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SpecialReport

Acts Affecting Taxes

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July 17, 2019| 2019-R-0140

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Notice to Readers

This report provides summaries of new laws (public acts and special acts) significantly affecting taxes enacted during the 2019 regular session. OLR's other Acts Affecting reports are, or will soon be, available on OLR's website: https://www.cga.ct.gov/olr/actsaffecting.asp.

Each summary indicates the public act (PA) or special act (SA) number. Not all provisions of the acts are included. The report does not include vetoed acts unless the veto was overridden. Complete summaries of public acts are, or will soon be, available on OLR's website: https://www.cga.ct.gov/olr/olrpasums.asp.

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, House Clerk's Office, or General Assembly's website: http://www.cga.ct.gov.

Table of Contents

Income Tax

Property Tax Credit Limits

The legislature extended the existing limits on the property tax credit against the personal income tax to the 2019 and 2020 tax years. Specifically, these limit eligibility to people who (1) are age 65 or older before the end of the tax year or (2) validly claim at least one dependent on their federal income tax return for that year (PA 19-117, § 335, effective upon passage).

Reduced Tax Credit for Pass-Through Entity Tax Paid

The law provides offsetting credits at the personal or corporate income tax level to a pass-through entity's members for pass-through entity tax they paid. Under prior law, the tax credit equaled a member's direct and indirect pro rata share of the tax paid by the pass-through business, multiplied by 93.01%. The budget act reduces the credit's value by reducing the multiplier to 87.5% (PA 19-117, §§ 333 & 334, effective upon passage and applicable to taxable and income years beginning on or after January 1, 2019).

Teacher Pensions

A new law delays, by two years, the scheduled increase in the income tax exemption for income received from the state teachers' retirement system. The exemption was due to increase from 25% to 50% for 2019 and subsequent tax years. The new law instead maintains it at 25% for 2019 and 2020 and increases it to 50% beginning in 2021.

Taxpayers are not subject to estimated tax payment requirements and interest on underpayments for the 2019 tax year for any additional tax due as a result of this delay before the provision takes effect (PA 19-117, §§ 332 & 334, effective upon passage and applicable to tax years beginning on or after January 1, 2019).

Business Taxes

Business Entity Tax Sunset

A new law sunsets the business entity tax beginning January 1, 2020. The business entity tax is a $250 tax, due every other taxable year, imposed on certain business entities (e.g., S corporations, limited partnerships, limited liability partnerships, and limited liability companies) (PA 19-117, §§ 338 & 339, effective upon passage).

Business Filing Fees

Beginning July 1, 2020, the budget act increases, from $20 to $80, the fee that foreign and domestic limited partnerships, limited liability companies, and limited liability partnerships must pay for filing an annual report with the secretary of the state (PA 19-117, §§ 344-346, effective July 1, 2019).

Capital Base Tax Phase Out

A new law phases out the capital base tax on corporations over four years, from 2021 to 2024. Previously, the tax rate was 3.1 mills per dollar of a corporation's capital base (i.e., its net worth apportioned to Connecticut). Under the new law, the rate decreases to 2.6 mills in 2021, 2.1 mills in 2022, 1.1 mills in 2023, and zero mills beginning in 2024 (PA 19-117, § 340, effective upon passage).

Corporation Business Tax Credits Cap

The budget act reduces, from 70% to 50.01%, the amount by which a company may reduce its tax liability using research and development and Urban Reinvestment Act (URA) credits. Under existing law, the 50.01% credit cap applies to all other corporation business tax credits (PA 19-117, §349, effective upon passage and applicable to income years beginning on or after January 1, 2019).

Corporation Business Tax Surcharge

A new law extends the 10% corporation business tax surcharge for two additional years, to the 2019 and 2020 income years. As under existing law, the surcharge for 2019 and 2020 applies to companies that have more than $250 in corporation tax liability and either (1) have at least $100 million in annual gross income in those years or (2) are taxable members of a combined group that files a combined unitary return, regardless of the amount of annual gross income.

The new law exempts taxpayers from estimated tax payment requirements and interest on underpayments for the 2019 income year for any additional tax due as a result of the surcharge extension before the provision takes effect (PA 19-117, §§ 341-343, effective upon passage and applicable to income years beginning on or after January 1, 2019).

