

Legislative History for Connecticut Act

SB 1220	PA 613	SCAD	1975
House	6787-6801		(14)
Senate	3284-3286, 3294-3295		(5)
Finance	325, 394-398		(6)
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PA75-613

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## THE HOUSE

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THE SPEAKER:

Will you remark further on the Resolution? The gentleman from the 20th, Representative Charles Matties.

REPRESENTATIVE MATTIES (20th):

Mr. Speaker I must voice an objection to this. My understanding is that there is an interpretation of this Bill that indicates a substantial fiscal note should be attached. The intent of the Legislation was not to give away plates and I think we all understood that. Someone has interpreted this Legislation to indicate or mandate free license plates and I think that's the thrust of the problem and it seems a shame to lose this piece of Legislation when they might be able to correct that without killing the Bill.

THE SPEAKER:

Will you remark further on adoption of the Resolution? If not, the question is on its adoption. All those in favor will indicate by saying aye. Opposed? The resolution is adopted. Pursuant to the terms mandated in the Resolution which requires two Members of this Honorable Chamber, the Chair will appoint the distinguished Chairman of the Transportation Committee, the gentleman from the 46th Assembly District, Representative Thomas Sweeney, a very distinguished gentleman from the 141st, the senior Member of the Republican Caucus and ranking Member on Transportation, Representative Gennaro Frate.

THE CLERK:

Page four of the Calendar, Calendar 1436 with one star, Substitute for Senate Bill 1220, AN ACT CONCERNING STATE TAX COLLECTIONS as amended by Senate Amendment, Schedule A and B.

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THE SPEAKER:

Gentleman from the 3rd, Representative Paul La Rosa.

REPRESENTATIVE LA ROSA (3rd):

Mr. Speaker, I move for Suspension of the Rules for immediate consideration.

THE SPEAKER:

Question is on Suspension of the Rules for immediate consideration. Is there objection? Hearing none, the Rules are suspended. The gentleman from the 3rd.

REPRESENTATIVE LA ROSA (3rd):

Mr. Speaker, I move passage of the Bill - I move acceptance of the Joint Committee's Favorable Report and passage of the Bill.

THE SPEAKER:

Question is on acceptance of the Joint Committee's Favorable Report and passage of the Bill. Will you remark, sir?

REPRESENTATIVE LA ROSA (3rd):

Mr. Speaker, the House has Senate Amendment A.

THE SPEAKER:

Will the Clerk please call Senate A? Clerk please read the heading.

THE CLERK:

Senate Amendment, Schedule A, LCO 9895.

THE SPEAKER:

Does the gentleman take leave of the Chamber to summarize? Senate A in lieu of the Clerk's reading?

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REPRESENTATIVE LA ROSA (3rd):

Please Mr. Speaker. I'd like to summarize.

THE SPEAKER:

Is there objection to the gentleman's summarization? Hearing none the gentleman from the 3rd for that purpose.

REPRESENTATIVE LA ROSA (3rd):

Mr. Speaker, this Amendment will allow Sales Tax Exemption for non profit housing. What it does is it allows them to purchase materials and to have exemption of Sales Tax. Of course, Mr. Speaker, it has been said that there would be a revenue loss in regards to this Amendment. We have to take into consideration that if there is no building of non-profit housing and there are no exemptions, of course, there could be no loss because there would be no income. In fact, it would be a bigger loss to the State of Connecticut because the people that would have availed themselves of the non-profit housing would have none to do so. So, therefore, Mr. Speaker, it would create more than it would lose and as a result, I urge its adoption.

THE SPEAKER:

Will you remark further on adoption of Senate Amendment, Schedule A? Gentleman from the 111th.

REPRESENTATIVE CAMP (111th):

Thank you Mr. Speaker. This apparently, and I have not had a chance to read the file copy, there was a Bill very similar to this adopted in the

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last Session a year ago or two years ago when I was the Chairman of the Finance Committee. I think that the purpose of this Resolution or this Act, is probably good in that it exempts non-profit housing from the Sales Tax. The Bill was eventually vetoed by the Governor and probably quite properly so. There is very serious question of enforcement inasmuch as I haven't had a chance to read the file copy, I'm not sure whether those have been taken care of here but I would suggest to you that to determine who and what and how much and for what circumstances exemptions would be granted is a difficult concept. Secondly, again, we are taking monies away from our Sales Tax revenue and I think we ought to understand that in undermining the basis for that tax, we may do serious problems with the fiscal situation of the State of Connecticut. I would ask, through you please, of the gentleman reporting the Amendment if there is a fiscal note attached to the Amendment.

THE SPEAKER:

Gentleman from the 3rd.

REPRESENTATIVE LA ROSA (3rd):

There is no fiscal note for the simple reason that there is no anticipated revenue loss because at the present time, there is no exemption for non-profit housing and there is no non-profit housing being built at this time, due to the economic problems.

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THE SPEAKER:

Gentleman from the 111th.

REPRESENTATIVE CAMP (111th):

Mr. Speaker, I think properly that the fact that there may not be any at the date going on is not sufficient to relieve this of the necessity of a fiscal note and I would therefore, raise a point of order that a fiscal note ought to be attached to this Bill. Apparently the argument is that because we aren't now constructing any non-profit housing that is not sufficient. But we may be next month or the month thereafter and I think we are entitled to a fiscal note on this Bill.

THE SPEAKER:

The Chair thanks the gentleman from the 111th. The gentleman from the 119th and the gentleman from the 151st, the Clerk's messengers for bringing to the Speaker, House A. Will the gentlemen be kind enough to restate his point of order and particularize it in the context of Senate Amendment, Schedule A?

REPRESENTATIVE CAMP (111th):

Mr. Speaker, you have a gentleman that's somewhat larger than I am standing around the Clerk's office or the Clerk's statement, whereby I have not seen a copy of the Amendment per se, that I've had it explained to me. As I understand it, it will relieve the Sales Tax or grant an additional exemption from the Sales Tax from certain organizations. Now I don't know whether the ultimate decision will be whether or not that will

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in fact give a fiscal impact or whether it won't but there's certainly that possibility and for that reason, I think this Bill requires a fiscal note and I would cite you whatever that section of the general statute that requires a fiscal note - something in Title 2, I believe.

THE SPEAKER:

The Chair is of the impression that - the Chair has not invited debate on a point of order. But the Chair will invite debate -

REPRESENTATIVE LA ROSA (3rd):

I stand corrected, Mr. Speaker. I yield to the Chairman of Finance. I understand there is a fiscal note.

REPRESENTATIVE CLYNES (81st):

Mr. Speaker, there is a fiscal note attached to this Bill and I call your attention to it. I have it in my hand. I don't know if Mr. Camp has it or not. It says while estimate revenue loss in 1975-1976 is \$100,000.00 to \$200,000.00, it is estimated that the loss in the future years could range from \$1 million to \$2 million, depending upon the construction market and the funding availability. So there is a fiscal note here, Mr. Speaker, so the point of order is not well taken.

THE SPEAKER:

Will you remark further on the point of order?

REPRESENTATIVE CAMP (111th):

Mr. Speaker, in view of the facts announced by the Chairman of the Committee, I would withdraw my point of order.

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THE SPEAKER:

Thank you sir. Will you remark further on adoption of Senate Amendment, Schedule A? The gentleman from the 111th.

REPRESENTATIVE CAMP (111th):

Mr. Speaker, I think the fiscal note indicates good reason why we should not adopt this Bill or this Amendment and the fiscal note of \$1 million to \$2 million sometime in the future is pretty ample evidence that we should not. I would suggest to the House as well, problems with respect to the enforcement of this Act are considerably stronger than those with respect to just if everybody is honest. Because this is a Bill that really opens up an entire area of rather difficult Sales Tax administration. If there is a problem for non-profit housing, I would suggest to the House that the proper way is to fund it through the House rather than to create artificial exemptions very difficult to enforce. I would oppose the Amendment.

(Tape 53)

THE SPEAKER:

Will you remark further on Senate Amendment, Schedule A? If not, the question is on its adoption. All those in favor will indicate by saying aye. Opposed? The Chair is in doubt. All those in favor of adoption of Senate A will indicate by saying aye. Opposed? There is no doubt. Senate A is adopted. Will you remark further on the Bill as amended by Senate A? Gentleman from the 3rd.

