



Substitute House Bill No. 5473

Public Act No. 22-117

AN ACT CONCERNING THE DEPARTMENT OF REVENUE SERVICES' RECOMMENDATIONS FOR TAX ADMINISTRATION AND REVISIONS TO THE TAX AND RELATED STATUTES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 12-736 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Any person required to collect, truthfully account for and pay over the tax imposed under this chapter who wilfully fails to collect such tax or truthfully account for and pay over such tax or who wilfully attempts in any manner to evade or defeat the tax or the payment thereof, shall, in addition to other penalties provided by law, be liable for a penalty equal to the total amount of the tax evaded, or not collected, or not accounted for and paid over, including any penalty or interest attributable to such wilful failure to collect or truthfully account for and pay over such tax or such wilful attempt to evade or defeat such tax. The amount of a penalty for which a person may be personally liable under this section shall be collected in accordance with the provisions of section 12-734.

(b) Any person who with fraudulent intent shall fail to pay, to deduct or to withhold and pay any tax, to make, render, sign or certify any

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return or to supply any information within the time required by or under this chapter shall be subject to a penalty of not more than one thousand dollars, in addition to any other amounts required under this chapter to be imposed, assessed and collected by the commissioner.

Sec. 2. Subdivision (1) of subsection (b) of section 12-704 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1, 2022*):

(b) (1) (A) If, as a direct result of (i) the change to or correction of a taxpayer's income tax return filed with another state of the United States or a political subdivision thereof or the District of Columbia by the tax officers or other competent authority of such jurisdiction, or (ii) a taxpayer paying an assessment issued against the taxpayer by the tax officers or other competent authority of such jurisdiction for any taxable year for which the taxpayer has not filed an income tax return with such jurisdiction, the amount of tax of such other jurisdiction that the taxpayer is finally required to pay is different from the amount used to determine the credit allowed to any taxpayer under this section for any taxable year, the taxpayer shall provide notice of such difference to the commissioner by filing, on or before the date that is ninety days after the final determination of such amount, an amended return under this chapter, and shall concede the accuracy of such determination or state wherein it is erroneous. The commissioner may redetermine, and the taxpayer shall be required to pay, the tax for any taxable year affected, regardless of any otherwise applicable statute of limitations.

(B) If a taxpayer files an amended return under this subdivision as a direct result of the taxpayer paying an assessment as set forth in subparagraph (A)(ii) of this subdivision, the taxpayer shall not be eligible for a refund if the amended return is filed more than five years after the original due date of the taxpayer's Connecticut income tax return, even if such amended return is filed within the time prescribed

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under subdivision (2) of subsection (b) of section 12-732, as amended by this act.

Sec. 3. Subsection (b) of section 12-732 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1, 2022*):

(b) (1) Notwithstanding the three-year limitation provided by subsection (a) of this section, if a taxpayer has timely complied with the requirements of subsection (b) of section 12-727, and, as a direct result of the change to or correction of the taxpayer's federal income tax return by the United States Internal Revenue Service or other competent authority, or as a direct result of a renegotiation of a contract or subcontract with the United States, the tax that has previously been reported to be due on a tax return under this chapter has been overpaid, or as a direct result of an amendment by the taxpayer of the taxpayer's federal income tax return, the tax that has previously been reported to be due on a tax return under this chapter has been overpaid, any claim for refund subsequently filed by such taxpayer will be deemed to be timely filed.

(2) Notwithstanding the three-year limitation provided by subsection (a) of this section, if a taxpayer has timely complied with the requirements of subsection (b) of section 12-704, as amended by this act, and as a direct result of (A) the change to or correction of taxpayer's income tax return by the tax officers or other competent authority of another state of the United States or a political subdivision thereof or the District of Columbia, the tax that has previously been reported to be due on a tax return under this chapter has been overpaid, [or as a direct result of] (B) an amendment by the taxpayer of the taxpayer's income tax return to another state of the United States or a political subdivision thereof or the District of Columbia, the tax that has previously been reported to be due on a tax return under this chapter has been overpaid,

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or (C) a taxpayer paying an assessment issued against the taxpayer by the tax officers or other competent authority of another state of the United States or a political subdivision thereof or the District of Columbia for any taxable year for which the taxpayer has not filed an income tax return with such jurisdiction, the tax that has previously been reported to be due on a tax return under this chapter has been overpaid, any claim for refund subsequently filed by such taxpayer will be deemed to be timely filed.

Sec. 4. Section 12-39f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For purposes of making payment of any refund as provided in this title on account of any tax, or penalty or interest thereon, paid to the state, the Comptroller, upon certification by the Commissioner of Revenue Services, is authorized to draw on the Treasurer in the amount of such refund and the Treasurer shall pay the amount thereof from the fund to which such tax, penalty or interest is credited.

(b) Notwithstanding any provision of law, interest added to a refund of tax issued by the Commissioner of Revenue Services for a tax period shall not exceed five million dollars and no court may award interest in excess of five million dollars in any tax appeal in connection with a claim for refund of tax for a tax period.

Sec. 5. (NEW) (*Effective from passage*) (a) (1) Except as provided in subdivision (2) of this subsection, where the results of any civil audit, investigation, examination or reexamination conducted by the Commissioner of Revenue Services have become final by operation of law or by exhaustion of all available administrative and judicial rights of appeal, the period covered by such audit, investigation, examination or reexamination shall be closed and the taxpayer may not file any additional claims for refund for such period.

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(2) A taxpayer may file a claim of refund for any period for which the results of any civil audit, investigation, examination or reexamination conducted by the commissioner have become final by operation of law or for which the associated administrative or judicial rights of appeal have been exhausted, provided such claim is filed not later than six months after the date such results become final by operation of law or the date such rights of appeal are exhausted, as applicable and whichever is later.

(b) The provisions of subsection (a) of this section shall not affect claims for refunds authorized under the provisions of sections 12-226, 12-704, as amended by this act, and 12-727 of the general statutes.

Sec. 6. Section 29-18b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Commissioner of Emergency Services and Public Protection may appoint persons nominated by the Commissioner of Revenue Services to act as special policemen in the Department of Revenue Services. Such appointees shall serve at the pleasure of the Commissioner of Emergency Services and Public Protection and, during such tenure, shall have all the powers conferred on state policemen. Such special policemen shall, in addition to their duties with said department, be subject to call by the Commissioner of Emergency Services and Public Protection for such emergency service as the Commissioner of Emergency Services and Public Protection may prescribe.

(b) Special policemen in the Department of Revenue Services may, in connection with their official duties relating to any criminal tax investigation, disclose return information, as defined in section 12-15, to the extent such disclosure is necessary to obtain information that is not otherwise reasonably available with respect to the enforcement of any criminal law of this state.

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Sec. 7. (NEW) (*Effective from passage*) (a) Notwithstanding the provisions of section 12-15 of the general statutes, the Commissioner of Revenue Services may, subject to terms and conditions the commissioner may prescribe, disclose returns or return information, as those terms are defined in said section, to an authorized member of an organized local police department, upon written request by the chief of police of such department. Such written request shall: (1) Establish the relevance of such return or return information to an authorized investigation being conducted by such department into a violation of a criminal law of this state; (2) establish that no other source of such information is available to such department; and (3) include the name of each member of such department who will be authorized to receive such return or return information. If the commissioner deems such return or return information to be relevant to such investigation, the commissioner may disclose such return or return information to such department.

(b) No member of an organized local police department who receives any return or return information pursuant to this section may disclose such return or return information except in connection with a criminal prosecution, including any judicial proceeding related thereto, when such return or return information is directly involved in and necessary to such prosecution. Any person who violates this subsection shall be fined not more than one thousand dollars or imprisoned not more than one year, or both.

