



General Assembly

February Session, 2022

Raised Bill No. 443

LCO No. 3188



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT CONCERNING THE TAX INCIDENCE REPORT, TAX INCIDENCE ANALYSES AND THE DISCLOSURE OF RETURNS AND RETURN INFORMATION.

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

1 Section 1. Section 12-7c of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2022*):

3 (a) The Commissioner of Revenue Services shall, on or before
4 February 15, [2022] 2023, and biennially thereafter, submit to the joint
5 standing committee of the General Assembly having cognizance of
6 matters relating to finance, revenue and bonding, and post on the
7 department's Internet web site a report on the overall incidence of the
8 income tax, sales and excise taxes, the corporation business tax and
9 property tax, for each of the most recent ten tax years for which complete
10 data are available. The report shall include incidence projections for
11 each such tax and shall present information on the distribution of the
12 tax burden as follows:

13 (1) For individuals:

14 (A) Income classes, including income distribution expressed for (i)
15 every ten percentage points, (ii) the top five per cent of all income
16 taxpayers, and (iii) the top one per cent of all income taxpayers;

17 (B) For each income class, the percentage of taxpayers who (i) are
18 homeowners, (ii) are single, (iii) are married, (iv) are seniors, or (v) have
19 children;

20 (C) For each income class, the average market value of a home and
21 the average monthly rent; and

22 [(B)] (D) Other appropriate taxpayer characteristics, as determined by
23 said commissioner.

24 (2) For businesses:

25 (A) Business size as established by gross receipts;

26 (B) Legal organization; and

27 (C) Industry by NAICS code.

28 (b) The Commissioner of Revenue Services may enter into a contract
29 with any public or private entity for the purpose of preparing the report
30 required pursuant to subsection (a) of this section.

31 Sec. 2. (NEW) (*Effective July 1, 2022*) The cochairpersons of the joint
32 standing committee of the General Assembly having cognizance of
33 matters relating to finance, revenue and bonding may request the
34 Commissioner of Revenue Services to prepare an incidence impact
35 analysis of any bill or proposal to change any tax system in effect, which
36 bill or proposal is projected by the legislative Office of Fiscal Analysis to
37 increase or decrease tax revenue or redistribute the tax burden, by more
38 than twenty million dollars. Such analysis shall:

39 (1) Present information using system-wide measures, by income
40 classes, taxpayer characteristics or other relevant categories;

41 (2) Include an analysis of the effect of the bill or proposal on

42 representative taxpayers;

43 (3) Include, to the extent data are available on the effect the changes
44 contemplated under the bill or proposal may have on the distribution of
45 the tax burden, a report on the incidence effects the commissioner
46 believes would result if the bill or proposal were enacted; and

47 (4) Include a statement of the incidence assumptions that were used
48 to determine any distribution or redistribution of the tax burden.

49 Sec. 3. Section 12-15 of the 2022 supplement to the general statutes is
50 repealed and the following is substituted in lieu thereof (*Effective July 1,*
51 *2022*):

52 (a) No officer or employee, including any former officer or former
53 employee, of the state or of any other person who has or had access to
54 returns or return information in accordance with subdivision (12) of
55 subsection (b) of this section shall disclose or inspect any return or
56 return information, except as provided in this section.

57 (b) The commissioner may disclose:

58 (1) [returns] Returns or return information to (A) an authorized
59 representative of another state agency or office, upon written request by
60 the head of such agency or office, when required in the course of duty
61 or when there is reasonable cause to believe that any state law is being
62 violated, or (B) an authorized representative of an agency or office of the
63 United States, upon written request by the head of such agency or office,
64 when required in the course of duty or when there is reasonable cause
65 to believe that any federal law is being violated, provided no such
66 agency or office shall disclose such returns or return information, other
67 than in a judicial or administrative proceeding to which such agency or
68 office is a party pertaining to the enforcement of state or federal law, as
69 the case may be, in a form which can be associated with, or otherwise
70 identify, directly or indirectly, a particular taxpayer except that the
71 names and addresses of jurors or potential jurors and the fact that the
72 names were derived from the list of taxpayers pursuant to chapter 884

