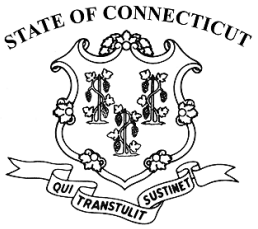

Substitute House Bill No. 5433

Public Act No. 18-26

AN ACT CONCERNING MINOR AND TECHNICAL CHANGES TO THE TAX AND RELATED STATUTES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 12-35a of the general statutes is amended by adding subsection (h) as follows (*Effective from passage*):

(NEW) (h) The commissioner may use an electronic signature, as defined in section 1-267, for any filing authorized under this section.

Sec. 2. Subsections (b) to (d), inclusive, of section 12-217mm of the 2018 supplement to the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) For income years commencing on and after January 1, 2012, **[**but prior to December 1, 2017,**]** there may be allowed a credit for all taxpayers against any tax due under the provisions of this chapter for the construction or renovation of an eligible project that meets the requirements of subsection (c) of this section, and, in the case of a newly constructed building, for which a certificate of occupancy has been issued not earlier than January 1, 2010.

(c) (1) To be eligible for a tax credit under this section a project shall: (A) Not have energy use that exceeds (i) seventy per cent of the energy

use permitted by the state building code for new construction, or (ii) eighty per cent of the energy use permitted by the state energy code for renovation or rehabilitation of a building; and (B) use equipment and appliances that meet Energy Star standards, if applicable, including, but not limited to, refrigerators, dishwashers and washing machines.

(2) The credit shall be equivalent to a base credit as follows: (A) For new construction or major renovation of a building but not other site improvements certified by the LEED Green Building Rating System or other system determined by the Commissioner of Energy and Environmental Protection to be equivalent, (i) eight per cent of allowable costs for a gold rating or other rating determined by the Commissioner of Energy and Environmental Protection to be equivalent, and (ii) ten and one-half per cent of allowable costs for a platinum rating or other rating determined by the Commissioner of Energy and Environmental Protection to be equivalent; and (B) for core and shell or commercial interior projects, (i) five per cent of allowable costs for a gold rating or other rating determined by the Commissioner of Energy and Environmental Protection to be equivalent, and (ii) seven per cent of allowable costs for a platinum rating or other rating determined by the Commissioner of Energy and Environmental Protection to be equivalent. There shall be added to the base credit one-half of one per cent of allowable costs for a development project that is (I) a mixed-use development, (II) located in a brownfield or enterprise zone, (III) does not require a sewer extension of more than one-eighth of a mile, or (IV) located within one-quarter of a mile walking distance of publicly available bus transit service or within one-half of a mile walking distance of adequate rail, light rail, streetcar or ferry transit service, provided, if a single project has more than one building, at least one building shall be located within either such distance. Allowable costs shall not exceed two hundred fifty dollars per square foot for new construction or one hundred fifty dollars per

square foot for renovation or rehabilitation of a building.

(d) (1) The Secretary of the Office of Policy and Management may issue an initial credit voucher upon determination that the applicant is likely, within a reasonable time, to place in service property qualifying for a credit under this section. Such voucher shall state: (A) The first income year for which the credit may be claimed, (B) the maximum amount of credit allowable, and (C) the expiration date by which such property shall be placed in service. The expiration date may be extended at the discretion of the secretary. Such voucher shall reserve the credit allowable for the applicant named in the application until the expiration date. If the expiration date is extended, the reservation of the tax credit may also be extended at the discretion of the secretary. No initial credit voucher may be issued by the secretary after November 30, 2017.

(2) The aggregate amount of all tax credits in initial credit vouchers issued by the secretary shall not exceed twenty-five million dollars.

(3) For each income year for which a taxpayer claims a credit under this section, the taxpayer shall obtain an eligibility certificate from an architect or professional engineer licensed to practice in this state and accredited through the LEED Accredited Professional Program or other program determined by the Commissioner of Energy and Environmental Protection to be equivalent. Such certificate shall consist of a certification, under the seal of such architect or engineer, that the building, base building or tenant space with respect to which the credit is claimed, meets or exceeds the applicable LEED Green Building Rating System gold certification, or other certification determined by the Commissioner of Energy and Environmental Protection to be equivalent in effect at the time such certification is made. Such certification shall set forth the specific findings upon which the certification is based and shall state that the architect or engineer is accredited through the LEED Accredited Professional

Program or other program determined by the Commissioner of Energy and Environmental Protection to be equivalent.

(4) To obtain the credit, the taxpayer shall file the initial credit voucher described in subdivision (1) of this subsection, the eligibility certificate described in subdivision (3) of this subsection and an application to claim the credit with the Commissioner of Revenue Services. The commissioner shall approve the claim upon determination that the taxpayer has submitted the voucher and certification required under this subdivision. The applicant shall send a copy of all such documents to the secretary.

Sec. 3. Subsection (a) of section 12-204 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The commissioner shall, **[**within**]** not later than three years after the due date for the filing of a return or **[**within**]** not later than three years after the date of receipt of such return by **[**him**]** the commissioner, whichever period expires later, examine it and, in case any error is disclosed by such examination, shall, **[**within**]** not later than thirty days after such disclosure, notify the taxpayer **[**and the State Comptroller thereof**]** of such error. 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 chapter or regulations promulgated 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. 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 chapter or regulations promulgated 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 section in relation to the same tax period. **[**Within**]** Not later than thirty days **[**of**]**

after the mailing of such notice, the taxpayer shall pay to the commissioner, in cash or by check, draft or money order drawn to the order of the Commissioner of Revenue Services, any additional amount of tax shown to be due by the examination, or shall be paid by the State Treasurer, upon order of the Comptroller, any amount shown to be due it by such examination. The failure of the taxpayer to receive any notice required by this section shall not relieve **[**it**]** the taxpayer of the obligation to pay the tax or any interest or penalties thereon. If, before the expiration of the time prescribed by this section for the examination of the return or the assessment of the tax, both the commissioner and the taxpayer consent in writing to such examination or assessment after such time, the return may be examined and the tax may be assessed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period agreed upon. The commissioner may also in such a case extend the period during which a claim for refund may be made by such taxpayer.

Sec. 4. Section 12-340 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The provisions of this chapter shall apply only to estates of decedents dying on or prior to January 1, 2005, that, prior to October 1, 2018, have filed a return under section 12-359 or been assessed a tax under section 12-367.