Sec. 8. Subdivision (9) of section 53a-3 of the 2022 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(9) "Peace officer" means a member of the Division of State Police within the Department of Emergency Services and Public Protection or an organized local police department, a chief inspector or inspector in the Division of Criminal Justice, a state marshal while exercising

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authority granted under any provision of the general statutes, a judicial marshal in the performance of the duties of a judicial marshal, a conservation officer or special conservation officer, as defined in section 26-5, a constable who performs criminal law enforcement duties, a special policeman appointed under section 29-18, 29-18a, 29-18b, as amended by this act, or 29-19, an adult probation officer, an official of the Department of Correction authorized by the Commissioner of Correction to make arrests in a correctional institution or facility, any investigator in the investigations unit of the office of the State Treasurer, an inspector of motor vehicles in the Department of Motor Vehicles, who is certified under the provisions of sections 7-294a to 7-294e, inclusive, a United States marshal or deputy marshal, any special agent of the federal government authorized to enforce the provisions of Title 21 of the United States Code, or a member of a law enforcement unit of the Mashantucket Pequot Tribe or the Mohegan Tribe of Indians of Connecticut created and governed by a memorandum of agreement under section 47-65c who is certified as a police officer by the Police Officer Standards and Training Council pursuant to sections 7-294a to 7-294e, inclusive;

Sec. 9. Subsection (b) of section 53a-19 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) Notwithstanding the provisions of subsection (a) of this section, a person is not justified in using deadly physical force upon another person if he or she knows that he or she can avoid the necessity of using such force with complete safety (1) by retreating, except that the actor shall not be required to retreat if he or she is in his or her dwelling, as defined in section 53a-100, or place of work and was not the initial aggressor, or if he or she is a peace officer [or a special policeman appointed under section 29-18b,] or a private person assisting such peace officer [or special policeman] at his or her direction, and acting

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pursuant to section 53a-22, as amended by this act, or (2) by surrendering possession of property to a person asserting a claim of right thereto, or (3) by complying with a demand that he or she abstain from performing an act which he or she is not obliged to perform.

Sec. 10. Section 53a-22 of the 2022 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) For purposes of this section, a reasonable belief that a person has committed an offense means a reasonable belief in facts or circumstances which if true would in law constitute an offense. If the believed facts or circumstances would not in law constitute an offense, an erroneous though not unreasonable belief that the law is otherwise does not render justifiable the use of physical force to make an arrest or to prevent an escape from custody.

(2) A peace officer [, special policeman appointed under section 29-18b] or an authorized official of the Department of Correction or the Board of Pardons and Paroles who is effecting an arrest pursuant to a warrant or preventing an escape from custody is justified in using the physical force prescribed in subsections (b), (c) and (d) of this section unless such warrant is invalid and is known by such officer to be invalid.

(b) Except as provided in subsection (a) or (d) of this section, a peace officer [, special policeman appointed under section 29-18b] or an authorized official of the Department of Correction or the Board of Pardons and Paroles is justified in using physical force upon another person when and to the extent that he or she reasonably believes such use to be necessary to: (1) Effect an arrest or prevent the escape from custody of a person whom he or she reasonably believes to have committed an offense, unless he or she knows that the arrest or custody is unauthorized; or (2) defend himself or herself or a third person from the use or imminent use of physical force while effecting or attempting

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to effect an arrest or while preventing or attempting to prevent an escape.

(c) (1) Except as provided in subsection (d) of this section, a peace officer [, special policeman appointed under section 29-18b] or an authorized official of the Department of Correction or the Board of Pardons and Paroles is justified in using deadly physical force upon another person for the purposes specified in subsection (b) of this section only when his or her actions are objectively reasonable under the given circumstances at that time, and:

(A) He or she reasonably believes such use to be necessary to defend himself or herself or a third person from the use or imminent use of deadly physical force; or

(B) He or she (i) has reasonably determined that there are no available reasonable alternatives to the use of deadly physical force, (ii) reasonably believes that the force employed creates no unreasonable risk of injury to a third party, and (iii) reasonably believes such use of force to be necessary to (I) effect an arrest of a person whom he or she reasonably believes has committed or attempted to commit a felony which involved the infliction of serious physical injury, and if, where feasible, he or she has given warning of his or her intent to use deadly physical force, or (II) prevent the escape from custody of a person whom he or she reasonably believes has committed a felony which involved the infliction of serious physical injury and who poses a significant threat of death or serious physical injury to others, and if, where feasible, he or she has given warning of his or her intent to use deadly physical force.

(2) For purposes of evaluating whether actions of a peace officer [, special policeman appointed under section 29-18b] or an authorized official of the Department of Correction or the Board of Pardons and Paroles are reasonable under subdivision (1) of this subsection, factors

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to be considered include, but are not limited to, whether (A) the person upon whom deadly physical force was used possessed or appeared to possess a deadly weapon, (B) the peace officer [, special policeman appointed under section 29-18b] or an authorized official of the Department of Correction or the Board of Pardons and Paroles engaged in reasonable deescalation measures prior to using deadly physical force, and (C) any unreasonable conduct of the peace officer [, special policeman appointed under section 29-18b] or an authorized official of the Department of Correction or the Board of Pardons and Paroles led to an increased risk of an occurrence of the situation that precipitated the use of such force.

(d) A peace officer [, special policeman appointed under section 29-18b] or an authorized official of the Department of Correction or the Board of Pardons and Paroles is justified in using a chokehold or other method of restraint applied to the neck area or that otherwise impedes the ability to breathe or restricts blood circulation to the brain of another person for the purposes specified in subsection (b) of this section only when he or she reasonably believes such use to be necessary to defend himself or herself from the use or imminent use of deadly physical force.

(e) Except as provided in subsection (f) of this section, a person who has been directed by a peace officer [, special policeman appointed under section 29-18b] or an authorized official of the Department of Correction or the Board of Pardons and Paroles to assist such peace officer [, special policeman] or official to effect an arrest or to prevent an escape from custody is justified in using reasonable physical force when and to the extent that he or she reasonably believes such to be necessary to carry out such peace officer's [, special policeman's] or official's direction.

(f) A person who has been directed to assist a peace officer [, special policeman appointed under section 29-18b] or an authorized official of the Department of Correction or the Board of Pardons and Paroles

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under circumstances specified in subsection (e) of this section may use deadly physical force to effect an arrest or to prevent an escape from custody only when: (1) He or she reasonably believes such use to be necessary to defend himself or herself or a third person from what he or she reasonably believes to be the use or imminent use of deadly physical force; or (2) he or she is directed or authorized by such peace officer [, special policeman] or official to use deadly physical force, unless he or she knows that the peace officer [, special policeman] or official himself or herself is not authorized to use deadly physical force under the circumstances.

(g) A private person acting on his or her own account is justified in using reasonable physical force upon another person when and to the extent that he or she reasonably believes such use to be necessary to effect an arrest or to prevent the escape from custody of an arrested person whom he or she reasonably believes to have committed an offense and who in fact has committed such offense; but he or she is not justified in using deadly physical force in such circumstances, except in defense of person as prescribed in section 53a-19, as amended by this act.

(h) In determining whether use of force by a peace officer who is a police officer, as defined in subsection (a) of section 29-6d, is justified pursuant to this section, the trier of fact may draw an unfavorable inference from a police officer's deliberate failure in violation of section 29-6d to record such use of physical force.

Sec. 11. Section 53a-23 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

A person is not justified in using physical force to resist an arrest by a reasonably identifiable peace officer, [or special policeman appointed under section 29-18b,] whether such arrest is legal or illegal.

