dry cleaning industry and in consultation with the Department of Economic and Community Development. DRS currently collects an assessment from each dry cleaning establishment that is then deposited into a remediation fund administered by DECD. However, there is no effective means of enforcement. There is evidence that some dry cleaning businesses are evading this responsibility, unfairly competing with others that comply and underfunding the remediation account. There will be no DRS fee for registration and renewal but violators would be subject to \$1,000 penalties for non-compliance. DECD concurs.

Thank you for your consideration.