Guaranteed Payments

The pass-through entity (PE) tax is imposed on business entities treated as partnerships and S corporations for federal income tax purposes. A new law expands the PE tax base to include guaranteed payments with respect to a partnership (i.e., payments made to partners to compensate them for services rendered or use of capital that are unrelated to the partnership's income). This change applies to both the standard and alternative base method for calculating the tax (PA 19-186, § 1, effective July 1, 2019, and applicable to tax years beginning on or after January 1, 2019).

Pass-Through Entity (PE) Tax Estimated Payments

Under a new law, entities with less than $1,000 in annual PE tax liability are exempt from required quarterly estimated tax payments (PA 19-186, § 2, effective July 1, 2019, and applicable to tax years beginning on or after January 1, 2019).

Sales and Use Tax

Bicycle Helmets

New legislation extends the sales tax exemption for bicycle helmets to helmets that conform to United States Consumer Product Safety Commission or American Society for Testing and Materials standards. Under prior law, the exemption applied only to helmets that met standards set by the Snell Foundation or American National Standards Institute (PA 19-162, § 20, effective October 1, 2019).

Certified Service Providers

The budget act requires the DRS commissioner to (1) consult with the Streamlined Sales Tax Governing Board to develop a list of certified service providers (CSPs) to facilitate Connecticut sales tax collection and remittance and (2) develop a plan to use such CSPs for collecting, reporting, and remitting sales and use taxes. The plan may require that retailers use CSPs and must identify the costs to retailers for such services.

By February 5, 2020, the commissioner must submit the plan to the Finance, Revenue and Bonding Committee, along with proposed legislation to implement it (PA 19-117, § 331, effective upon passage).

Digital Goods and Certain Electronically Delivered Software

Beginning October 1, 2019, the sales and use tax rate on digital goods and certain electronically delivered software increases from 1% to 6.35%. Prior law considered both as computer and data processing services subject to the 1% rate for such services. As under existing law, canned or prewritten computer software delivered by other means is considered tangible personal property and thus subject to the 6.35% rate.

The budget act also establishes conditions under which sales of canned or prewritten software and digital goods or taxable services are considered "sales for resale" and thus exempt from sales tax (PA 19-117, §§ 319-322, effective October 1, 2019, and applicable to sales occurring on or after that date).

Dry Cleaning and Laundry Services

The budget act extends the sales and use tax to dry cleaning and laundry services, excluding coin-operated services (PA 19-117, § 325, effective January 1, 2020, and applicable to sales occurring on or after that date).

Expanded Sales Tax Nexus

A new law lowers the threshold for the sales tax economic nexus law and broadens its application, thus expanding the number of out-of-state retailers making retail sales in the state that must collect and remit Connecticut sales tax.

Under prior law, out-of-state retailers that regularly and systematically solicited sales of tangible personal property in Connecticut had to collect and remit sales tax if (1) they made at least 200 Connecticut sales during the preceding 12-month period (ending September 30) and (2) their gross receipts were $250,000 or more during that period. The new law (1) lowers the threshold to 200 transactions and $100,000 in gross receipts during the 12-month period; (2) expands its coverage to include out-of-state retailers making retail sales of services, rather than just tangible personal property; and (3) eliminates the condition that such retailers be regularly or systematically soliciting sales in Connecticut.

The new law similarly lowers, from $250,000 to $100,000, the sales threshold over which retailers selling tangible personal property or services through certain agreements with people located in Connecticut must collect and remit sales tax on their in-state taxable sales (PA 19-117, §§ 327 & 328, effective July 1, 2019, and applicable to sales occurring on or after that date).

Interior Design Services

The budget act extends the sales and use tax to interior design services described in industry group 54141 of the North American Industry Classification System. However, it exempts such services that a business purchases for its own use. To qualify for the exemption, the purchaser must present a certificate, prescribed by the DRS commissioner, to the seller. Anyone who willfully delivers to a seller a certificate that is known to be materially fraudulent or false is guilty of a class D felony (up to five years in prison, a fine of up to $5,000, or both), in addition to any other penalty the law provides (PA 19-117, §§ 325 & 326, effective January 1, 2020, and applicable to sales occurring on or after that date).

Meals and Beverages

The tax rate on sales of meals and beverages increases from 6.35% to 7.35%. The increased rate applies to sales of (1) meals sold by eating establishments, caterers, or grocery stores and (2) liquors, soft drinks, sodas, and beverages ordinarily dispensed at, or in connection with, bars and soda fountains (PA 19-117, §§ 323-324, effective October 1, 2019, and applicable to sales occurring on or after that date).

