

Legislative History for Connecticut Act

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HB 5700	PA 208	1996
Senate	5089, 5096 - 5098	(4)
House	1777, 3209 - 3212	(5)
Finance, Revenue and Bonding-	236, 285, 288, 398, 524, 525	(6)
	total	15 pgs.

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CONNECTICUT  
GEN ASSEMBLY  
SENATE

PROCEEDINGS  
1996

VOL 39  
PART 15  
VETO SESSION  
4994-5373

kmg

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Senate

Wednesday, May 8, 1996

005089

SEN. FLEMING:

Calendar 528. Madam President, I would move that  
that item be placed on the Consent Calendar.

HB 5784

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

Calendar 529. Madam President, I would move that  
that item be placed on the Consent Calendar.

HB 5364

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

Calendar 530. Madam President, I would move that  
that item be placed on the Consent Calendar.

HB 5700

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

On Calendar Page 11, at the bottom of the page,  
Calendar 539, Madam President, I would move that that  
item be placed on the Consent Calendar.

HB 5081

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

I know I've had the floor for a while, I just want  
to point out that I'm not filibustering.

On Calendar Page 12, Calendar item 544, Madam

HB 5719

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Senate

Wednesday, May 8, 1996

005096

THE CLERK:

The Consent Calendar is about to be voted on in the Senate. Will all Senators return to the chamber.

Consent Calendar is about to be voted on in the Senate.

Will all Senators return to the chamber.

Page 1, Calendar 132, SB520. I'm sorry, Page 1, Calendar 566, SR54.

Page 4, Calendar 391, Substitute for HB5321.

Page 6, Calendar 486, Substitute for HB5611.

Page 8, Calendar 518, Substitute for HB5772.

Page 9, Calendar 521, Substitute for HB5092.

Page 9, Calendar 522, Substitute for HB5412.

Page 9, Calendar 525, Substitute for HB5718.

Page 10, Calendar 527, HB5802.

Page 10, Calendar 528, HB5784.

Page 10, Calendar 529, HB5364.

Page 10, Calendar 530, Substitute for HB5700.

Page 11, Calendar 539, Substitute for HB5081.

Page 12, Calendar 544, Substitute for HB5719.

Page 12, Calendar 545, Substitute for HB5781.

Page 13, Calendar 547, Substitute for HB5615.

Page 15, Calendar 561, Substitute for HB5359.

Page 15, Calendar 562, Substitute for HB5737.

Page 18, Calendar 575, Substitute for HB5108.

Page 18, Calendar 576, HB5328.

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Senate

Wednesday, May 8, 1996

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Page 23, Calendar 133, Substitute for SB282.

Page 23, Calendar 142, SB519.

Page 23, Calendar 164, no I'm sorry 169,

Substitute for 204.

Page 23, Calendar 195, SB344.

Page 24, Calendar 246, Substitute for SB665.

Page 24, Calendar 259, HB5363.

Page 25, Calendar 290, Substitute for SB212.

Page 25, Calendar 327, Substitute for 633.

Page 25, Calendar 339, SB670.

Page 25, Calendar 372, Substitute for SB524.

Page 26, Calendar 396, Substitute for SB404.

Page 26, Calendar 412, Substitute for SB509.

Page 27, Calendar 480, HB5769.

Page 28, Calendar 507, Substitute for HB5801.

THE CHAIR:

Would the Clerk please announce a roll call vote,  
the machine will be open.

THE CLERK:

Roll call in the Senate. All Senators return to  
the Chamber. Roll call in the Senate. Will all  
Senators please return to the chamber.

THE CHAIR:

Have all members voted? If all members have  
voted, the machine will be locked. Clerk please take a

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Senate

Wednesday, May 8, 1996 005098

tally.

THE CLERK:

Total Number Voting	36
Necessary for Passage	19
Those Voting Yea	36
Those Voting Nay	0

THE CHAIR:

The Consent Calendar is adopted. At this time the Chair will entertain points of personal privilege or announcements. Senator Smith.

SEN. SMITH:

Thank you Madam President. I rise for a point of personal privilege.

THE CHAIR:

Please proceed.