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Sec. 12. Section 53a-167a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) A person is guilty of interfering with an officer when such person obstructs, resists, hinders or endangers any peace officer [, special policeman appointed under section 29-18b] or firefighter in the performance of such peace officer's [, special policeman's] or firefighter's duties.

(b) Interfering with an officer is a class A misdemeanor, except that, if such violation causes the death or serious physical injury of another person, such person shall be guilty of a class D felony.

Sec. 13. Section 53a-167b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) A person is guilty of failure to assist a peace officer [, special policeman] or firefighter when, commanded by a peace officer [, special policeman appointed under section 29-18b] or firefighter authorized to command assistance, such person refuses to assist such peace officer [, special policeman] or firefighter in the execution of such peace officer's [, special policeman's] or firefighter's duties.

(b) Failure to assist a peace officer [, special policeman] or firefighter is a class A misdemeanor.

Sec. 14. Subsection (a) of section 53a-167c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) A person is guilty of assault of public safety, emergency medical, public transit or health care personnel when, with intent to prevent a reasonably identifiable peace officer, [special policeman appointed under section 29-18b,] firefighter or employee of an emergency medical service organization, as defined in section 53a-3, as amended by this act,

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emergency room physician or nurse, health care employee as defined in section 19a-490q, employee of the Department of Correction, member or employee of the Board of Pardons and Paroles, probation officer, employee of the Judicial Branch assigned to provide pretrial secure detention and programming services to juveniles accused of the commission of a delinquent act, liquor control agent, state or municipal animal control officer, security officer, employee of the Department of Children and Families assigned to provide direct services to children and youths in the care or custody of the department, employee of a municipal police department assigned to provide security at the police department's lockup and holding facility, active individual member of a volunteer canine search and rescue team, as defined in section 5-249, or public transit employee from performing his or her duties, and while such peace officer, [special policeman,] firefighter, employee, physician, nurse, health care employee, member, liquor control agent, animal control officer, security officer, probation officer or active individual member is acting in the performance of his or her duties, (1) such person causes physical injury to such peace officer, [special policeman,] firefighter, employee, physician, nurse, member, liquor control agent, animal control officer, security officer, probation officer or active individual member, or (2) such person throws or hurls, or causes to be thrown or hurled, any rock, bottle, can or other article, object or missile of any kind capable of causing physical harm, damage or injury, at such peace officer, [special policeman,] firefighter, employee, physician, nurse, member, liquor control agent, animal control officer, security officer, probation officer or active individual member, or (3) such person uses or causes to be used any mace, tear gas or any like or similar deleterious agent against such peace officer, [special policeman,] firefighter, employee, physician, nurse, member, liquor control agent, animal control officer, security officer, probation officer or active individual member, or (4) such person throws or hurls, or causes to be thrown or hurled, any paint, dye or other like or similar staining, discoloring or coloring agent or any type of offensive or noxious liquid,

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agent or substance at such peace officer, [special policeman,] firefighter, employee, physician, nurse, member, liquor control agent, animal control officer, security officer, probation officer or active individual member, or (5) such person throws or hurls, or causes to be thrown or hurled, any bodily fluid including, but not limited to, urine, feces, blood or saliva at such peace officer, [special policeman,] firefighter, employee, physician, nurse, member, liquor control agent, animal control officer, security officer, probation officer or active individual member. For the purposes of this section, "public transit employee" means a person employed by the state, a political subdivision of the state, a transit district formed under chapter 103a or a person with whom the Commissioner of Transportation has contracted in accordance with section 13b-34 to provide transportation services who operates a vehicle or vessel providing public ferry service or fixed route bus service or performs duties directly related to the operation of such vehicle or vessel, or who, as part of the provision of public rail service, is a train operator, conductor, inspector, signal person or station agent and "security officer" has the same meaning as provided in section 29-152u.

Sec. 15. Subsection (a) of section 12-699 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) As used in this [section and section 12-699a] chapter and section 16 of this act:

(1) "Partnership" has the same meaning as provided in Section 7701(a)(2) of the Internal Revenue Code, as defined in section 12-213, and regulations adopted thereunder. "Partnership" includes a limited liability company that is treated as a partnership for federal income tax purposes;

(2) "S corporation" means a corporation or a limited liability company that is treated as an S corporation for federal income tax purposes;

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(3) "Affected business entity" means a partnership or an S corporation, but does not include a publicly-traded partnership, as defined in Section 7704(b) of the Internal Revenue Code, that has agreed to file an annual return pursuant to section 12-726 reporting the name, address, Social Security number or federal employer identification number and such other information required by the Commissioner of Revenue Services of each unitholder whose distributive share of partnership income derived from or connected with sources within this state was more than five hundred dollars;

(4) "Member" means (A) a shareholder of an S corporation, (B) a partner in (i) a general partnership, (ii) a limited partnership, or (iii) a limited liability partnership, or (C) a member of a limited liability company that is treated as a partnership or an S corporation for federal income tax purposes; and

(5) "Taxable year" means the taxable year of an affected business entity for federal income tax purposes.

Sec. 16. (NEW) (*Effective from passage*) (a) Any affected business entity may elect to file a composite income tax return on behalf of each nonresident individual who is a member of such affected business entity, subject to any requirements and conditions the Commissioner of Revenue Services may prescribe in the return form and instructions for such return. The affected business entity shall make such election by the due date or extended due date of such affected business entity's return under chapter 228z of the general statutes.

(b) If an affected business entity elects to file a composite income tax return pursuant to subsection (a) of this section, the affected business entity shall pay to the commissioner the tax calculated under subsection (c) of this section, plus penalties and interest due thereon, on behalf of each nonresident individual member of such affected business entity. Any such payment made by an affected business entity to the

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commissioner with respect to any taxable period shall be considered to be a payment by such nonresident individual member for the tax imposed on such member under chapter 229 of the general statutes for such taxable period.

(c) The composite income tax due on behalf of each nonresident individual member shall equal (1) such member's distributive share of the affected business entity's items derived from or connected with sources within this state as calculated under subdivision (1) of subsection (c) of section 12-699 of the general statutes multiplied by the highest marginal rate in effect under section 12-700 of the general statutes for the taxable year, less (2) the credit allowed to such nonresident individual member pursuant to subdivision (1) of subsection (g) of section 12-699 of the general statutes with respect to the affected business entity. In no event shall an amount due on behalf of a nonresident individual member be less than zero. Such composite income tax shall be due at the same time, and subject to penalties and interest, as if such tax was a tax due from the affected business entity under section 12-699 of the general statutes, as amended by this act.

(d) (1) If income from one or more affected business entities that each elect to file a composite income tax return pursuant to this section is the only source of income derived from or connected with sources within this state for a nonresident individual member, or for the member and the member's spouse if a joint federal income tax return is or shall be filed, the filing by the affected business entity of the composite income tax return and the payment by the affected business entity on behalf of the member of the tax imposed under this section shall satisfy the filing and payment requirements otherwise separately imposed on the member under chapter 229 of the general statutes. The commissioner may make any deficiency assessment against the affected business entity or the member, provided any such assessment against the member shall be limited to the member's share thereof. Except as

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provided in section 12-733 of the general statutes, any such assessment shall be made not later than three years after the affected business entity's annual return pursuant to section 12-699 of the general statutes, as amended by this act, is filed.