(b) A tax is imposed, under the conditions and subject to the exemptions and limitations hereinafter prescribed, upon transfers, in trust or otherwise, of the following property or any interest therein or income therefrom: **[**(a)**]** (1) When the transfer is from a resident of this state, **[**; (1)**]** (A) real property situated in this state; **[**(2)**]** (B) tangible personal property, except such as has an actual situs without this state; **[**(3)**]** and (C) all intangible personal property; **[**(b)**]** and (2) when the

transfer is from a nonresident of this state, **[**; (1)**]** (A) real property situated in this state; **[**(2)**]** and (B) tangible personal property which has an actual situs in this state. No tax shall be imposed or collected when the amount due is less than ten dollars.

Sec. 5. Subdivision (2) of subsection (a) of section 12-728 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(2) (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 chapter or regulations adopted thereunder, there shall be imposed a penalty equal to ten per cent of the amount of such deficiency assessment. 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 chapter or regulations adopted thereunder, there shall be imposed a penalty equal to twenty-five per cent of the amount of such deficiency assessment.

(B) (i) For audits of returns commencing on or after January 1, 2006, and prior to January 1, 2018, when it appears that any part of the deficiency for which a deficiency assessment is made is due to failure to disclose a listed transaction, as defined in Section 6707A of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, **[**amended,**]** on the taxpayer's federal tax return, there shall be imposed a penalty equal to seventy-five per cent of the amount of such deficiency assessment.

(ii) For audits of returns commencing on or after January 1, 2018, when it appears that any part of the deficiency for which a deficiency assessment is made is due to failure to disclose a reportable transaction, as defined in said Section 6707A, on the taxpayer's federal tax return, there shall be imposed a penalty equal to seventy-five per

cent of the amount of such deficiency assessment.

Sec. 6. Subdivision (3) of subsection (c) of section 12-733 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(3) If a taxpayer fails to disclose a **[**listed**]** reportable transaction, as defined in Section 6707A of the Internal Revenue Code, on the taxpayer's federal tax return, a notice of deficiency assessment may be mailed to the taxpayer at any time not later than six years after the return required under this chapter for the same taxable year was filed.

Sec. 7. Subsection (a) of section 12-705 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) Each employer, as defined in section 12-707, maintaining an office or transacting business within this state and making payment of any wages taxable under this chapter to a resident or nonresident individual shall deduct and withhold from such wages for each payroll period a tax computed in such manner as to result, so far as practicable, in withholding from the employee's wages during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter with respect to the amount of such wages during the calendar year. The method of determining the amount to be withheld shall be prescribed by regulations of the Commissioner of Revenue Services adopted in accordance with chapter 54.

(2) Each payer, as defined in section 12-707, of distributions from a profit-sharing plan, a stock bonus, a deferred compensation plan, an individual retirement arrangement, an endowment or a life insurance contract, or of pension payments or annuity distributions, **[**including distributions from an employer pension, an annuity, a profit-sharing

plan, a stock bonus, a deferred compensation plan, an individual retirement arrangement, an endowment or a life insurance contract,**]** that (A) maintains an office or transacts business within this state, and (B) makes payment of any amounts taxable under this chapter to a resident individual, shall deduct and withhold from the taxable portion of any such distribution a tax computed in such manner as to result, so far as practicable, in withholding from the distributions paid during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the payee, as defined in section 12-707, under this chapter with respect to such distributions during the calendar year. The method of determining the amount to be withheld from taxable payments, other than lump sum distributions, shall be **[**the same as the method used by employers with respect to the payment of wages, except that**]** determined in accordance with instructions provided by the commissioner. The amount to be withheld from a lump sum distribution shall be equal to the taxable **[**at**]** portion of the distribution multiplied by the highest marginal rate, **[**unless**]** except that no withholding shall be required if (i) any portion of the lump sum distribution was previously subject to tax, or (ii) the lump sum distribution is a rollover that is effected as a direct trustee-to-trustee transfer or as a direct rollover in the form of a check made payable to another qualified account. For purposes of this section, "lump sum distribution" means a payment from a payer to a resident payee of such resident payee's entire **[**retirement**]** account balance, exclusive of any other tax withholding and any administrative charges and fees.

(3) In no event shall the requirements of this subsection result in nonpayment of any distribution to a resident individual. For the calendar year ending December 31, 2018, no taxpayer shall be assessed interest by the commissioner pursuant to section 12-722 solely on the basis of a payer's failure to comply with the provisions of this subsection.

Sec. 8. Subdivision (2) of subsection (b) of section 12-35 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(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 <u>personal</u> 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.

Sec. 9. Subparagraph (B) of subdivision (72) of section 12-81 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(B) Any person who on October first in any year holds title to machinery and equipment for which such person desires to claim the exemption provided in this subdivision shall file with the assessor or

board of assessors in the municipality in which the machinery or equipment is located, on or before the first day of November in such year, a list of such machinery or equipment together with written application claiming such exemption. Such application shall include the taxpayer identification number assigned to the claimant by the Commissioner of Revenue Services and the federal employer identification number assigned to the claimant by the Secretary of the Treasury. If title to such equipment is held by a person other than the person claiming the exemption, the claimant shall include on such person's application information as to the portion of the total acquisition cost incurred by such person, and on or before the first day of November in such year, the person holding title to such machinery and equipment shall file a list of such machinery with the assessor of the municipality in which the manufacturing facility of the claimant is located. Such person shall include on the list information as to the portion of the total acquisition cost incurred by such person. Commercial or financial information in any application or list filed under this section shall not be open for public inspection, provided such information is given in confidence and is not available to the public from any other source. The provisions of this subdivision regarding the filing of lists and information shall not supersede the requirements to file tax lists under sections 12-41, 12-42 and 12-57a. In substantiation of such claim, the claimant and the person holding title to machinery and equipment for which exemption is claimed shall present to the assessor or board of assessors such supporting documentation as the assessor or board of assessors may require, including, but not limited to, invoices, bills of sale, contracts for lease and bills of lading and shall, upon request, present to the **[**the**]** assessor or board of assessors a copy of each applicable federal income tax return and accompanying schedules. In lieu of submitting each applicable federal income tax return and accompanying schedules, a claimant and person holding title to machinery and equipment for which an exemption is claimed may, upon approval of the assessor or