SEN. SMITH:

Thank you Madam President. Joining us here today in the chamber is Patrick Friar, who served with myself and Senator Somma as a college intern this year. He's from UConn. He was an immense help to my office, and I would yield to Senator Somma for further comments.

THE CHAIR:

Senator Somma, do you accept the yield?

SEN. SOMMA:

Thank you Madam President. Just to echo what

JOINT  
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COMMITTEE  
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AND  
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kmg FINANCE, REVENUE & BONDING March 14, 1996

Deputy Secretary Downes, I realize you don't have the bills in front of you, bill HB5700 deals with eligibility for the property tax credit for new machinery and equipment. And the bill would give authority to the Office of Policy and Management as well as to a local assessor to make sure that the credit is not given to a corporation that's operating illegally.

This arises out of Attorney General's opinion this past summer that your office sought. And under this bill, you would have the, your office would have the authority to make sure that the corporation comes under the compliance with outstanding orders or statutes, or pays back property taxes before receiving that reimbursement. Does your office favor that bill?

SECRETARY DONALD DOWNES: Representative, Undersecretary Barbara Pettijean will be appearing before you in just a little bit here to explain OPM's position on the bill. I'm sorry sir. I asked her to appear in this matter...

REP. KNOPP: Okay, thank you, I didn't realize that.

SECRETARY DONALD DOWNES: ...and deliver our position. I'm afraid I'm not prepared to answer.

REP. KNOPP: Thank you, okay.

SEN. NICKERSON: Thank you very much. Unless there are further questions of Undersecretary Downes, we thank him for his patience for bringing his colleagues with us who've engendered a great deal of useful dialogue, all of which will be digested, evaluated, and incorporated by the committee in its thinking.

SECRETARY DONALD DOWNES: I'm just happy to escape with my skin. It's always a pleasure to be in front of the Finance Committee.

SEN. NICKERSON: We have had a very long opening. More, because we had one opening speaker with a number of very important things to say. So we now will go into the process by which we will alternate between

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kmg FINANCE, REVENUE & BONDING March 14, 1996

because it's producing something. The concern here is not with the entity itself, but it's with the customer. Because the customer has tangible and intangible property placed within the printing concern, there is a fear that a tax liability would result.

This just excludes the potential for that liability, and allows these medium and large sized printing concerns to contract with out-of-state customers.

REP. BEALS: Thank you.

SEN. NICKERSON: Thank you very much. Further questions? If not, we appreciate your testimony.

REP. LANDINO: Thank you Senator.

SEN. NICKERSON: Public sector, next speaker is Chris Bruhl of SACIA, and to be followed on the officials roster by Roy Brevard of CDA.

CHRIS BRUHL: Mr. Chairman, thank you for the opportunity to come before you today and the full committee. I am Chris Bruhl, president of SACIA, the regional business council in southwestern Connecticut.

SEN. NICKERSON: You certainly are.

CHRIS BRUHL: I speak today on behalf of our members on HB5755, HB5756, HB5733, and several others are addressed in written testimony that has been provided to you. HB5755 is the result of generally fine work by the group that was created by this body last year, Appreciation Task Force.

And the goal of achieving uniformity is excellent. Unfortunately, the appreciation schedule governing EDP and high tech equipment is seriously flawed. The proposed first year depreciation of five percent, is five percent, while the average economic depreciation for EDP equipment is actually approximately twenty percent.

The goal of achieving uniformity shouldn't cause us

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kmg FINANCE, REVENUE & BONDING March 14, 1996

bell on me, I'd like to trigger three other thoughts for you. HB5700 is a seriously flawed bill. It brings too much discretion to local assessors, doesn't provide for due process, doesn't allow for retroactive restoration of an exemption upon successful appeal.

It's really a bill that requires a great deal of work. Although the concept of denying tax, property tax waivers and credits to those who are in arrears, is certainly a laudable, the bill itself is technically flawed.

SEN. NICKERSON: You're speaking now, that was HB5700.

CHRIS BRUHL: I'm sorry, HB5700.

SEN. NICKERSON: I want to keep track. I know you're beating the bell.