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REPRESENTATIVE LA ROSA (3rd):

Clerk has Senate Amendment B.

THE SPEAKER:

Clerk please call Senate Amendment, Schedule B.

THE CLERK:

Senate Amendment, Schedule B, LCO 5560.

REPRESENTATIVE LA ROSA (3rd):

I would like to summarize, Mr. Speaker.

THE SPEAKER:

Is there objection to the gentleman from the 3rd summarizing Senate Amendment, Schedule B? Hearing no objection, the gentleman from the 3rd to summarize.

REPRESENTATIVE LA ROSA (3rd):

Mr. Speaker, Senate Amendment B deals with the purchase of 125 buses from General Motors by the Department of Transportation and what it does is exempt them from paying the Sales Tax to the Department of Tax to the tune of \$335,000.00. It's actually no cost to anyone other than the fact that if we do not pass this Amendment, we would have to transfer and take \$335,000.00 from the Department of Transportation and give it to the General Fund. As a result, the Department of Transportation would have to bond in the amount of \$335,000.00. Therefore, Mr. Speaker, it's a good Amendment and I urge its adoption.

THE SPEAKER:

Will you remark further on the Amendment? Gentleman from the 89th, Representative Richard Dice.

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REPRESENTATIVE DICE (89th):

Mr. Speaker, I also concur that this is a good Amendment not only would it save us a transfer, but it will save us the interest on the bonding that may have to be done to pay ourselves the Sales Tax on the buses. It seems to me that if we overlooked something at the time we originally made arrangements to pick up the buses and we not only overlooked it, but we're going to bond ourselves and have to pay interest to do it. And I might indicate that a Member of my constituency from Hamden who happens to be a gentleman who is blind, brought this to my attention and it seems to me that we're finally curing a matter that he's been pursuing for some time. I urge the passage.

THE SPEAKER:

Prepare to vote on Senate B. Question is on adoption of Senate Amendment, Schedule B. All those in favor of its adoption will indicate by saying aye. Opposed? Senate B is adopted. Will you remark further on the Bill as amended by Senate Amendments, Schedules A and B? Gentleman from the 3rd.

REPRESENTATIVE LA ROSA (3rd):

Mr. Speaker, I urge passage of Senate Bill 1220 as amended by Senate A and B. I urge its passage, Mr. Speaker.

THE SPEAKER:

Will you remark further on the Bill? Gentleman from the 89th.

REPRESENTATIVE DICE (89th):

Mr. Speaker, through you, if this is going to present a problem to me, but I'd like to ask the gentleman bringing out the Bill to explain to

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me in effect, what the Bill means. It seems to me what we're doing is taking away from the Tax Department the obligation to bring a law suit to collect the taxes and giving them in turn the right to take a warrant without an appeal in the matter and sell someone's property and I'm wondering if that is my understanding of what we're doing here.

THE SPEAKER:

Is the gentleman framing a question? The Chair recognizes the gentleman from the 3rd to yield to the gentleman from the 81st.

REPRESENTATIVE CLYNES (81st):

Mr. Speaker, I call Mr. Dice's attention to Line 77 where we go into a new concept of tax collection methods and we in fact strengthen the Tax Department's authority to collect the taxes. Prior to this time, the Tax authority had the priority to issue a warrant. Now, they have the chance to issue a warrant and enforce that warrant by execution which prior to this time, they could not do.

THE SPEAKER:

Gentleman from the 89th.

REPRESENTATIVE DICE (89th):

Mr. Speaker, through you a question of the gentleman who responded to the Bill, the Chairman of the Committee.

THE SPEAKER:

Please frame your question.

REPRESENTATIVE DICE (89th):

Is there any appeal from the issue of the warrant?

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THE SPEAKER:

Does the gentleman care to respond?

REPRESENTATIVE DICE (89th):

Assuming the warrant is improperly issued, is there any appeal from a man having his property sold under this warrant, before he gets it sold?

REPRESENTATIVE CLYNES (81st):

Mr. Speaker, through you.

THE SPEAKER:

Gentleman from the 81st.

REPRESENTATIVE CLYNES (81st):

I agree with the gentleman. I don't see that in this Bill but I would say obviously through previous statutes, there is that appeal or right.

THE SPEAKER:

Gentleman from the 89th.

REPRESENTATIVE DICE (89th):

Through you, I'd ask the gentleman to point to the previous statute.

REPRESENTATIVE CLYNES (81st):

Mr. Speaker, through you, I am unable to do so at this point.

THE SPEAKER:

Gentleman from the 89th.

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REPRESENTATIVE DICE (89th):

Mr. Speaker, I'd generally like to comment then. I think that one of the things that this nation as a whole is getting concerned about, particularly the Internal Revenue Service, is when Internal Revenue Service has arbitrarily issued warrants and sold people's properties and then, afterwards, the individual has a fight with the Federal Government about it. If you watched the CBS program just recently, you will realize what I'm talking about. It seems to me that we want to collect our taxes and I'm the first one that wants to collect them but I do not want to put our citizens in the situation where our Tax Department can issue a warrant, go out and sell your house, as a matter of fact, because under this statute, it indicates that the sale of real or personal property can be sold to satisfy the warrant. Consequently, although I unfortunately support the Amendment that went on this because it really is needed, it seems to me that I'm going to have to vote against this Bill because I'm not for having the Tax Department go out, issue a warrant, sell your home, your car or whatever they grab to collect the taxes and then subsequently, you have to find out whether or not that Tax warrant was proper or not. I'm opposed to the Bill in the form which it is in.

THE SPEAKER:

Gentleman from the 111th.

REPRESENTATIVE CAMP (111th):

Through you please, a question to the Chairman of the Finance Committee.

THE SPEAKER:

Please frame your question.

REPRESENTATIVE CAMP (111th):

Yes sir, by your best recollection, do you recall that we had a Bill

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to exempt non-profit housing from the Sales Tax during this Session of the Legislature?

REPRESENTATIVE CLYNES (81st):

Yes, we did have that Bill before us or that suggestion before us.

REPRESENTATIVE CAMP (111th):

Mr. Speaker, through you a question of the Chairman of the Finance Committee. What was the action of the Finance Committee in connection with that Bill?

THE SPEAKER:

Does the gentleman care to respond?

REPRESENTATIVE CLYNES (81st):

Mr. Speaker, through you, I am not certain. I believe in all honesty we talked about putting it to a study committee but in all honesty, I cannot answer that.

THE SPEAKER:

The gentleman from the 111th has the floor.

REPRESENTATIVE CAMP (111th):

Thank you and I appreciate the honesty of the Chairman of the Committee which is his accustomed way of answering questions. The Finance Committee, under which I was Chairman I think took the same action that this Finance Committee did, it boxed the Bill. In the last hour of the Session, just two

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years ago, just as we did tonight, the Legislature again had this question brought before it. It was ill considered when we did it - when we were in the majority and I suggest to you that it was equally ill-considered when you did it when you were in the majority. We were wrong. That doesn't mean you have to make the same mistake twice. Governor Meskill -  
brief pause - had -

THE SPEAKER:

Shall we all pause?

REPRESENTATIVE CAMP (111th):

vetoed the Bill.

THE SPEAKER:

The Chair would appreciate it if the gentleman from the 111th does not pause but proceeds with whatever it is he cares to regale us with.

REPRESENTATIVE CAMP (111th):

I have to think once in awhile.

THE SPEAKER:

And we all appreciate those occasions, sir.

REPRESENTATIVE CAMP (111th):

Seldom as they may be. In any event, we considered this matter in the Finance Committee two years ago and killed the Bill. The Bill came out

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the last day of the Session and was passed. The Governor vetoed it, quite properly so, again. Again the Bill came to the Committee. The Committee boxed it. It again comes on the last day of the Session without consideration and it's adopted. I think there are clear problems with respect to collecting the tax - with the Tax Department and with the loss of revenue under the Sales Tax. The much better way to achieve the purpose which that sought to achieve and for this reason, I would oppose the Bill. Thank you.

THE SPEAKER:

Prepare to vote on the Bill as amended. Will the Members please be seated and the staff come to the well. The machine will be opened. Have all the Members voted and is your vote properly recorded? If so, the machine will be closed and the Clerk will take a tally. The gentleman from the 136th seeking the floor.