(2) If income from one or more affected business entities that each elect to file a composite income tax return pursuant to this section is not the only source of income derived from or connected with sources within this state for a nonresident individual member, or for the member and the member's spouse if a joint federal income tax return is or shall be filed, nothing in this section shall be construed as excusing the member from the obligation to file such member's own separate tax return under chapter 229 of the general statutes. In such event, the member shall receive credit for the composite income tax paid under this section by the affected business entity on the member's behalf. The commissioner may make any deficiency assessment that is related to the member's distributive share of income from the affected business entity against the affected business entity or the member. Except as provided in section 12-733 of the general statutes, any such assessment against the affected business entity shall be made not later than three years after the affected business entity's annual return pursuant to section 12-699 of the general statutes, as amended by this act, is filed.

Sec. 17. Subsection (c) of section 12-391 of the general statutes is amended by adding subdivision (4) as follows (*Effective October 1, 2022*):

(NEW) (4) "Federal basic exclusion amount" means the dollar amount published annually by the Internal Revenue Service at which a decedent would be required to file a federal estate tax return based on the value of the decedent's gross estate and federally taxable gifts.

Sec. 18. Subparagraph (J) of subdivision (3) of subsection (b) of section 12-392 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

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(J) A tax return shall be filed, in the case of every decedent who dies on or after January 1, 2023, and at the time of death was (i) a resident of this state, or (ii) a nonresident of this state whose gross estate includes any real property situated in this state or tangible personal property having an actual situs in this state. If the decedent's Connecticut taxable estate is over [five million four hundred ninety thousand dollars] the federal basic exclusion amount, such tax return shall be filed with the Commissioner of Revenue Services and a copy of such return shall be filed with the court of probate for the district within which the decedent resided at the date of his or her death or, if the decedent died a nonresident of this state, the court of probate for the district within which such real property or tangible personal property is situated. If the decedent's Connecticut taxable estate is equal to or less than [five million four hundred ninety thousand dollars] the federal basic exclusion amount, such return shall be filed with the court of probate for the district within which the decedent resided at the date of his or her death or, if the decedent died a nonresident of this state, the court of probate for the district within which such real property or tangible personal property is situated, and no such return shall be filed with the Commissioner of Revenue Services. The judge of probate for the district in which such return is filed shall review each such return and shall issue a written opinion to the estate representative in each case in which the judge determines that the estate is not subject to tax under this chapter.

Sec. 19. Section 12-643 of the general statutes is amended by adding subdivision (4) as follows (*Effective October 1, 2022*):

(NEW) (4) "Federal basic exclusion amount" means the dollar amount published annually by the Internal Revenue Service over which a donor would owe federal gift tax based on the value of the donor's federally taxable gifts.

Sec. 20. Subdivision (1) of subsection (d) of section 12-704c of the 2022

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supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(d) (1) Notwithstanding the provisions of subsections (b) and (c) of this section, for taxable years commencing on or after January 1, [2021] 2023, for any taxpayer who paid the conveyance tax on real property at the rate prescribed by subparagraph (C)(ii) of subdivision (2) of subsection (b) of section 12-494, the credit allowed under this section shall not exceed thirty-three and one-third per cent of the amount of the conveyance tax paid [at such rate] in excess of one and one-quarter per cent on that portion of the consideration taxed under section 12-494 that is in excess of eight hundred thousand dollars, in each of the three taxable years [next succeeding the second] beginning with the third taxable year after the taxable year in which such conveyance tax was paid. For any taxable year such taxpayer claims the credit or portion thereof under this subsection, such credit shall be in lieu of any credit such taxpayer may be eligible to claim under subsection (b) or (c) of this section.

Sec. 21. Section 12-415 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) If the commissioner is not satisfied with the return or returns of the tax or the amount of tax required to be paid to the state by any person, the commissioner may compute and assess or reassess the amount required to be paid upon the basis of the facts contained in the return or returns or upon the basis of any information which is in or that may come into the commissioner's possession. [Except in the case of fraud or intent to evade or in the case of new information that may come into the commissioner's possession, the commissioner may not make more than one assessment for a tax period for which a return has been filed.]

(b) The amount of the assessment or reassessment, exclusive of

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penalties, shall bear interest at the rate of one per cent per month or fraction thereof from the last day of the month succeeding the period for which the amount or any portion thereof should have been returned until the date of payment.

(c) When it appears that any part of the deficiency for which a deficiency assessment or reassessment is made is due to negligence or intentional disregard of the provisions of this chapter or regulations promulgated thereunder, there shall be imposed a penalty equal to fifteen per cent of the amount of such deficiency assessment or reassessment, or fifty dollars, whichever is greater.

(d) When it appears that any part of the deficiency for which a deficiency assessment or reassessment is made is due to fraud or intent to evade the provisions of this chapter or regulations promulgated thereunder, there shall be imposed a penalty equal to twenty-five per cent of the amount of such deficiency assessment or reassessment. No taxpayer shall be subject to a penalty under both subsection (c) of this section and this subsection in relation to the same tax period.

(e) The commissioner shall give to the retailer or person storing, accepting, consuming or otherwise using services or tangible personal property written notice of the commissioner's assessment or reassessment. The notice may be served personally or by mail. If by mail, it shall be addressed to the retailer or person storing, accepting, consuming or otherwise using services or tangible personal property at the address as it appears in the records of the commissioner's office.

(f) Except in the case of fraud, intent to evade this chapter or authorized regulations, failure to make a return, or claim for additional amount pursuant to [subdivision (3)] subsection (c) of section 12-418, as amended by this act, every notice of a deficiency assessment or reassessment shall be mailed within three years after the last day of the month following the period for which the amount is proposed to be

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assessed or reassessed or within three years after the return is filed, whichever period expires later. The limitation specified in this subsection does not apply in case of a sales tax proposed to be assessed or reassessed with respect to sales of services or property for the storage, acceptance, consumption or other use of which notice of a deficiency assessment or reassessment has been or is given pursuant to this subsection, subsection (e) of this section, subsection (c) of section 12-416, as amended by this act, [subdivision (1)] and subsection (a) of section 12-417, [and this subsection] as amended by this act. The limitation specified in this subsection does not apply in case of an amount of use tax proposed to be assessed or reassessed with respect to storage, acceptance, consumption or other use of services or property for the sale of which notice of a deficiency assessment or reassessment has been or is given pursuant to this subsection and said subsections. [and this subsection.]

(g) If, before the expiration of the time prescribed in subsection (f) of this section for the mailing of a notice of deficiency [determination] assessment or reassessment, the taxpayer has consented in writing to the mailing of the notice after such time, the notice may be mailed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

Sec. 22. Section 12-416 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) If any person fails to make a return, the commissioner shall make an estimate of the amount of the gross receipts of the person or, as the case may be, of the amount of the total sales price of services or tangible personal property sold or purchased by the person, the storage, acceptance, consumption or other use of which in this state is subject to the use tax. The estimate shall be made for the period or periods in respect to which the person failed to make a return and shall be based

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upon any information which is in or may come into the commissioner's possession. To the tax imposed upon the basis of such estimate, there shall be added an amount equal to fifteen per cent of such tax, or fifty dollars, whichever is greater. No person shall be subject to a penalty under both this section and section 12-419, as amended by this act. [Except in the case of new information that may come into the commissioner's possession, the] The commissioner may [not] make more than one assessment for a tax period for which a tax return has not been filed.

(b) The amount of the assessment shall bear interest at the rate of one per cent per month or fraction thereof from the last day of the month succeeding the period for which the amount or any portion thereof should have been returned until the date of payment.

(c) Promptly after making the assessment, the commissioner shall give to the person written notice of the estimate, assessment and penalty, the notice to be served personally or by mail in the manner prescribed for service of notice of a deficiency assessment.