73 may be disclosed by the Judicial Branch;

74 (2) [returns] Returns or return information to the Auditors of Public
75 Accounts, when required in the course of duty under chapter 23;

76 (3) [returns] Returns or return information to tax officers of another
77 state or of a Canadian province or of a political subdivision of such other
78 state or province or of the District of Columbia or to any officer of the
79 United States Treasury Department or the United States Department of
80 Health and Human Services, authorized for such purpose in accordance
81 with an agreement between this state and such other state, province,
82 political subdivision, the District of Columbia or department,
83 respectively, when required in the administration of taxes imposed
84 under the laws of such other state, province, political subdivision, the
85 District of Columbia or the United States, respectively, and when a
86 reciprocal arrangement exists;

87 (4) [returns] Returns or return information in any action, case or
88 proceeding in any court of competent jurisdiction, when the
89 commissioner or any other state department or agency is a party, and
90 when such information is directly involved in such action, case or
91 proceeding;

92 (5) [returns] Returns or return information to a taxpayer or its
93 authorized representative, upon written request for a return filed by or
94 return information on such taxpayer;

95 (6) [returns] Returns or return information to a successor, receiver,
96 trustee, executor, administrator, assignee, guardian or guarantor of a
97 taxpayer, when such person establishes, to the satisfaction of the
98 commissioner, that such person has a material interest which will be
99 affected by information contained in such returns or return information;

100 (7) [information] Information to the assessor or an authorized
101 representative of the chief executive officer of a Connecticut
102 municipality, when the information disclosed is limited to (A) a list of
103 real or personal property that is or may be subject to property taxes in

104 such municipality, or (B) a list containing the name of each person who
105 is issued any license, permit or certificate which is required, under the
106 provisions of this title, to be conspicuously displayed and whose
107 address is in such municipality;

108 (8) [real] Real estate conveyance tax return information or controlling
109 interest transfer tax return information to the town clerk or an
110 authorized representative of the chief executive officer of a Connecticut
111 municipality to which the information relates;

112 (9) [estate] Estate tax returns and estate tax return information to the
113 Probate Court Administrator or to the court of probate for the district
114 within which a decedent resided at the date of the decedent's death, or
115 within which the commissioner contends that a decedent resided at the
116 date of the decedent's death or, if a decedent died a nonresident of this
117 state, in the court of probate for the district within which real estate or
118 tangible personal property of the decedent is situated, or within which
119 the commissioner contends that real estate or tangible personal property
120 of the decedent is situated;

121 (10) [returns] Returns or return information to [the] (A) the Secretary
122 of the Office of Policy and Management for purposes of subsection (b)
123 of section 12-7a, [and] (B) the Office of Fiscal Analysis for purposes of,
124 and subject to the provisions of, subdivision (2) of subsection (f) of
125 section 12-7b, and (C) upon written request, the president pro tempore
126 of the Senate, the speaker of the House of Representatives, the majority
127 leader of the Senate, the majority leader of the House of Representatives,
128 the minority leader of the Senate, the minority leader of the House of
129 Representatives and the cochairpersons of the joint standing committee
130 of the General Assembly having cognizance of matters relating to
131 finance, revenue and bonding, for purposes of evaluating and
132 formulating tax policy;

133 (11) [return] Return information to the Jury Administrator, when the
134 information disclosed is limited to the names, addresses, federal Social
135 Security numbers and dates of birth, if available, of residents of this

136 state, as defined in subdivision (1) of subsection (a) of section 12-701;

137 (12) [returns] Returns or return information to any person to the
138 extent necessary in connection with the processing, storage,
139 transmission or reproduction of such returns or return information, and
140 the programming, maintenance, repair, testing or procurement of
141 equipment, or the providing of other services, for purposes of tax
142 administration;