REPRESENTATIVE NEVAS (136th):

In the affirmative.

THE SPEAKER:

Gentleman from the 136th in the affirmative. The Clerk please announce the tally.

THE CLERK:

Total Number Voting	137
Total Necessary for Passage	69
Those voting Yea	<u>74</u>
Those Voting Nay	63
Those Absent and not Voting	14

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Cal. 1089, I would move Sub. H.B. 8363 to the CONSENT CALENDAR.

roc

THE PRESIDENT:

Without objection, it is so ordered.

SENATOR LIEBERMAN:

Cal. 1091, I move Sub. H.B. 7907 to the CONSENT CALENDAR.

THE PRESIDENT:

Without objection, it is so ordered.

SENATOR LIEBERMAN:

Cal. 1092, will be passed retaining.

Cal. 1095, I would move Substitute H.B. 5496 to the CONSENT CALENDAR.

THE PRESIDENT:

Without objection, it is so ordered.

SENATOR LIEBERMAN:

Cal. 1098 will be passed retaining.

Cal. ~~1102~~ <sup>SB-1220</sup>, Mr. President, there is an amendment, I would at this time move for acceptance and passage of the committee's favorable report and if it's O.K. in this point in the proceedings, I would ask or would indicate that the Clerk has an amendment and I waive the reading of the amendment. It would be our hope to move the entire bill, as amended, to the CONSENT CALENDAR.

THE CLERK:

The Clerk has Senate Amendment A as offered by Senator Smith. LCO 9895.

SENATOR LIEBERMAN:

Mr. President, the amendment provides - I would move

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adoption of the amendment. Mr. President, by way of explanation the amendment provides for the granting of tax exemption to non-profit housing corporations on the purchase of goods for use by those corporations.

THE PRESIDENT:

Senator Rome.

SENATOR ROME:

Mr. President, by way of further explanation, this was an amendment which we passed last year in the Senate and it was not passed in the House in the closing days. I think it is a worthy amendment and I urge adoption.

THE PRESIDENT:

If there is no further discussion, the question is on the adoption of Senate Amendment Schedule A, all in favor please signify by saying Aye.

Senator Beck.

SENATOR BECK:

Mr. President, just speaking on the bill as adopted with the amendment, I only wanted to make the comment that in the future we are not certain where the replacement for those revenues would go. It certainly does not have strong opposition but I think it should be said on the floor so that we do know how we are voting and in the first case it would be approximately one hundred fifty thousand revenue lost but we might not obtain that revenue this year in any case, but in the future, it could go up to approximately a million dollars. These were estimates by Governor Meskill and I think we should know that when we do

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vote on the bill as amended.

roc

THE PRESIDENT:

If there is no further discussion, the question is on the passage of Senate Amendment Schedule A. All in favor please signify by saying Aye. Those opposed Nay. The Ayes have it.

THE AMENDMENT IS ADOPTED.

SENATOR LIEBERMAN:

I would then, Mr. President, move Sub. for S.B. 1220,, as amended, to the CONSENT CALENDAR.

THE PRESIDENT:

Without objection, it is so ordered.

SENATOR LIEBERMAN:

Mr. President, on page eight of the calendar - Cal. 1106, I would move Sub. for H.B. 7611 to the CONSENT CALENDAR.

THE PRESIDENT:

Without objection, it is so ordered.

SENATOR LIEBERMAN:

Cal. 1112 will be passed retaining. Cal. 1115 will be passed retaining.

Cal. 1122 will be taken up in its order. It will be debated.

Cal. 1125, Sub. for S.B. 1671, I would move REcommittal to the Committee on Transportation.

THE PRESIDENT:

Without objection, hearing none, the matter is Recommitted.

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THE CLERK:

roc

The Clerk, not liking to break in, has just received an amendment on a bill on Page seven from Senator Hennessey, an amendment, the bill had previously been moved to the Consent Calendar. It is Cal. 1102, File 1120. SB-1220 The Clerk has in its possession Senate Amendment...

THE PRESIDENT:

Go ahead Senator.

SENATOR HENNESSEY:

Mr. President, I'd like to remove it from the Consent Calendar.

THE PRESIDENT:

Go ahead, Senator.

SENATOR HENNESSEY:

I'd like to move adoption ah

THE CLERK:

Clerk has Senate Amendment A offered by Senator Hennessey. Its Senate Amendment B, I'm sorry. It's LCO 3560.

SENATOR HENNESSEY:

I move adoption of the amendment.

THE PRESIDENT:

Will you remark on it, senator?

SENATOR HENNESSEY:

Mr. President, this amendment saves the Department of Transportation three hundred thirty-five thousand dollars in tax money when we bought some one hundred odd buses for the Connecticut Company. It is just a bookkeeping matter in the State and we

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don't have to transfer the money from one agency to another.

roc

I move the amendment.

THE PRESIDENT:

The question is on the adoption, Senate Amendment Schedule B. Senator Beck.

SENATOR BECK:

Mr. President, we think it's a great idea and we don't know if the Tax Department does, but we do, and we hope the amendment is accepted.

SENATOR HENNESSEY:

Thank you, Audrey.

THE PRESIDENT:

All those in favor of the amendment, please signify by saying Aye. And those opposed Nay. The Ayes have it. THE AMENDMENT IS ADOPTED.

SENATOR HENNESSEY:

Mr. President, I move this bill back to the CONSENT CALENDAR, if there is no objection.

THE PRESIDENT:

It has been requested, as amended by A and B, back on Consent. I hear no objection, it is so ordered.

SENATOR LIEBERMAN:

Mr. President, Cal. 1151, I would move Sub. H.B. 7770 to the CONSENT CALENDAR.

THE PRESIDENT:

Hearing no objection, it is so ordered.

## FINANCE COMMITTEE

MARCH 25, 1975

We also support the concept of Proposed Bill 120 which would give a three year tax credit for new businesses in Connecticut. We believe that all these bills would provide improved business climate in our state and would contribute to new jobs to our economy.

Proposed Bill 1220 would provide mass powers for the collection of taxes. Powers so great and unlimited that we voice our opposition to the proposed bill as drafted. It does not limit the power under a warrant for the amount of tax owed is a legitimate question. It would amount to the seizure and closing of a business without due process. We urge you reject this bill. We would also point out that this bill applies to individuals as well as businesses and that a delinquency of only thirty days should not bring about action as drastic as that proposed in this bill.

We also oppose the provision in Proposed Bill 1200 which would require dealers to buy cigarettes from a distributor to pay for them within fourteen days. Many retailers buy all their merchandise on credit and their accounting systems are not capable of guaranteeing payment within such a short time. Thank you for giving me this opportunity.

SEN. BECK: Could you supply us with some of those cost figures?

MR. MacCARTHY: Yes, I would be happy to.

SEN. BECK: Mr. Cook, Mr. Aaron Cook.

MR. AARON COOK: My name is Aaron Cook. I am vice president of the Atlas Oil Company, an independent gasoline and fuel oil distributor with offices in East Hartford, Connecticut. I am appearing here today in that capacity and also as a member of the Gasoline Jobber Committee of the Independent Connecticut Petroleum Association. Our association is made up of 400 independent fuel oil and gasoline distributors who market their products to homes, industry and the motoring public of Connecticut. Without exception, our members are small, independent businessmen and provide the only competition to the major oil companies that operate in the state.

I'm appearing here today in support of Senate Bill 1219 and House Bill 7613. Both of these bills are essentially the same in that they are placing maximum bond of \$100,000. which the Tax Commissioner may require from gasoline distributors licensed to do business in this state.

The reason I am here today to urge your approval of these bills is that last year the statute was amended and the upper limit of the bonding requirement was removed. The passing of this legislation attracted little notice at the time, but it has had

MR. MARANGLE: (Inaudible)

SEN. BECK: But that's a perfectly reasonable thing. The interest rates are changing. So I mean there's nothing wrong with it and the public gets this idea because we change the estimate -- somebody made a mistake..... so just give us a couple of your assumptions. In that way, if the interest rate changes, we've got your dollar figures down. We can always read off your tables later on and we'll have your estimates down there.