Motor Vehicle Parking Services

The budget act extends the sales and use tax to the following motor vehicle parking services:

1. motor vehicle parking in lots with fewer than 30 spaces, except for employer-operated lots (a) owned or leased for at least 10 years and (b) operated for the exclusive use of employees (lots with 30 or more spaces are already subject to tax under current law, subject to the same exclusion for employer-operated lots);

2. metered parking;

3. parking in seasonal lots operated by the state or political subdivisions and municipally owned lots; and

4. parking in municipally operated, or state-owned and operated, railroad parking facilities in municipalities located in an area designated as having severe ozone pollution (PA 19-117, § 325, effective January 1, 2020, and applicable to sales occurring on or after that date).

Motor Vehicle Sales and Use Tax Diversion

The budget act modifies the schedule for diverting motor vehicle sales and use tax revenue to the Special Transportation Fund (STF) by reducing the transfer from (1) 33% to 17% in FY 20 and (2) 56% to 25% in FY 21. As under prior law, 75% of such revenue must be diverted to the STF in FY 22 and 100% must be diverted in FY 23 (PA 19-117, §§ 317 & 318, effective July 1, 2019, and applicable to sales occurring on or after that date).

Reduced Rate on Dyed Diesel Fuel

A new law reduces, from 6.35% to 2.99%, the sales and use tax rate on dyed diesel fuel sold by a marine fuel dock exclusively for marine purposes or stored, accepted, or otherwise used for those purposes. By law, dyed diesel fuel is exempt from the motor fuels tax and the petroleum products gross earnings tax (PA 19-117, §§ 323 & 324, effective October 1, 2019, and applicable to sales occurring on or after that date).

Safety Apparel

Beginning January 1, 2020, the sales and use tax exemption for "safety apparel" is eliminated. Under prior law, the exemption applied to clothing and protective equipment worn by employees at work (PA 19-117, § 390, effective January 1, 2020).

Short-Term Rental Facilitators

Under a new law, "short-term rental facilitators" must collect and remit Connecticut room occupancy tax (i.e., 15% sales and use tax for hotels and lodging houses and 11% for bed and breakfast establishments) on the short-term rentals they facilitate for operators on their platforms.

Under the new law, a "short-term rental facilitator" is any person who:

1. during the prior 12-month period, facilitates retail sales of at least $250,000 by short-term rental operators by providing a short-term rental platform;

2. collects rent for occupancy and remits payments to short-term rental operators, directly or indirectly, through agreements or arrangements with third parties; and

3. receives compensation or other consideration for such services.

A "short-term rental operator" is any person who has an agreement with a short-term rental facilitator regarding the listing or advertising of a short-term rental in this state (i.e., the transfer for consideration of the occupancy in a furnished residence or similar accommodation for 30 days or less) (PA 19-117, §§ 329 & 330, effective October 1, 2019; conforming change to the definition of retailer is applicable to sales occurring on or after that date).

Tax Credits and Incentives

7/7 Program Repeal

The budget act repeals the 7/7 program, which authorized a package of state and local tax incentives for eligible property owners after they remediate, redevelop, and use formerly contaminated, abandoned, or underutilized properties. Under prior law, the incentives were available in two seven-year stages, with the second stage available only to owners of contaminated and remediated properties (PA 19-117, §§ 376 & 387, effective upon passage and applicable to tax years beginning on or after January 1, 2019).

Angel Investor Tax Credit

A new law extends the angel investor tax credit program by five years, from July 1, 2019, to July 1, 2024. It increases (1) the aggregate amount of angel investor credits Connecticut Innovations (CI) may reserve each fiscal year from $3 million to $5 million and (2) the total amount of tax credits allowed to any angel investor from $250,000 to $500,000.

By law, the amount of credits that CI may reserve each year for investments in emerging technology businesses is capped at 75% of the total amount of credits available that year, but CI may exceed the cap if any unreserved credits remain after April 1 in each year. The new law authorizes CI to prioritize the unreserved credits for veteran-owned, women-owned, or minority-owned businesses and businesses owned by individuals with disabilities (PA 19-117, § 347, effective July 1, 2019, and applicable to income and tax years beginning on or after January 1, 2019).