143 (13) [without] Without written request and unless the commissioner
144 determines that disclosure would identify a confidential informant or
145 seriously impair a civil or criminal tax investigation, returns and return
146 information which may constitute evidence of a violation of any civil or
147 criminal law of this state or the United States to the extent necessary to
148 apprise the head of such agency or office charged with the responsibility
149 of enforcing such law, in which event the head of such agency or office
150 may disclose such return information to officers and employees of such
151 agency or office to the extent necessary to enforce such law;

152 (14) [names] Names and addresses of operators, as defined in section
153 12-407, to tourism districts, as defined in section 10-397;

154 (15) [names] Names of each licensed dealer, as defined in section 12-
155 285, and the location of the premises covered by the dealer's license;

156 (16) [to] To a tobacco product manufacturer that places funds into
157 escrow pursuant to the provisions of subsection (a) of section 4-28i,
158 return information of a distributor licensed under the provisions of
159 chapter 214 or chapter 214a, provided the information disclosed is
160 limited to information relating to such manufacturer's sales to
161 consumers within this state, whether directly or through a distributor,
162 dealer or similar intermediary or intermediaries, of cigarettes, as
163 defined in section 4-28h, and further provided there is reasonable cause
164 to believe that such manufacturer is not in compliance with section 4-
165 28i;

166 (17) [returns] Returns, which shall not include a copy of the return

167 filed with the commissioner, or return information for purposes of
168 section 12-217z;

169 (18) [returns] Returns or return information to the State Elections
170 Enforcement Commission, upon written request by said commission,
171 when necessary to investigate suspected violations of state election
172 laws;

173 (19) [returns] Returns or return information for purposes of, and
174 subject to the conditions of, subsection (e) of section 5-240; and

175 (20) [to] To the extent allowable under federal law, return
176 information to another state agency or to support a data request
177 submitted through CP20 WIN, established in section 10a-57g, in
178 accordance with the policies and procedures of CP20 WIN for the
179 purposes of evaluation or research, provided the recipient of such data
180 enters into a data sharing agreement pursuant to section 4-67aa if such
181 recipient is not a state agency.

182 (c) Any federal returns or return information made available to the
183 commissioner in accordance with a written agreement between the
184 commissioner and the Internal Revenue Service concerning exchange of
185 information for tax administration purposes, shall not be open to
186 inspection by or disclosed to any individual or disclosed in any manner
187 other than as permitted under the provisions of Section 6103 of the
188 Internal Revenue Code of 1986, or any subsequent corresponding
189 internal revenue code of the United States, as from time to time
190 amended.

191 (d) (1) The commissioner may, upon request, verify whether or not
192 any license, permit or certificate required under the provisions of this
193 title to be conspicuously displayed has been issued by the commissioner
194 to any particular person.

195 (2) The commissioner may make public the names and municipality
196 of residence or postal district of persons entitled to tax refunds for
197 purposes of notifying them when the commissioner, after reasonable

198 effort and lapse of time, has been unable to locate such persons.

199 (e) The commissioner may refuse to open to inspection or disclose to
200 any person any returns or return information made available to the
201 commissioner by any tax officer of another state, a Canadian province
202 or political subdivision of such other state or province or of the District
203 of Columbia or by any officer of the United States Treasury Department
204 or the United States Department of Health and Human Services in
205 accordance with a written agreement between this state and such other
206 state, province, political subdivision, the District of Columbia or
207 department, respectively, which agreement provides that the disclosure
208 of such returns or return information by the commissioner is prohibited.
209 In addition, he may refuse to open to inspection or disclosure to any
210 state or United States agency or office described in subdivision (1) of
211 subsection (b) of this section, returns or return information unless such
212 agency or office shall have:

213 (1) Established and maintained, to the satisfaction of the
214 commissioner, a permanent system of standardized records with
215 respect to any request, the reason for such request, and the date of such
216 request made by or of it and any disclosure or inspection of returns or
217 return information made by or to it;

218 (2) [~~established~~] Established and maintained, to the satisfaction of the
219 commissioner, a secure area or place in which such returns or return
220 information shall be stored;

