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2015, June 30, 2016, June 30, 2017, June 30, 2018, June 30, 2019, and June 30, 2020.

(2) For any assistance agreements originally executed on December 22, 2011, financial assistance for the first five plus program for eligible business development projects shall be exempt from the provisions of subsection (c) of section 32-223, section 32-462, subsection (q) of section 32-9t and, at the commissioner's discretion, section 12-211a for any of the fiscal years ending June 30, 2021, to June 30, 2024, inclusive.

**START**

— Sec. 385. (*Effective from passage*) (a) The Department of Revenue Services shall gather data it needs to evaluate the implementation of a payroll tax on employers in the state commencing January 1, 2021. The department shall develop and produce an information return form and, not later than August 15, 2019, mail such form to all such employers. Such information return form shall be sent by first class mail or electronic means and have a return due date of not later than October 1, 2019. Each employer that receives such information return form shall provide the data requested not later than the due date. For the purposes of this section, "employer" does not include the federal government, the state, municipalities, local or regional boards of education, the tribal nations or self-employed individuals.

(b) (1) (A) There is established a Payroll Commission, which shall consist of the Commissioner of Revenue Services, the Secretary of the Office of Policy and Management and the cochairpersons and ranking members of the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding. The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding shall serve as administrative staff of the commission.

(B) The Department of Revenue Services and the Office of Policy and Management shall provide additional support to the commission

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as necessary. The commission may consult with and solicit advice from tax experts and business leaders.

(2) Notwithstanding the provisions of section 12-15 of the general statutes, the commissioner shall disclose the data collected pursuant to subsection (a) of this section to members of the commission and may disclose such data to the administrative staff of the commission and members of the Department of Revenue Services and the Office of Policy and Management providing support to the commission pursuant to subdivision (1) of this subsection, provided (A) no member of the commission, other than the commissioner as authorized under section 12-15 of the general statutes, no member of the administrative staff of the commission and no staff member of the Department of Revenue Services or the Office of Policy and Management providing support to the commission who is not otherwise authorized under section 12-15 of the general statutes, may disclose to any person not a member of the commission any returns or return information, as such terms are defined in section 12-15 of the general statutes, and (B) such data shall be used solely for the purposes of this section.

(c) The Payroll Commission shall hold informational forums to educate its members and the public about the payroll tax proposal and shall request and receive public comments and written testimony and information from the public. The commission shall consider such comments and testimony and analyze the data collected pursuant to subsection (a) of this section, to do the following:

(1) Establish the wage base on which to impose a payroll tax. The commission shall use the wage base it establishes under this subdivision for any estimates or calculations made under this subsection requiring the use of a wage base;

(2) Provide an opinion whether a payroll tax may be imposed on the

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federal government or on tribal nations for wages paid to its employees in the state;

(3) Provide a recommendation on whether a payroll tax should be levied on the state, municipalities, local or regional boards of education or employers exempt from tax under Section 501(c) of the Internal Revenue Code of 1986 or any subsequent corresponding internal revenue code of the United States, as amended from time to time, for wages paid to its employees in the state;

(4) Recommend an option for the treatment of minimum wage employers and minimum wage employees under a payroll tax by examining the costs and impacts of the following on such employers and employees:

(A) Redefining "minimum fair wage" to include the portion of the payroll tax imposed on the employer that is attributable to the wages paid to an employee;

(B) Exempting employee wages of less than a threshold amount from the payroll tax. The commission shall specify a recommended threshold amount under this option;

(C) Providing a credit to employers for the amount of payroll tax paid on behalf of employees earning the minimum wage;

(D) Leaving the minimum wage unadjusted; or

(E) Any other option the commission deems reasonable;

(5) Assuming the implementation of (A) the commission's recommendations and findings under subdivisions (1) to (4), inclusive, of this subsection, and (B) the provisions of subdivisions (7) and (14) of this subsection, recommend a tax credit for low-income taxpayers, as determined by the commission, such that the net income of all

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taxpayers is not less than the projected net income of all taxpayers under the current tax imposed under chapter 229 of the general statutes. Any such tax credit (i) (I) shall be refundable, (II) shall be structured to avoid the result of taxpayers with a greater adjusted gross income having a lower net income than taxpayers with a lower adjusted gross income, (III) may have a cap or a limit on total income or unearned income, (IV) may be phased out, (V) may be made dependent on the payroll tax paid on an employee's wages, or (VI) may have eligibility requirements such as filing status, and (ii) shall be structured to incur as minimal a revenue decrease as possible. The commission shall specify the threshold used for its determination of a low-income taxpayer and any limits or requirements under clause (i) of this subparagraph it deems desirable or necessary to achieve the purposes of this subdivision;

(6) Assuming the implementation of the commission's recommendations and findings under subdivisions (1) to (4), inclusive, of this subsection, provide estimates, in accordance with the provisions set forth in subdivision (14) of this subsection, of total revenue generated from a payroll tax on employers;

(7) (A) Provide an estimate of the total decrease in revenue as a result of reducing the income tax rates under chapter 229 of the general statutes on wage income as follows:

Current rate	New rate
3.0%	0%
5.0%	0%
5.5%	0.5%
6.0%	1.0%
6.5%	2.5%
6.9%	2.9%
6.99%	2.99%

(B) In calculating such estimate, the commission shall assume (i) the

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continued application of the current income tax rates under chapter 229 of the general statutes to nonwage income, and (ii) the implementation of its recommendations and findings under subdivisions (1) to (4), inclusive, of this subsection;

(8) Assuming that a payroll tax cannot be levied on the federal government, calculate the decrease in state personal income tax liability for federal employees in the state as a result of the reduced income tax rates proposed under subdivision (7) of this subsection;