board of assessors, submit copies of applicable schedules accompanied by a sworn affidavit stating that such schedules were filed as part of such claimant's or person's federal income tax return. Failure to file such application in this manner and form within the time limit prescribed shall constitute a waiver of the right to such exemption for such assessment year, unless an extension of time is allowed pursuant to section 12-81k. If title to exempt machinery is conveyed subsequent to October first in any assessment year, entitlement to such exemption shall terminate for the next assessment year and there shall be no pro rata application of the exemption unless such machinery or equipment continues to be leased by the manufacturer who claimed and was approved for the exemption in the previous assessment year. Machinery or equipment shall not be eligible for exemption upon transfer from a seller to a related business or from a lessor to a lessee except to the extent it would have been eligible for exemption by the seller or the lessor, as the case may be. For the purposes of this subdivision, "related business" means: (i) A corporation, limited liability company, partnership, association or trust controlled by the taxpayer; (ii) an individual, corporation, limited liability company, partnership, association or trust that is in control of the taxpayer; (iii) a corporation, limited liability company, partnership, association or trust controlled by an individual, corporation, limited liability company, partnership, association or trust that is in control of the taxpayer; or (iv) a member of the same controlled group as the taxpayer. For purposes of this subdivision, "control", with respect to a corporation, means ownership, directly or indirectly, of stock possessing fifty per cent or more of the total combined voting power of all classes of the stock of such corporation entitled to vote. "Control", with respect to a trust, means ownership, directly or indirectly, of fifty per cent or more of the beneficial interest in the principal or income of such trust. The ownership of stock in a corporation, of a capital or profits interest in a partnership or association or of a beneficial interest in a trust shall be determined in accordance with the rules for constructive ownership of

stock provided in Section 267(c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, other than paragraph (3) of said Section 267(c);

Sec. 10. Subdivision (3) of subsection (a) of section 12-217 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(3) Notwithstanding any provision of this section to the contrary, no dividend received from a real estate investment trust shall be deductible under this section by the recipient unless the dividend is: (A) Deductible under Section 243 of the Internal Revenue Code; (B) received by a qualified dividend recipient from a qualified real estate investment trust and, as of the last day of the period for which such dividend is paid, persons, not including the qualified dividend recipient or any person that is either a related person to, or an employee or director of, the qualified dividend recipient, have outstanding cash capital contributions to the qualified real estate investment trust that, in the aggregate, exceed five per cent of the fair market value of the aggregate real estate assets, valued as of the last day of the period for which such dividend is paid, then held by the qualified real estate investment trust; or (C) received from a captive real estate investment trust that is subject to the tax imposed under this chapter. For purposes of this section, a "related person" is as defined in subdivision (7) of subsection (a) of section 12-217m, "real estate assets" is as defined in Section 856 of the Internal Revenue Code, a "qualified dividend recipient" means a dividend recipient who has invested in a qualified real estate investment trust prior to April 1, 1997, and a "qualified real estate investment trust" means an entity that both was incorporated and had contributed to it a minimum of five hundred million **[**dollars**]** dollars' worth of real estate assets prior to April 1, 1997, and that elects to be a real estate investment trust under Section

856 of the Internal Revenue Code prior to April 1, 1998.

Sec. 11. Subsection (l) of section 12-218b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(l) For all other receipts not otherwise sourced by this **[**subsection**]** section, the numerator of the receipts factor includes all other receipts if the billing address of the customer is in this state; otherwise the numerator will include all other receipts pursuant to the provisions of section 12-218.

Sec. 12. Subdivision (1) of subsection (b) of section 12-263i of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(b) (1) For each calendar quarter commencing on or after October 1, 2015, there is hereby imposed a tax on each ambulatory surgical center in this state to be paid each calendar quarter. The tax imposed by this section shall be at the rate of six per cent of the gross receipts of each ambulatory surgical center, except that such tax shall not be imposed on any amount of such gross receipts that constitutes either (A) the first million dollars of gross receipts of the ambulatory surgical center in the applicable fiscal year, or (B) net revenue of a hospital that is subject to the tax imposed under section **[**602 of public act 17-2 of the June special session**]** 12-263q. Nothing in this section shall prohibit an ambulatory surgical center from seeking remuneration for the tax imposed by this section.

Sec. 13. Subparagraph (D) of subdivision (1) of section 12-408 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(D) (i) With respect to the sales of computer and data processing services occurring on or after **[**July 1, 2000, and prior to July 1, 2001, at

the rate of two per cent, on or after**]** July 1, 2001, at the rate of one per cent, and (ii) with respect to sales of Internet access services, on and after July 1, 2001, such services shall be exempt from such tax;

Sec. 14. Subparagraph (I) of subdivision (1) of section 12-408 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(I) The rate of tax imposed by this chapter shall be applicable to all retail sales upon the effective date of such rate, except that a new rate which represents an increase in the rate applicable to the sale shall not apply to any sales transaction wherein a binding sales contract without an escalator clause has been entered into prior to the effective date of the new rate and delivery is made within ninety days after the effective date of the new rate. For the purposes of payment of the tax imposed under this section, any retailer of services taxable under **[**subparagraph (I) of subdivision (2)**]** subdivision (37) of subsection (a) of section 12-407, who computes taxable income, for purposes of taxation under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, on an accounting basis which recognizes only cash or other valuable consideration actually received as income and who is liable for such tax only due to the rendering of such services may make payments related to such tax for the period during which such income is received, without penalty or interest, without regard to when such service is rendered;

Sec. 15. Subsection (g) of section 12-409 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(g) Whenever any seller files returns for four successive monthly or quarterly periods, or for two successive annual periods, as the case may be, showing no sales, the commissioner, upon hearing, after

giving such seller thirty **[**days**]** days' notice, in writing, specifying the time and place of hearing and requiring such seller to show cause why such seller's permit or permits should not be cancelled, may cancel one or more of the permits held by such seller. The notice may be served personally or by mail. The commissioner shall not issue a new permit after the cancellation of a permit unless the commissioner is satisfied that the former holder of the permit will make sales subject to the provisions of this chapter relating to the sales tax and the regulations of the commissioner.

Sec. 16. Subdivisions (5) and (6) of section 12-410 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(5) (A) For the purpose of the proper administration of this chapter and to prevent evasion of the sales tax, a sale of any service described in **[**subparagraph (I) of subdivision (2)**]** subdivision (37) of subsection (a) of section 12-407 shall be considered a sale for resale only if the service to be resold is an integral, inseparable component part of a service described in said **[**subparagraph (I) which**]** subdivision that is to be subsequently sold by the purchaser to an ultimate consumer. The purchaser of the service for resale shall maintain, in such form as the commissioner requires, records **[**which**]** that substantiate: (i) From whom the service was purchased and to whom the service was sold, (ii) the purchase price of the service, and (iii) the nature of the service to demonstrate that the services were an integral, inseparable component part of a service described in **[**subparagraph (I) of subdivision (2)**]** subdivision (37) of subsection (a) of section 12-407 **[**which**]** that was subsequently sold to a consumer.