Application of Urban and Industrial Sites Reinvestment Act (URA) Tax Credits

Under a new law, URA tax credits may no longer be applied against the (1) ambulatory surgical center gross receipts tax, (2) dry cleaning gross receipts tax, and (3) public service companies tax. The credits continue to apply against the insurance premiums tax; corporation business tax; unrelated business income tax; air carriers tax; railroad companies tax; cable, satellite, and video companies tax; utility companies tax; and surplus lines brokers tax (PA 19-186, § 9, effective upon passage and applicable to income years beginning on or after such date).

First Five Plus Program Assistance

A new law extends for four years (FYs 21 through 24) the time during which assistance provided under the First Five Plus program, through an agreement originally executed on December 22, 2011, is exempt from various statutory requirements (e.g., limits on the amount of credits taxpayers may claim against the insurance premium tax) (PA 19-117, § 384, effective upon passage).

Neighborhood Assistance Act (NAA) Tax Credit

A new law allows certain businesses to claim an NAA tax credit for the 2017 income year even though they missed the deadline for making a credit-eligible contribution.

Under the new law, any business subject to the insurance premiums tax that was otherwise eligible to claim the NAA tax credit for the 2017 income year, but that paid the requisite contributions after the prescribed deadline, must be regarded as having paid the contributions on time and allowed to claim the credit for the 2017 income year (PA 19-200, § 4, effective upon passage).

Opportunity Zones

The federal Opportunity Zone program, created as part of the 2017 federal Tax Cuts and Jobs Act (P.L. 115-97), is designed to spur economic development and job creation in distressed communities by providing federal tax benefits for private investments in the zones.

This session, the legislature made various changes to the state's laws concerning the promotion and development of its 72 opportunity zones. With respect to taxes, a new law extends the historic structure rehabilitation tax credit's 30% credit to such projects located in opportunity zones and requires the Department of Economic and Community Development (DECD) to give these projects preference. It also requires the DECD commissioner to prioritize projects located in opportunity zones when approving applications for urban and industrial site reinvestment tax credits (PA 19-54, effective upon passage).

STEM Graduate Tax Credit Repeal

The budget act repeals the refundable personal income tax credit for college graduates in science, technology, engineering, or math (STEM) fields. Under prior law, the annual credit amount was $500, which qualifying graduates could claim in each of the five successive tax years after they graduated (PA 19-117, § 387, effective upon passage and applicable to tax years beginning on or after January 1, 2019).

Student Loan Payment Business Tax Credit

Under a new law, beginning with the January 1, 2022, income year, businesses can claim a credit against the corporation business or insurance premium tax for making payments towards an employee's student loans. The credit equals 50% of the amount an employer pays on an employee's outstanding principal balance on an eligible loan but cannot exceed $2,625 per employee.

Eligible loans are those issued by the Connecticut Higher Education Supplemental Loan Authority (CHESLA) to refinance student loans. Generally, qualified employees are Connecticut residents who earned their first bachelor's degree within the last five years and are working at least 35 hours per week at a corporation, insurer, or health care center that is licensed in Connecticut and subject to the applicable tax (PA 19-86, effective January 1, 2022, and applicable to income years commencing on or after that date).

Other State Taxes

Admissions Tax

The budget act reduces the admissions tax rate on certain venues in two steps: from 10% to 7.5% for sales occurring on or after July 1, 2019, and from 7.5% to 5% for sales occurring on or after July 1, 2020. The lower rate applies to the following venues:

1. the XL Center in Hartford;
2. Dillon Stadium in Hartford;
3. New Britain Stadium (for athletic events presented by a member team of the Atlantic League of Professional Baseball);
4. Webster Bank Arena in Bridgeport;
5. Harbor Yard Amphitheater in Bridgeport;
6. Dodd Stadium in Norwich;
7. Oakdale Theatre in Wallingford; and
8. Rentschler Field in East Hartford (for events other than interscholastic athletic events).

The budget act also (1) reduces the admissions tax rate on events at Dunkin' Donuts Park in Hartford, from 10% to 5%, beginning July 1, 2019, and (2) fully exempts such events from the tax beginning July 1, 2020 (PA 19-117, § 354, effective July 1, 2019, and applicable to sales made on or after July 1, 2019).

Alcoholic Beverages Tax

A new law generally increases the excise tax on alcoholic beverages, except for beer, by 10%. It reduces the tax rate on beer sold for off-premises consumption by a premises covered by a manufacturer's permit. It also requires sellers to pay an additional tax on the alcoholic beverages (except for beer) in their inventories as of the opening of business on October 1, 2019 (PA 19-117, §§ 352 & 353, effective October 1, 2019; tax rate provisions are applicable to sales occurring on or after that date).