(d) Nothing in this section shall preclude the commissioner from issuing a deficiency assessment or reassessment pursuant to the provisions of section 12-415, as amended by this act, for any period for which the commissioner issues a written notice of estimate, assessment and penalty under this section.

Sec. 23. Section 12-417 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

[(1)] (a) If the commissioner believes that the collection of any tax or any amount of tax required to be collected and paid to the state or of any assessment will be jeopardized by delay, the commissioner shall make an assessment or reassessment of the tax or amount of tax required to be collected, noting that fact upon the assessment or reassessment and

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serving written notice thereof, personally or by mail, in the manner prescribed for service of notice of a deficiency assessment or reassessment, on the person against whom the jeopardy assessment or reassessment is made. Ten days after the date on which such notice is served on such person, such notice shall constitute a final assessment or reassessment except only for such amounts as to which such person has filed a written [petition for reassessment] protest with the commissioner, as provided in [subdivision (3)] subsection (c) of this section.

[(2)] (b) The amount assessed or reassessed is due and payable no later than the tenth day after service of the notice of assessment or reassessment, unless on or before such tenth day the person against whom such assessment or reassessment is made has obtained a stay of collection, as provided in [subdivision (3)] subsection (c) of this section. To the extent that collection has not been stayed, the commissioner may enforce collection of such tax by using the method provided in section 12-35, as amended by this act, or by using any other method provided for in the general statutes relating to the enforced collection of taxes, provided, if the amount of such tax has been definitely fixed, the amount so fixed shall be assessed and collected, and if the amount of such tax has not been definitely fixed, the commissioner shall assess and collect such amount as, in the commissioner's opinion, from the facts available to the commissioner, is sufficient. If the amount specified in the notice of jeopardy assessment or reassessment is not paid on or before the tenth day after service of notice thereof upon the person against whom the jeopardy assessment or reassessment is made, the delinquency penalty and the interest provided in section 12-419, as amended by this act, shall attach to the amount of the tax or the amount of the tax required to be collected.

[(3)] (c) The person against whom a jeopardy assessment or reassessment is made may file a [petition for the reassessment] written

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protest thereof, pursuant to section 12-418, as amended by this act, with the commissioner on or before the tenth day after the service upon such person of notice of the jeopardy assessment or reassessment. Such person may obtain a stay of collection of the whole or any part of the amount of such jeopardy assessment or reassessment by filing with the commissioner, on or before such tenth day, a bond of a surety company authorized to do business in this state or other security acceptable to the commissioner in such an amount not exceeding double the amount as to which the stay is desired, as the commissioner deems necessary to ensure compliance with this chapter, conditioned upon payment of as much of the amount, the collection of which is stayed by the bond, as is found to be due from such person. The security may be sold by the commissioner in the manner prescribed by section 12-430, as amended by this act. At any time thereafter in respect to the whole or any part of the amount covered by the bond, such person may waive the stay, and if as the result of such waiver, any part of the amount covered by the bond is paid, the bond shall, at the request of such person, be proportionately reduced.

Sec. 24. Section 12-418 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

[(1)(A)] (a) (1) Any person against whom an assessment or a reassessment is made under section 12-414a, 12-415, as amended by this act, 12-416, as amended by this act, or 12-424 or any person directly interested may [petition for a reassessment] file a written protest not later than sixty days after service upon such person of notice thereof. If a petition for reassessment is not filed within the sixty-day period, the assessment or reassessment becomes final at the expiration of the period.

[(B)] (2) Any person against whom an assessment or reassessment is made under section 12-417, as amended by this act, or any person directly interested may [petition for a reassessment] file a written

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protest not later than ten days after service of notice upon such person. If a [petition for reassessment] written protest is not filed within such ten-day period, the assessment or reassessment becomes final at the expiration of the period.

[(2)] (b) If a [petition for reassessment] written protest is filed within the sixty-day period, in the case of an assessment or reassessment made under section 12-414a, 12-415, as amended by this act, 12-416, as amended by this act, or 12-424, or within the ten-day period, in the case of an assessment or reassessment made under section 12-417, as amended by this act, the commissioner shall reconsider the assessment or reassessment and, if the person has so requested in the petition, shall, in the commissioner's discretion, grant the person an oral hearing and shall give such person ten days' notice of the time and place of the hearing. The commissioner may continue the hearing from time to time, as may be necessary, and may assign the conduct of such hearing to a representative of the commissioner.

[(3)] (c) The commissioner may decrease or increase the amount of the assessment or reassessment before it becomes final, but the amount may be increased only if a claim for the increase is asserted by the commissioner at or before the hearing.

[(4)] (d) The order or decision of the commissioner upon a [petition for reassessment] protest becomes final one month after service upon the [petitioner] person filing the protest of notice thereof unless within such period [the petitioner] such person seeks judicial review of the commissioner's order or decision pursuant to section 12-422.

[(5)] (e) All assessments or reassessments made by the commissioner under section 12-414a, 12-415, as amended by this act, 12-416, as amended by this act, or 12-424 are due and payable at the time they become final.

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[(6)] (f) Any notice required by this section shall be served personally or by mail in the manner prescribed for service of notice of a deficiency assessment.

Sec. 25. Section 12-419 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Any person, other than an individual making purchases for personal use or consumption and not making purchases for use or consumption in carrying on a trade, occupation, business or profession, who fails to pay any tax to the state or any amount of tax required to be collected and paid to the state, except amounts of assessments or reassessments made by the commissioner under sections 12-415 and 12-416, as amended by this act, within the time required shall pay, in addition to such tax or such amount of tax required to be collected and paid, a penalty of fifteen per cent of the tax or fifty dollars, whichever amount is greater, plus interest on such tax or such amount of tax required to be collected and paid at the rate of one per cent per month or fraction thereof from the due date to the date of payment.

(b) Any individual making purchases for personal use or consumption and not making purchases for use or consumption in carrying on a trade, occupation, business or profession who fails to pay use tax to the state, except amounts of assessments or reassessments made by the commissioner under sections 12-415 and 12-416, as amended by this act, within the time required shall pay, in addition to such tax, a penalty of ten per cent of the tax, plus interest on such tax at the rate of one per cent per month or fraction thereof from the due date of such tax to the date of payment.

(c) Subject to the provisions of section 12-3a, the commissioner may waive all or any part of the penalties provided under this chapter when it is proven to the satisfaction of the commissioner that failure to pay any tax was due to reasonable cause and was not intentional or due to

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neglect.

Sec. 26. Subdivision (6) of subsection (a) of section 12-408c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(6) The commissioner may, at any time within three years after the date of receipt of such claim for refund, examine such claim and supporting documentation and, if any error is disclosed by such examination, mail a notice of assessment or reassessment in the manner provided in section 12-415, as amended by this act, as if a return had been filed with which the commissioner was not satisfied. In such event, the claimant may [petition for reassessment] file a written protest in the time and manner provided in section 12-418, as amended by this act. The order or decision of the commissioner upon the [petition for reassessment] written protest shall be subject to judicial review in the time and manner provided in section 12-422.

Sec. 27. Subsections (c) and (d) of section 12-420b of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

(c) The commissioner may, in the commissioner's sole discretion, terminate a managed compliance agreement and conduct an audit of an eligible taxpayer under [subdivision (1)] subsection (a) of section 12-415, as amended by this act, if the eligible taxpayer fails to fulfill any of the terms of a managed compliance agreement and such failure is materially adverse to the commissioner and the taxpayer fails to cure such failure not later than thirty days after the mailing of written notice of such failure by the commissioner, provided no such notice need be given in the event such failure is not capable of being cured or the commissioner believes that the collection of any tax required to be collected and paid to the state or of any assessment or reassessment will be jeopardized by delay. Any such termination shall be effective on the first day of the

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fourth month following the month in which notice of such termination is given by the commissioner to the taxpayer, except that such termination shall take effect immediately if such failure is not capable of being cured or if the commissioner believes that the collection of any tax required to be collected and paid to the state or of any assessment or reassessment will be jeopardized by delay.

