

PA12-175

HB5425

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**JOINT
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**FINANCE
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environments is, you know, subject to a whole host of decisions by those parents.

REP. VILLANO: Thank you, Ben.

SECRETARY BENJAMIN BARNES: You're welcome.

REP. WIDLITZ: Any further questions?

Thank you, Mr. Secretary.

SECRETARY BENJAMIN BARNES: Thank you.

REP. WIDLITZ: Also just a reminder, would you get us a list of the bridges that are included for the -- in the bond issue?

SECRETARY BENJAMIN BARNES: Yes, I certainly will.

REP. WIDLITZ: Thank you very much.

SECRETARY BENJAMIN BARNES: Thank you.

REP. WIDLITZ: Next we have Commissioner Kevin Sullivan who has some very interesting legislation proposed for today.

COMMISSIONER KEVIN SULLIVAN: Good morning, Representative Widlitz, Representative Williams, other members of the committee. Thank you for raising a number of our bills for the hearing today. I will be as quick as I can because I know that you have public folks who want to testify here this morning.

Senate Bill 357 actually makes a number of changes that we need. The first Section 1 grows out of work we have done with the OPM office of labor relations. It addresses a very real situation in which Connecticut General Statutes 1215 acts as a bar to either the State or a state employee being able in a disciplinary proceeding, a personnel proceeding to produce the actual evidence of the tax records that may have been an issue if there had been misconduct by that employee.

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It has no other purpose other than fraud and therefore we would ask that we create civil penalties that essentially make this illegal to own, operate, possess and use in the state of Connecticut. And here we have worked with both the Attorney General and the Department of Consumer Protection in bringing this legislation forward.

Let me just comment on a few other bills that are of interest to the department. We fully support H.B. 5425 which will update the marine transit and docking time period that triggers or does not trigger state tax liability in Connecticut.

We also support 5420. As the secretary has said, we believe that this will bring a level playing field to the business of marketing hotel rooms within the State of Connecticut. The issue, as Senator Daily was getting at, is the fact that under current law, unless you are an operator, you are not subject to the occupancy tax.

And these companies that are remarketing are not hotel operators unless you define them to be hotel operators. And by doing what is proposed in the bill they do become subject to the occupancy tax and therefore there will be a level playing field no matter who is selling that room.

We have also met with the advocates for Senate Bill 354 and would only say to you that we are available to assist you in making sure if you do this that it gets done in a way that we can actually implement.

The department also has no position on Senate Bill 356, the Neighborhood Assistance Act tax credits, but because of the confusion that arose last year I want to be absolutely clear what this proposed bill does and does not do. All that this proposed bill does is to make a

of our state public housing and those that reside in these communities. Due to these reasons we at CONN-NAHRO are enthusiastically supporting the infusion of bond money that Senate Bill 25, Section 32 will generate.

This will be a tremendous start to provide needed capital improvements without increasing rents to those that can least afford it. We ask that you please consider the plight of the residents of the State of Connecticut public housing and support this bond funding and future funding proposed by the Governor to sustain these properties.

We at CONN-NAHRO are hopeful that this will lead to a complete capital needs assessment of our state public housing stock and a formula-driven funding program for needed capital improvements.

Thank you for this opportunity and I'd be happy to answer any questions you may have.

REP. WIDLITZ: Thank you very much for waiting to testify. We appreciate your testimony.

Are there any questions?

Thank you very much.

JEFFREY ARIN: Thank you.

SENATOR DAILY: Kathleen Burns followed by Rives Potts, Donna Wertenbach and Alberta (inaudible). Oh, Witherspoon.

KATHLEEN BURNS: Good afternoon, Senator Daily, Representative Widlitz, distinguished members of the Finance Committee. I am Kathleen Burns, General Manager of the Noank Shipyard and Seaport Marine. I also am the chairman of the Connecticut Marine Trades Association. On behalf of my staff and the membership of CMTA we urge to support Raised Bill Number 5425.

Since July of 1983 vessels that come into the state of Connecticut exclusively for storage, maintenance or repair are exempt from any liability for a use tax from the period of October 1 through April 30th. The objective was to allow vessels from other states, customers from other states to winter at a Connecticut facility in order to have their major work done.