E-Cigarette Tax

The budget act imposes a tax on sales of electronic cigarette (e-cigarette) products by e-cigarette wholesalers at a rate of (1) 40 cents per milliliter of e-cigarette liquid, for any e-cigarette product that is pre-filled, manufacturer-sealed, and not intended to be refillable and (2) 10% of the wholesale price for all other e-cigarette products whether or not sold at wholesale, or if not sold, at the same rate upon use by the wholesaler (PA 19-117, § 351, effective October 1, 2019, and applicable to sales occurring on or after that date).

Hospital Provider Tax

A new law eliminates a scheduled reduction in the hospital tax rates on inpatient and outpatient services by maintaining the rates at FY 19 levels but requiring the base year for calculating the tax to be adjusted each biennium. Among other things, the new law also requires the Department of Social Services commissioner to issue refunds if he determines that the effective hospital tax rate for any fiscal year exceeds the rate permitted under federal law (PA 19-117, § 356, effective upon passage).

"Mansion Tax"

Beginning July 1, 2020, a new law establishes a real estate conveyance tax rate of 2.25% on the portion of the sales price that exceeds $2.5 million. For tax years beginning on or after January 1, 2021, it also allows taxpayers who paid conveyance tax at the new 2.25% rate to calculate their property tax credit against the income tax based on the amount they paid in conveyance tax (PA 19-117, §§ 335 & 337, effective July 1, 2019, except that the tax credit provision is effective upon passage).

Plastic Bags

The legislature passed a 10-cent fee on single-use plastic bags that stores provide to consumers. The new law requires the fee to be charged until June 30, 2021, after which stores are banned from providing the bags. It exempts bags used for such things as meat or seafood, loose produce, unwrapped food, newspapers, or laundry or dry cleaning (PA 19-117, § 355, effective August 1, 2019).

Real Estate Conveyance Tax Exemption for Certain Property with Crumbling Foundations

A new law exempts from the real estate conveyance tax transfers of certain principal residences with concrete foundations that have deteriorated due to the presence of pyrrhotite. The exemption applies to the first transfer of the residence after the written evaluation is obtained and is not available to a transferor who received financial assistance to repair or replace the foundation from the Crumbling Foundations Assistance Fund (PA 19-117, § 336, effective July 1, 2019).

User Fee on Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF-ID)

Under a new law, the user fee for ICF-IDs increases from $27.26 to $27.76. Each facility's total fee is the product of its total resident days during the quarter, multiplied by the user fee (PA 19-117, § 357, effective upon passage).

Tax Administration and Enforcement

Estate Tax on Specified Business Property

A new law establishes conditions under which real and tangible personal property owned by a pass-through entity (i.e., partnership, S corporation, or a single member limited liability company that is disregarded for federal income tax purposes) is treated as personally owned by a nonresident decedent for estate tax purposes (PA 19-186, § 31, effective upon passage).

Order of Applying Partial Payments

A new law changes the order in which the DRS commissioner must apply partial tax payments. For periods ending on or after December 31, 2019, partial payments go to penalties first, then to interest, and any remaining balance to the tax. Under prior law, the payments went to penalties first, then to the tax, and last to interest (PA 19-186, § 28, effective upon passage).

Penalties for Payments by Electronic Funds Transfer

A new law replaces the graduated penalties that apply to late tax payments paid by electronic funds transfer with the existing penalties that apply to late payments for the respective tax being paid. Under prior law, the penalty was 2% if the payment was less than six days late, 5% if it was six to 15 days late, and 10% if it was more than 15 days late. For periods ending on or after December 31, 2019, the new law instead requires any late tax payments paid by electronic funds transfer to be subject to the interest and penalty provisions that apply to the specific tax being paid (PA 19-186, § 29, effective upon passage).

Penalty Review Committee

A new law increases, from $1,000 to $5,000, the threshold over which a penalty waiver requires Penalty Review Committee review and approval. By law, the committee must review and approve tax penalty waivers granted by the DRS commissioner and lottery sales agent penalty waivers granted by the consumer protection commissioner, if they exceed the minimum threshold (PA 19-186, § 10, effective upon passage).

