

## Legislative History for Connecticut Act

### PA 18-49

#### SB11

House	7196-7199, 7257-7259	7
Senate	2593-2594, 2616-2620, 2624-2631	15
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The Connecticut General Assembly did not transcribe March 2, 2018 Joint Committee Public Hearing on Finance. Legislative history for Public Act 18-49 consists of House and Senate transcripts only.

Transcripts from the Senate and House of Representatives Proceedings  
Joint Standing Committee Public Hearing – Not Transcribed

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Connecticut  
Gen.Assembly  
House

Proceedings

2018

Vol. 61

Part 19

7085-7401

In  
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REP. STAFSTROM (129TH):

I move adoption.

DEPUTY SPEAKER ORANGE (48TH):

We did that. Oh, right. All those in favor?

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ORANGE (48TH):

All those opposed. The ayes have it. The  
amendment is adopted. [Gavel] Representative  
Stafstrom, your turn now.

REP. STAFSTROM (129TH):

Madam Speaker, unless there is objection, I  
offer this item to the consent calendar.

DEPUTY SPEAKER ORANGE (48TH):

Seeing no objection, this item will be placed  
on the consent calendar. Will the Clerk please call  
Calendar No. 590?

CLERK:

On page 38, House Calendar 590, Substitute  
Senate Bill No. 11, AN ACT CONCERNING CONNECTICUT'S  
RESPONSE TO FEDERAL TAX REFORM. Favorable Report of  
the Joint Standing Committee on Finance, Revenue and

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Bonding.

DEPUTY SPEAKER ORANGE (48TH):

Representative Rojas.

REP. ROJAS (9TH):

Thank you, Madam Speaker. I move for acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the Senate.

DEPUTY SPEAKER ORANGE (48TH):

The question before the Chamber is on acceptance of the Joint Committee's Favorable Report in concurrence with the Senate. Representative Rojas.

REP. ROJAS (9TH):

Thank you, Madam Speaker. The Clerk is in possession of an amendment, LCO No. 5867. I ask that he call the amendment and I be granted leave of the Chamber to summarize.

DEPUTY SPEAKER ORANGE (48TH):

Will the Clerk please call LCO 5867, which is designated Senate A.?

CLERK:

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Senate A, LCO 5867, offered by Senator Fonfara,  
Senator Frantz, et all.

DEPUTY SPEAKER ORANGE (48TH):

The representative seeks leave of the Chamber  
to summarize. Without objection, Representative  
Rojas.

REP. ROJAS (9TH):

Thank you, Madam Speaker. The bill does  
exactly what the title says. It is Connecticut's  
response to federal tax reform to protect the  
interest of Connecticut tax payers. I move  
adoption.

DEPUTY SPEAKER ORANGE (48TH):

The question before the Chamber is on adoption.  
Representative Davis.

REP. DAVIS (57TH):

Thank you, Madam Speaker. Yes, this amendment  
does make several changes in response to the federal  
tax reform bill that will hopefully be pro-taxpayer,  
and I say hope, I hope the pass-through entity tax  
works the way it's supposed to be, and if the local  
organizations can be created by towns and the IRS

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approves it and it's a way for people to be able to save money and be able to do things, I hope it works out the way it does, so I stand in support of the amendment. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Care to remark further on the amendment? Care to remark? If not, let me try your minds. All those in favor, please signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ORANGE (48TH):

All those opposed, nay. The ayes have it. The amendment is adopted. [Gavel] Representative Rojas.

REP. ROJAS (9TH):

Thank you, Madam Speaker. If there is no objection, I move that we place this on the consent calendar.

DEPUTY SPEAKER ORANGE (48TH):

Is there objection to this item being placed on the consent calendar? Seeing none, hearing none, so ordered on the consent calendar. [Gavel] Will the

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something.

REP. RITTER (1ST):

I move we pass this item temporarily. Thank  
you, Mr. Speaker.

SPEAKER ARESIMOWICZ (30TH):

The bill is passed temporarily. [Gavel]

REP. TERCYAK (26TH):

I could've done another 45 minutes. [laughter]

SPEAKER ARESIMOWICZ (30TH):

Representative Ritter of the 1st district, for  
what reason do you rise sir?

REP. RITTER (1ST):

Mr. Speaker, I would move that we vote on the  
consent calendar.

SPEAKER ARESIMOWICZ (30TH):

Will the Clerk please call Consent Calendar No.  
1?

CLERK:

Consent Calendar 1, Bill Nos. 376, 456, 459,  
196, 375, 198, 377, 417, 312, 265, 448, 521, 226,  
485, 261, 263, 178, 467, 11, 303, 217, 185, 304,  
315, 493.