REP. CLYNES: I think we need it for comparison to --

SEN. BECK: Can you supply us with your estimate of what it's going to cost the stores to collect and get that to you monthly as against the present recording system? What are we talking about in terms of the cost for them as against our cost for them to do this? Do you have somebody that can do that for us?

MR. KARAM: The last one is going to present somewhat of a difficulty. I suppose-- what would you say about a department store that makes a sale and it's a credit card sale and the payment isn't due, let's say, for thirty days, sixty days--whatever the time period would be, and in the meantime the retailer becomes liable for making a deposit.

SEN. BECK: Now, you gave us a proposal here. And we've had this proposal for monthly collections. Is it possible for you to put together some kind of comment on alternatives possible, and put together a position paper for us from your perspective on that issue? I recognize that it's very....(inaudible) and if you could give us your best judgment and certainly whether it's difficult to estimate. If you could, for instance, tell us what range of problems you see with the credit. The credit card issue is a very good example of what we're looking for. If you could give us an estimate of roughly your guess on..... (inaudible).

MR. KARAM: We'll prepare it for you.

REP. CLYNES: Okay, Sam, do you want to go on to the next one?

MR. KARAM: Yes. The next bill is 1220. AN ACT CONCERNING STATE TAX COLLECTIONS. It's the feeling of the Department, and I might add, the strong feeling of the Department, that 1235 as it presently stands, prepares the collection of delinquent taxes. It's an antiquated provision of law. We have tried on several other occasions to amend that law and we are up before the committee on the same bill.

This would update the present law to conform to the authority vested in ....we believe also that the legislation will definitely facilitate the

collection of delinquent state taxes. Now at the present time, a sheriff representing a lawyer on a collection has more authority and more power than a warrant of the State Tax Department. The State Tax Department is limited to liening personal property and land -- real property. We have no power of garnishments. No power of garnishments. This law has been discussed at length with the two Attorney Generals who are in favor, assigned to the Tax Department -- I could tell you that they whole-heartedly endorse the new provision as we introduced it.

I'd like to give you another example. We have a delinquency on the books at the present time that amounts to several million dollars. As you know, we're not even Tax Marshalls. The Commissioner, on his own, called in -- in order to see what could be done -- called in the various sheriffs, High Sheriffs, of the various counties, and I might tell you that the response to taking the warrants was cold because these warrants can't be collected under 1235.

We have more power collecting -- going after a collection case. We have more success than the present tax...right now we have three sheriffs that will try and all of the others were just cold to the idea. They did not want to participate in the collection.

This provision of law would also do one other thing, and I think that this was enjoyed by most members of the last Legislature and the auditors ... (inaudible).

I can't tell you enough about the importance of this particular legislation. We feel as though our hands are really tied with the present law.

REP. COLLINS: (Inaudible)

MR. KARAM: We don't use tax marshalls. Tax Marshalls... (inaudible)

REP. COLLINS: Sheriffs----

MR. KARAM: Well, we tried to use the sheriffs but there's no interest among the sheriffs. They're not interested.

REP. CLYNES: With their fee -- still not interested?

MR. KARAM: Yes, but they say if we cannot garnishee a bank account, what good is a warrant. You can go out and pick up a person's automobile. Ninety-five percent of the automobiles are chatteled or under conditional bill of sale, so that doesn't solve any problem.

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mcb

## FINANCE

April 4, 1975  
10:30 A.M.

What's the added expense of storing an automobile--holding a public auction on an automobile -- it's a costly operation.

REP. COLLINS: So you want your own employees--

MR. KARAM: We have our own employees, but if we...(inaudible). The legislation provides the use of sheriffs and constables.

REP. COLLINS: (Inaudible)

MR. KARAM: (Inaudible)

(Conversation between Rep. Collins and Mr. Karam inaudible - not using microphones)

MR. KARAM: Not only that but we have that in our own -- after 906 of the General Statutes. It confers this power upon sheriffs and deputy sheriffs. But under a warrant, the warrant is under a particular provision of the law -- 12-35. And the sheriffs have more power under 906 than they have with the warrants.

REP. COLLINS: I've received complaints...

MR. KARAM: Six percent of the collection -- 40¢ a mile one way.

REP. COLLINS: Forty cents a mile?

MR. KARAM: One way.

SEN. BECK: I'll tell you, we should have all run for Deputy Sheriff.

REP. COLLINS: We've opened up a new line.

MR. KARAM: Particular provisions of the law--statutes.

REP. COLLINS: So this would just conform your warrants--

MR. KARAM: 906 of the General Statutes plus other provisions...(inaudible)

SEN. BECK: Can I ask you one other question. What does this do to our staff load in the Tax Department?

MR. KARAM: Well, let me say this to you, that it's already been done -- whatever had to be done has -- would necessitate increasing the personnel perhaps, because they've eliminated the marshalls somebody has to fill in those shoes. Somebody has to be a warrant server, so to speak. This would necessitate the Commissioner...(inaudible)

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## FINANCE

April 4, 1975  
10:30 A.M.

Actually, monetarily, they have very little impact if there is success in the collection of the warrants because the fees that are collected are connected with the collection of the warrants would more than cover any type of expense that may be incurred. You see, the marshalls were independent contractors, more or less. They were on their own. They were not state employees. If they were successful in making collections, they got paid.

REP. COLLINS: (Inaudible)

SEN. BECK: I do, too.

MR. KARAM: We're very happy to do it.

REP. SMOKO: It's very close to the function that our sheriff is performing now. They could pretty much operate as usual and take this over as part of their routine function if you give them the muscle to do the job. I see it calls in the bill that you could do it both ways -- Tax Department employee or any other collection facility.

MR. KARAM: We will finally end up, I believe, as the legislation is written, perhaps ninety-eight percent of the work will probably be done by employees.

SEN. BECK: Would we -- suppose we gave them the muscle to do it, would it be lucrative for sheriffs to do this? It seems to me that if it's lucrative, you're not going to end up doing it. (Inaudible)

Why would the assumption be that your Department would then end up doing most of the work -- under those circumstances? You think they still won't be interested then? Who would decide? Who would decide which of these people -- would you go out and ask the sheriffs first or would this be something that you would kind of negotiate in each district, or how is that --

MR. KARAM: Well, I think the answer to your question would be, if you were to try both systems, the system that produced the greater amount of revenue would be the system that we would use. We would be looking in terms of results. We're trying to wipe out the delinquencies. This is what our objective would be.

SEN. BECK: Well, I guess what I'm wondering Sam is whether there should be any provision in here for priorities or for who determines this? I guess that's what I'm asking.

MR. KARAM: I think that should be left up to the Tax Commissioner. My own opinion is that should be left up to the Tax Commissioner because he is in the best position -- he is in the best position to judge what is the most effective way of getting rid of the delinquencies.

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SEN. BECK: Well, okay, I think if we have some more questions, we can come back to you.

Are there any more committee questions?

REP. COLLINS: I just feel very strongly that the State of Connecticut is going to be reprimanded....(inaudible)

SEN. BECK: There should be some standards of some kind of feeling about who's responsible -- you know --

MR. KARAM: Let me add one thing. Primarily -- just one second -- primarily, I don't care who does the job. We don't care who does the job. We want the job done. And the only way we're going to get the job done is through the Legislature. I have only four more bills left here which concern the Inheritance Division, and with your permission, I will turn it over to Bob Hale.

SEN. BECK: Okay. How long is this -- what's your estimate for the four bills?

MR. KARAM: Five minutes.

SEN. BECK: Okay.

MR. KARAM: I want to take this opportunity to introduce Commissioner Hefferan, Tax Commissioner -- the newly appointed Tax Commission for the State of Connecticut. I should have done this before.

SEN. BECK: I hope you appreciate how much we love the Tax Department. I think when we're done, we'd like to ask you to make a few comments to us, Commissioner. And we do want to say that we appreciate all the time from the members of the Department who came here today. We appreciate the time you're taking.

ROBERT J. HALE: Robert J. Hale, First Assistant Tax Commissioner. I am in charge of the inheritance tax. I promise five minutes and I don't think I'll take longer than that.