This work includes mechanical repair, fiberglass repair, major repowers, major yacht restorations, all very important work critical to keep our staff employed annually, avoiding seasonal layoffs and unemployment insurance costs.

Two issues have brought this bill forward, the scale of work and the state of the economy. First and most importantly these large jobs, those that have the greatest economic impact on a facility and ultimately the State often simply take longer. We need windows of opportunity of warm weather to complete and test these projects. Many of them are accomplished outdoors and if we have a winner such as last year, not so much this year, but last year, we can't even start until the days in early March or even later. A customer, the marina, a boatyard should not be penalized by the State for a bad winter or a significant project that benefits the yard and its employees.

Secondly, vessels brought into the state simply for storage or work are tending to stay at the winter facility slightly longer as their recreational time allowance shrinks with the economy. It is becoming more and more difficult to get these winter visitors back in the water and off to their owners in other states before the end of April. This bill would extend the window of work until the end of May, a reasonable launch date for boaters tending to want that Memorial Day holiday.

This bill in essence should be revenue neutral with little impact on the flow of tax dollars. In reality it may very well generate more income as our out-of-state customers would not fear the timeline of large jobs or longer winters.

Believe me out there, there is a genuine fear from out of state boaters and the taxing policies that may inhibit their choices of coming to a Connecticut facility. This extension of time would allow, at least to the work-generating winter season, to become more attractive, more economically viable and define that we are open and want your out-of-state business.

Thank you.

SENATOR DAILY: Thank you very much, Kathleen.

Are there questions?

Representative Wright.

REP. E. WRIGHT: Thank you, Madam Chair.

Good afternoon, Kathleen. I just want to say, hello and welcome, fellow Noanker.

KATHLEEN BURNS: Thank you. Yes.

REP. E. WRIGHT: And certainly recognize the important economic role that marinas and the marine trades play in sustaining job retention and job creation.

And it's certainly great news that Connecticut is attracting more and more out-of-state vessels for this kind of work. So thank you for your testimony.

KATHLEEN BURNS: Thank you, Representative Wright. Appreciate it.

SENATOR DAILY: Are there any other comments or questions?

Thank you very much.

KATHLEEN BURNS: Thank you very much.

SENATOR DAILY: Rives Potts followed by Donna Wertebach and Alberta Witherspoon.

RIVES POTTS: Good afternoon, Chairman Daily and Representative Widlitz from Guilford.

SENATOR DAILY: Good afternoon, stranger.

RIVES POTTS: Kathleen said pretty much all I had to say, but I'd like to add a couple of things that I think are important.

Our particular yard, Senator Daily is familiar with it in her hometown. It's a yard that used to bring in boats from almost all over the world. We have a very, very skilled staff and a very highly technically skilled team. We don't do that anymore, not to mention our neighboring state Rhode Island.

I probably get -- and no exaggeration, probably at least a dozen and a half calls every summer, early fall asking people to bring their boats down there for work, winter work, putting in new keels, big paint jobs, redoing interiors, whatever. Hundreds of thousands of dollars worth of jobs each.

And they ask me, they say, what's the latest on the Connecticut tax situation? It's almost the same question every time. So you've got to call up the Connecticut DRS or I give them a list of a couple of lawyers for them to call. I get the call about three days later and it says, sorry we can't come to Connecticut. It is very, very disheartening.

This is not hurting the one percenters or the wealthy people and all that can -- may or may not be able to afford the tax. It's hurting our businesses. I would suggest that our

company alone probably loses between two and a half and 3 million dollars a year because of boats not coming to Connecticut for winter storage.

This extra month that we're talking about now is a great step in the right direction, but -- and I hope I'm not speaking out of line, but it needs to go further. The amount of money that we would get in this State just from the materials, the taxes on materials alone from these jobs would far outstrip this tax that we're trying to get on people for bringing their boats into Connecticut.

You might want to look at what Rhode Island is doing. You might want to look at what Florida has done. Rhode Island has no tax at all on these things. Florida is limited. Theirs, I think it's \$18,000. These type of things make a huge difference in bringing business and work into our state.

