

HB 5824

PA 643

1971

Finance 218,233

House 5340

Senate 3402

**JOINT
STANDING
COMMITTEE
HEARINGS**

FINANCE

**PART 1
1-329**

**1971
Index**

to the towns but if it did, the revenue cost would amount to about \$11.6 million per year according to the report of the 1967 tax study. Bill 5818, this bill was put in by the Tax Department at the suggestion of the state auditors but we ask that it be withdrawn because of possible interstate commerce implication. Bill 5817, there is some revenue loss involved here--how much is not known. Bill 5824, subsection 50 of Section 12-31 of the 1969 Supplement to the general statutes provides that the phase out of the local property tax on manufacturers' inventories be suspended for the valuation of 1969 and picks up again for the valuation of 1970. But section 12-24a of the 1969 Supplement provides for reimbursement to the towns only through 1971. So Bill 5824 is needed to continue the reimbursement to the towns in 1972 and 1973 for taxes exempted in 1971 and 1972. Bill 5984, this bill contains a sleeper that does not appear in either the title or the statement of purpose. If you will look at page 2 of the bill, ten lines down, you will note that it reduces the tax rate from 8 percent to 7 percent as well as eliminating the minimum bast tax-- Revenue Cost \$20 million annually -- at a minimum. Bill 5986, This bill would also cost some state revenue but difficult to determine. Bill 5988, is a statement of purpose bill to provide carry over of losses in determining corporation taxes but we cannot pass upon it without a complete bill. Bill 5990, the Tax Department has another bill be you today (Bill 6484) which if enacted would cure the complaint which is the basis of this bill and also help us to avoid tax evasion. Bill 6853, the Tax Department asked for this bill to clarify for tax purposes what constitutes a multi-state corporation so as to permit the Connecticut corporation to allocate part of its business out of state. It is an attempt at uniformity with other states. Bill 7708, a close reading of Section 1 would impose the tax at 8 percent for "each income year" (line 42 on page 2) and the effective date is stated as July 1, 1971. Since the corporation tax rate according to the present law has already returned to the 5 1/4 percent rate, I think the effective date should be changed to read "This act shall take effect from its passage and shall apply to income years or periods beginning on or after January 1, 1971" -- otherwise, you will have a 5 1/4 percent rate between January 1, and July 1. Bill 742, this bill seeks to do the same as Bill 5354 but it fails to name a rate in the body of the bill, although the statement of purpose says 1 percent. If 1 percent is correct, then the revenue cost will be the same as for Bill 5354--\$5.3 million annually. Bill 1184, here I would merely like to invite your attention to an obvious typing error on page 2--in section 3 about 14 lines down where a phrase has apparently been repeated. Thank you for the opportunity to present the Department's views on this proposed legislation.

Sen. Rimer, 26th Dist: Mr. Tarrant I may have missed your comment on S.B. 431 having to do with the franchise tax of stock corporations.

Mr. Tarrant: We decided not to say anything on that for a change. It is administered by the Sec. of State, we have nothing to do with it.

Sen. Rimer: Thank you sir..

H.B. 6853, and that is the allocation of government sales to ...all to be Connecticut. Again, our own business we are in a fortunate position of having reduced government sales from 95 percent at one time, down to their place of 20 percent. But, we have customers in Connecticut that whom I am sure this is important to consideration. In addition I have had considerably experience in state taxation in interstate and commerce as the Chairman of the Committee of the National Association of Manufacturers on that. That is a big long complicated subject of great interest, and this bill only covers one particular part of it. In general the intent of the bills we have mentioned is to prove the business climate that is what it seems to me at this juncture at our economic history is very desirable. Thank you.

Rep. Nevas, 14th Dist: Mr. Bixler on H.B. 5354 which is the credit for new facilities in Connecticut. The bill is limited to manufacturing facilities and research and development corporation. What would be your reaction to broadening that bill to include corporate headquarters types of facilities.

Mr. Bixler: I think there would be great merit to that, because, particularly Fairfield County but elsewhere in the state I think one of our real futures is to attract corporate headquarters which will have offices and substantial facilities here to hopefully we will bring some other things of manufacturing or research nature. But, it does seem to me that the destiny of Connecticut, a large part is to attract that kind of business.