(B) Notwithstanding the provisions of subparagraph (A) of this subdivision, no sale of a service described in **[**subparagraph (I) of subdivision (2)**]** subdivision (37) of subsection (a) of section 12-407 by a seller shall be considered a sale for resale if such service is to be

subsequently sold by the purchaser to an ultimate consumer that is affiliated with the purchaser in the manner described in subparagraph (A) of subdivision (62) of **[**subsection (a) of**]** section 12-412.

(6) For the purpose of the proper administration of this chapter and to prevent evasion of the sales tax, no sale of any service by a seller shall be considered a sale for resale if such service is to be subsequently sold by the purchaser, without change, to an ultimate consumer that is affiliated with the purchaser in the manner described in subparagraph (A) of subdivision (62) of **[**subsection (a) of**]** section 12-412.

Sec. 17. Subparagraph (K) of subdivision (1) of section 12-411 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(K) (i) For calendar months commencing on or after July 1, 2017, the commissioner shall deposit into said Special Transportation Fund seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision;

(ii) For calendar months commencing on or after July 1, 2020, but prior to July 1, 2021, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 twenty per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the **[**sale**]** acceptance or receipt in this state of a motor vehicle;

(iii) For calendar months commencing on or after July 1, 2021, but prior to July 1, 2022, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 forty per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the **[**sale**]** acceptance or receipt in this state of a motor vehicle;

(iv) For calendar months commencing on or after July 1, 2022, but prior to July 1, 2023, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 sixty per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the **[**sale**]** acceptance or receipt in this state of a motor vehicle;

(v) For calendar months commencing on or after July 1, 2023, but prior to July 1, 2024, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 eighty per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the **[**sale**]** acceptance or receipt in this state of a motor vehicle; and

(vi) For calendar months commencing on or after July 1, 2024, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 one hundred per cent of the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the **[**sale**]** acceptance or receipt in this state of a motor vehicle.

Sec. 18. Subdivisions (14) and (15) of section 12-411 of the 2018 supplement to the general statutes are repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(14) (A) For the purpose of the proper administration of this chapter and to prevent evasion of the use tax, a purchase of any service described in **[**subparagraph (I) of subdivision (2)**]** subdivision (37) of subsection (a) of section 12-407 shall be considered a purchase for resale only if the service to be resold is an integral, inseparable component part of a service described in said **[**subparagraph (I) which**]** subdivision that is to be subsequently sold by the purchaser to an ultimate consumer. The purchaser of the service for resale shall maintain, in such form as the commissioner requires, records **[**which**]**

that substantiate: (i) From whom the service was purchased and to whom the service was sold; (ii) the purchase price of the service; and (iii) the nature of the service to demonstrate that the service was an integral, inseparable component part of a service described in **[**subparagraph (I) of subdivision (2)**]** subdivision (37) of subsection (a) of section 12-407 **[**which**]** that was subsequently sold to a consumer.

(B) Notwithstanding the provisions of subparagraph (A) of this subdivision, no purchase of a service described in **[**subparagraph (I) of subdivision (2)**]** subdivision (37) of subsection (a) of section 12-407 by a purchaser shall be considered a purchase for resale if such service is to be subsequently sold by the purchaser to an ultimate consumer that is affiliated with the purchaser in the manner described in subparagraph (A) of subdivision (62) of **[**subsection (a) of**]** section 12-412.

(15) For the purpose of the proper administration of this chapter and to prevent evasion of the use tax, no purchase of any service by a purchaser shall be considered a purchase for resale if such service is to be subsequently sold by the purchaser, without change, to an ultimate consumer that is affiliated with the purchaser in the manner described in subparagraph (A) of subdivision (62) of **[**subsection (a) of**]** section 12-412.

Sec. 19. Subdivision (14) of section 12-412 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(14) (A) Nonreturnable containers and returnable dairy product containers when sold without the contents to persons who place the contents in the container and sell the contents together with the container; (B) containers when sold with the contents if the sales price of the contents is not required to be included in the measure of the taxes imposed by this chapter; (C) returnable containers when sold with the contents in connection with a retail sale of the contents or

when resold for refilling. As used herein, "returnable containers" means containers of a kind customarily returned by the buyer of the contents for reuse, but does not mean nonrefillable beverage containers, as defined in **[**subdivision (10) of**]** section 22a-243. All other containers are "nonreturnable containers". Nothing in this subsection shall be construed so as to tax the gross receipts from the sale of or the storage, use or other consumption in this state of bags in which feed for livestock and poultry **[**, as defined in subdivision (12) of this section,**]** is customarily contained.

Sec. 20. Subdivision (19) of section 12-412 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(19) Sales of and the storage, use or other consumption of (A) oxygen, blood or blood plasma when sold for medical use in humans or animals; (B) artificial devices individually designed, constructed or altered solely for the use of a particular person with physical disability so as to become a brace, support, supplement, correction or substitute for the bodily structure, including the extremities of the individual, and repair or replacement parts and repair services rendered to property described in this subparagraph; (C) artificial limbs, artificial eyes and other equipment worn as a correction or substitute for any functioning portion of the body, custom-made wigs or hairpieces for persons with medically diagnosed total and permanent hair loss as a result of disease or the treatment of disease, artificial hearing aids when designed to be worn on the person of the owner or user, closed circuit television equipment used as a reading aid by persons who are visually impaired and repair or replacement parts and repair services rendered to property described in this subparagraph; (D) canes, crutches, walkers, **[**wheel chairs**]** <u>wheelchairs</u> and inclined stairway chairlifts for the use of any person with physical disability, and repair or replacement parts and repair services to property described in this

subparagraph; (E) any equipment used in support of or to supply vital life functions, including oxygen supply equipment used for humans or animals, kidney dialysis machines and any other such device used in necessary support of vital life functions, and apnea monitors, and repair or replacement parts and repair services rendered to property described in this subparagraph; and (F) support hose that is specially designed to aid in the circulation of blood and is purchased by a person who has a medical need for such hose. Repair or replacement parts are exempt whether purchased separately or in conjunction with the item for which they are intended, and whether such parts continue the original function or enhance the functionality of such item. As used in this subdivision, "repair services" means services that are described in subparagraph (Q) or (CC) of subdivision (37) of subsection (a) of section 12-407.

Sec. 21. Section 12-416a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

The Commissioner of Revenue Services is authorized to pay to a municipal agency an amount not to exceed fifty per cent of the tax actually collected as the result of an assessment made under section 12-415 or 12-416 against the purchaser of a vessel, as defined in subdivision (24) of subsection (a) of section 12-407, if said commissioner, in the commissioner's sole discretion, determines that information provided by such agency was instrumental in the making of such assessment. Notwithstanding the provisions of section 12-15, the commissioner may disclose to a municipal agency that receives a payment under this section the name and address of the person against whom the assessment is made, the amount of the tax actually assessed and the amount of the tax actually collected with respect to which such a payment may be made.