1244, our lien statute. We ask you to insert into the current lien statute, the words, bona fide and provided they have no notice. What we're asking for is that the inheritance tax lien bill or statute (inaudible). Now, I've been associated with the inheritance tax of the State for twenty-five years, and up until very recently, the only activity I've had concerning the lien statute has been academic discussions about what effect it has. Lately, in the past year, we now find that we're forced to file hundreds of liens every year on the land records. This is for two reasons. One, of course, the economy has changed. Also be-

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THE SPEAKER:

Will you remark further on the Resolution? The gentleman from the 20th, Representative Charles Matties.

REPRESENTATIVE MATTIES (20th):

Mr. Speaker I must voice an objection to this. My understanding is that there is an interpretation of this Bill that indicates a substantial fiscal note should be attached. The intent of the Legislation was not to give away plates and I think we all understood that. Someone has interpreted this Legislation to indicate or mandate free license plates and I think that's the thrust of the problem and it seems a shame to lose this piece of Legislation when they might be able to correct that without killing the Bill.

THE SPEAKER:

Will you remark further on adoption of the Resolution? If not, the question is on its adoption. All those in favor will indicate by saying aye. Opposed? The resolution is adopted. Pursuant to the terms mandated in the Resolution which requires two Members of this Honorable Chamber, the Chair will appoint the distinguished Chairman of the Transportation Committee, the gentleman from the 46th Assembly District, Representative Thomas Sweeney, a very distinguished gentleman from the 141st, the senior Member of the Republican Caucus and ranking Member on Transportation, Representative Gennaro Frate.

THE CLERK:

Page four of the Calendar, Calendar 1436 with one star, Substitute for Senate Bill 1220, AN ACT CONCERNING STATE TAX COLLECTIONS as amended by Senate Amendment, Schedule A and B.

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THE SPEAKER:

Gentleman from the 3rd, Representative Paul La Rosa.

REPRESENTATIVE LA ROSA (3rd):

Mr. Speaker, I move for Suspension of the Rules for immediate consideration.

THE SPEAKER:

Question is on Suspension of the Rules for immediate consideration. Is there objection? Hearing none, the Rules are suspended. The gentleman from the 3rd.

REPRESENTATIVE LA ROSA (3rd):

Mr. Speaker, I move passage of the Bill - I move acceptance of the Joint Committee's Favorable Report and passage of the Bill.

THE SPEAKER:

Question is on acceptance of the Joint Committee's Favorable Report and passage of the Bill. Will you remark, sir?

REPRESENTATIVE LA ROSA (3rd):

Mr. Speaker, the House has Senate Amendment A.

THE SPEAKER:

Will the Clerk please call Senate A? Clerk please read the heading.

THE CLERK:

Senate Amendment, Schedule A, LCO 9895.

THE SPEAKER:

Does the gentleman take leave of the Chamber to summarize? Senate A in lieu of the Clerk's reading?

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REPRESENTATIVE LA ROSA (3rd):

Please Mr. Speaker. I'd like to summarize.

THE SPEAKER:

Is there objection to the gentleman's summarization? Hearing none the gentleman from the 3rd for that purpose.

REPRESENTATIVE LA ROSA (3rd):

Mr. Speaker, this Amendment will allow Sales Tax Exemption for non profit housing. What it does is it allows them to purchase materials and to have exemption of Sales Tax. Of course, Mr. Speaker, it has been said that there would be a revenue loss in regards to this Amendment. We have to take into consideration that if there is no building of non-profit housing and there are no exemptions, of course, there could be no loss because there would be no income. In fact, it would be a bigger loss to the State of Connecticut because the people that would have availed themselves of the non-profit housing would have none to do so. So, therefore, Mr. Speaker, it would create more than it would lose and as a result, I urge its adoption.

THE SPEAKER:

Will you remark further on adoption of Senate Amendment, Schedule A? Gentleman from the 111th.

REPRESENTATIVE CAMP (111th):

Thank you Mr. Speaker. This apparently, and I have not had a chance to read the file copy, there was a Bill very similar to this adopted in the

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last Session a year ago or two years ago when I was the Chairman of the Finance Committee. I think that the purpose of this Resolution or this Act, is probably good in that it exempts non-profit housing from the Sales Tax. The Bill was eventually vetoed by the Governor and probably quite properly so. There is very serious question of enforcement inasmuch as I haven't had a chance to read the file copy, I'm not sure whether those have been taken care of here but I would suggest to you that to determine who and what and how much and for what circumstances exemptions would be granted is a difficult concept. Secondly, again, we are taking monies away from our Sales Tax revenue and I think we ought to understand that in undermining the basis for that tax, we may do serious problems with the fiscal situation of the State of Connecticut. I would ask, through you please, of the gentleman reporting the Amendment if there is a fiscal note attached to the Amendment.

THE SPEAKER:

Gentleman from the 3rd.

REPRESENTATIVE LA ROSA (3rd):

There is no fiscal note for the simple reason that there is no anticipated revenue loss because at the present time, there is no exemption for non-profit housing and there is no non-profit housing being built at this time, due to the economic problems.

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THE SPEAKER:

Gentleman from the 111th.

REPRESENTATIVE CAMP (111th):

Mr. Speaker, I think properly that the fact that there may not be any at the date going on is not sufficient to relieve this of the necessity of a fiscal note and I would therefore, raise a point of order that a fiscal note ought to be attached to this Bill. Apparently the argument is that because we aren't now constructing any non-profit housing that is not sufficient. But we may be next month or the month thereafter and I think we are entitled to a fiscal note on this Bill.

THE SPEAKER:

The Chair thanks the gentleman from the 111th. The gentleman from the 119th and the gentleman from the 151st, the Clerk's messengers for bringing to the Speaker, House A. Will the gentlemen be kind enough to restate his point of order and particularize it in the context of Senate Amendment, Schedule A?

REPRESENTATIVE CAMP (111th):

Mr. Speaker, you have a gentleman that's somewhat larger than I am standing around the Clerk's office or the Clerk's statement, whereby I have not seen a copy of the Amendment per se, that I've had it explained to me. As I understand it, it will relieve the Sales Tax or grant an additional exemption from the Sales Tax from certain organizations. Now I don't know whether the ultimate decision will be whether or not that will

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in fact give a fiscal impact or whether it won't but there's certainly that possibility and for that reason, I think this Bill requires a fiscal note and I would cite you whatever that section of the general statute that requires a fiscal note - something in Title 2, I believe.

THE SPEAKER:

The Chair is of the impression that - the Chair has not invited debate on a point of order. But the Chair will invite debate -

REPRESENTATIVE LA ROSA (3rd):

I stand corrected, Mr. Speaker. I yield to the Chairman of Finance. I understand there is a fiscal note.

REPRESENTATIVE CLYNES (81st):

Mr. Speaker, there is a fiscal note attached to this Bill and I call your attention to it. I have it in my hand. I don't know if Mr. Camp has it or not. It says while estimate revenue loss in 1975-1976 is \$100,000.00 to \$200,000.00, it is estimated that the loss in the future years could range from \$1 million to \$2 million, depending upon the construction market and the funding availability. So there is a fiscal note here, Mr. Speaker, so the point of order is not well taken.

THE SPEAKER:

Will you remark further on the point of order?

REPRESENTATIVE CAMP (111th):

Mr. Speaker, in view of the facts announced by the Chairman of the Committee, I would withdraw my point of order.

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THE SPEAKER:

Thank you sir. Will you remark further on adoption of Senate Amendment, Schedule A? The gentleman from the 111th.

REPRESENTATIVE CAMP (111th):

Mr. Speaker, I think the fiscal note indicates good reason why we should not adopt this Bill or this Amendment and the fiscal note of \$1 million to \$2 million sometime in the future is pretty ample evidence that we should not. I would suggest to the House as well, problems with respect to the enforcement of this Act are considerably stronger than those with respect to just if everybody is honest. Because this is a Bill that really opens up an entire area of rather difficult Sales Tax administration. If there is a problem for non-profit housing, I would suggest to the House that the proper way is to fund it through the House rather than to create artificial exemptions very difficult to enforce. I would oppose the Amendment.

(Tape 53)

THE SPEAKER:

Will you remark further on Senate Amendment, Schedule A? If not, the question is on its adoption. All those in favor will indicate by saying aye. Opposed? The Chair is in doubt. All those in favor of adoption of Senate A will indicate by saying aye. Opposed? There is no doubt. Senate A is adopted. Will you remark further on the Bill as amended by Senate A? Gentleman from the 3rd.

