

Legislative History for Connecticut Act

SB 1171 PA 121 ~~121~~ 1999

SENATE: 1807-1810, 1830-1831,  
2343-2346, 2348-2349 12p.

HOUSE: 2586-2593 8p.

Finance: 31, 54, 79, 82, 202, 204 6p.

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CONNECTICUT  
GEN. ASSEMBLY  
SENATE

PROCEEDINGS  
1999

VOL. 42  
PART 6  
1787-2173

kmg

Senate

Wednesday, May 12, 1999

160, SB1289, after the amendment I would actually want to refer this to Labor.

THE CHAIR:

Would you ask for reconsideration of the Consent --

SEN. BOZEK:

I would, Madam President, I would ask that the reconsideration --

THE CHAIR:

Just remove it from the Consent?

SEN. BOZEK:

Just remove it from the Consent Calendar.

THE CHAIR:

It is removed from the Consent Calendar. And your referral is to where, sir?

SEN. BOZEK:

Labor, Madam President.

THE CHAIR:

Motion is to refer this item to the Committee on Labor. Without objection, so ordered.

THE CLERK:

Calendar page 30, Calendar No. 242, File No. 278, Substitute for SB1171, AN ACT CONCERNING IMPROVEMENTS IN PROCEDURES AND ADMINISTRATION AND MINOR CHANGES TO VARIOUS TAX STATUTES. Favorable report of the Committee on Finance, Revenue and Bonding, General Law. Clerk is

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in possession of amendment.

THE CHAIR:

Senator Looney.

SEN. LOONEY:

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

THE CHAIR:

Question is on passage. Will you remark?

SEN. LOONEY:

Yes, thank you, Madam President. The Clerk has an amendment, LCO-7050. If Clerk may please call that amendment?

THE CLERK:

LCO-7050, which will be designated Senate Amendment Schedule A. It is offered by Senator Looney of the 11th District.

THE CHAIR:

Senator Looney.

SEN. LOONEY:

Yes, thank you, Madam President. I would move adoption of the amendment and ask leave to summarize.

THE CHAIR:

Question is on adoption. Please proceed.

SEN. LOONEY:

Yes, thank you, Madam President. This is an

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amendment that was requested by the Department of Revenue Services make some technical changes to what is a very technical bill dealing with a number of our tax statutes and provisions on various state taxes.

THE CHAIR:

Question is on adoption. Will you remark further? Will you remark further? If not, all those in favor indicate by saying aye.

SENATORS:

Aye.

THE CHAIR:

With a little more enthusiasm. All those in favor indicate by saying aye?

SENATORS:

Aye.

THE CHAIR:

Opposed, nay. The aye's have it. Senate A is adopted. Will you remark further on the bill as amended? Senator Looney.

SEN. LOONEY:

Yes, thank you, Madam President. This is a largely a technical bill requested by the Department of Revenue Services. One of the more interesting provisions, perhaps might be the section dealing with the succession tax, where it will facilitate the administration of that

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tax by setting one hundred dollars in taxes. The threshold for reporting after discovered assets. And also reduces the objection time to a no tax opinion from sixty to thirty days to help speed up processing of the states.

It also allows the corporation business tax credit to apply for employees based in Connecticut. And removes a reference to a minimum tax base for purposes of annualized income installment.

There are a number of other technical provisions and clarifications that have been requested by the Department to facilitate its work in terms of dealing with both individual and business taxpayers. Thank you, Madam President.

THE CHAIR:

Thank you, sir. Will you remark further? Will you remark further? Senator Looney.

SEN. LOONEY:

Madam President, if there's no objection, I would move this item to the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

THE CLERK:

Calendar page 31, Calendar No. 250, File No. 298,  
SB1148, AN ACT INCREASING UNEMPLOYMENT COMPENSATION

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HB7038.Calendar 436, HB5774.Calendar page 28, Calendar No. 153, SB1267.Calendar No. 189, Substitute for SB1054.Calendar page 29, Calendar No. 191, Substitute forSB1103.Calendar page 30, Calendar No. 242, Substitute forSB1171.Calendar page 31, Calendar No. 250, SB1148.Calendar page 32, Calendar No. 273, Substitute forSB1366.Calendar page 33, Calendar No. 97, Substitute forHB5335.Calendar 262, SB1155.Calendar 345, HJR40.And, Calendar page 34, Calendar 346, Substitute forHJR59.

Madam President, I believe that that completes the

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THE CHAIR:

Thank you, Mr. Clerk. Would you once again announce a roll call vote on the Consent Calendar. The machine will be open.

Have all members voted? Have all members voted?  
If all members have voted, the machine will be locked.

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Clerk, please announce the tally.

THE CLERK:

Motion is on adoption of Consent Calendar No. 1.

Total Number Voting 36

Those voting Yea 36

Those voting Nay 0

Those absent and not voting 0

THE CHAIR:

The Consent Calendar is adopted. Senator Jepsen.

SEN. JEPSEN:

Thank you, Madam President. I move that this body stand in recess till approximately 6:00 p.m.

THE CHAIR:

Without objection, the Senate is in recess until approximately 6:00 p.m. Thank you, sir.

(Senate recessed at 4:30 p.m. and reconvened at 7:09 p.m.)

THE CHAIR:

The Senate will please come to order. Senator Jepsen.

SEN. JEPSEN:

Thank you, Madam President. Senator Nickerson, Senator DeLuca, Senator Freedman, and Senator Cook, get

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Senate

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SEN. WILLIAMS:

Yes, Madam President. This is the second time we've seen this bill. We passed this earlier this session. The bill defines indigency for purposes of waiving fees in court. The House Amendment just clarified that such a definition is a rebuttable presumption.

And also, just for the record I want to mention that it is the intention of the legislature that the criteria set forth in Section (b) shall not affect a defendant in a criminal matter who is already been found to be indigent in accordance with our General Statute Section 51-297, and when the court has appointed a public defender or a special public defender.

THE CHAIR:

Thank you, sir. Will you remark further on the bill? Will you remark further? Senator Williams.

SEN. WILLIAMS:

If there's no objection, I would move this to the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

THE CLERK:

Calendar No. 242, Files Nos. 278 and 740,  
Substitute for SB1171, AN ACT CONCERNING IMPROVEMENTS IN

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Senate

Tuesday, May 25, 1999

PROCEDURES AND ADMINISTRATION AND MINOR CHANGES TO VARIOUS TAX STATUTES. As amended by Senate Amendment Schedule A, and House Amendment Schedule A. Favorable report of the Committees on Finance, Revenue and Bonding, and General Law.

THE CHAIR:

Senator Looney.

SEN. LOONEY:

Thank you, Madam President. Madam President, I move acceptance of the Joint Committee's favorable report and passage of the bill.

THE CHAIR:

Question is on passage. Will you remark?

SEN. LOONEY:

Yes, thank you, Madam President. This bill, which comes to us from the Department of Revenue Services, makes some largely technical corrections to a number of our tax statutes. As said earlier, it allows a taxpayer who has been granted an extension to avoid a late payment penalty, as long as the balance due is ten percent or less and is remitted with the corporation business tax return. Provides that a 25% penalty applies where a federal court is held that a taxpayer has filed a fraudulent federal income tax return.

It also, in relation to the corporation business

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tax, Chapter 208, allows the credit for machinery and equipment expenditures to apply for employees based in Connecticut.

And regarding the succession tax, modifies the requirements of concerning when after discover assets must be reported to the Department to require reporting only if the additional tax would be \$100 or more.

The provisions of House Amendment A would clarify and expand the definition of mailing services that are recognized by the Internal Revenue Service, and in terms of filing documents, by Express Mail as well as the U.S. Postal Service. Thank you, Madam President.

THE CHAIR:

Thank you, Senator. Question is on passage in concurrence with the House. Will you remark? Senator Nickerson.

SEN. NICKERSON:

Yes, thank you Madam Chairman. Just to add that I concur with the Chairman that it is indeed a technical and useful statute, and I urge adoption.

THE CHAIR:

Question is on passage. Will you remark further? Senator Looney.

SEN. LOONEY:

Thank you, Madam President. If there is no

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objection, I would move this item to the Consent  
Calendar.

THE CHAIR:

Without objection, so ordered.

THE CLERK:

Calendar No. 305, Files Nos. 402 and 744,  
Substitute for SB1297, AN ACT CONCERNING ORGAN DONATION.

As amended by Senate Amendment Schedules A and B, and  
House Amendment Schedule A. Favorable report of the  
Committee on Public Health.

THE CHAIR:

Senator Harp.

SEN. HARP:

Thank you, Madam President. I move acceptance of  
the Joint Committee's favorable report and passage of  
the bill in concurrence with the House.

THE CHAIR:

Question is on passage in concurrence with the  
House. Will you remark?

SEN. HARP:

Thank you, Madam President. This is a bill that  
has, we have passed, the House made a technical  
amendment which basically reorders the bill  
appropriately. And ultimately, what this bill does is  
to add anyone who is legally authorized to make health

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please return to the Chamber. An immediate roll call has been ordered in the Senate on the Consent Calendar.

Will all Senators please return to the Chamber.

Madam President, first Consent Calendar begins on page 1, Calendar No. 526, HJR28.

Calendar page 2, correction. HJR128.

Calendar page 2, Calendar No. 287, Substitute for HB6744.

Calendar page 3, Calendar No. 353, HB7020.

Calendar page 5, Calendar No. 401, Substitute for HB5070.

Calendar page 13, Calendar No. 511, Substitute for HB6653.

Calendar No. 521, HB6888.

Calendar page 14, Calendar No. 522, Substitute for HB5419.

Calendar No. 524, Substitute for HB6375.

Calendar page 27, Calendars No. 153, SB1267.

Calendar No. 242, Substitute for SB1171.

And, Calendar No. 305, Substitute for SB1297.

Madam President, that completes the first Consent Calendar.

THE CHAIR:

Thank you, sir. Would you once again announce a roll call vote on the Consent Calendar, the machine will

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be open.

THE CLERK:

An immediate roll call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber. An immediate roll call has been ordered in the Senate on the Consent Calendar. 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 announce the tally.

THE CLERK:

Motion is on adoption of Consent Calendar No. 1.

Total Number Voting	34
Those voting Yea	34
Those voting Nay	0
Those absent and not voting	2

THE CHAIR:

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

SEN. KISSEL:

Thank you very much, Madam President. Just by way of an announcement why Senator Upson's not here. It's my understanding that he's undergoing surgery at this

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CONNECTICUT  
GEN. ASSEMBLY  
HOUSE

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House of Representatives

Tuesday, May 18, 1999

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 HARTLEY:

Have all the members voted? After Representative Fritz votes, the machine will then be locked. The Clerk will please take a tally.

The Clerk will announce the tally.

CLERK:

Senate Bill Number 149, as amended by Senate Amendment Schedule "A" and House Amendment Schedule "A"

Total Number Voting	138
Necessary for Passage	70
Those voting Yea	138
Those voting Nay	0
Those absent and not Voting	13

SPEAKER PRO TEMPORE HARTLEY:

The bill, as amended passes.

Will the Clerk kindly return to the Call of the Calendar, Calendar 542, please.

CLERK:

On page 22, Calendar 542, Substitute for Senate Bill Number 1171, AN ACT CONCERNING IMPROVEMENTS IN PROCEDURES AND ADMINISTRATION AND MINOR CHANGES TO

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House of Representatives

Tuesday, May 18, 1999

VARIOUS TAX STATUTES. Favorable Report of the Committee on General Law.

SPEAKER PRO TEMPORE HARTLEY:

Representative Stillman, you have the floor, Madam.

REP. STILLMAN: (38TH)

Thank you, Madam Speaker. I move acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the Senate.

SPEAKER PRO TEMPORE HARTLEY:

The motion is acceptance and passage in concurrence with the Senate. Will you remark, please Madam?

REP. STILLMAN: (38TH)

Yes. Thank you, Madam Speaker. The bill is very technical in nature. What it does is explain some improvements in procedure and the administration of the Connecticut tax statutes. There's a section on certain changes to the corporation business tax as well as some changes that are suggested to the succession tax.

And Madam Speaker, the Senate, upon passage of this bill, adopted an amendment and it's LCO Number 7050. I would it to be called and if I may be permitted to summarize.

SPEAKER PRO TEMPORE HARTLEY:

The Clerk is in possession of LCO 7050, previously designated Senate Amendment "A". Will the Clerk please

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House of Representatives

Tuesday, May 18, 1999

call?

CLERK:

LCO Number 7050, Senate "A" offered by Senator  
Looney.

SPEAKER PRO TEMPORE HARTLEY:

Representative Stillman has asked leave to summarize. You may proceed, Madam, without objection.

REP. STILLMAN: (38TH)

Thank you, Madam Speaker. This also is just some technical changes to the bill to make it more workable and I move its adoption.

SPEAKER PRO TEMPORE HARTLEY:

The question is adoption of Senate Amendment "A". Will you remark? Will you remark?

If not, I will try your minds.

All those in favor, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER PRO TEMPORE HARTLEY:

Those opposed, nay. The ayes have it. The amendment is adopted. Will you remark further on the bill, please? Representative Stillman.

REP. STILLMAN: (38TH)

Thank you, Madam Speaker. At this point I move passage of the bill.

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SPEAKER PRO TEMPORE HARTLEY:

Will you remark further on the bill, as amended?  
Representative Belden.

REP. BELDEN: (113TH)

Thank you, Madam Speaker. Madam Speaker, this is a good bill and I have an amendment here that I believe I will offer and we will see how it goes.

SPEAKER PRO TEMPORE HARTLEY:

Good luck, sir.

REP. BELDEN: (113TH)

Will the Clerk please call LCO 8850, please? And I would like to summarize.

SPEAKER PRO TEMPORE HARTLEY:

The Clerk is possession of LCO 8850 to be designated House Amendment "A". Will the Clerk please call?

CLERK:

LCO 8850, House "A" offered by Representative Belden.

SPEAKER PRO TEMPORE HARTLEY:

Representative Belden has asked leave to summarize.  
And you may proceed, sir, without objection.

REP. BELDEN: (113TH)

Thank you, Madam Speaker. What this amendment would do, currently in the statutes where there's a

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requirement for a mailing to be with certified mail, receipt required, etc., it always indicates it shall be by U.S. postal service delivery. There are bills in this year and one of them, I believe, is already gone through that would allow, in one department, that in addition to U.S. post office, U.P.S., three or four of the other firms that deliver mail as long as there was the tracking system and the receipt required would also be allowed to be considered process in accordance with the law.

This amendment would, in a number of our statutes, allow in addition to referencing the United States mail or postmark, any service designated by the Secretary of the Treasury of the United States pursuant to the Internal Revenue Code or any changes to that code in the future would be considered adequate for postmark purposes and for record and receipt purposes.

That's what this amendment does. I don't believe it violates any real needs of our statutes and Madam Speaker, I would move adoption.

SPEAKER PRO TEMPORE HARTLEY:

The question is adoption of House Amendment "A".  
Will you remark further?

REP. BELDEN: (113TH)

Yes, Madam Speaker, very briefly. I think I've

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summarized the bill. I think this would allow competition. It would allow possibly more convenience for a number of our entities to how they process their documents and I think it doesn't do any damage to anybody.

Thank you.

SPEAKER PRO TEMPORE HARTLEY:

Thank you, Representative Belden. Will you remark further? Representative Stillman. You have the floor, Madam.

REP. STILLMAN: (38TH)

Thank you, Madam Speaker. I consider this a friendly amendment. I believe that Representative Belden has introduced an idea that really is very timely in terms of how we send mail today. And so, as I said, I consider it friendly and also move its adoption.

SPEAKER PRO TEMPORE HARTLEY:

Thank you, Representative Stillman. Will you remark further, please, on House Amendment "A"? If not, I will try your minds.

All those in favor, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER PRO TEMPORE HARTLEY:

Those opposed, nay. The ayes have it. The

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House of Representatives

Tuesday, May 18, 1999

amendment is adopted and ruled technical. Will you  
remark further on the bill, as now amended?

If not, would staff and guests kindly come to the  
Well? Members, please take your seats. The machine will  
now be opened.

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 HARTLEY:

Have all the members voted? Please check the roll  
call machine at this moment. The machine will be now --  
Representative Eberle, will be voting very soon and then  
the machine will be locked. Will the Clerk please take a  
tally?

The Clerk will please announce the tally.

CLERK:

Senate Bill Number 1171, as amended by Senate  
Amendment Schedule "A" and House Amendment Schedule "A"

Total Number Voting	135
Necessary for Passage	68
Those voting Yea	135
Those voting Nay	0
Those absent and not Voting	16

SPEAKER PRO TEMPORE HARTLEY:

The bill, as amended passes.

We will be about to take up our last bill for the day. Are there any announcements or points of personal privilege at this moment? Representative Currey.

REP. CURREY: (10TH)

For the purposes of an introduction.

SPEAKER PRO TEMPORE HARTLEY:

The distinct Deputy Speaker of the House of Representatives. Representative Currey, you have the floor, Madam.

REP. CURREY: (10TH)

Thank you, Madam Speaker. I would like to take this opportunity to introduce to the House the woman who came before me, former Representative Rosemary Moynihan is here today and I would like you to join me in welcoming her to the House.

SPEAKER PRO TEMPORE HARTLEY:

The Chair would like to extend a personal welcome to a former colleague, Rosemary Moynihan. Indeed, we have missed your presence in the Chamber and it is very nice to have you back today even if only for a short moment.

Are there any further announcements or points of personal privilege? Representative Davis.

REP. DAVIS: (50TH)

JOINT  
STANDING  
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AND  
BONDING  
PART 1

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funded debt or otherwise?

COMPT. NANCY WYMAN: Yes, Sir. That's true. I've come out with but asking after the rainy day fund be put in we'd be also looking down to retire the debt and allowing the flexibility for the treasurer to do that either in the bonded or unfunded liability.

REP. GIANNAROS: Thank you so much.

COMPT. NANCY WYMAN: Thank you.

SEN. LOONEY: Thank you, Representative. Are there other questions for our distinguished State Comptroller? If not, thank you, Nancy.

COMPT. NANCY WYMAN: Thank you. Have a great weekend.

SEN. LOONEY: Next is Secretary Mark Ryan, to be followed by Commissioner Gene Gavin. Welcome, Secretary Ryan.

SEC. MARK RYAN: Thank you, Senator Looney and I appreciate the opportunity to appear before you. For the record, my name is Mark Ryan. I'm secretary of the Office of Policy and Management.

If the Committee would think it helpful, I would like to just give a brief overview maybe on the revenue estimates that we have in the budget if that would be at all helpful.

SEN. LOONEY: Yes, I'd like to start with that.

SEC. MARK RYAN: Great. Basically, you know, our economic projections show that the state is going to continue to do very, very well over the next biennium. We're very comfortable with the fact that again, we were a little squeamish because growth in the first few quarters of calendar year 98 showed a possible slow down but we have a very vigorous, robust growth in the last quarter of 98. It appears to be continuing very well so we felt very comfortable with the fact that the state will continue to do very well over the next biennium.

I guess a couple caveats I would put in though is

\$300 million that will come to the state in the biennium will be here in time. The 80/80 rule on finality which begins the process of disbursing funds to the state at the national level seems to be going along very well and also we do believe that any potential problems at the federal level with possible grab by the federal government of any settlement funds that they deem associated with Medicaid claims historically

(Cass. 2)

(GAP FROM CASS. 1 TO CASS. 2)

happen and it looks to be a political settlement down in Washington that would allow the states to fully keep those funds and use those funds for various public health and educational purposes and at first blush it looks like the uses of the money that we proposed would fit what the possible political compromise down in Washington is.

AN ACT CONCERNING THE AUTHORIZATION OF SPECIAL TAX OBLIGATION BONDS. Again, that is a transportation bill that we are in discussions with the subcommittee on. We would note that we have endorsed and we have alerted the subcommittee chairman that we are asking for a change in the transportation funding to increase available monies for a contingency at the Department of Transportation and that letter has been forwarded to the subcommittee.

SB1135

In terms of the Department of Revenue Services bills, SB1171, SB1172, SB1174 and SB1186 obviously we're very supportive of those bills. Most of them are technical clean up issues. I'd specifically focus in on SB1172 which in the Governor's revenue schedules do reflect the passage of those. It clarifies exemptions for nonprescription drugs because of the dynamic changes in that industry as well as it no longer treats sales and lease back transactions as two different taxable events and it extends the exemption of sales among wholly owned subsidiaries to limited liability corporations and limited liability partnerships for reductions in taxes in there as well.

2001-2002. Filling these fiscal gaps only creates a status quo condition in the Bureau. It does not allow for any expansion of programs to meet the needs of Connecticut citizens for the next century. In past testimony before this Committee, we have demonstrated that not only does recreational fishing mean a great deal to the quality of life in Connecticut, but it also drives a large economic engine. For every dollar spent on DEP fisheries, the state gets 120 in return. Is there any better return on economic investment in our state?

Let me close by saying that my colleagues and I have worked tirelessly on unrefunded motor boat fuels tax legislation for more than five years. To us, this is a matter of adhering to a simple axiom of good government. User pays. User benefits. Spending this money on any source other than fishing or boating programs is not a proper use for this funding. Sending this source of funding toward any other purpose in the face of a collapsing DEP fisheries division has all the logic of a Tom Stoppard play.

For five years, we in the angling community have been waiting for Godot. The anglers foot the bill for DEP fisheries, but it protects the resources that belong to us all. The Legislature is the steward of the fisheries division.

We urge the members of the Finance Committee to put an agency division which serves us all back on its feet, even if it requires additional money from the general fund. Thank you.

SEN. LOONEY: Thank you, Mr. Lewis. Any questions from Committee members? If not, thank you very much. We will now hear from Commissioner Gene Gavin who will be followed then by Peter Scalaro and Jack Lutz. Good afternoon, Commissioner.

COMM. GENE GAVIN: Good afternoon, Senator. It's a pleasure to be here. I have a prepared statement I'd like to read into the record. Good afternoon Chairperson Looney, members, distinguished members of the Finance, Revenue and Bonding Committee. My name is Gene Gavin. I'm Commissioner of the

the disabled.

And finally, it expands the exemption for sales of taxable services between wholly owned subsidiaries to apply to limited liability partnerships, limited liability companies and partnerships, both limited and general where both parties are 100% owned by the same entity.

Raised SB1186 proposes that Connecticut adopt certain taxpayer friendly provisions that parallel federal IRS restructuring and reform act provisions that were passed in 1998. Highlights of this bill are, and there's four major components. Acceptance of postmarks of U. S. Treasury approved delivery services like Federal Express, like UPS in addition to the U.S. Postal Service postmark which is primarily used by taxpayers as proof of filing their tax returns.

Another major component is suspension of the statute of limitations for filing a refund claim. When an individual is unable to manage his or her affairs by reason of a medically determinable physical or mental impairment.

The third major provision is for the innocent spouse election and innocent spouse relief relating to joint and several liability. This is commonly referred to as the innocent spouse provision.

And finally, we provide for elimination of interest rate differentials, netting of interest, for certain audit periods where the taxpayer has both an underpayment and an overpayment of taxes.

I also urge your favorable consideration of raised SB1171 which facilitates the administration of the succession tax by setting \$100 in tax as the threshold for reporting after discovered assets and reduces the objection time by the DRS to a no tax opinion from 60 to 30 days. It puts the onus on the DRS to respond better to the probate courts.

Raised SB1174 provides that credit under Connecticut general statutes 12-2170 machinery and equipment is based on the number of employees in



GENE GAVIN  
COMMISSIONER

STATE OF CONNECTICUT  
DEPARTMENT OF REVENUE SERVICES

000202



DATE: March 5, 1999

TO: The Honorable Martin M. Looney  
The Honorable Anne McDonald  
Members of the Finance, Revenue & Bonding Committee

FROM: Gene Gavin, Commissioner  
Department of Revenue Services

RE: Raised Bill 1186 — An Act Adopting Certain Provisions of the IRS  
Restructuring and Reform Act of 1998 for Connecticut Tax Purposes;  
Raised Bill 1171 — An Act Making Certain Changes to the Succession Tax;  
Raised Bill 1172 — An Act Making Changes to an Clarifying Certain  
Exemptions from the Sales and Use Taxes;  
Raised Bill 1174 — An Act Concerning the Corporation Business Tax;  
Raised Bill 6819 — An Act Concerning Managed Compliance Agreements  
and Managed Audit Agreements; and  
Raised Bill 6841 — An Act Improving the Procedures and the  
Administration of Connecticut Tax Statutes.

Good morning, Chairpersons Looney and McDonald and distinguished members of the Finance, Revenue & Bonding Committee. My name is Gene Gavin. I am Commissioner of the Department of Revenue Services (DRS). I am here to urge your favorable consideration of the six DRS proposals being heard today. Each of these proposals continues the emphasis that the State of Connecticut and, particularly, the Department of Revenue Services, have placed on user-friendly tax policy for both individual and business taxpayers. Each of these measures offers clarity and certainty for taxpayers while providing for greater efficiency of state tax administration.

Raised Bill #6819 is the result of an in-depth study made by the Managed Compliance Task Force formed by DRS in the fall of 1998. This Task Force had representation of corporate taxpayers, tax professionals and DRS staff, and was charged with exploring new approaches to managed tax compliance that conserve resources for both DRS and taxpayers, while ensuring higher voluntary compliance. There are three key components of the bill which concern reporting and payment of sales and use taxes:

- authorization of the Commissioner of Revenue Services to enter into managed compliance agreements with taxpayers;

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Raised Bill #1186 proposes that Connecticut adopt certain taxpayer-friendly provisions that parallel the federal IRS Restructuring and Reform Act of 1998. Highlights of this bill are:

- acceptance of postmarks of US Treasury-approved delivery services (e.g., Federal Express, United Parcel Service) in addition to the US Postal Service postmark, wherever this is required by existing Connecticut Statutes;
- suspension of the statute of limitations for filing a refund claim when an individual is unable to manage his or her affairs by reason of a medically determinable physical or mental impairment;
- provision for innocent spouse election and innocent spouse relief relating to joint and several liability; and
- elimination of interest rate differentials ("netting" of interest) for certain audit periods where the taxpayer has both underpayments and overpayments of taxes.

I also urge your favorable consideration of:

- Raised Bill #1171, which facilitates administration of the succession tax by setting \$100 in tax as the threshold for reporting after-discovered assets and reduces the objection time to a "no-tax" opinion from 60 to 30 days;
- Raised Bill #1174, which provides that credit under Connecticut General Statute §12-217o, Machinery and Equipment, is based upon the number of employees in Connecticut; and
- Raised Bill #6841 addressing many technicalities that bring procedures covered in existing tax laws into conformity with each other.

As a package, the tax measures that I have summarized here are consistent with the positive direction that Connecticut has been moving in tax administration. It is tax proposals such as these which are helping to make our state the national model for fair and equitable treatment of all taxpayers.

Thank you for your consideration of these proposals.