Sec. 22. Subdivisions (3) to (5), inclusive, of section 12-426 of the general statutes are repealed and the following is substituted in lieu

thereof (*Effective October 1, 2018*):

(3) (A) Every seller, every retailer as **[**defined**]** described in subparagraph (B) of subdivision (12) of subsection (a) of section 12-407 and every person storing, accepting, consuming or otherwise using in this state services or tangible personal property purchased from a retailer shall keep such records, receipts, invoices and other pertinent papers in such form as the commissioner requires.

(B) In addition any records required pursuant to subparagraph (A) of this subdivision, each materialman collecting tax as allowed under the provisions of subparagraph (C) of subdivision (2) of section 12-408 shall keep the following records with respect to each sale of building materials or services described in said subparagraph (C): (i) The date of such sale; (ii) proof that the sale meets the qualifications described in said subparagraph (C); (iii) the amount of credit, if any, extended by such materialman to such contractor, subcontractor or repairman for each such sale; (iv) the terms for payment of the purchase price or repayment of any such credit; and (v) the date or dates on which such purchase price is paid or such credit is repaid, in whole or in part, and the amount of each such payment or repayment. Such records shall be kept for a period of three years from the date the tax on each such sale is paid **[**over**]** to the commissioner in full, provided the commissioner may consent to their destruction within that period or may require that they be kept longer.

(4) The commissioner or any person authorized by **[**him**]** the commissioner may examine the books, papers, records and equipment of any person selling services or tangible personal property and any person liable for the use tax, and may investigate the character of the business of the person **[**in order**]** 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.

(5) In administration of the use tax the commissioner may require the filing of information reports by any person or class of persons having in **[**his or their**]** the person's or persons' possession or custody information relating to sales of services or tangible personal property the storage, acceptance, consumption or other use of which is subject to the tax. Such reports shall be filed when the commissioner requires and shall set forth the names and addresses of purchasers of the services or tangible personal property, the sales price of the services or property, the date of sale and such other information as the commissioner may require.

Sec. 23. Section 12-432a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

No retailer, as **[**defined in subdivision (g) of subsection (12)**]** described in subparagraph (K) of subdivision (12) of subsection (a) of section 12-407, who fails to comply with the provisions of this chapter shall maintain any action in law or equity in this state on any sale or transaction included under said **[**subdivision (g) of subsection (12)**]** subparagraph.

Sec. 24. Subsection (e) of section 12-667 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(e) The commissioner, if **[**he**]** the commissioner deems it necessary in order to **[**insure**]** ensure payment to or facilitate the collection by the state of the amount of surcharges, may permit or require returns and payment of the amount of surcharges for other than monthly or quarterly periods.

Sec. 25. Clause (i) of subparagraph (C) of subdivision (9) of subsection (a) of section 12-700 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(C) (i) For any husband and wife who file a return under the federal income tax for such taxable year as married individuals filing jointly or any person who files a return under the federal income tax for such taxable year as a surviving spouse, as defined in Section 2(a) of the Internal Revenue Code:

Connecticut Taxable Income	Rate of Tax
Not over $20,000	3.0%
Over $20,000 but not over $100,000	$600.00, plus 5.0% of the excess over $20,000
Over $100,000 but not over $200,000	$4,600, plus 5.5% of the excess over $100,000
Over $200,000 but not over $400,000	$10,100, plus 6.0% of the excess over $200,000
Over $400,000 but not over $500,000	$22,100, plus 6.5% of the excess over $400,000
Over $500,000 but not over $1,000,000	$28,600, plus 6.9% of the excess over **[**$500,00**]** $500,000
Over $1,000,000	$63,100, plus 6.99% of the excess over $1,000,000

Sec. 26. Subdivision (2) of subsection (c) of section 12-700 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(2) For purposes of subdivision (1) of this subsection and subsection (a) of this section, the Connecticut adjusted gross income of a part-year resident (A) changing **[**his**]** such resident's status from resident to nonresident shall be increased or decreased, as the case may be, by the items accrued under subdivision (1) of subsection (c) of section 12-717, to the extent not otherwise includable in Connecticut adjusted gross income for the taxable year, and (B) changing **[**his**]** such resident's

status from nonresident to resident shall be increased or decreased, as the case may be, by the items accrued under subdivision (2) of subsection (c) of section 12-717, to the extent included in Connecticut adjusted gross income for the taxable year.

Sec. 27. Subdivision (20) of subsection (a) of section 12-701 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(20) "Connecticut adjusted gross income" means adjusted gross income, with the following modifications:

(A) There shall be added thereto:

(i) **[**to**]** To the extent not properly includable in gross income for federal income tax purposes, any interest income from obligations issued by or on behalf of any state, political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity, exclusive of such income from obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut and exclusive of any such income with respect to which taxation by any state is prohibited by federal law; **[**,**]**

(ii) **[**any**]** Any exempt-interest dividends, as defined in Section 852(b)(5) of the Internal Revenue Code, exclusive of such exempt-interest dividends derived from obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut and exclusive of such exempt-interest dividends derived from obligations, the income with respect to which taxation by any state is prohibited by federal law; **[**,**]**

(iii) **[**any**]** Any interest or dividend income on obligations or securities of any authority, commission or instrumentality of the United States which federal law exempts from federal income tax but does not exempt from state income taxes; **[**,**]**

(iv) **[**to**]** To the extent included in gross income for federal income tax purposes for the taxable year, the total taxable amount of a lump sum distribution for the taxable year deductible from such gross income in calculating federal adjusted gross income; **[**,**]**

(v) **[**to**]** To the extent properly includable in determining the net gain or loss from the sale or other disposition of capital assets for federal income tax purposes, any loss from the sale or exchange of obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut, in the income year such loss was recognized; **[**,**]**

(vi) **[**to**]** To the extent deductible in determining federal adjusted gross income, any income taxes imposed by this state; **[**,**]**

(vii) **[**to**]** To the extent deductible in determining federal adjusted gross income, any interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest on which is exempt from tax under this chapter; **[**,**]**

(viii) **[**expenses**]** Expenses paid or incurred during the taxable year for the production or collection of income which is exempt from taxation under this chapter or the management, conservation or maintenance of property held for the production of such income, and the amortizable bond premium for the taxable year on any bond the interest on which is exempt from tax under this chapter to the extent that such expenses and premiums are deductible in determining federal adjusted gross income; **[**,**]**