(d) Nothing in this section shall abridge or alter any other requirements, rights or obligations of an eligible taxpayer or the commissioner granted or imposed by statute or regulation, including, but not limited to, penalties for negligence or intentional disregard of the provisions of this chapter, except as provided in subsection (c) of this section; penalties for failure to file returns or for fraud or intent to evade the provisions of this chapter; limitation periods and waivers of limitation periods; the right of an eligible taxpayer to [petition for reassessment] file a written protest under section 12-418, as amended by this act; the right of an eligible taxpayer to appeal an assessment or a reassessment under section 12-422; or the right of an eligible taxpayer to claim a refund under section 12-425, as amended by this act.

Sec. 28. Subsections (b) to (d), inclusive, of section 12-420c of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) Such agreement may provide that, upon compliance by the taxpayer with all the terms of [said] such agreement, in calculating the total amount of the audit assessment resulting from such managed audit the first ten thousand dollars of interest and ten per cent of any additional interest otherwise due under [subdivision (2)] subsection (b) of section 12-415, as amended by this act, shall not be imposed. Any interest accruing after the initial assessment shall be at the rate of interest specified in [subdivision (2)] subsection (b) of section 12-415, as amended by this act.

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(c) The commissioner may, in the commissioner's sole discretion, terminate a managed audit agreement and conduct an audit of an eligible taxpayer under [subdivision (1)] subsection (a) of section 12-415, as amended by this act, if the eligible taxpayer fails to fulfill any of the terms of a managed audit agreement, or if the commissioner believes that a managed audit should not be conducted for any other reason.

(d) Nothing in this section shall abridge or alter any other requirements, rights or obligations of an eligible taxpayer or the commissioner granted or imposed by statute or regulation, including, but not limited to, penalties for negligence or intentional disregard of the provisions of this chapter, except as provided in subsection (c) of this section; penalties for failure to file returns or for fraud or intent to evade the provisions of this chapter; limitation periods and waivers of limitation periods; the right of an eligible taxpayer to [petition for reassessment] file a written protest under section 12-418, as amended by this act; the right of an eligible taxpayer to appeal an assessment or a reassessment under section 12-422 or the right of an eligible taxpayer to claim a refund under section 12-425, as amended by this act.

Sec. 29. Subdivision (1) of section 12-425 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(1) No refund shall be allowed unless a claim therefor is filed with the commissioner within three years from the last day of the month succeeding the period for which the overpayment was made, or, with respect to assessments or reassessments made under sections 12-415 and 12-416, as amended by this act, within six months after the assessments or reassessments become final. No credit shall be allowed after the expiration of the period specified for filing claims for refund unless a claim for credit is filed with the commissioner within such period, or unless the credit relates to a period for which a waiver is given pursuant to subsection (g) of section 12-415, as amended by this act.

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Sec. 30. Subparagraphs (C) and (D) of subdivision (7) of section 12-430 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

(C) (i) Every prime or general contractor who is an unverified contractor shall post with the commissioner a good and valid bond with a surety company authorized to do business in this state in an amount equal to five per cent of the contract price, to secure the payment of any sums due under this chapter either from such contractor or from any subcontractor who enters into a contract with such contractor to perform any part of the contract entered into by such contractor. The commissioner shall release such contractor from its obligations under such bond if it has been established, to the commissioner's satisfaction, that such contractor has met the requirements of either clause (ii) or (iii) of this subparagraph.

(ii) If a prime or general contractor who is an unverified contractor establishes, to the satisfaction of the commissioner by submitting such documentation, including any forms prescribed by the commissioner, as the commissioner deems necessary, that such contractor has paid all of the taxes that it owes in connection with the contract and that its subcontractors who are unverified contractors have paid all of the taxes that they owe in connection with the contract, the commissioner shall release such contractor from its obligations under the bond.

(iii) (I) If a prime or general contractor who is an unverified contractor establishes, to the satisfaction of the commissioner by submitting such documentation, including any forms prescribed by the commissioner, as the commissioner deems necessary, that such contractor has paid all of the taxes that it owes in connection with the contract, has held back an amount equal to five per cent of the payments being made by such contractor in connection with the contract to its subcontractors who are unverified contractors, and has complied with the provisions of either subclause (V) or (VI) of this clause, as the case may be, the commissioner

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shall release such contractor from its obligations under the bond.

(II) Every prime or general contractor who is an unverified contractor and doing business with a subcontractor who is an unverified contractor shall hold back an amount equal to five per cent of such payments otherwise required to be made to such subcontractor until such subcontractor furnishes such contractor with a certificate of compliance, as described in this clause, authorizing the full or partial release of the amount held back from such payments to such subcontractor. Such contractor shall provide written notice of the requirement to hold back to each subcontractor who is an unverified contractor not later than the time of commencement of work under the contract by such subcontractor.

(III) The amount required to be held back from a subcontractor who is an unverified contractor, when so held back, shall be held to be a special fund in trust for the state. No such subcontractor shall have any right of action against a prime or general contractor holding back under this clause with respect to any amount held back in compliance with or intended compliance with this clause.

(IV) Any subcontractor who is an unverified contractor shall, upon the completion of its work under the contract, request the commissioner, in writing, for the issuance of a certificate of compliance to such subcontractor. Such subcontractor shall submit, with such request, such documentation, including any forms prescribed by the commissioner, as the commissioner deems necessary. The commissioner shall, after receipt of such request and such required documentation, review the documentation in the context of generally accepted construction industry cost guidelines for the scope and type of construction project. Not later than one hundred twenty days after the receipt by the commissioner of the required documentation, the commissioner shall either issue a certificate of compliance authorizing the full or partial release of an amount held back from payments being made to such

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subcontractor, or shall be deemed to have issued such certificate.

(V) If the commissioner issues a certificate of compliance authorizing a full release of the amount held back from a subcontractor who is an unverified contractor, the prime or general contractor holding back such amount shall pay over such amount to such subcontractor. Such contractor shall not be liable for any claim of the commissioner for any taxes of such subcontractor arising from the activities of such subcontractor on the project.

(VI) If the commissioner issues a certificate of compliance authorizing a partial release of the amount held back from a subcontractor who is an unverified contractor, the prime or general contractor holding back such amount shall pay over the released amount to such subcontractor and shall pay over the unreleased amount to the commissioner. When such contractor pays over to the commissioner an amount held back in accordance with this subclause, such contractor shall not be liable for any claim of such subcontractor for such amount or for any claim of the commissioner for any taxes of such subcontractor arising from the activities of such subcontractor on the project for which the amount was paid over. If the amount that such contractor is required to pay over to the commissioner is not paid over on or before the thirtieth day after the date of mailing of such certificate of compliance, such contractor shall be liable for a penalty equal to ten per cent of such amount. The amount that such contractor is required to pay over to the commissioner, and the penalty thereon, may be collected under the provisions of section 12-35, as amended by this act.

(VII) The commissioner shall treat the issuance to a subcontractor who is an unverified contractor of a certificate of compliance authorizing a partial release of an amount held back in the same manner as the issuance to such subcontractor of a notice of assessment or reassessment under section 12-415, as amended by this act.