So I support this bill and I hope you will too. Any questions?

SENATOR DAILY: Thank you very much.

Are there questions of Mr. Potts?

Thank you very much.

RIVES POTTS: Thank you.

SENATOR DAILY: Donna Wertenbach.

DONNA WERTENBACH: Yeah. Go ahead and take a whack at that. It's an impossible one. It shouldn't exist.

Good afternoon, Senator Daily, Representative Widlitz. Thank you very much for your ongoing commitment to resolving the Neighborhood Assistance Act tax credit problem. My name is Donna Wertenbach and I'm the president of the Community Economic Development Fund. I'm here

SB356

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**TESTIMONY OF KEVIN B. SULLIVAN
COMMISSIONER
DEPARTMENT OF REVENUE SERVICES
FINANCE REVENUE & BONDING COMMITTEE
March 12, 2012**

Good morning Senator Daily, Representative Widlitz, Senator Roraback, Representative Williams and members of the Committee

Thank you for raising our agency bills which are part of the hearing today:

- SB 357 would make several minor but much needed changes
 - **Sec. 1** was developed in consultation with OPM's Office of Labor Relations. It addresses very real situations where the tax record non-disclosure requirements of CGS 12-15 bar both the state and state employees from necessary evidence in disciplinary proceedings. For example, a DRS employee might face discipline for browsing taxpayer information. Under current law, neither the state nor the employee would be able to disclose or seek to have disclosed into evidence the identity of the actual taxpayer records involved. The proposed change allows this information into evidence in these state employee matters but otherwise subject to the non-disclosure requirements of CGS 12-15
 - **Sec. 2** updates the dollar threshold for when action on taxpayer requests for penalty waivers approved by the Commissioner must be reviewed and approved by the Penalty Review Committee. The committee consists of the DRS Commissioner, the State Comptroller or a designee, and the Secretary of OPM or a designee. Waiver requests below the threshold are reviewed by DRS staff and the Commissioner. The current members of the Penalty Review Committee support this change.
 - **Secs. 3 & 4** makes needed technical corrections in the captive insurance company legislation passed during last year's special jobs session. This proposal was developed in consultation with the Insurance Department and is needed so that the state can move forward with planned efforts in this economic sector.
- HB 5421 would outlaw the sale, installation, possession or use of automated sales suppression devices popularly known as "zappers." This technology is available and used for only one purpose – creating fraudulent retail sales transaction records in order to understate sales tax liability. This "phantom-ware" is easily installed in electronic cash register systems so that unscrupulous merchants can automatically forge sales transaction records in order to under-report and under-pay sales tax otherwise due on the actual value of each of the transactions. This proposal has been developed in consultation with the Attorney General and the Department of Consumer Protection

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In addition to these agency proposals, the Department has an interest in several other bills being heard today. We fully support HB 5425 updating the marine transit and

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March 12, 2012

Finance Committee
Legislative Office Building
Hartford, CT 06106**Re: R.B No. 5425 An Act Concerning the Applicability of the Use Tax to Vessel Storage, Maintenance, or Repair.**

I'm Kathleen Burns, General Manager of Noank Shipyard & Seaport Marine in Noank and Mystic respectfully. I also am Chairman of the Connecticut Marine Trades Association (CMTA). On behalf of my staff and the membership of CMTA we urge you to support R.B No. 5425 An Act Concerning the Applicability of the Use Tax to Vessel Storage, Maintenance, or Repair.

Since July of 1983, through PA 83-455, vessels that come into the state of Connecticut, exclusively for storage, maintenance, or repair are exempt from any liability for a use tax from October 1 to April 30.

The objective was to allow vessels from other states to winter at a Connecticut facility in order to have work done. This work includes mechanical repair, fiberglass, major restorations and complete vessel repowerings - all very important winter work. Work that keeps staff employed annually thus avoiding seasonal layoffs and unemployment insurance costs.

This was a business builder and a jobs initiative. Recognizing, as many other states have, that there could be significant sales tax revenue generated and additional people employed if other vessels were unhindered during the winter season.