(ix) **[**for**]** For property placed in service after September 10, 2001, but prior to September 11, 2004, in taxable years ending after September 10, 2001, any additional allowance for depreciation under subsection (k) of Section 168 of the Internal Revenue Code, as provided by Section 101 of the Job Creation and Worker Assistance Act of 2002, to the extent deductible in determining federal adjusted gross income; **[**,**]**

(x) **[**to**]** To the extent deductible in determining federal adjusted gross income, the deduction allowable as qualified domestic production activities income, pursuant to Section 199 of the Internal Revenue Code; **[**,**]**

(xi) **[**to**]** To the extent not properly includable in gross income for federal income tax purposes for the taxable year, any income from the discharge of indebtedness, in taxable years ending after December 31, 2008, in connection with any reacquisition, after December 31, 2008, and before January 1, 2011, of an applicable debt instrument or instruments, as those terms are defined in Section 108 of the Internal Revenue Code, as amended by Section 1231 of the American Recovery and Reinvestment Act of 2009, the inclusion of which income in federal gross income for the taxable year is deferred, as provided by said Section 1231; **[**,**]**

(xii) **[**to**]** To the extent not properly includable in gross income for federal income tax purposes, an amount equal to (I) any distribution from a manufacturing reinvestment account not used in accordance with subdivision (3) of subsection (c) of section 32-9zz to the extent that a contribution to such account was subtracted from federal adjusted gross income pursuant to clause (xix) of subparagraph (B) of this subdivision in computing Connecticut adjusted gross income for the current or a preceding taxable year, and (II) any return of money from a manufacturing reinvestment account pursuant to subsection (d) of section 32-9zz to the extent that a contribution to such account was subtracted from federal adjusted gross income pursuant to clause (xix)

of subparagraph (B) of this subdivision in computing Connecticut adjusted gross income for the current or a preceding taxable year; **[**,**]** and

(xiii) **[**to**]** To the extent not properly includable in gross income for federal income tax purposes, an amount equal to any compensation required to be recognized under Section 457A of the Internal Revenue Code that is attributable to services performed within this state.

(B) There shall be subtracted therefrom:

(i) **[**to**]** To the extent properly includable in gross income for federal income tax purposes, any income with respect to which taxation by any state is prohibited by federal law; **[**,**]**

(ii) **[**to**]** To the extent allowable under section 12-718, exempt dividends paid by a regulated investment company; **[**,**]**

(iii) To the extent properly includable in gross income for federal income tax purposes, the amount of any refund or credit for overpayment of income taxes imposed by this state, or any other state of the United States or a political subdivision thereof, or the District of Columbia; **[**, to the extent properly includable in gross income for federal income tax purposes,**]**

(iv) **[**to**]** To the extent properly includable in gross income for federal income tax purposes and not otherwise subtracted from federal adjusted gross income pursuant to clause (x) of this subparagraph in computing Connecticut adjusted gross income, any tier 1 railroad retirement benefits; **[**,**]**

(v) **[**to**]** To the extent any additional allowance for depreciation under Section 168(k) of the Internal Revenue Code, as provided by Section 101 of the Job Creation and Worker Assistance Act of 2002, for property placed in service after December 31, 2001, but prior to

September 10, 2004, was added to federal adjusted gross income pursuant to subparagraph (A)(ix) of this subdivision in computing Connecticut adjusted gross income for a taxable year ending after December 31, 2001, twenty-five per cent of such additional allowance for depreciation in each of the four succeeding taxable years; **[**,**]**

(vi) **[**to**]** To the extent properly includable in gross income for federal income tax purposes, any interest income from obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut; **[**,**]**

(vii) **[**to**]** To the extent properly includable in determining the net gain or loss from the sale or other disposition of capital assets for federal income tax purposes, any gain from the sale or exchange of obligations issued by or on behalf of the state of Connecticut, any political subdivision thereof, or public instrumentality, state or local authority, district or similar public entity created under the laws of the state of Connecticut, in the income year such gain was recognized; **[**,**]**

(viii) **[**any**]** Any interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest on which is subject to tax under this chapter but exempt from federal income tax, to the extent that such interest on indebtedness is not deductible in determining federal adjusted gross income and is attributable to a trade or business carried on by such individual; **[**,**]**

(ix) **[**ordinary**]** Ordinary and necessary expenses paid or incurred during the taxable year for the production or collection of income which is subject to taxation under this chapter but exempt from federal income tax, or the management, conservation or maintenance of property held for the production of such income, and the amortizable bond premium for the taxable year on any bond the interest on which

is subject to tax under this chapter but exempt from federal income tax, to the extent that such expenses and premiums are not deductible in determining federal adjusted gross income and are attributable to a trade or business carried on by such individual; **[**,**]**

(x) (I) **[**for**]** For taxable years commencing prior to January 1, 2019, for a person who files a return under the federal income tax as an unmarried individual whose federal adjusted gross income for such taxable year is less than fifty thousand dollars, or as a married individual filing separately whose federal adjusted gross income for such taxable year is less than fifty thousand dollars, or for a husband and wife who file a return under the federal income tax as married individuals filing jointly whose federal adjusted gross income for such taxable year is less than sixty thousand dollars or a person who files a return under the federal income tax as a head of household whose federal adjusted gross income for such taxable year is less than sixty thousand dollars, an amount equal to the Social Security benefits includable for federal income tax purposes;

(II) **[**for**]** For taxable years commencing prior to January 1, 2019, for a person who files a return under the federal income tax as an unmarried individual whose federal adjusted gross income for such taxable year is fifty thousand dollars or more, or as a married individual filing separately whose federal adjusted gross income for such taxable year is fifty thousand dollars or more, or for a husband and wife who file a return under the federal income tax as married individuals filing jointly whose federal adjusted gross income from such taxable year is sixty thousand dollars or more or for a person who files a return under the federal income tax as a head of household whose federal adjusted gross income for such taxable year is sixty thousand dollars or more, an amount equal to the difference between the amount of Social Security benefits includable for federal income tax purposes and the lesser of twenty-five per cent of the Social Security

benefits received during the taxable year, or twenty-five per cent of the excess described in Section 86(b)(1) of the Internal Revenue Code;

(III) **[**for**]** For the taxable year commencing January 1, 2019, and each taxable year thereafter, for a person who files a return under the federal income tax as an unmarried individual whose federal adjusted gross income for such taxable year is less than seventy-five thousand dollars, or as a married individual filing separately whose federal adjusted gross income for such taxable year is less than seventy-five thousand dollars, or for a husband and wife who file a return under the federal income tax as married individuals filing jointly whose federal adjusted gross income for such taxable year is less than one hundred thousand dollars or a person who files a return under the federal income tax as a head of household whose federal adjusted gross income for such taxable year is less than one hundred thousand dollars, an amount equal to the Social Security benefits includable for federal income tax purposes; and

(IV) **[**for**]** For the taxable year commencing January 1, 2019, and each taxable year thereafter, for a person who files a return under the federal income tax as an unmarried individual whose federal adjusted gross income for such taxable year is seventy-five thousand dollars or more, or as a married individual filing separately whose federal adjusted gross income for such taxable year is seventy-five thousand dollars or more, or for a husband and wife who file a return under the federal income tax as married individuals filing jointly whose federal adjusted gross income from such taxable year is one hundred thousand dollars or more or for a person who files a return under the federal income tax as a head of household whose federal adjusted gross income for such taxable year is one hundred thousand dollars or more, an amount equal to the difference between the amount of Social Security benefits includable for federal income tax purposes and the lesser of twenty-five per cent of the Social Security benefits received

during the taxable year, or twenty-five per cent of the excess described in Section 86(b)(1) of the Internal Revenue Code; **[**,**]**

(xi) **[**to**]** To the extent properly includable in gross income for federal income tax purposes, any amount rebated to a taxpayer pursuant to section 12-746; **[**,**]**

(xii) **[**to**]** To the extent properly includable in the gross income for federal income tax purposes of a designated beneficiary, any distribution to such beneficiary from any qualified state tuition program, as defined in Section 529(b) of the Internal Revenue Code, established and maintained by this state or any official, agency or instrumentality of the state; **[**,**]**

(xiii) **[**to**]** To the extent allowable under section 12-701a, contributions to accounts established pursuant to any qualified state tuition program, as defined in Section 529(b) of the Internal Revenue Code, established and maintained by this state or any official, agency or instrumentality of the state; **[**,**]**

(xiv) **[**to**]** To the extent properly includable in gross income for federal income tax purposes, the amount of any Holocaust victims' settlement payment received in the taxable year by a Holocaust victim; **[**,**]**

(xv) **[**to**]** To the extent properly includable in gross income for federal income tax purposes of an account holder, as defined in section 31-51ww, interest earned on funds deposited in the individual development account, as defined in section 31-51ww, of such account holder; **[**,**]**

(xvi) **[**to**]** To the extent properly includable in the gross income for federal income tax purposes of a designated beneficiary, as defined in section 3-123aa, interest, dividends or capital gains earned on contributions to accounts established for the designated beneficiary

pursuant to the Connecticut Homecare Option Program for the Elderly established by sections 3-123aa to 3-123ff, inclusive; **[**,**]**

(xvii) **[**to**]** To the extent properly includable in gross income for federal income tax purposes, any income received from the United States government as retirement pay for a retired member of (I) the Armed Forces of the United States, as defined in Section 101 of Title 10 of the United States Code, or (II) the National Guard, as defined in Section 101 of Title 10 of the United States Code; **[**,**]**

(xviii) **[**to**]** To the extent properly includable in gross income for federal income tax purposes for the taxable year, any income from the discharge of indebtedness in connection with any reacquisition, after December 31, 2008, and before January 1, 2011, of an applicable debt instrument or instruments, as those terms are defined in Section 108 of the Internal Revenue Code, as amended by Section 1231 of the American Recovery and Reinvestment Act of 2009, to the extent any such income was added to federal adjusted gross income pursuant to subparagraph (A)(xi) of this subdivision in computing Connecticut adjusted gross income for a preceding taxable year; **[**,**]**

(xix) **[**to**]** To the extent not deductible in determining federal adjusted gross income, the amount of any contribution to a manufacturing reinvestment account established pursuant to section 32-9zz in the taxable year that such contribution is made; **[**,**]**

(xx) **[**to**]** To the extent properly includable in gross income for federal income tax purposes, (I) for the taxable year commencing January 1, 2015, ten per cent of the income received from the state teachers' retirement system, (II) for the taxable years commencing January 1, 2016, January 1, 2017, and January 1, 2018, twenty-five per cent of the income received from the state teachers' retirement system, and (III) for the taxable year commencing January 1, 2019, and each taxable year thereafter, fifty per cent of the income received from the

state teachers' retirement system or the percentage, if applicable, pursuant to clause (xxi) of this subparagraph; **[**,**]**

(xxi) **[**to**]** To the extent properly includable in gross income for federal income tax purposes, except for retirement benefits under clause (iv) of this subparagraph and retirement pay under clause (xvii) of this subparagraph, for a person who files a return under the federal income tax as an unmarried individual whose federal adjusted gross income for such taxable year is less than seventy-five thousand dollars, or as a married individual filing separately whose federal adjusted gross income for such taxable year is less than seventy-five thousand dollars, or as a head of household whose federal adjusted gross income for such taxable year is less than seventy-five thousand dollars, or for a husband and wife who file a return under the federal income tax as married individuals filing jointly whose federal adjusted gross income for such taxable year is less than one hundred thousand dollars, (I) for the taxable year commencing January 1, 2019, fourteen per cent of any pension or annuity income, (II) for the taxable year commencing January 1, 2020, twenty-eight per cent of any pension or annuity income, (III) for the taxable year commencing January 1, 2021, forty-two per cent of any pension or annuity income, (IV) for the taxable year commencing January 1, 2022, fifty-six per cent of any pension or annuity income, (V) for the taxable year commencing January 1, 2023, seventy per cent of any pension or annuity income, (VI) for the taxable year commencing January 1, 2024, eighty-four per cent of any pension or annuity income, and (VII) for the taxable year commencing January 1, 2025, and each taxable year thereafter, any pension or annuity income; **[**,**]**

(xxii) **[**the**]** The amount of lost wages and medical, travel and housing expenses, not to exceed ten thousand dollars in the aggregate, incurred by a taxpayer during the taxable year in connection with the donation to another person of an organ for organ transplantation

occurring on or after January 1, 2017; **[**,**]** and

(xxiii) **[**to**]** To the extent properly includable in gross income for federal income tax purposes, the amount of any financial assistance received from the Crumbling Foundations Assistance Fund or paid to or on behalf of the owner of a residential building pursuant to sections 8-442 and 8-443.

(C) With respect to a person who is the beneficiary of a trust or estate, there shall be added or subtracted, as the case may be, from adjusted gross income such person's share, as determined under section 12-714, in the Connecticut fiduciary adjustment.

Sec. 28. Subdivision (1) of subsection (a) of section 12-790c of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) (1) No tax preparer or facilitator shall do or commit any of the following acts or omissions, and the commissioner may deny the issuance of an initial or a renewal permit and may suspend or revoke any such permit for the following acts or omissions or for a violation of any provision of **[**sections**]** section 12-790a **[**and**]** or 12-790b:

(A) Engage in a criminal act resulting in conviction of the tax preparer or facilitator or in unprofessional conduct resulting in final disciplinary action by the federal government, any state or jurisdiction of the United States, any other governmental agency or a professional licensing board or similar entity, provided such act or conduct is substantially related to qualification as a tax preparer or facilitator;

(B) Procure or attempt to procure a permit under section 12-790a by material misrepresentation or fraud; or

(C) Violate, attempt to violate or assist in or abet the violation of any provision of section 12-790a or 12-790b.

Sec. 29. Subdivision (2) of subsection (a) of section 3-115 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(2) The Comptroller shall issue cumulative monthly financial statements concerning the state's General Fund which shall include (A) a statement of revenues and expenditures to the end of the last-completed month, together with the statement of estimated revenue by source to the end of the fiscal year and the statement of appropriation requirements of the state's General Fund to the end of the fiscal year furnished pursuant to section 4-66 and itemized as far as practicable for each budgeted agency, including estimates of lapsing appropriations, unallocated lapsing balances and unallocated appropriation requirements, and (B) an analysis of the statements furnished by the Secretary of the Office of Policy and Management to the Comptroller pursuant to subdivision (4) of section 4-66. The Comptroller shall provide the cumulative monthly financial statements, in the same form and in the same categories as appears in the budget act enacted by the General Assembly, on or before the first day of the following month. The Comptroller shall submit a copy of the monthly trial balance and monthly analysis of expenditure run to the legislative Office of Fiscal Analysis.

Sec. 30. Subdivision (1) of subsection (a) of section 7-168a of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) (1) A municipality may, by ordinance, impose a surcharge on the admission charge for any event that is held at a facility located within the municipality. The amount of such surcharge shall not exceed five per cent of the amount of admission, except that the amount of such surcharge imposed on the **[**facility described in subdivision (12) of subsection (a) of section 12-541**]** Dunkin' Donuts Park in Hartford shall not exceed ten per cent of the amount of admission. The amount of any

such surcharge shall be in addition to any tax otherwise applicable to such admission charge, except that no municipality may impose a surcharge on a facility pursuant to this section if (A) the municipality imposes a surcharge on such facility pursuant to section 12-579, or (B) all of the proceeds from the event inure exclusively to an entity which is exempt from federal income tax under the Internal Revenue Code, provided such entity actively engages in and assumes the financial risk associated with the presentation of such event. Any municipal ordinance adopted pursuant to this section may exclude additional events or facilities from the surcharge imposed pursuant to this section.

Sec. 31. Subsection (a) of section 12-578i of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) (1) There is established an Advisory Council on Large Entertainment Venues. Any of the following amusement, entertainment or recreation **[**facility described in subdivisions (8) to (13), inclusive, of subsection (a) of section 12-541**]** facilities that **[**has**]** have a seating capacity greater than five thousand persons shall be entitled to representation on the council: (A) The stadium facility, as defined in section 32-651; (B) any such facility that would have been subject to tax under the provisions of section 12-542 of the general statutes, revision of 1958, revised to January 1, 1999; (C) the XL Center in Hartford; (D) the Webster Bank Arena in Bridgeport; (E) the Ballpark at Harbor Yard in Bridgeport; (F) the Dunkin' Donuts Park in Hartford; and (G) the New Britain Stadium.

(2) Except as provided in subsection (b) of this section, each representative to the council shall be designated not later than September 1, 2017. The council shall select the chairperson of the council from among the members of the council and schedule the first meeting of the council not later than October 1, 2017. The council shall

meet at least annually to consider: **[**(1)**]** (A) The coordination of concerts, mixed martial arts events and other large entertainment events at such facilities; and **[**(2)**]** (B) other issues related to the operation of such facilities as determined by the council.

Sec. 32. Subdivision (4) of subsection (g) of section 12-391 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(4) With respect to the estates of decedents dying on or after January 1, 2018, but prior to January 1, 2019, the tax based on the Connecticut taxable estate shall be as provided in the following schedule:

Amount of Connecticut Taxable Estate	Rate of Tax
Not over $2,600,000	None
Over $2,600,000 but not over $3,600,000	7.2% of the excess over $2,600,000
Over $3,600,000 but not over $4,100,000	$72,000 plus 7.8% of the excess over $3,600,000
Over $4,100,000 but not over $5,100,000	$111,000 plus 8.4% of the excess over $4,100,000
Over $5,100,000 but not over $6,100,000	$195,000 plus 10% of the excess over $5,100,000
Over $6,100,000 but not over $7,100,000	$295,000 plus 10.4% of the excess over $6,100,000
Over $7,100,000 but not over $8,100,000	**[**$399,900**]** $399,000 plus 10.8% of the excess over $7,100,000
Over $8,100,000 but not over $9,100,000	$507,000 plus 11.2% of the excess over $8,100,000
Over $9,100,000 but not over $10,100,000	$619,000 plus 11.6% of the excess over $9,100,000
Over $10,100,000	$735,000 plus 12% of the excess

over $10,100,000

Sec. 33. Subdivision (6) of subsection (a) of section 12-642 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(6) With respect to Connecticut taxable gifts, as defined in section 12-643, made by a donor during a calendar year commencing on or after January 1, 2018, but prior to January 1, 2019, including the aggregate amount of all Connecticut taxable gifts made by the donor during all calendar years commencing on or after January 1, 2005, the tax imposed by section 12-640 for the calendar year shall be at the rate set forth in the following schedule, with a credit allowed against such tax for any tax previously paid to this state pursuant to this subdivision or pursuant to subdivision (3), (4) or (5) of this subsection, provided such credit shall not exceed the amount of tax imposed by this section:

Amount of Taxable Gifts	Rate of Tax
Not over $2,600,000	None
Over $2,600,000 but not over $3,600,000	7.2% of the excess over $2,600,000
Over $3,600,000 but not over $4,100,000	$72,000 plus 7.8% of the excess over $3,600,000
Over $4,100,000 but not over $5,100,000	$111,000 plus 8.4% of the excess over $4,100,000
Over $5,100,000 but not over $6,100,000	$195,000 plus 10% of the excess over $5,100,000
Over $6,100,000 but not over $7,100,000	$295,000 plus 10.4% of the excess over $6,100,000
Over $7,100,000 but not over $8,100,000	**[**$399,900**]** $399,000 plus 10.8% of the excess over $7,100,000
Over $8,100,000	$507,000 plus 11.2% of the excess

but not over $9,100,000	over $8,100,000
Over $9,100,000	$619,000 plus 11.6% of the excess
but not over $10,100,000	over $9,100,000
Over $10,100,000	$735,000 plus 12% of the excess
	over $10,100,000

Approved May 29, 2018