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SPEAKER ARESIMOWICZ (30TH):

Representative Ritter.

REP. RITTER (1ST):

I move adoption, Mr. Speaker. Thank you.

SPEAKER ARESIMOWICZ (30TH):

Thank you very much, sir. We'll leave it on the board momentarily, folks can check. Staff and guests to the well of the House. Members take your seats and the machine will be open. [Ringing]

CLERK:

The House of Representatives is voting by roll.

Members to the Chamber. The House of Representatives is voting by roll. Members to the Chamber.

SPEAKER ARESIMOWICZ (30TH):

Have all the members voted? Ladies and gentleman I would urge you to stay in the Chamber. We are now at 20 to 11, the budget is being acted upon in the Senate, we have the bond bill, there are still bills we'd like to act upon. Please stay in the Chamber or you will miss votes. Have all the members vote? If all the members have voted, please



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check the board to ensure your votes have been properly cast. If all members have voted, the machine will be locked and the Clerk will take a tally. The Clerk will announce the tally.

CLERK:

Consent Calendar No. 1

Total Number of Voting	148
Necessary for Passage	75
Those Voting Yea	148
Those Voting Nay	0
Those absent and not voting	2

SPEAKER ARESIMOWICZ (30TH):

The Consent Calendar passes. [Gavel] Will the Clerk please call House Calendar 423?

CLERK:

House Calendar 423, Substitute Senate Bill No. 5590, AN ACT CONCERNING BOND CONVENANCE AND THE BOND ISSUANCE CAP AND REQUIRING A STUDY OF BOND CONVENANTS. Favorable Report of the Joint Standing Committee on Finance, Revenue and Bonding.

SPEAKER ARESIMOWICZ (30TH):

Representative Miller of the 145th. Madam, you

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SENATOR FRANTZ (36TH):

Thank you, Madam President. I appreciate that very much. What this bill does -- we get this bill every year because certain municipalities forget to file for their grand list exemptions. And this is no different this year, in 2018. And just briefly, section 501 allows taxpayers in Norwich who have been eligible for certain tax exemptions if they have not missed the deadline to file a claim to receive such exemptions. It also deals with the Town of Derby and a variety of other towns. And this is just really basically a sort of wrote bill that we see every year for those towns who missed that deadline. So, with no objection, Madam President, if there's any way this can be put on the Consent Calendar as well, we'd be greatly appreciative.

THE CHAIR:

Will you remark further? Will you remark further?  
If not, it will be placed on the Consent Calendar.  
Mr. Clerk.

CLERK

On page 26, Calendar 385, substitute for Senate Bill No. 11 - AN ACT CONCERNING CONNECTICUT'S RESPONSE TO FEDERAL TAX REFORM.

THE CHAIR:

Senator Duff.

SENATOR DUFF (25TH):

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Thank you, Madam President. And can we PT this item  
and move on to the next one, please?

THE CHAIR:

Absolutely. Will you remark further -- okay. Mr.  
Clerk.

CLERK:

On page 27, Calendar 388, Senate Bill No. 417 - AN  
ACT CONCERNING THE DEPARTMENT OF REVENUE SERVICES'  
RECOMMENDATIONS REGARDING STATE TAXATION AND  
COLLECTION.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ (36TH):

Thank you, Madam President. What this bill does,  
Bill 417, is it allows --

THE CHAIR:

Senator, did you move the bill for adoption?

SENATOR FRANTZ (36TH):

I'm sorry. Madam President, good morning. I move  
acceptance of the Committee's joint favorable report  
and passage of the bill.

THE CHAIR:

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Calendar 385, Senate Bill --

THE CHAIR:

Eleven. Mr. Clerk.

CLERK:

Page 26, Calendar 385, substitute for Senate Bill  
No. 11 - AN ACT CONCERNING CONNECTICUT'S RESPONSE TO  
FEDERAL TAX REFORM.

THE CHAIR:

Oh! Senator Frantz.

SENATOR FRANTZ (36TH):

Thank you, Madam President.

THE CHAIR:

You have a lot hidden in there, sir.

SENATOR FRANTZ (36TH):

Good morning, Madam President. I move acceptance of  
the Committee's joint favorable report and passage  
of the bill.

THE CHAIR:

The motion is acceptance and passage. Will you  
remark, sir?

SENATOR FRANTZ (36TH):

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Yes. Thank you very much, Madam President. What this bill does -- and I want to thank the commissioner of Revenue Services, Commissioner Kevin Sullivan, and the executive branch for trying to do whatever they can for those who are suffering as a result of the SALT limitation of \$10 thousand dollars as a result of the new federal tax package. And there are two big components of this bill --

THE CHAIR:

Oh. I'm sorry. Senator Duff, why are you standing, sir?