CHRIS BRUHL: I'm racing, yes. And finally, SB586 of course, we do support bringing S Corporations out of the tax twilight zone. And recognizing that the passage of the income tax substantially changed the circumstances within which they are taxed. And we do support the passage of SB586.

And finally, we are supportive of SB588, in which we correct the unfortunate deferral of a tax credit for the purchase of machinery and equipment for small and mid-sized businesses. Thank you very much.

SEN. NICKERSON: Thank you very much. Okay, appreciate your testimony. A lot of bills you covered, and I would call for questions from the committee. Hearing none, we appreciate your testimony very much. Let's see, we're back at the public side, Roy Brevard of CDA, to be followed by Tom Egan on the public side.

ROY BREWARD: Good afternoon. Thank you Senator Nickerson, members of the committee. My name is Roy Brevard, and I'm the deputy director of the Connecticut Development Authority. I'm here to speak in support of Raised Bill HB5730, which if passed would allow the Connecticut Development

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FINANCE, REVENUE & BONDING

March 14, 1996

are facing with regards to the gas tax. But we still have to find the revenue somewhere in order for us to do that, or cut spending. So we have to really look at all possible items.

But I would appreciate also from you, if you can, if you give me a list of those things that you just mentioned relating to contracts and bid processes. Would you be kind enough to mail it to me?

CHRIS CANAVAN: Certainly.

REP. GIANNAROS: Okay, any information you have on that. Thank you.

CHRIS CANAVAN: Thank you.

SEN. NICKERSON: Okay. Thank you very much. Chris, I look forward to seeing you at Greenwich Exxon. No, I don't buy in New York, I buy from Greenwich Exxon. Just checking, okay, thank you very much Chris. Paul Knag, K-N-A-G, to be followed by Tony Homicki. Is Paul Knag in the room? K-N-A-G. Am I pronouncing that correctly? Is he in the room? Not in the room. Mr. Tony Homicki.

TONY HOMICKI: Good afternoon Mr. Chairman. My name is Tony Homicki, I'm the assessor of Newington, and I have given you written testimony. I'd just like to highlight a couple of features. It's with respect to two bills, one, the written testimony is referencing HB5755, of which the assessors association is in support of.

We're also in support of bill HB5700, which gives specific refinements to the manufacturing exemption proposal with respect to delinquent property taxes. Our primary issue of being here this evening is with respect to HB5755. And the Connecticut Association of Assessing Officers strongly supports this bill.

The bill encompasses several major, crucial, refinements to statute language and technical assistance for the administration of the personal property tax assessment in 169 Connecticut communities.

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Speaker 6  
Public 12 A

S A C I A

THE BUSINESS COUNCIL  
of Southwestern Connecticut

Testimony submitted by Christopher P. Bruhl, President & CEO  
SACIA, The Business Council of Southwestern Connecticut  
to the  
Finance, Revenue and Bonding Committee  
March 14, 1996

Thank you for the opportunity to come before you today. My name is Christopher Bruhl. I am the president of SACIA, The Business Council of Southwestern Connecticut. I speak today on behalf of our members concerning bills HB5755, HB5756, HB5700, SB586, SB588.

HB5755, An Act Concerning Uniform Methods and Procedures for Valuing Personal Property is the result of the generally fine work of the Depreciation Task Force. The goal of achieving predictability and uniformity across municipal lines and reducing compliance costs and litigation by directing assessors to use standardized depreciation schedules is excellent. Unfortunately, the depreciation schedule governing EDP equipment and high tech equipment is seriously flawed. The first year depreciation is proposed to be 5 per cent. The average economic depreciation rate for EDP equipment in the first year is actually approximately 20%. The goal of achieving uniformity should not cause us to abandon our responsibility to tax based on a "true and actual value" that approximates fair market value. 5% depreciation in the first year does not remotely approach the reality of economic depreciation and should, therefore, be modified. 10% is the minimum appropriate first year level. We are also concerned about the residual value in the All Other Equipment schedule. A 20% figure, rather than the proposed 30%, would be more accurate and equitable.

HB5756, An Act Concerning Reform and Simplification of Corporation Business Tax Credits has the excellent goal of creating a simpler approach to tax credits, with wider eligibility for their use. We applaud and support these goals. However, several aspects of the act raise concerns. First, the create for the purchase of equipment does not recognize the very large category of equipment which is leased. We believe that the absence of a credit for leased equipment creates a tax-code bias for ownership, away from leasing. We already capitalize leases on balance sheets. A level playing field should be created by including leased equipment in this bill. The appropriate placement of the credit, between lessor and lessee should be subject to more discussion.

We oppose Section 6's sunseting of credits relating to the expenses related to traffic management. This credit was created to partially mitigate expenses created by the ECO mandates of the Clean Air Act. While the ECO program had little or no environmental impact and has been made voluntary at the federal level and will soon be voluntary in Connecticut, it has given some important lessons on congestion reduction. These traffic management credits are now needed as incentives for voluntary congestion reduction initiatives by employers. Elimination saves an insignificant amount of money for the state, but takes away a potentially important tool for employers. It is our understanding that the retention of the credits is supported by the Department of Transportation.

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Testimony of Christopher P. Bruhl, President & CEO  
SACIA, The Business Council of Southwestern Connecticut the  
Finance, Revenue and Bonding Committee  
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Page 2

We are also concerned with Section 7. Reducing the EDP personal property tax credit to 50% after two years is puzzling. EDP equipment is at the heart of productivity advances being made in all companies today. We should not reduce the incentive to continuously purchase new equipment by reducing the personal property tax credit, two year out. The state needs to maintain this incentive, and we urge its retention at 100%.

The R&D consolidation is a net loss of available credits, according to a number of our members. This should be revised to ensure that we don't accidentally harm R&D efforts in the state.

Finally, the child care credit is folded into the human capital credit. We are concerned that implementing regulations assure no loss in value of this extremely important credit to employers.

**HB5700** is an understandable but seriously flawed effort to restrict eligibility for property tax exemption for new machinery and equipment to companies who are current in their property taxes and are not in current violation of law. The bill grants too much discretion to local assessors, does not provide for due process in the events of dispute, and does not allow for the retroactive restoration of the exemption upon a successful appeal of a delinquency or the curing of the delinquency through payment. Until these deficiencies are correctly, we strongly oppose this bill.

We support passage of **SB586, An Act Eliminating the Corporation Tax Applicable to S Corporations**. Passage of Connecticut's personal income tax created a tax twilight zone for S Corporations. Elimination of the Corporation Tax for them eliminates extra taxation and is a step of simple fairness.

We support **SB588, An Act Concerning Restoration of the Tax Credit for the Purchase of Machinery and Equipment by Small and Mid-Size Businesses**. This acts corrects the unfortunate deferral of the credit to 1997 which was adopted last year.

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CONNECTICUT  
GEN. ASSEMBLY  
HOUSE

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kmr

96 001777

House of Representatives

Tuesday, April 23, 1996

ordered. Clerk please call Calendar 447.

CLERK:

On page thirteen, Calendar 447, substitute for  
HB5700. AN ACT CONCERNING ELIGIBILITY FOR THE PROPERTY  
TAX EXEMPTION FOR NEW MACHINERY AND EQUIPMENT.

Favorable report of the Committee on Finance Revenue  
and Bonding.

DEPUTY SPEAKER HARTLEY:

Representative Godfrey.

REP. GODFREY: (110th)

Madam Speaker, I move the substitute for HB5700 be  
referred to the committee on Planning and Development.

DEPUTY SPEAKER HARTLEY:

Without objection so ordered. Will the Clerk  
please call Calendar 449.

CLERK:

On page fourteen, Calendar 449, substitute for  
HB5431. AN ACT CONCERNING ENTERPRISE ZONES. Favorable  
report of the Committee on Finance Revenue and Bonding.

DEPUTY SPEAKER HARTLEY:

Representative Godfrey.

REP. GODFREY: (110th)

Madam Speaker I move the substitute for HB5431 be  
referred to the Committee on Planning and Development.

DEPUTY SPEAKER HARTLEY:

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CONNECTICUT  
GEN. ASSEMBLY  
HOUSE

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137 003209

House of Representatives

Tuesday, April 30, 1996

and guests please be seated, the machine is open.

CLERK:

The House of Representatives is voting by roll call, members to the Chamber. The House is voting by roll call, members to the Chamber please.

SPEAKER PRO TEMPORE PUDLIN:

If all the members have voted and your votes are properly recorded the machine will be locked. Excuse me sir the machine is locked. Speaker Ritter in the affirmative. The Clerk will please take a tally. The Clerk will please announce the tally.

CLERK:

SB212 as amended by Senate amendment schedules "A", "B", "C", "D", "E", "F", and House amendment schedules "A" and "B."

Total Number Voting	142
Necessary for Passage	72
Those voting Yea	142
Those voting Nay	0
Those absent and not voting	8

SPEAKER PRO TEMPORE PUDLIN:

Bill passes. Mr. Clerk Calendar 447.

CLERK:

On page 29, Calendar 447, substitute for HB5700.

AN ACT CONCERNING ELIGIBILITY FOR THE PROPERTY TAX

kmr

138 003210

House of Representatives

Tuesday, April 30, 1996

EXEMPTION FOR NEW MACHINERY AND EQUIPMENT. Favorable report of the Committee on Planning and Development.

SPEAKER PRO TEMPORE PUDLIN:

Representative Knopp.

REP. KNOPP: (137th)

Thank you Mr. Speaker. I move acceptance of the joint committee's favorable report and passage of the bill.

SPEAKER PRO TEMPORE PUDLIN:

On acceptance and passage, will you remark sir?

REP. KNOPP: (137th)

Yes, Mr. Speaker this bill which was approved unanimously by the Finance and Planning and Development Committees would make it possible for municipalities to make sure that local property taxes are paid up before agreeing to the newly acquired machinery and equipment property tax exemption. Mr. Speaker, the Clerk has a technical amendment, LCO 3790, may he call and I be permitted to summarize?

SPEAKER PRO TEMPORE PUDLIN:

Clerk please call LCO 3790 House schedule "A".

CLERK:

LCO 3790, House "A" offered by Representative Godfrey, et al.

SPEAKER PRO TEMPORE PUDLIN:

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003211  
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House of Representatives

Tuesday, April 30, 1996

The gentleman has asked leave of the Chamber to summarize. Please summarize all of those words, sir.

REP. KNOPP: (137th)

Thank you. Mr. Speaker this amendment would make clear that the authority in this bill does not begin until the assessment year commencing with the grand list of October 1, 1996 instead of the grand list of October 1, 1995. Mr. Speaker, I move its adoption.

SPEAKER PRO TEMPORE PUDLIN:

On the adoption of "A" will you remark? Let me try your minds. Those in favor of "A" signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER PRO TEMPORE PUDLIN:

Opposed nay. The ayes have it. "A" is adopted, ruled technical. Will you remark further on the bill as amended? Will you remark? If not, staff and guests to the well of the House members please be seated, the machine is open.

CLERK:

The House of Representatives is voting by roll call, members to the Chamber. The House is voting by roll call, members to the Chamber please.

SPEAKER PRO TEMPORE PUDLIN:

003212

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House of Representatives

Tuesday, April 30, 1996

If all the members have voted and your votes are properly cast the machine will be locked. Clerk take the tally. Clerk please announce that tally.

CLERK:

HB5700 as amended by House "A."

Total Number Voting	141
Necessary for Passage	71
Those voting Yea	141
Those voting Nay	0
Those absent and not voting	9

SPEAKER PRO TEMPORE PUDLIN:

Bill passes. Clerk please call Calendar 326.

CLERK:

On page twenty-five, Calendar 326, substitute for HB5726. AN ACT CONCERNING COMPRESSED NATURAL GAS AND PROPANE-POWERED VEHICLES. Favorable report of the Committee on Transportation.

SPEAKER PRO TEMPORE PUDLIN:

Representative Stratton.

REP. STRATTON: (17th)

Thank you Mr. Speaker. Once again I would move acceptance of the joint committee's favorable report and passage of the bill.

SPEAKER PRO TEMPORE PUDLIN:

Once again I will say on acceptance and passage.