Harmon E. Snoko, Executive Vice-President Manufacturers Association of Bridgeport: I wish to be brief because many of these bills have been covered before but, I our committee on taxation has met and has gone over all the bills before you today and I want to appear in favor of the following 5354, which would provide for tax credit against corporation business tax. You have had a letter from the committee on taxation telling about his experience I think that covers that situation pretty well. We have been pioneers and in trying to get rid of the inventory tax we presented to you 1965 a projection of the tax income to 1975 which as beenshall I say, by the last session of the legislature, we are paying much more than that now, but, we do need to get rid of the inventory tax because it is probalby one of the greatest hinderances to business' operating. There is another bill I would like to mention later here that provides for the continuation of course of the rebate to the towns for the next two years, I understand each legislature can do that during his tenure of office. We certianly want to get 5817 to get rid of the interest for corporations. We have been needing this for years and we are needing to get in line with the federal government on that. The bill I just mentioned a minute ago 5824, Mr. Spain here does continue the appropriation for rather of two years to reimburse the towns for their losses on inventory tax. Bill No. 5984, which would repeal the minimum tax base, I wish to support that, on 5988 we

H-119

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
1971**

**VOL. 14
PART 12
5163-5554**

Monday, June 7, 1971

4.

THE CLERK:

On Page 3, Cal. 257. Sub. for H.B. 5824. AN ACT CONCERNING THE STATE GRANT IN LIEU OF TAXES ON MANUFACTURERS' INVENTORIES.

DEPUTY SPEAKER:

The gentleman of the 27th.

MR. CLYNES: (27th)

Mr. Speaker, I move acceptance of the Joint Committee's favorable report and passage of the bill.

DEPUTY SPEAKER:

Question is on acceptance and passage. Will you remark.

MR. CLYNES: (27th)

Mr. Speaker, this bill will continue the state grants in lieu of taxes on manufacturers' inventories for the fiscal year 1973. It provides for three-fifth return in 1972 and a seven-tenth return in 1973. It's a good bill, Mr. Speaker, and it should have approval.

DEPUTY SPEAKER:

Will you remark further on the bill. If not, question is on acceptance and passage. All those in favor will indicate by saying AYE. Opposed. THE BILL IS PASSED.

THE CLERK:

Cal. 1415 on Page 14. Sub. for H.B. 7493. AN ACT PROVIDING FOR THE LICENSING OF MASS GATHERINGS. FILE 1623.

DEPUTY SPEAKER:

The gentleman from the 136th.

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S-82
CONNECTICUT
GENERAL ASSEMBLY

SENATE

PROCEEDINGS
1971

VOL. 14
PART 7
2874-3413

June 9, 1971

Page 73

File 1608; Cal. 1365, House Bill 5578, File 1444; Cal. 1366, House Bill 5697
File 666; Cal. 1367, House Bill 5824, File 775; Cal. 1369, House Bill 6180,
File 1580; Cal. 1371, House Bill 6687, File 1290; Cal. 1372, House Bill 6731
File 1469; Cal. 1373, House Bill 6842, File 1659; Cal. 1375, House Bill 7031
File 588; Cal. 1376, House Bill 7237, File 1629; Cal. 1377, House Bill 7493
File 1623; Cal. 1379, House Bill 7907, File 1446; Cal. 1380, House Bill 7960;
File 1306; Cal. 1381, House Bill 8093, File 1663; Cal. 1383, House Bill 8170
File 1621; Cal. 1386, House Bill 9220, File 1635; Cal. 1387, House Bill 9252,
File 1672; Cal. 1389, House Bill 5154, File 913; Cal. 1390, House Bill 5286,
File 1271; Cal. 1392, House Bill 5661, File 919; Cal. 1394, House Bill 6380
File 1386; Cal. 1395, House Bill 6908, File 1442; Cal. 1396, House Bill 6914
File 1388; Cal. 1397, House Bill 7438, File 890; Cal. 1398, House Bill 7450
File 1198; Cal. 1399, House Bill 7889, File 1441; Cal. 1296, House Bill 5036
File 746; Cal. 1297, House Bill 5147, File 1437; Cal. 1298, House Bill 5157
File 1466; Cal. 1299, House Bill 5216; File 744; Cal. 1300, House Bill 5219
File 949; Cal. 1301, House Bill 5247, File 1429; Cal. 1303, House Bill 5561
File 1431; Cal. 1304, House Bill 5577, File 1289; Cal. 1306, House Bill 5754
File 1554; Cal. 1308, House Bill 5918, File 937; Cal. 1309, House Bill 5953
File 1445; Cal. 1310, House Bill 5957, File 1563; Cal. 1311, House Bill 5958
File 1299; Cal. 1312, House Bill 6123, File 1468; Cal. 1313, House Bill 6292
File 1456; Cal. 1314, House Bill 6376, File 833; Cal. 1315, House Bill 6423
File 1458; Cal. 1316, House Bill 6470, File 923; Cal. 1317, House Bill 6512
File 1428; Cal. 1318, House Bill 6525, File 1475; Cal. 1319, House Bill 6547
File 1266; Cal. 1320, House Bill 6606, File 933; Cal. 1321, House Bill 6837
File 1353; Cal. 1322, House Bill 6682, File 1352; Cal. 1323, House Bill 6885
File 1348; Cal. 1324, House Bill 6939, File 1330; Cal. 1325, House Bill 6963