Referrer Notice and Reporting Requirements

Existing law establishes sales and use tax notice and reporting requirements for referrers (i.e., people and businesses who connect sellers and consumers for a commission or fee). A new law delays by six months, from July 1, 2019, to January 1, 2020, the date by which referrers must begin providing a quarterly notice to sellers to whom they transferred sales during the previous year. The notice must, among other things, inform sellers of the requirement to collect and remit sales and use tax on sales made to Connecticut purchasers.

It also delays by one year, from January 31, 2020, to January 31, 2021, the date by which referrers must begin submitting an annual report to DRS providing the name and address of each seller who received the quarterly notice in the prior year and each seller that the referrer knows collected and remitted Connecticut sales and use taxes (PA 19-186, § 34, effective upon passage).

Sales Tax Credits for Uncollectible Amounts

By law, retailers can claim a credit for sales tax they paid on accounts later deemed worthless; they must generally do so within three years after they remitted the tax to DRS. If a retailer who claimed such a credit subsequently collects all or some portion of that account, prior law required the retailer to include the amount it collected in its next regular sales tax payment. A new law (1) provides that the retailer must only include the amount of sales tax for which it claimed the credit and (2) requires that any payments made on the account be applied first to the sales tax (PA 19-186, § 5, effective upon passage and applicable to credit claims received on or after such date).

State Tax Refunds

Under a new law, businesses must, as a condition of receiving a tax refund for a tax they collected from a customer, establish to the DRS commissioner's satisfaction that the tax amount for which they are claiming a refund was or will be repaid to the customer (PA 19-186, § 30, effective upon passage).

State Tax Warrants

The law allows DRS and other state collection agencies to (1) issue a tax warrant on the intangible personal property (e.g., bank accounts, receivables, and securities) of a taxpayer who fails to pay state taxes and (2) serve the warrant on a third party (e.g., bank or payment settlement entity) who possesses the property or is obligated to it in some way. Under a new law, DRS may serve the warrant on the third party by any electronic means, rather than just by email or fax (PA 19-186, § 3, effective October 1, 2019).

Tax Appeals Timeframe

Aggrieved taxpayers must now bring tax appeals to Superior Court within 30 days, rather than one month, after receiving notice (PA 19-186, §§ 10-27 & 33, effective upon passage).

Tax Preparers and Facilitators

Prior law required those applying for a DRS-issued tax preparer or facilitator permit on or after January 1, 2020, to have completed an Internal Revenue Services-administered annual filing season program. A new law extends the implementation date for this requirement by two years, to January 1, 2022, and limits the requirement to tax preparer permit applicants. It also specifies that tax preparer or facilitator permittees granted inactive status from DRS may only reactivate their permits by paying a renewal fee before the permit's expiration date (PA 19-186, § 7, effective upon passage).

Transportation Network Company (TNC) Fee Revenue

A new law requires the DRS commissioner, when reporting TNC fee revenue, to include it with the admissions and dues tax, rather than the motor carrier road tax (PA 19-186, § 8, effective upon passage).

Waiver of Penalties, Interest, and Taxes Due as a Result of the Pass-Through Entity (PE) Tax

Under a new law, the DRS commissioner must waive penalties, interest, and any addition to tax due for late personal income or PE tax payments for the 2018 tax year if (1) such amounts were increased or created as a result of the PE tax's enactment and (2) taxpayers make the tax payments within one year of their due date. The commissioner may do so regardless of the law requiring the Penalty Review Committee to review and approve tax penalty waivers (PA 19-186, § 33, effective upon passage).

Property Tax

Abatement Increase for Certain First Responders

A new law increases the maximum property tax abatement municipalities may, by ordinance, provide to certain active and retired volunteer emergency personnel. The maximum goes from $1,000 to $1,500 for FYs 20 and 21, and from $1,500 to $2,000 for FY 22 and thereafter. By law, municipalities may provide this abatement to:

1. local emergency management directors;

2. firefighters and fire police officers;
3. emergency medical technicians and paramedics;
4. civil preparedness staff;
5. active members of a volunteer canine search and rescue team or volunteer underwater search and rescue team;
6. ambulance drivers in the municipality; and
7. retired volunteer firefighters, police officers, or emergency medical technicians who served in those roles for at least 25 years (PA 19-36, effective July 1, 2019).

