



General Assembly

February Session, 2000

Amendment

LCO No. 5241

Offered by:

SEN. LOONEY, 11th Dist.

To: Subst. Senate Bill No. 525

File No. 422

Cal. No. 317

(As Amended)

"An Act Making Changes To Various Sales And Use Tax Statutes And The Admissions And Dues Tax Statutes."

1 Before the repealer section, insert the following and renumber the
2 remaining sections accordingly:

3 "Sec. 79. Subdivision (62) of section 12-412 of the general statutes, as
4 amended by section 22 of public act 99-173, is repealed and the
5 following is substituted in lieu thereof:

6 (62) (A) Sales of any of the services enumerated in subdivisions (2)
7 (i), (2) (k) or (2) (l) of section 12-407 that are rendered for a business
8 entity affiliated with the business entity rendering such service in such
9 manner that (i) either business entity in such transaction owns a
10 controlling interest in the other business entity, or (ii) a controlling
11 interest in each business entity in such transaction is owned by the
12 same person or persons or business entity or business entities.

13 (B) For purposes of this subdivision, (i) "business entity" means a

14 corporation, trust, estate, partnership, limited partnership, limited
15 liability partnership, limited liability company, single member limited
16 liability company, sole proprietorship, [and] nonstock corporation or a
17 federally-recognized Indian tribe; (ii) "controlling interest" means, in
18 the case of a business entity that is a corporation, ownership of stock
19 possessing one hundred per cent of the total combined voting power
20 of all classes of stock entitled to vote or one hundred per cent of the
21 total value of shares of all classes of stock of such corporation; in the
22 case of a business entity that is a trust or estate, ownership of a
23 beneficial interest of one hundred per cent in such trust or estate; in the
24 case of a business entity that is a partnership, limited partnership or
25 limited liability partnership, ownership of one hundred per cent of the
26 profits interest or capital interest in such partnership, limited
27 partnership or limited liability partnership; in the case of a limited
28 liability company with more than one member, ownership of one
29 hundred per cent of the profits interest, capital interest or membership
30 interests in such limited liability company; in the case of a business
31 entity that is a sole proprietorship or single member limited liability
32 company, ownership of such sole proprietorship or single member
33 limited liability company; in the case of a business entity that is a
34 nonstock corporation with voting members, control of one hundred
35 per cent of all voting membership interests in such corporation; and in
36 the case of a business entity that is a nonstock corporation with no
37 voting members, control of one hundred per cent of the board of
38 directors of such corporation; (iii) whether a controlling interest in a
39 business entity is owned shall be determined in accordance with
40 Section 267 of the Internal Revenue Code of 1986, or any subsequent
41 corresponding internal revenue code of the United States, as from time
42 to time amended, provided where a controlling interest is owned in a
43 business entity other than a stock corporation, the term "stock" as used
44 in said Section 267 of the Internal Revenue Code means, in the case of a
45 partnership, limited partnership, limited liability partnership or
46 limited liability company treated as a partnership for federal income
47 tax purposes, the profits interest or capital interest in such partnership,
48 in the case of a business entity that is a trust or estate, the beneficial

49 interests in such trust or estate, and in the case of a business entity that
50 is a nonstock corporation, the voting membership interests in such
51 corporation, or if it has no voting members, the control of the board of
52 directors; (iv) a business entity has "control of" the board of directors of
53 a nonstock corporation if one hundred per cent of the voting members
54 of the board of directors are either representatives of, including ex-
55 officio directors, or persons appointed by such business entity, or
56 "control of" one hundred per cent of the voting membership interests
57 in a nonstock corporation if one hundred per cent of the voting
58 membership interests are held by the business entity or by
59 representatives of, including ex-officio members, or persons appointed
60 by such business entity."