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(VIII) The issuance to a subcontractor who is an unverified contractor of a certificate of compliance shall not preclude the commissioner, in the exercise of the commissioner's authority under this chapter, from examining the tax returns and books and records of such subcontractor and, if appropriate and other than in connection with the project for which the certificate of compliance was issued, from making an assessment or reassessment against such subcontractor.

(D) (i) Every prime or general contractor who is either a resident contractor or a verified contractor and doing business with a subcontractor who is an unverified contractor shall hold back an amount equal to five per cent of such payments otherwise required to be made to such subcontractor until such subcontractor furnishes such contractor with a certificate of compliance, as described in this subparagraph, authorizing the full or partial release of the amount held back from such payments to such subcontractor. Such contractor shall provide written notice of the requirement to hold back to each subcontractor who is an unverified contractor not later than the time of commencement of work under the contract by such subcontractor.

(ii) The amount required to be held back from a subcontractor who is an unverified contractor, when so held back, shall be held to be a special fund in trust for the state. No such subcontractor shall have any right of action against a prime or general contractor holding back under this subparagraph with respect to any amount held back in compliance with or intended compliance with this subparagraph.

(iii) A subcontractor who is an unverified contractor shall, upon the completion of its work under the contract, request the commissioner, in writing, for the issuance of a certificate of compliance to such subcontractor. Such subcontractor shall submit, with such request, such documentation, including any forms prescribed by the commissioner, as the commissioner deems necessary. The commissioner shall, after receipt of such request and such required documentation, review the

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documentation in the context of generally accepted construction industry cost guidelines for the scope and type of construction project. Not later than one hundred twenty days after the receipt by the commissioner of the required documentation, the commissioner shall either issue a certificate of compliance authorizing the full or partial release of an amount held back from payments being made to such subcontractor or shall be deemed to have issued such certificate.

(iv) If the commissioner issues a certificate of compliance authorizing a full release of the amount held back from a subcontractor who is an unverified contractor, the prime or general contractor holding back such amount shall pay over such amount to such subcontractor. Such contractor shall not be liable for any claim of the commissioner for any taxes of such subcontractor arising from the activities of such subcontractor on the project.

(v) If the commissioner issues a certificate of compliance authorizing a partial release of the amount held back from a subcontractor who is an unverified contractor, the prime or general contractor holding back such amount shall pay over the released amount to such subcontractor and shall pay over the unreleased amount to the commissioner. When such contractor pays over to the commissioner an amount held back in accordance with this clause, such contractor shall not be liable for any claim of such subcontractor for such amount or for any claim of the commissioner for any taxes of such subcontractor arising from the activities of such subcontractor on the project for which the amount was paid over. If the amount that such contractor is required to pay over to the commissioner is not paid over on or before the thirtieth day after the date of mailing of such certificate of compliance, such contractor shall be liable for a penalty equal to ten per cent of such amount. The amount that such contractor is required to pay over to the commissioner, and the penalty thereon, may be collected under the provisions of section 12-35, as amended by this act.

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(vi) The commissioner shall treat the issuance to a subcontractor who is an unverified contractor of a certificate of compliance authorizing a partial release of an amount held back in the same manner as the issuance to such subcontractor of a notice of assessment or reassessment under section 12-415, as amended by this act.

(vii) The issuance to a subcontractor who is an unverified contractor of a certificate of compliance shall not preclude the commissioner, in the exercise of the commissioner's authority under this chapter, from examining the tax returns and books and records of such subcontractor and, if appropriate and other than in connection with the project for which the certificate of compliance was issued, from making an assessment or reassessment against such subcontractor.

Sec. 31. Section 12-35 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) Wherever used in this chapter, unless otherwise provided, "state collection agency" includes the Treasurer, the Commissioner of Revenue Services and any other state official, board or commission authorized by law to collect taxes payable to the state and any duly appointed deputy of any such official, board or commission; "tax" includes not only the principal of any tax but also all interest, penalties, fees and other charges added thereto by law; and "serving officer" includes any state marshal, constable or employee of such state collection agency designated for such purpose by a state collection agency and any person so designated by the Labor Commissioner.

(2) Upon the failure of any person to pay any tax, except any tax under chapter 216, due the state within thirty days from its due date, the state collection agency charged by law with its collection shall add thereto such penalty or interest or both as are prescribed by law, provided, (A) if any statutory penalty is not specified, there may be added a penalty in the amount of ten per cent of the whole or such part

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of the principal of the tax as is unpaid or fifty dollars, whichever amount is greater, and [provided,] (B) if any statutory interest is not specified, there shall be added interest at the rate of one per cent of the whole or such part of the principal of the tax as is unpaid for each month or fraction thereof, from the due date of such tax to the date of payment.

(3) Upon the failure of any person to pay any tax, except any tax under chapter 216, due within thirty days of its due date, the state collection agency charged by law with the collection of such tax may make out and sign a warrant directed to any serving officer for distraint upon any property of such person found within the state, whether real or personal. An itemized bill shall be attached thereto, certified by the state collection agency issuing such warrant as a true statement of the amount due from such person.

(A) Such warrant shall have the same force and effect as an execution issued pursuant to chapter 906. Such warrant may be levied on any real property or tangible or intangible personal property of such person, and sale made pursuant to such warrant in the same manner and with the same force and effect as a levy of sale pursuant to an execution. In addition thereto, if such warrant has been issued by the Commissioner of Revenue Services, [his] the commissioner's deputy, the Labor Commissioner, the executive director of the Employment Security Division or any person in the Employment Security Division in a position equivalent to or higher than the position presently held by a revenue examiner four, [said] such serving officer shall be authorized to place a keeper in any place of business and it shall be such keeper's duty to secure the income of such business for the state and, when it is in the best interest of the state, to force cessation of such business operation. In addition, the Attorney General may collect any such tax by civil action. Each serving officer so receiving a warrant shall make a return with respect to such warrant to the appropriate collection agency within a period of ten days following receipt of such warrant.

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(B) Each serving officer shall collect from such person, in addition to the amount shown on such warrant, [his] such officer's fees and charges, which shall be twice those authorized by statute for serving officers, provided the minimum charge shall be five dollars and money collected pursuant to such warrant shall be first applied to the amount of any fees and charges of the serving officer. In the case of an employee of the state acting as a serving officer the fees and charges collected by such employee shall inure to the benefit of the state.

(4) For the purposes of this section, "keeper" means a person who has been given authority by an officer authorized to serve a tax warrant to act in the state's interest to secure the income of a business for the state and, when it is in the best interest of the state, to force the cessation of such business's operation, upon the failure of such business to pay taxes owed to the state.

(b) (1) Any such warrant on any intangible personal property of any person may be served by mailing a certified copy of such warrant by certified mail, return receipt requested, to any third person in possession of, or obligated with respect to, receivables, bank accounts, evidences of debt, securities, salaries, wages, commissions, compensation or other intangible personal property subject to such warrant, ordering such third person to forthwith deliver such property or pay the amount due or payable to the state collection agency that has made out such warrant, provided such warrant may be issued only after the state collection agency making out such warrant has notified the person owning such property, in writing, of its intention to issue such warrant. The notice of intent shall be: (A) Given in person; (B) left at the dwelling or usual place of business of such person; or (C) sent by certified mail, return receipt requested, to such person's last known address, not less than thirty days before the day the warrant is to be issued.