Circuit Breaker Program

The state's Circuit Breaker Program provides property tax relief to qualifying elderly and disabled real property owners by entitling them to a property tax reduction, which varies based on the individual's income. Under a new law, tax relief under this program also extends to owners of real property that is held in trust for the owner. Previously, under a 2018 Office of Policy and Management (OPM) policy change, in order for an individual whose home was held in trust to participate in the program, the trust had to be an irrevocable trust (PA 19-66, effective October 1, 2019, and applicable to assessment years beginning on and after that date).

Exemption for Disabled Veterans and Service Members

A new law increases the base property tax exemption for certain disabled service members and veterans by $500. By doing so, it also increases the additional income-based exemption for such service members and veterans, which is calculated using the base exemption, by $250 or $1,000 depending on income (PA 19-171, effective October 1, 2019, and applicable to assessment years commencing on or after that date).

Exemption for Wartime Service

A new law extends certain state war service benefits to veterans who served less than 90 days in a war, but were separated from service because of an injury incurred or aggravated in the line of duty, even if the injury was not a service-connected disability rated by the U.S. Department of Veterans Affairs. These benefits include, among other things, state-mandated property tax exemptions of at least $1,500 for the eligible veteran or his or her surviving spouse (PA 19-33, effective October 1, 2019).

Filing Deadlines for Certain Property Tax Exemptions

Under a new law, taxpayers in Bloomfield, Fairfield, New Haven, New London, and Windsor may claim various property tax exemptions on specified grand lists even though they missed the mandatory filing deadlines (PA 19-200, §§ 1 & 5-8, effective upon passage, except the provision concerning New London is effective July 1, 2019).

Filing Extensions for Personal Property Tax Declarations

By law, owners of taxable personal property (e. g., commercial furniture, fixtures, and equipment) must file an annual personal property declaration with municipal assessors for property tax purposes. The declarations are due by November 1, but assessors may grant filing extensions of up to 45 days for good cause.

A new law explicitly authorizes any person required to file such a declaration to request an extension. They must do so in writing on or before November 1, including electronically if the municipality allows taxpayers to submit their declarations in that manner (PA 19-200, §3, effective July 1, 2019).

Fixed Assessments for Qualifying Power Plants

By law, a municipality may treat a power plant that completes construction after July 1, 1998, as though it were located in an enterprise zone and fix the full amount of either the property tax or assessment on the plant's real and personal property.

A new law allows municipalities to extend such tax benefits to existing power plants that completed construction before July 1, 1998, if a new plant is built on the same site and construction is completed after July 1, 2019. The taxes or assessments set by the municipality must approximate the combined plant's projected tax liability based on a reasonable estimate of its fair market value that the municipality determined using its best efforts (PA 19-81, effective from passage, and applicable to assessment years commencing on and after October 1, 2018).

Nursing Home Property Tax Exemption

A new law makes technical changes to conform to a 2016 law that created separate definitions for "nursing home facility" and "residential care home" for institutional licensing purposes. Among other things, these technical changes specify that nonprofit nursing homes, not just residential care homes, meeting certain requirements are exempt from property taxes (PA 19-118, § 70, effective upon passage).

Tax Increment Financing (TIF) Districts

TIF is a development strategy whereby anticipated property tax revenue resulting from a major project is allocated to costs associated with the project. This year, the legislature made minor changes to the process municipalities must follow to establish a TIF district by eliminating or delaying certain deadlines for submitting TIF master plans to planning councils and adopting the plans (PA 19-185, effective October 1, 2019).

Tax Studies

Payroll Tax Information Return and Analysis

Under a new law, DRS must collect data needed to evaluate the implementation of an employer payroll tax beginning January 1, 2021. DRS must develop and produce an information return form and, by August 15, 2019, mail the form to employers, excluding the federal government, state, municipalities, local or regional boards of education, tribal nations, and self-employed individuals. Employers must return it by October 1, 2019.

The new law also establishes a payroll commission composed of the DRS commissioner, OPM secretary, and Finance, Revenue and Bonding chairpersons and ranking members. The commission must analyze the data DRS collects from the information return forms and hold information forums to educate its members and the public about the payroll tax proposal. It must report its recommendations and analysis to the Finance, Revenue and Bonding Committee by January 15, 2020 (PA 19-117, § 385, effective upon passage).

Tax Incidence Study

This session, the legislature delayed the next DRS tax incidence report deadline by two years, from February 15, 2020, to February 15, 2022. By law, the report must indicate the extent to which groups of people and types of businesses bear the burden of different taxes (PA 19-117, § 92, effective upon passage).