SENATOR DUFF (25TH):

Thank you, Madam President. I apologize again for interrupting Senator Frantz. The amendment is not in the system yet, so we'll just stand at ease while it gets in the system.

THE CHAIR:

The Senate will stand at ease.

SENATOR DUFF (25TH):

Madam President?

THE CHAIR:

Senator Duff.

SENATOR DUFF (25TH):

While we're waiting, may I just -- I've been asked to pull Calendar page 8, Calendar 177, Senate Bill 7

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off the Consent Calendar and -- so, if we'll vote on that after? Not right now. And then -- Madam President, does the Clerk have Senate Agenda No. 1 on his desk?

THE CHAIR:

Mr. Clerk, Senate Agenda 1, do you have that on your desk, sir?

CLERK:

I am in possession of Senate Agenda No. 1, dated Tuesday, May 8, 2018.

THE CHAIR:

Senator Duff.

SENATOR DUFF (25TH):

Thank you, Madam President. I move all items on Senate Agenda No. 1, dated Tuesday, May 8, 2018, be acted upon as indicated and that the Agenda be incorporated by reference in the Senate Journal and Senate transcripts and placed immediately on our Calendar.

THE CHAIR:

So ordered, sir.

SENATOR DUFF (25TH):

Thank you, Madam President. And we'll stand at ease while it goes on the system.

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THE CHAIR:

The Senate will stand at ease. Senator Duff. I mean, not -- I'm sorry. Senator Frantz, what number is the amendment that you're looking for?

SENATOR FRANTZ (36TH):

To be honest with you, I have no idea. This is Senate Bill 11. The underlying, I --

THE CHAIR:

Okay. Stand at ease then.

SENATOR FRANTZ (36TH):

All right. We have a number, Madam President. It's LCO No. 5867.

THE CHAIR:

No. Sorry, we don't have it. You want to try another number?

SENATOR FRANTZ (36TH):

5868?

THE CHAIR:

The Senate will come back to order at this time and Senator Duff.

SENATOR DUFF (25TH):



Thank you, Madam President. While we wait the bill to get on the system, I will PT the bill for now and when we have a vote on Senate Bill 7 that was taken off the Consent Calendar.

THE CHAIR:

Okay. Mr. Clerk.

CLERK:

Page 8, Calendar 177, Senate Bill No. 7 - AN ACT CONCERNING CLIMATE CHANGE PLANNING AND RESILIENCY.

THE CHAIR:

The Senate will stand at ease for one moment. Mr. Clerk, so that's one -- I mean, that's Senate Bill 7? Okay. And -- oh. Will you remark further on the bill? Then we'll call for a roll call vote. Mr. Clerk, will you please call for a roll call vote? The machine is open.

CLERK:

Immediate roll call has been ordered in the Senate.  
Immediate roll call has been ordered in the Senate.

THE CHAIR:

If all members have voted. All members have voted. The machine will be closed. Mr. Clerk, will you please call the tally.

CLERK:

Senate Bill No. 7,

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Senator Witkos.

SENATOR WITKOS (8TH):

Thank you, Madam President. I accept the yield and I'd ask that all Senate Republicans report directly to the caucus room. Thank you.

THE CHAIR:

Thank you. The Senate will stand at ease.

CLERK:

The Senate will convene immediately. The Senate convene immediately. The Senate will convene immediately.

THE CHAIR:

The Senate will come back to order. Senator Duff.

SENATOR DUFF (25TH):

Thank you, Madam President. If the Clerk would now please Calendar page 26, Calendar 385, Senate Bill 11, previously marked PT. now marked go.

THE CHAIR:

Mr. Clerk.

CLERK:

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On page 26, Calendar 385, substitute for Senate Bill No. 11 - AN ACT CONCERNING CONNECTICUT'S RESPONSE TO FEDERAL TAX REFORM. There's an amendment.

THE CHAIR:

Senator Frantz, good morning, sir.

SENATOR FRANTZ (36TH):

Good morning, Madam President. I move acceptance of the Committee's joint favorable report and passage of the bill.

THE CHAIR:

The motion is on acceptance and passage. Will you remark, sir?

SENATOR FRANTZ (36TH):

Yes. Madam President, with your permission, we do have an amendment. It's LCO 5867. If the Clerk could possibly call that as well?

THE CHAIR:

Mr. Clerk, will you call that amendment.

CLERK:

LCO No. 5867, Senate "A," offered by Senators Fonfara and Frantz.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ (36TH):

Thank you, Madam President. I move adoption of the amendment, waive the reading, and seek leave to summarize.

THE CHAIR:

Please -- the motion is on adoption. Will you remark, sir?

SENATOR FRANTZ (36TH):

Yes, ma'am. Thank you so much. I appreciate that. So, the amendment does make some changes to the underlying bill which has to do with the estate and gift tax phase-out period and the amounts over a longer period of time than originally expected -- originally predict -- called for in the underlying bill into a lower amount. So, the amendment doesn't affect the other parts of the bill. So, let me tell you about those for a little bit. This, once again, is an attempt by the DRS as well as the executive branch to soften the blow of the limitation on the SALT deduction that a lot of Connecticut taxpayers are making to the federal government in terms of their tax credit at the federal level.

So, what this does in essence, there are two larger parts of this bill. What happens is Connecticut will, if this bill passes and the amendment passes, will establish a tax at the entity level of 6.99 percent, assuming you're in the highest marginal tax bracket, and then what that does is it reduces your taxable income in the State of Connecticut. There's another -- assuming you're in the highest marginal

tax bracket, another tax imposed of 6.99 percent, but you get a credit back for that amount - 6.99 percent. So, net-net end of the day, even though you're not made whole, you do get the federal tax deduction. You do get a state tax credit and you make out at maybe 85 percent, 90 percent of where you would be as of, you know, three, four, five months ago before the federal tax plan was passed.

So that's a good thing and I highly, highly support that. I know it's gonna be challenged by the federal authorities, by the IRS in particular, but we have to try.

The second part of the bill is a last-minute [inaudible - 00:03:09] to providing property tax credit to eligible taxpayers who make voluntary payments to municipal -- municipally-approved organizations that will serve people in need of social services or education, or something like that. And therefore, you, the taxpayer, get a federal tax deduction like you would've ordinarily for making that contribution directly to a citizens in need account, for example, as Senator Suzio thought of this well before we knew who our current president was gonna be. So, this I see as another really good part of this bill. And I know it's gonna be challenged by the IRS, but nonetheless, you have to try. You have to try to make these policies work and I think it's worth supporting.

And that's essentially it. There are a few other small parts that are more technical, green -- having to do with the Green Bank, etcetera, etcetera, and the DECD having to study best practices for marketing benefits of qualified opportunities on, etcetera, etcetera. But that's essentially it. And

Madam President, so I move adoption of the amendment and wholeheartedly support it.

THE CHAIR:

Will you remark further on the amendment? Senator Suzio.

SENATOR SUZIO (13TH):

Yes. Thank you, Madam President. I commend the proponent of the amendment. I just have one quick question. Regarding --

THE CHAIR:

Please proceed, sir.

SENATOR SUZIO (13TH):

Regarding the question of potential IRS challenge, has anyone sought the opinion of a tax expert as to the vulnerability of the plan with respect to a potential court challenge by the IRS?

Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ (36TH):

Through you, Madam President. Yes.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO (13TH):

And I know nothing's a sure thing, through you, Madam President, but what was the general sense or response of the experts who were consulted?

Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ (36TH):

Thank you, Madam President, and through you. The general sense was that this would definitely be challenged and that there was probably a slightly less than 50/50 chance that we would prevail as a state.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO (13TH):

Thank you, Madam President. I have no further questions for the proponent. Thank you very much.

THE CHAIR:

Thank you. Will you remark further on the amendment? Will you remark further on the amendment? If not, I'll try your minds. All those in favor please say aye.

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SENATORS:

Aye.

THE CHAIR:

Opposed? The Senate "A" is adopted. Will you remark further on the bill? Will you remark further on the bill? If not -- oh, sorry. Senator Duff.

SENATOR DUFF (25TH):

Yes, Madam President. Thank you so much. If there are no other questions or objections to this, I'd like to see it on the Consent Calendar.

THE CHAIR:

We have to have a vote. There is no Consent Calendar yet.

SENATOR DUFF (25TH):

Oh, that's right.

THE CHAIR:

Okay? If you don't mind.

SENATOR DUFF (25TH):

It's getting late at night. That sounds good to me.

THE CHAIR:



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Thank you. Okay. At this time, Mr. Clerk, will you call for a roll call vote? The machine will be opened.

CLERK:

Immediate roll call has been ordered in the Senate.  
Immediate roll call has been ordered in the Senate.

THE CHAIR:

Senator Looney. Thank you, sir. If all members have voted. All members have voted. The machine will be closed. Mr. Clerk, will you please call the tally?

CLERK:

Senate Bill No. 11,

Total number voting	36
Those voting Yea	36
Those voting Nay	0
Absent and not voting	0

THE CHAIR:

The bill passes. (Gavel) Senator Duff..

SENATOR DUFF (25TH):

Thank you, Madam President. I move this item immediately transmitted to the House, please?

THE CHAIR:

Seeing no objections, so ordered, sir.