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REPRESENTATIVE LA ROSA (3rd):

Clerk has Senate Amendment B.

THE SPEAKER:

Clerk please call Senate Amendment, Schedule B.

THE CLERK:

Senate Amendment, Schedule B, LCO 5560.

REPRESENTATIVE LA ROSA (3rd):

I would like to summarize, Mr. Speaker.

THE SPEAKER:

Is there objection to the gentleman from the 3rd summarizing Senate Amendment, Schedule B? Hearing no objection, the gentleman from the 3rd to summarize.

REPRESENTATIVE LA ROSA (3rd):

Mr. Speaker, Senate Amendment B deals with the purchase of 125 buses from General Motors by the Department of Transportation and what it does is exempt them from paying the Sales Tax to the Department of Tax to the tune of \$335,000.00. It's actually no cost to anyone other than the fact that if we do not pass this Amendment, we would have to transfer and take \$335,000.00 from the Department of Transportation and give it to the General Fund. As a result, the Department of Transportation would have to bond in the amount of \$335,000.00. Therefore, Mr. Speaker, it's a good Amendment and I urge its adoption.

THE SPEAKER:

Will you remark further on the Amendment? Gentleman from the 89th, Representative Richard Dice.

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REPRESENTATIVE DICE (89th):

Mr. Speaker, I also concur that this is a good Amendment not only would it save us a transfer, but it will save us the interest on the bonding that may have to be done to pay ourselves the Sales Tax on the buses. It seems to me that if we overlooked something at the time we originally made arrangements to pick up the buses and we not only overlooked it, but we're going to bond ourselves and have to pay interest to do it. And I might indicate that a Member of my constituency from Hamden who happens to be a gentleman who is blind, brought this to my attention and it seems to me that we're finally turning a matter that he's been pursuing for some time. I urge the passage.

THE SPEAKER:

Prepare to vote on Senate B. Question is on adoption of Senate Amendment, Schedule B. All those in favor of its adoption will indicate by saying aye. Opposed? Senate B is adopted. Will you remark further on the Bill as amended by Senate Amendments, Schedules A and B? Gentleman from the 3rd.

REPRESENTATIVE LA ROSA (3rd):

Mr. Speaker, I urge passage of Senate Bill 1220 as amended by Senate A and B. I urge its passage, Mr. Speaker.

THE SPEAKER:

Will you remark further on the Bill? Gentleman from the 89th.

REPRESENTATIVE DICE (89th):

Mr. Speaker, through you, if this is going to present a problem to me, but I'd like to ask the gentleman bringing out the Bill to explain to

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me in effect, what the Bill means. It seems to me what we're doing is taking away from the Tax Department the obligation to bring a law suit to collect the taxes and giving them in turn the right to take a warrant without an appeal in the matter and sell someone's property and I'm wondering if that is my understanding of what we're doing here.

THE SPEAKER:

Is the gentleman framing a question? The Chair recognizes the gentleman from the 3rd to yield to the gentleman from the 81st.

REPRESENTATIVE CLYNES (81st):

Mr. Speaker, I call Mr. Dice's attention to Line 77 where we go into a new concept of tax collection methods and we in fact strengthen the Tax Department's authority to collect the taxes. Prior to this time, the Tax authority had the priority to issue a warrant. Now, they have the chance to issue a warrant and enforce that warrant by execution which prior to this time, they could not do.

THE SPEAKER:

Gentleman from the 89th.

REPRESENTATIVE DICE (89th):

Mr. Speaker, through you a question of the gentleman who responded to the Bill, the Chairman of the Committee.

THE SPEAKER:

Please frame your question.

REPRESENTATIVE DICE (89th):

Is there any appeal from the issue of the warrant?

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THE SPEAKER:

Does the gentleman care to respond?

REPRESENTATIVE DICE (89th):

Assuming the warrant is improperly issued, is there any appeal from a man having his property sold under this warrant, before he gets it sold?

REPRESENTATIVE CLYNES (81st):

Mr. Speaker, through you.

THE SPEAKER:

Gentleman from the 81st.

REPRESENTATIVE CLYNES (81st):

I agree with the gentleman. I don't see that in this Bill but I would say obviously through previous statutes, there is that appeal or right.

THE SPEAKER:

Gentleman from the 89th.

REPRESENTATIVE DICE (89th):

Through you, I'd ask the gentleman to point to the previous statute.

REPRESENTATIVE CLYNES (81st):

Mr. Speaker, through you, I am unable to do so at this point.

THE SPEAKER:

Gentleman from the 89th.

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REPRESENTATIVE DICE (89th):

Mr. Speaker, I'd generally like to comment then. I think that one of the things that this nation as a whole is getting concerned about, particularly the Internal Revenue Service, is when Internal Revenue Service has arbitrarily issued warrants and sold people's properties and then, afterwards, the individual has a fight with the Federal Government about it. If you watched the CBS program just recently, you will realize what I'm talking about. It seems to me that we want to collect our taxes and I'm the first one that wants to collect them but I do not want to put our citizens in the situation where our Tax Department can issue a warrant, go out and sell your house, as a matter of fact, because under this statute, it indicates that the sale of real or personal property can be sold to satisfy the warrant. Consequently, although I unfortunately support the Amendment that went on this because it really is needed, it seems to me that I'm going to have to vote against this Bill because I'm not for having the Tax Department go out, issue a warrant, sell your home, your car or whatever they grab to collect the taxes and then subsequently, you have to find out whether or not that Tax warrant was proper or not. I'm opposed to the Bill in the form which it is in.

THE SPEAKER:

Gentleman from the 111th.

REPRESENTATIVE CAMP (111th):

Through you please, a question to the Chairman of the Finance Committee.

THE SPEAKER:

Please frame your question.

REPRESENTATIVE CAMP (111th):

Yes sir, by your best recollection, do you recall that we had a Bill

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to exempt non-profit housing from the Sales Tax during this Session of the Legislature?

REPRESENTATIVE CLYNES (81st):

Yes, we did have that Bill before us or that suggestion before us.

REPRESENTATIVE CAMP (111th):

Mr. Speaker, through you a question of the Chairman of the Finance Committee. What was the action of the Finance Committee in connection with that Bill?

THE SPEAKER:

Does the gentleman care to respond?

REPRESENTATIVE CLYNES (81st):

Mr. Speaker, through you, I am not certain. I believe in all honesty we talked about putting it to a study committee but in all honesty, I cannot answer that.

THE SPEAKER:

The gentleman from the 111th has the floor.

REPRESENTATIVE CAMP (111th):

Thank you and I appreciate the honesty of the Chairman of the Committee which is his accustomed way of answering questions. The Finance Committee, under which I was Chairman I think took the same action that this Finance Committee did, it boxed the Bill. In the last hour of the Session, just two

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years ago, just as we did tonight, the Legislature again had this question brought before it. It was ill considered when we did it - when we were in the majority and I suggest to you that it was equally ill-considered when you did it when you were in the majority. We were wrong. That doesn't mean you have to make the same mistake twice. Governor Meskill -  
brief pause - had -

THE SPEAKER:

Shall we all pause?

REPRESENTATIVE CAMP (111th):

vetoed the Bill.

THE SPEAKER:

The Chair would appreciate it if the gentleman from the 111th does not pause but proceeds with whatever it is he cares to regale us with.

REPRESENTATIVE CAMP (111th):

I have to think once in awhile.

THE SPEAKER:

And we all appreciate those occasions, sir.

REPRESENTATIVE CAMP (111th):

Seldom as they may be. In any event, we considered this matter in the Finance Committee two years ago and killed the Bill. The Bill came out

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the last day of the Session and was passed. The Governor vetoed it, quite properly so, again. Again the Bill came to the Committee. The Committee boxed it. It again comes on the last day of the Session without consideration and it's adopted. I think there are clear problems with respect to collecting the tax - with the Tax Department and with the loss of revenue under the Sales Tax. The much better way to achieve the purpose which that sought to achieve and for this reason, I would oppose the Bill. Thank you.

THE SPEAKER:

Prepare to vote on the Bill as amended. Will the Members please be seated and the staff come to the well. The machine will be opened. Have all the Members voted and is your vote properly recorded? If so, the machine will be closed and the Clerk will take a tally. The gentleman from the 136th seeking the floor.