However two issues have effected this situation. The scale of work and state of the economy.

First and most importantly, these "large jobs" those that have the greatest economic impact on the facility and ultimately the State, often simply take longer. We need windows of opportunity in warm weather to complete and test these projects. Many of them are accomplished outside - and if we have a winter such as last year often we can't even start until the early days of March....and often later. A customer should not be penalized by the State for a bad winter or a significant project that is benefiting the yard, its employees and again, ultimately the State.

Two. Vessels brought into the state for storage or work - are tending to stay in the winter facility longer in the spring - as their recreational time allowance shrinks with the economy. It is becoming more and more difficult to get these "winter visit" vessels back in the water and off to their owners before the end of April as the current Section 12-413(a) requires.

R.B No. 5425 would extend the window of work until the end of May, a reasonable "launch date" for boaters tend to want that Memorial Day Weekend.

This bill, in essence, should be a revenue neutral bill. With little impact on the flow of tax dollars. In reality, it very well may generate more income for Connecticut as our out of State customers would not fear the timeline of large jobs or longer winters. Believe me, there is a genuine "fear" of this State's out-of-state taxing policies and this would allow at least the work-generating winter season to become more attractive. And more economically viable for us all.

We urge you to support R.B. No. 5425 An Act Concerning the Applicability of the Use Tax to Vessel Storage, Maintenance, or Repair. It's a sign we want their business.

Sincerely,

Kathleen M. Burns
General Manager
Noank Shipyard, Inc.

Chairman,
Connecticut Marine Trades Association

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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
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HOUSE OF REPRESENTATIVES

May 1, 2012

And the Clerk will announce the tally.

THE CLERK:

House Bill 5285.

Total number voting	143
Necessary for passage	72
Those voting Yea	143
Those voting Nay	0
Those absent and not voting	8

DEPUTY SPEAKER GODFREY:

The bill is passed.

Would the Clerk please call Calendar 384.

THE CLERK:

On page 24, Calendar 384, Substitute for House Bill Number 5425, AN ACT CONCERNING THE APPLICABILITY OF THE SALES AND USE TAX TO VESSEL STORAGE, MAINTENANCE, OR REPAIR, favorable report by the Committee on Finance.

DEPUTY SPEAKER GODFREY:

The distinguished chair of the Finance and Bonding Committee, Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker, good evening to you.

DEPUTY SPEAKER GODFREY:

Good evening.

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REP. WIDLITZ (98th):

Mr. Speaker, I move acceptance of the joint committees' favorable report and passage of the bill.

DEPUTY SPEAKER GODFREY:

The question is on acceptance and passage. Will you explain the bill please, madam?

REP. WIDLITZ (98th):

Yes, thank you, Mr. Speaker.

The bill extends the sale tax exemption for winter storage of noncommercial vessels by two months, and it also extends the use tax exemption for winter storage, maintenance, and repair of vessels brought into the state exclusively for that purpose by one month.

Mr. Speaker, this is a good bill for the marine trades. It keeps our -- our businesses working throughout the winter when people from out-of-state bring their boats here to our very skilled people for repair work. And it's a good jobs bill. And it's very important for marine trade, so I urge passage.

Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, madam.

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Distinguished ranking member, Representative
Williams.

REP. WILLIAMS (68th):

Good evening again, Mr. Speaker.

I just rise in support of this bill. And I think that it is entirely appropriate. I think that there are a number of circumstances where we've learned over the years that taxing a particular industry or taxing a particular product or service, actually, can have an adverse impact on commerce and our economy, here in the state of Connecticut and throughout the free world.

I think it's worth noting that, you know, this is one of those situations where, if you we're to try to create a tax on paper and say, okay, we have X number of boats times our sales tax rate. Well, of course, we normally would expect we're going to a certain amount of revenue, but that is not the case with boats. You know, many people can move their vessels to Newport or somewhere else in a more pro growth free state. And I think that this is just going to help us to retain jobs and businesses that we have here.