221 (3) [~~restricted~~] Restricted, to the satisfaction of the commissioner,
222 access to the returns or return information only to persons whose duties
223 or responsibilities require access and to whom disclosure may be made
224 under this section or by whom inspection may be made under this
225 section;

226 (4) [~~provided~~] Provided such other safeguards which the
227 commissioner prescribes as necessary or appropriate to protect the
228 confidentiality of the returns or return information;

229 (5) [~~furnished~~] Furnished a report to the commissioner, at such time
230 and containing such information as the commissioner may prescribe,
231 which describes the procedures established and utilized by such agency
232 or office for ensuring the confidentiality of returns and return
233 information required by this subsection; and

234 (6) [~~upon~~] Upon completion of use of such returns or return
235 information, returned to the commissioner such returns or return
236 information, along with any copies made therefrom, or makes such
237 returns or return information undisclosable in such manner as the
238 commissioner may prescribe and furnishes a written report to the
239 commissioner identifying the returns or return information that were
240 made undisclosable.

241 (f) Returns and return information shall, without written request, be
242 open to inspection by or disclosure to: (1) Officers and employees of the
243 Department of Revenue Services whose official duties require such
244 inspection or disclosure for tax administration purposes; (2) officers or
245 employees of an agency or office in accordance with subdivision (1) or
246 (13) of subsection (b) of this section whose official duties require such
247 inspection; and (3) officers or employees of any person in accordance
248 with subdivision (12) of subsection (b) of this section, whose duties
249 require such inspection or disclosure.

250 (g) Any person who violates any provision of this section shall be
251 fined not more than one thousand dollars or imprisoned not more than
252 one year, or both.

253 (h) For purposes of this section:

254 (1) "Return" means any tax or information return, declaration of
255 estimated tax, claim for refund, license application, permit application,
256 registration application or other application required by, or provided
257 for or permitted under, the provisions of this or any other title which is
258 filed with the commissioner by, on behalf of, or with respect to any
259 person, and any amendment or supplement thereto, including
260 supporting schedules, attachments, or lists which are supplemental to,

261 or part of, the return so filed.

262 (2) "Return information" means a taxpayer's identity, the nature,
263 source, or amount of the taxpayer's income, payments, receipts,
264 deductions, exemptions, credits, assets, liabilities, net worth, tax
265 liability, tax collected or withheld, tax underreportings, tax
266 overreportings, or tax payments, whether the taxpayer's return was, is
267 being, or will be examined or subjected to other investigation or
268 processing, or any other data received by, recorded by, prepared by,
269 furnished to, or collected by the commissioner with respect to a return
270 or with respect to the determination of the existence, or possible
271 existence, of liability of any person for any tax, penalty, interest, fine,
272 forfeiture, or other imposition, or offense. "Return information" does not
273 include data in a form which cannot be associated with, or otherwise
274 identify, directly or indirectly, a particular taxpayer. Nothing in the
275 preceding sentence, or in any other provision of law, shall be construed
276 to require the disclosure of standards used or to be used for the selection
277 of returns for examination, or data used or to be used for determining
278 such standards or the disclosure of the identity of a confidential
279 informant, whether or not a civil or criminal tax investigation has been
280 undertaken or completed.

281 (3) "Disclosure" means the making known to any person, in any
282 manner whatever, a return or return information.

283 (4) "Inspection" means any examination of a return or return
284 information.

285 (5) "Tax administration" means the administration, management,
286 conduct, direction and supervision of the execution and application of
287 the tax laws of this state, and the development and formulation of tax
288 policy relating to existing or proposed tax laws of this state, and includes
289 assessment, collection, enforcement, litigation, publication and
290 statistical gathering functions under such laws.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2022</i>	12-7c
Sec. 2	<i>July 1, 2022</i>	New section
Sec. 3	<i>July 1, 2022</i>	12-15

Statement of Purpose:

To (1) require additional data to be included in the tax incidence report, (2) require the Commissioner of Revenue Services to provide incidence impact analyses of certain legislative bills or proposals, and (3) authorize the disclosure of returns or return information to certain members of the General Assembly.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]