REPRESENTATIVE NEVAS (136th):

In the affirmative.

THE SPEAKER:

Gentleman from the 136th in the affirmative. The Clerk please announce the tally.

THE CLERK:

Total Number Voting	137
Total Necessary for Passage	69
Those voting Yea	<u>74</u>
Those Voting Nay	63
Those Absent and not Voting	14

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Cal. 1089, I would move Sub. H.B. 8363 to the CONSENT CALENDAR.

roc

THE PRESIDENT:

Without objection, it is so ordered.

SENATOR LIEBERMAN:

Cal. 1091, I move Sub. H.B. 7907 to the CONSENT CALENDAR.

THE PRESIDENT:

Without objection, it is so ordered.

SENATOR LIEBERMAN:

Cal. 1092, will be passed retaining.

Cal. 1095, I would move Substitute H.B. 5496 to the

CONSENT CALENDAR.

THE PRESIDENT:

Without objection, it is so ordered.

SENATOR LIEBERMAN:

Cal. 1098 will be passed retaining.

Cal. ~~1102~~ <sup>SB-1220</sup>, Mr. President, there is an amendment, I would at this time move for acceptance and passage of the committee's favorable report and if it's O.K. in this point in the proceedings, I would ask or would indicate that the Clerk has an amendment and I waive the reading of the amendment. It would be our hope to move the entire bill, as amended, to the CONSENT CALENDAR.

THE CLERK:

The Clerk has Senate Amendment A as offered by Senator Smith. LCO 9895.

SENATOR LIEBERMAN:

Mr. President, the amendment provides - I would move

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adoption of the amendment. Mr. President, by way of explanation the amendment provides for the granting of tax exemption to non-profit housing corporations on the purchase of goods for use by those corporations.

THE PRESIDENT:

Senator Rome.

SENATOR ROME:

Mr. President, by way of further explanation, this was an amendment which we passed last year in the Senate and it was not passed in the House in the closing days. I think it is a worthy amendment and I urge adoption.

THE PRESIDENT:

If there is no further discussion, the question is on the adoption of Senate Amendment Schedule A, all in favor please signify by saying Aye.

Senator Beck.

SENATOR BECK:

Mr. President, just speaking on the bill as adopted with the amendment, I only wanted to make the comment that in the future we are not certain where the replacement for those revenues would go. It certainly does not have strong opposition but I think it should be said on the floor so that we do know how we are voting and in the first case it would be approximately one hundred fifty thousand revenue lost but we might not obtain that revenue this year in any case, but in the future, it could go up to approximately a million dollars. These were estimates by Governor Meskill and I think we should know that when we do

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vote on the bill as amended.

roc

THE PRESIDENT:

If there is no further discussion, the question is on the passage of Senate Amendment Schedule A. All in favor please signify by saying Aye. Those opposed Nay. The Ayes have it.

THE AMENDMENT IS ADOPTED.

SENATOR LIEBERMAN:

I would then, Mr. President, move Sub. for S.B. 1220,, as amended, to the CONSENT CALENDAR.

THE PRESIDENT:

Without objection, it is so ordered.

SENATOR LIEBERMAN:

Mr. President, on page eight of the calendar - Cal. 1106, I would move Sub. for H.B. 7611 to the CONSENT CALENDAR.

THE PRESIDENT:

Without objection, it is so ordered.

SENATOR LIEBERMAN:

Cal. 1112 will be passed retaining. Cal. 1115 will be passed retaining.

Cal. 1122 will be taken up in its order. It will be debated.

Cal. 1125, Sub. for S.B. 1671, I would move REcommittal to the Committee on Transportation.

THE PRESIDENT:

Without objection, hearing none, the matter is Recommitted.

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THE CLERK:

roc

The Clerk, not liking to break in, has just received an amendment on a bill on Page seven from Senator Hennessey, an amendment, the bill had previously been moved to the Consent Calendar. It is Cal. 1102, File 1120. SB-1220 The Clerk has in its possession Senate Amendment...

THE PRESIDENT:

Go ahead Senator.

SENATOR HENNESSEY:

Mr. President, I'd like to remove it from the Consent Calendar.

THE PRESIDENT:

Go ahead, Senator.

SENATOR HENNESSEY:

I'd like to move adoption ah

THE CLERK:

Clerk has Senate Amendment A offered by Senator Hennessey. Its Senate Amendment B, I'm sorry. It's LCO 3560.

SENATOR HENNESSEY:

I move adoption of the amendment.

THE PRESIDENT:

Will you remark on it, senator?

SENATOR HENNESSEY:

Mr. President, this amendment saves the Department of Transportation three hundred thirty-five thousand dollars in tax money when we bought some one hundred odd buses for the Connecticut Company. It is just a bookkeeping matter in the State and we

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don't have to transfer the money from one agency to another.

roc

I move the amendment.

THE PRESIDENT:

The question is on the adoption, Senate Amendment Schedule B. Senator Beck.

SENATOR BECK:

Mr. President, we think it's a great idea and we don't know if the Tax Department does, but we do, and we hope the amendment is accepted.

SENATOR HENNESSEY:

Thank you, Audrey.

THE PRESIDENT:

All those in favor of the amendment, please signify by saying Aye. And those opposed Nay. The Ayes have it. THE AMENDMENT IS ADOPTED.

SENATOR HENNESSEY:

Mr. President, I move this bill back to the CONSENT CALENDAR, if there is no objection.

THE PRESIDENT:

It has been requested, as amended by A and B, back on Consent. I hear no objection, it is so ordered.

SENATOR LIEBERMAN:

Mr. President, Cal. 1151, I would move Sub. H.B. 7770 to the CONSENT CALENDAR.

THE PRESIDENT:

Hearing no objection, it is so ordered.

## FINANCE COMMITTEE

MARCH 25, 1975

We also support the concept of Proposed Bill 120 which would give a three year tax credit for new businesses in Connecticut. We believe that all these bills would provide improved business climate in our state and would contribute to new jobs to our economy.

Proposed Bill 1220 would provide mass powers for the collection of taxes. Powers so great and unlimited that we voice our opposition to the proposed bill as drafted. It does not limit the power under a warrant for the amount of tax owed is a legitimate question. It would amount to the seizure and closing of a business without due process. We urge you reject this bill. We would also point out that this bill applies to individuals as well as businesses and that a delinquency of only thirty days should not bring about action as drastic as that proposed in this bill.

We also oppose the provision in Proposed Bill 1200 which would require dealers to buy cigarettes from a distributor to pay for them within fourteen days. Many retailers buy all their merchandise on credit and their accounting systems are not capable of guaranteeing payment within such a short time. Thank you for giving me this opportunity.

SEN. BECK: Could you supply us with some of those cost figures?

MR. MacCARTHY: Yes, I would be happy to.

SEN. BECK: Mr. Cook, Mr. Aaron Cook.

MR. AARON COOK: My name is Aaron Cook. I am vice president of the Atlas Oil Company, an independent gasoline and fuel oil distributor with offices in East Hartford, Connecticut. I am appearing here today in that capacity and also as a member of the Gasoline Jobber Committee of the Independent Connecticut Petroleum Association. Our association is made up of 400 independent fuel oil and gasoline distributors who market their products to homes, industry and the motoring public of Connecticut. Without exception, our members are small, independent businessmen and provide the only competition to the major oil companies that operate in the state.

I'm appearing here today in support of Senate Bill 1219 and House Bill 7613. Both of these bills are essentially the same in that they are placing maximum bond of \$100,000. which the Tax Commissioner may require from gasoline distributors licensed to do business in this state.

The reason I am here today to urge your approval of these bills is that last year the statute was amended and the upper limit of the bonding requirement was removed. The passing of this legislation attracted little notice at the time, but it has had

MR. MARANGLE: (Inaudible)

SEN. BECK: But that's a perfectly reasonable thing. The interest rates are changing. So I mean there's nothing wrong with it and the public gets this idea because we change the estimate -- somebody made a mistake..... so just give us a couple of your assumptions. In that way, if the interest rate changes, we've got your dollar figures down. We can always read off your tables later on and we'll have your estimates down there.

REP. CLYNES: I think we need it for comparison to --

SEN. BECK: Can you supply us with your estimate of what it's going to cost the stores to collect and get that to you monthly as against the present recording system? What are we talking about in terms of the cost for them as against our cost for them to do this? Do you have somebody that can do that for us?

MR. KARAM: The last one is going to present somewhat of a difficulty. I suppose-- what would you say about a department store that makes a sale and it's a credit card sale and the payment isn't due, let's say, for thirty days, sixty days--whatever the time period would be, and in the meantime the retailer becomes liable for making a deposit.

SEN. BECK: Now, you gave us a proposal here. And we've had this proposal for monthly collections. Is it possible for you to put together some kind of comment on alternatives possible, and put together a position paper for us from your perspective on that issue? I recognize that it's very....(inaudible) and if you could give us your best judgment and certainly whether it's difficult to estimate. If you could, for instance, tell us what range of problems you see with the credit. The credit card issue is a very good example of what we're looking for. If you could give us an estimate of roughly your guess on..... (inaudible).

MR. KARAM: We'll prepare it for you.

REP. CLYNES: Okay, Sam, do you want to go on to the next one?

MR. KARAM: Yes. The next bill is 1220. AN ACT CONCERNING STATE TAX COLLECTIONS. It's the feeling of the Department, and I might add, the strong feeling of the Department, that 1235 as it presently stands, prepares the collection of delinquent taxes. It's an antiquated provision of law. We have tried on several other occasions to amend that law and we are up before the committee on the same bill.

This would update the present law to conform to the authority vested in ....we believe also that the legislation will definitely facilitate the

collection of delinquent state taxes. Now at the present time, a sheriff representing a lawyer on a collection has more authority and more power than a warrant of the State Tax Department. The State Tax Department is limited to liening personal property and land -- real property. We have no power of garnishments. No power of garnishments. This law has been discussed at length with the two Attorney Generals who are in favor, assigned to the Tax Department -- I could tell you that they whole-heartedly endorse the new provision as we introduced it.

I'd like to give you another example. We have a delinquency on the books at the present time that amounts to several million dollars. As you know, we're not even Tax Marshalls. The Commissioner, on his own, called in -- in order to see what could be done -- called in the various sheriffs, High Sheriffs, of the various counties, and I might tell you that the response to taking the warrants was cold because these warrants can't be collected under 1235.

We have more power collecting -- going after a collection case. We have more success than the present tax...right now we have three sheriffs that will try and all of the others were just cold to the idea. They did not want to participate in the collection.

This provision of law would also do one other thing, and I think that this was enjoyed by most members of the last Legislature and the auditors ... (inaudible).

I can't tell you enough about the importance of this particular legislation. We feel as though our hands are really tied with the present law.

REP. COLLINS: (Inaudible)

MR. KARAM: We don't use tax marshalls. Tax Marshalls... (inaudible)

REP. COLLINS: Sheriffs----

MR. KARAM: Well, we tried to use the sheriffs but there's no interest among the sheriffs. They're not interested.

REP. CLYNES: With their fee -- still not interested?

MR. KARAM: Yes, but they say if we cannot garnishee a bank account, what good is a warrant. You can go out and pick up a person's automobile. Ninety-five percent of the automobiles are chatteled or under conditional bill of sale, so that doesn't solve any problem.

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What's the added expense of storing an automobile--holding a public auction on an automobile -- it's a costly operation.

REP. COLLINS: So you want your own employees--

MR. KARAM: We have our own employees, but if we...(inaudible). The legislation provides the use of sheriffs and constables.

REP. COLLINS: (Inaudible)

MR. KARAM: (Inaudible)

(Conversation between Rep. Collins and Mr. Karam inaudible - not using microphones)

MR. KARAM: Not only that but we have that in our own -- after 906 of the General Statutes. It confers this power upon sheriffs and deputy sheriffs. But under a warrant, the warrant is under a particular provision of the law -- 12-35. And the sheriffs have more power under 906 than they have with the warrants.

REP. COLLINS: I've received complaints...

MR. KARAM: Six percent of the collection -- 40¢ a mile one way.

REP. COLLINS: Forty cents a mile?

MR. KARAM: One way.

SEN. BECK: I'll tell you, we should have all run for Deputy Sheriff.

REP. COLLINS: We've opened up a new line.

MR. KARAM: Particular provisions of the law--statutes.

REP. COLLINS: So this would just conform your warrants--

MR. KARAM: 906 of the General Statutes plus other provisions...(inaudible)

SEN. BECK: Can I ask you one other question. What does this do to our staff load in the Tax Department?

MR. KARAM: Well, let me say this to you, that it's already been done -- whatever had to be done has -- would necessitate increasing the personnel perhaps, because they've eliminated the marshalls somebody has to fill in those shoes. Somebody has to be a warrant server, so to speak. This would necessitate the Commissioner...(inaudible)

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Actually, monetarily, they have very little impact if there is success in the collection of the warrants because the fees that are collected are connected with the collection of the warrants would more than cover any type of expense that may be incurred. You see, the marshalls were independent contractors, more or less. They were on their own. They were not state employees. If they were successful in making collections, they got paid.

REP. COLLINS: (Inaudible)

SEN. BECK: I do, too.

MR. KARAM: We're very happy to do it.

REP. SMOKO: It's very close to the function that our sheriff is performing now. They could pretty much operate as usual and take this over as part of their routine function if you give them the muscle to do the job. I see it calls in the bill that you could do it both ways -- Tax Department employee or any other collection facility.

MR. KARAM: We will finally end up, I believe, as the legislation is written, perhaps ninety-eight percent of the work will probably be done by employees.

SEN. BECK: Would we -- suppose we gave them the muscle to do it, would it be lucrative for sheriffs to do this? It seems to me that if it's lucrative, you're not going to end up doing it. (Inaudible)

Why would the assumption be that your Department would then end up doing most of the work -- under those circumstances? You think they still won't be interested then? Who would decide? Who would decide which of these people -- would you go out and ask the sheriffs first or would this be something that you would kind of negotiate in each district, or how is that --

MR. KARAM: Well, I think the answer to your question would be, if you were to try both systems, the system that produced the greater amount of revenue would be the system that we would use. We would be looking in terms of results. We're trying to wipe out the delinquencies. This is what our objective would be.

SEN. BECK: Well, I guess what I'm wondering Sam is whether there should be any provision in here for priorities or for who determines this? I guess that's what I'm asking.

MR. KARAM: I think that should be left up to the Tax Commissioner. My own opinion is that should be left up to the Tax Commissioner because he is in the best position -- he is in the best position to judge what is the most effective way of getting rid of the delinquencies.

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SEN. BECK: Well, okay, I think if we have some more questions, we can come back to you.

Are there any more committee questions?

REP. COLLINS: I just feel very strongly that the State of Connecticut is going to be reprimanded....(inaudible)

SEN. BECK: There should be some standards of some kind of feeling about who's responsible -- you know --

MR. KARAM: Let me add one thing. Primarily -- just one second -- primarily, I don't care who does the job. We don't care who does the job. We want the job done. And the only way we're going to get the job done is through the Legislature. I have only four more bills left here which concern the Inheritance Division, and with your permission, I will turn it over to Bob Hale.

SEN. BECK: Okay. How long is this -- what's your estimate for the four bills?

MR. KARAM: Five minutes.

SEN. BECK: Okay.

MR. KARAM: I want to take this opportunity to introduce Commissioner Hefferan, Tax Commissioner -- the newly appointed Tax Commission for the State of Connecticut. I should have done this before.

SEN. BECK: I hope you appreciate how much we love the Tax Department. I think when we're done, we'd like to ask you to make a few comments to us, Commissioner. And we do want to say that we appreciate all the time from the members of the Department who came here today. We appreciate the time you're taking.

ROBERT J. HALE: Robert J. Hale, First Assistant Tax Commissioner. I am in charge of the inheritance tax. I promise five minutes and I don't think I'll take longer than that.

1244, our lien statute. We ask you to insert into the current lien statute, the words, bona fide and provided they have no notice. What we're asking for is that the inheritance tax lien bill or statute (inaudible). Now, I've been associated with the inheritance tax of the State for twenty-five years, and up until very recently, the only activity I've had concerning the lien statute has been academic discussions about what effect it has. Lately, in the past year, we now find that we're forced to file hundreds of liens every year on the land records. This is for two reasons. One, of course, the economy has changed. Also be-