And there indeed is a Laffer curve. The more that you tax people, the more they will look to other

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-- better states in which to do business, and this is one case where they think the State of Connecticut is making a policy decision that we are going to try to keep as many of these vessels as we can here the State of Connecticut to provide jobs for the people that clean those boats, for the people who maintain those boats, et cetera. So I thank Representative Widlitz for bringing this initiative out here tonight, and I would urge its adoption.

Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, sir.

Will you remark further on the bill? Will you remark further on the bill?

If not, staff and guests please come to the well of the House. Members take your seats, the machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the chamber. The House is taking a roll call vote. Members to the chamber please.

DEPUTY SPEAKER GODFREY:

Have all members voted? Have all members voted?

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HOUSE OF REPRESENTATIVES

345
May 1, 2012

If so, the machine will be locked. The Clerk will take a tally, and the Clerk will announce the tally.

THE CLERK:

House Bill 5425.

Total number voting	144
Necessary for passage	73
Those voting Yea	144
Those voting Nay	0
Those absent and not voting	7

DEPUTY SPEAKER GODFREY:

The bill is passed.

The Clerk please call Calendar 300.

THE CLERK:

On page 44, Calendar 300, Substitute for House Bill Number 5347, AN ACT CONCERNING THE REPORTING OF CHILDREN PLACED IN SECLUSION, as amended by House Amendment Schedule "A," favorable report of the Committee on Appropriations.

DEPUTY SPEAKER GODFREY:

The distinguished chair of the Joint Committee on Children, Representative Urban.

REP. URBAN (43rd):

Thank you, Mr. Speaker.

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**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2012**

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SENATE

323
May 9, 2012

SENATOR LOONEY:

Madam President, Madam President.

THE CHAIR:

Yes, Senator Looney.

SENATOR LOONEY:

Yes, Madam President, we have a few items for a second consent calendar.

THE CHAIR:

Please proceed, sir.

SENATOR LOONEY:

Yes, thank you, Madam President.

Madam President, on today's calendar, calendar page 14, Calendar 454, Substitute for House Bill 5425, move to place the item on the consent calendar.

THE CHAIR:

Seeing no objection, so ordered, sir.

Thank you, Madam President.

Also, Madam President, calendar page 19, Calendar 487, House Bill 5143, move to place on the consent calendar.

THE CHAIR:

Seeing no objection, sir.

SENATOR LOONEY:

Thank you, Madam President.

And, Madam President, raised -- for House Bill Number 5553, do not have the -- the current calendar number and, Madam President, would also place Substitute House Bill from

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Yes, Madam President, that item that we placed on -- on House Bill 5553 is Calendar -- Calendar 509.

And, yes, Madam President, would call for a vote on the second consent calendar.

THE CHAIR:

Mr. Clerk, will you now call the roll call for the consent calendar.

We got a second -- let's go guys.

THE CLERK:

On page 14, Calendar 454, House Bill 5425; page 19, Calendar 487, 5143; page 22, Calendar 509, House Bill 5553; and on page 22, Agenda 6, House Bill 5514 --

THE CHAIR:

Would you --

THE CLERK:

-- and House Joint Resolution Number 85.

THE CHAIR:

Mr. Clerk, will you call for a roll call vote and the machine will be open. (Inaudible).

THE CLERK:

Immediate roll call has been ordered in the Senate. Senators please return to the Chamber. Immediate roll call has been ordered in the Senate.

THE CHAIR:

Senator Suzio, Senator Looney, Senator Gomes, Senator Fasano is running.

That's it. The machine will be closed.

Mr. Clerk, will you call the tally please.

THE CLERK:

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May 9, 2012

On consent calendar Number 2.

Total Number Voting	36
Necessary for adoption	19
Those Voting Yea	36
Those Voting Nay	0
Those Absent and Not Voting	0

SENATOR LOONEY:

Thank you, Madam President.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Yes, thank you.

Thank you. Thank you, Madam President.

Madam President, having completed this work, and would move that the Senate stand adjourned for the 2012 session Sine Die.

THE CHAIR:

Seeing no objection, so ordered.

On motion of Senator Looney of the 11th, the Senate at 11:58 p. m., adjourned Sine Die.