(9) Assuming that a payroll tax cannot be levied on the tribal nations, calculate the decrease in state personal income tax liability for tribal nation employees in the state as a result of the reduced income tax rates proposed under subdivision (7) of this subsection;

(10) Provide estimates, in accordance with the provisions set forth in subdivision (14) of this subsection, of (A) the total revenue of the tax imposed under chapter 229 of the general statutes from individuals who work in other states and take a credit against said tax, and (B) the total revenue of the tax imposed under chapter 229 of the general statutes from such individuals under the reduced income tax rates proposed under subdivision (7) of this subsection;

(11) Assuming (A) the implementation of the commission's recommendations and findings under subdivisions (1) to (4), inclusive, of this subsection, and (B) that some employers will reduce wages, reduce wage increases or forego wage increases in response to the implementation of a payroll tax, provide estimates, in accordance with the provisions set forth in subdivision (14) of this subsection, of the decrease in federal income, Social Security and Medicare taxes that would be paid by employees, by income decile and tax type. The commission shall specify the number or percentage of employers it assumed for the purpose of subparagraph (B) of this subdivision;

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(12) Assuming (A) the implementation of the commission's recommendations and findings under subdivisions (1) to (4), inclusive, of this subsection, and (B) the reduction in income tax rates as set forth in subdivision (7) of this subsection, provide estimates, in accordance with the provisions set forth in subdivision (14) of this subsection, of the annual total of state income tax and payroll tax that would be paid by or on behalf of an employee for each income decile. For each income decile, the commission shall provide a comparison of such estimated amounts to the amount of state income tax that would be paid by an employee who receives a wage increase equal to the increase in average hourly earnings of all private employees as reported by the United States Department of Labor, Bureau of Labor Statistics in its most recent year-over-year reporting;

(13) Assuming (A) the implementation of the commission's recommendations and findings under subdivisions (1) to (4), inclusive, of this subsection, and (B) the reduction in income tax rates as set forth in subdivision (7) of this subsection, and excluding any other applicable deduction that may be taken, provide an estimate of the total additional amount of property tax deductions that taxpayers may take under an itemized federal tax return as a result of the reductions in the income tax rates as set forth in subdivision (7) of this section;

(14) For the purposes of subdivisions (5), (6) and (10) to (12), inclusive, of this subsection, the commission shall provide separate estimates based on each of the following assumptions: The imposition of a payroll tax commencing January 1, 2021, (A) at the rate of five per cent on wage income; and (B) a phase-in of such tax over three years at the rate of (i) one and one-half per cent on wage income in the first year, (ii) three per cent on wage income in the second year, and (iii) five per cent on wage income in the third year. For the estimate based on the assumption set forth in subparagraph (B) of this subdivision, the commission shall assume the reductions in income tax rates as set

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forth in subdivision (7) of this subsection are phased in proportionately.

(d) The Payroll Commission shall also examine the capacity of the computer and other technology system capabilities of the Department of Revenue Services for the implementation of a payroll tax. The commission may include any additional recommendations, findings or estimates it deems appropriate or desirable to accomplish the goals of this section.

(e) (1) Not later than January 15, 2020, the Payroll Commission shall submit a report containing the recommendations, findings and estimates set forth in subsections (c) and (d) of this section. The report shall also include:

(A) Withholding schedules developed by the commission for the following:

(i) Assuming the implementation of (I) the reductions in income tax rates as set forth in subdivision (7) of subsection (c) of this section, (II) the department's recommendations and findings under subdivisions (1) to (4), inclusive, of subsection (c) of this section, and (III) the imposition of a payroll tax as set forth in subparagraph (A) of subdivision (14) of subsection (c) of this section; and

(ii) Assuming the implementation of (I) the reductions in income tax rates as set forth in subdivision (7) of subsection (c) of this section, (II) the commission's recommendations and findings under subdivisions (1) to (4), inclusive, of subsection (c) of this section, and (III) the imposition of a payroll tax as set forth in subparagraph (B) of subdivision (14) of subsection (c) of this section; and

(B) Ways to publicize and educate taxpayers about the payroll tax proposal, including any recommendations for funding to support such publicity and education efforts.

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(2) Such report shall be submitted in accordance with the provisions of section 11-4a of the general statutes to the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding. The commission shall terminate on the date it submits such report or January 15, 2020, whichever is later.

**END**

Sec. 386. (Effective July 1, 2019) The appropriations in section 1 of this act are supported by the GENERAL FUND revenue estimates as follows:

	2019-2020	2020-2021
TAXES		
Personal Income		
Withholding	\$6,910,500,000	\$7,168,500,000
Estimates and Finals	2,762,500,000	2,836,900,000
Sales and Use	4,444,100,000	4,588,400,000
Corporations	1,099,800,000	1,082,500,000
Pass-Through Entities	850,000,000	850,000,000
Public Service	237,700,000	244,700,000
Inheritance and Estate	165,800,000	146,300,000
Insurance Companies	203,300,000	205,800,000
Cigarettes	344,700,000	326,900,000
Real Estate Conveyance	217,400,000	230,600,000
Alcoholic Beverages	68,900,000	69,700,000
Admissions and Dues	41,900,000	41,500,000
Health Provider Tax	1,050,100,000	1,051,600,000
Miscellaneous	48,400,000	48,000,000
TOTAL TAXES	18,445,100,000	18,891,400,000
Refunds of Taxes	(1,309,300,000)	(1,378,900,000)
Earned Income Tax Credit	(97,300,000)	(100,600,000)
R & D Credit Exchange	(5,100,000)	(5,200,000)
NET TOTAL TAX REVENUE	17,033,400,000	17,406,700,000
OTHER REVENUE		