(2) Any such warrant on any intangible personal property of any person may be served by electronic mail, facsimile machine or other

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electronic means on any third person in possession of, or obligated with respect to, receivables, bank accounts, evidences of debt, securities, salaries, wages, commissions, compensation or other intangible personal property subject to such warrant, ordering such third person to forthwith deliver such property or pay the amount due or payable to the state collection agency that has made out such warrant, provided such warrant may be issued only after the state collection agency making out such warrant has notified the person owning such property, in writing, of its intention to issue such warrant. The notice of intent shall be: (A) Given in person; (B) left at the dwelling or usual place of business of such person; or (C) sent by certified mail, return receipt requested, to such person's last-known address, not less than thirty days before the day the warrant is to be issued. Any such warrant for tax due may further include an order to such third person to continually deliver, during the one hundred eighty days immediately following the date of issuance of the warrant or until the tax is fully paid, whichever occurs earlier, all intangible personal property that is due and that becomes due to the person owing the tax. Except as otherwise provided in this subdivision, such warrant shall have the same force and effect as an execution issued pursuant to chapter 906.

(c) (1) Except as provided in subdivision (3) of this subsection:

(A) The Commissioner of Revenue Services may not collect a tax after ten years from the date the tax was reported on a return that was filed with the commissioner; and

(B) If the commissioner makes an assessment of any tax within the statute of limitations applicable to the period for which such assessment was made, the commissioner may not collect such tax after ten years from the date such assessment became final.

(2) Any taxes that remain unpaid after the applicable ten-year period shall be deemed abated as of the first day of the eleventh year

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succeeding the date the return was filed or the assessment became final, as applicable.

(3) This subsection shall not apply to any taxes for which the commissioner has entered into an agreement under the provisions of section 12-2d or 12-2e or to any taxes that have been secured by the recoding of a lien on the real property or personal property of a taxpayer.

Sec. 32. (*Effective from passage*) (a) The Commissioner of Revenue Services shall study the feasibility of selling outstanding tax liabilities that are owed to the state. The study shall (1) identify the current balance of outstanding tax liabilities, (2) provide a breakdown of such liabilities by tax type, (3) include an analysis or projection of the amount of revenue the state could anticipate generating from the sale of such liabilities, and (4) include the commissioner's conclusion as to whether the state should sell its outstanding tax liabilities. If the commissioner so concludes, the commissioner shall identify any legislative changes necessary to effectuate the sale of such liabilities.

(b) The commissioner may consult with any individuals, businesses and state agencies the commissioner deems necessary or appropriate to accomplish the purposes of the study and may enter into a contract with any public or private entity for the purposes of preparing the report required under subsection (c) of this section.

(c) Not later than January 1, 2023, the commissioner shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, on the commissioner's findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding.

Sec. 33. Section 12-35c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

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(a) At the request of the Commissioner of Revenue Services, the Attorney General may bring suit in the name of this state in the appropriate court of any other state or the District of Columbia to collect any tax legally due this state; and any political subdivision of this state or the appropriate officer thereof, acting in its behalf, may bring suit in the appropriate court of any other state or the District of Columbia to collect any tax legally due [to] such political subdivision.

(b) The courts shall recognize and enforce liabilities for taxes similar to the taxes imposed by this state and lawfully imposed by any other state, the District of Columbia or any political subdivision [thereof] of such state or district, which extends a like comity to this state, and the duly authorized officer of any other state, the District of Columbia or any political subdivision [thereof] of such state or district, may sue for the collection of such taxes in the courts of this state. A certificate by the Secretary of the State of such other state or the Secretary of the District of Columbia, as applicable, that the officer suing for the collection of such a tax is duly authorized to collect the same shall be conclusive proof of such authority. A certificate by the Commissioner of Revenue Services that the tax of such other state, the District of Columbia or a political subdivision [thereof] of such state or district is similar to a tax imposed by this state shall be prima facie evidence of such similarity. For the purposes of this section, the words "tax" and "taxes" shall include interest and penalties due under any taxing statute, and liability for such interest or penalties, or both, due under a taxing statute of another state, the District of Columbia or a political subdivision [thereof] of such state or district shall be recognized and enforced by the courts of this state to the same extent that the laws of such other state or district, as applicable, permit the enforcement in its courts of liability for such interest or penalties, or both, due under the tax laws of this state or any political subdivision thereof.

Sec. 34. (*Effective from passage*) Not later than February 15, 2023, the

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Attorney General and the Commissioner of Revenue Services shall jointly submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding, detailing the enforcement efforts undertaken by the Attorney General pursuant to section 12-35c of the general statutes, as amended by this act, during the period from January 1, 2021, to December 31, 2022, inclusive. Such report shall include the number of suits brought pursuant to said section by the Attorney General during such period, the states in which such suits were brought and the amount of taxes that were recovered as a result of such suits.

Sec. 35. Section 12-39o of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For purposes of this section: [, "license"]

(1) "License" means [(1)] (A) any license issued by the commissioner pursuant to the provisions of chapter 214, [(2)] (B) any license issued by the commissioner pursuant to the provisions of section 12-330b, or [(3)] (C) a seller's permit issued by the commissioner pursuant to section 12-409; [.]

(2) "Related person" means (A) an individual, a corporation, a partnership, an association or a trust that is in control of a person subject to this section, (B) a corporation, a partnership, an association or a trust that is controlled by a person subject to this section, (C) a corporation, a partnership, an association or a trust, controlled by an individual, a corporation, a partnership, an association or a trust that is in control of a person subject to this section, or (D) a member of the same controlled group as a person subject to this section; and

(3) "Control" means (A) with respect to a corporation, ownership, directly or indirectly, of stock possessing fifty per cent or more of the

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total combined voting power of all classes of the stock of such corporation entitled to vote, and (B) with respect to a trust, ownership, directly or indirectly, of fifty per cent or more of the beneficial interest in the principal or income of such trust. The ownership of stock in a corporation, of a capital or profits interest in a partnership or association or of a beneficial interest in a trust shall be determined in accordance with the rules for constructive ownership of stock provided in Section 267(c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, other than paragraph (3) of said section.

(b) Prior to issuing or renewing the license of any person, the commissioner may determine whether such person or related person has failed to file any returns required to be filed with the commissioner by such person or related person. If the commissioner determines that such person or related person has failed to file any required returns, the commissioner shall not issue a license to, or renew the license of, such person until such person or related person, as applicable, files all outstanding returns or makes an arrangement satisfactory to the commissioner to file all outstanding returns.

(c) Prior to issuing or renewing the license of any person, the commissioner may determine whether such person or related person owes taxes to this state, which taxes are finally due and payable and with respect to which any administrative or judicial remedies, or both, have been exhausted or have lapsed. If the commissioner determines that such person or related person owes such taxes, the commissioner shall not issue a license to, or renew the license of, such person [.] until such person or related person, as applicable, pays such taxes [.] or makes an arrangement satisfactory to the commissioner to pay such taxes.

Sec. 36. (*Effective from passage*) (a) The Commissioner of Revenue Services shall study alternative approaches for the imposition of the tax under chapter 229 of the general statutes with respect to the residency

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of individuals subject to such tax. The study shall identify any legislative changes that may be made to improve the collection of such tax or to implement an alternative approach for the imposition of such tax.

(b) The commissioner shall study each tax and fee that the Department of Revenue Services is statutorily responsible for administering, to determine the overall effectiveness of each such tax and fee. The study shall (1) include information as to the amount of revenue generated by each such tax and fee for the most recent year for which the commissioner has complete records, and the costs incurred by the department in the administration of each such tax and fee for such year, and (2) identify any legislative changes that may be made to improve the administration of any such tax or fee.

(c) The commissioner may (1) consult with any individuals, businesses and state agencies the commissioner deems necessary or appropriate to accomplish the purposes of the studies required under this section, and (2) enter into a contract with any public or private entity for the purposes of preparing a report required under this section.

(d) Not later than January 1, 2023, the commissioner shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, for each study required under this section on the commissioner's findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding.