



General Assembly

Amendment

February Session, 2002

LCO No. 1995



Offered by:

REP. WARD, 86th Dist.

REP. FLAHERTY, 68th Dist.

REP. CAFERO, 142nd Dist.

To: Subst. Senate Bill No. 33

File No. 1

Cal. No.

"AN ACT CONCERNING CERTAIN TAXES RELATED TO HEALTH CARE."

1 After the last section, insert the following:

2 "Sec. 6. Subdivision (2) of section 12-407 of the general statutes, as
3 amended by section 2 of public act 01-109 and section 1 of public act
4 01-6 of the June special session, is repealed and the following is
5 substituted in lieu thereof (*Effective July 1, 2003*):

6 (2) "Sale" and "selling" mean and include: (a) Any transfer of title,
7 exchange or barter, conditional or otherwise, in any manner or by any
8 means whatsoever, of tangible personal property for a consideration;
9 (b) any withdrawal, except a withdrawal pursuant to a transaction in
10 foreign or interstate commerce, of tangible personal property from the
11 place where it is located for delivery to a point in this state for the
12 purpose of the transfer of title, exchange or barter, conditional or
13 otherwise, in any manner or by any means whatsoever, of the property

14 for a consideration; (c) the producing, fabricating, processing, printing
15 or imprinting of tangible personal property for a consideration for
16 consumers who furnish either directly or indirectly the materials used
17 in the producing, fabricating, processing, printing or imprinting,
18 including, but not limited to, sign construction, photofinishing,
19 duplicating and photocopying; (d) the furnishing and distributing of
20 tangible personal property for a consideration by social clubs and
21 fraternal organizations to their members or others; (e) the furnishing,
22 preparing, or serving for a consideration of food, meals or drinks; (f) a
23 transaction whereby the possession of property is transferred but the
24 seller retains the title as security for the payment of the price; (g) a
25 transfer for a consideration of the title of tangible personal property
26 which has been produced, fabricated or printed to the special order of
27 the customer, or of any publication, including but not limited to, sign
28 construction, photofinishing, duplicating and photocopying; (h) a
29 transfer for a consideration of the occupancy of any room or rooms in a
30 hotel or lodging house for a period of thirty consecutive calendar days
31 or less; (i) the rendering of certain services for a consideration,
32 exclusive of such services rendered by an employee for the employer,
33 as follows: (A) Computer and data processing services, including, but
34 not limited to, time, programming, code writing, modification of
35 existing programs, feasibility studies and installation and
36 implementation of software programs and systems even where such
37 services are rendered in connection with the development, creation or
38 production of canned or custom software or the license of custom
39 software, and exclusive of services rendered in connection with the
40 creation, development hosting or maintenance of all or part of a web
41 site which is part of the graphical, hypertext portion of the Internet,
42 commonly referred to as the World-Wide Web, (B) credit information
43 and reporting services, (C) services by employment agencies and
44 agencies providing personnel services, (D) private investigation,
45 protection, patrol work, watchman and armored car services, exclusive
46 of services of off-duty police officers and off-duty firefighters, (E)
47 painting and lettering services, (F) photographic studio services, (G)
48 telephone answering services, (H) stenographic services, (I) services to

49 industrial, commercial or income-producing real property, including,
50 but not limited to, such services as management, electrical, plumbing,
51 painting and carpentry and excluding any such services rendered in
52 the voluntary evaluation, prevention, treatment, containment or
53 removal of hazardous waste, as defined in section 22a-115, or other
54 contaminants of air, water or soil, provided income-producing
55 property shall not include property used exclusively for residential
56 purposes in which the owner resides and which contains no more than
57 three dwelling units, or a housing facility for low and moderate
58 income families and persons owned or operated by a nonprofit
59 housing organization, as defined in subsection (29) of section 12-412,
60 (J) business analysis, management, management consulting and public
61 relations services, excluding (i) any environmental consulting services,
62 and (ii) any training services provided by an institution of higher
63 education licensed or accredited by the Board of Governors of Higher
64 Education pursuant to section 10a-34, (K) services providing "piped-in"
65 music to business or professional establishments, (L) flight instruction
66 and chartering services by a certificated air carrier on an aircraft, the
67 use of which for such purposes, but for the provisions of subsection (4)
68 of section 12-410 and subsection (12) of section 12-411, would be
69 deemed a retail sale and a taxable storage or use, respectively, of such
70 aircraft by such carrier, (M) motor vehicle repair services, including
71 any type of repair, painting or replacement related to the body or any
72 of the operating parts of a motor vehicle, (N) motor vehicle parking,
73 including the provision of space, other than metered space, in a lot
74 having thirty or more spaces, excluding (i) space in a seasonal parking
75 lot provided by a person who is exempt from taxation under this
76 chapter pursuant to subsection (1), (5) or (8) of section 12-412, (ii) space
77 in a parking lot owned or leased under the terms of a lease of not less
78 than ten years' duration and operated by an employer for the exclusive
79 use of its employees, (iii) valet parking provided at any airport, (iv)
80 space in municipally-operated railroad parking facilities in
81 municipalities located within an area of the state designated as a
82 severe nonattainment area for ozone under the federal Clean Air Act,
83 or space in a railroad parking facility in a municipality located within

84 an area of the state designated as a severe nonattainment area for
85 ozone under the federal Clean Air Act owned or operated by the state
86 on or after April 1, 2000, (O) radio or television repair services, (P)
87 furniture reupholstering and repair services, (Q) repair services to any
88 electrical or electronic device, including, but not limited to, equipment
89 used for purposes of refrigeration or air-conditioning, (R) lobbying or
90 consulting services for purposes of representing the interests of a client
91 in relation to the functions of any governmental entity or
92 instrumentality, (S) services of the agent of any person in relation to
93 the sale of any item of tangible personal property for such person,
94 exclusive of the services of a consignee selling works of art, as defined
95 in subsection (b) of section 12-376c, or articles of clothing or footwear
96 intended to be worn on or about the human body other than (i) any
97 special clothing or footwear primarily designed for athletic activity or
98 protective use and which is not normally worn except when used for
99 the athletic activity or protective use for which it was designed, and (ii)
100 jewelry, handbags, luggage, umbrellas, wallets, watches and similar
101 items carried on or about the human body but not worn on the body in
102 the manner characteristic of clothing intended for exemption under
103 subdivision (47) of section 12-412, under consignment, exclusive of
104 services provided by an auctioneer, (T) locksmith services, (U)
105 advertising or public relations services, including layout, art direction,
106 graphic design, mechanical preparation or production supervision, not
107 related to the development of media advertising or cooperative direct
108 mail advertising, (V) landscaping and horticulture services, (W)
109 window cleaning services, (X) maintenance services, (Y) janitorial
110 services, (Z) exterminating services, (AA) swimming pool cleaning and
111 maintenance services, (BB) renovation and repair services as set forth
112 in this subparagraph, to other than industrial, commercial or
113 income-producing real property: Paving of any sort, painting or
114 staining, wallpapering, roofing, siding and exterior sheet metal work,
115 (CC) miscellaneous personal services included in industry group 729
116 in the Standard Industrial Classification Manual, United States Office
117 of Management and Budget, 1987 edition, or U.S. industry 532220,
118 812191, 812199 or 812990 in the North American Industrial

119 Classification System United States Manual, United States Office of
120 Management and Budget, 1997 edition, exclusive of (i) services
121 rendered by massage therapists licensed pursuant to chapter 384a, and
122 (ii) services rendered by an electrologist licensed pursuant to chapter
123 388, (DD) any repair or maintenance service to any item of tangible
124 personal property including any contract of warranty or service related
125 to any such item, and (EE) business analysis, management or
126 managing consulting services rendered by a general partner, or an
127 affiliate thereof, to a limited partnership, provided (i) that the general
128 partner, or an affiliate thereof, is compensated for the rendition of such
129 services other than through a distributive share of partnership profits
130 or an annual percentage of partnership capital or assets established in
131 the limited partnership's offering statement, and (ii) the general
132 partner, or an affiliate thereof, offers such services to others, including
133 any other partnership. As used in subparagraph (EE)(i) "an affiliate of
134 a general partner" means an entity which is directly or indirectly
135 owned fifty per cent or more in common with a general partner; [and
136 (FF) notwithstanding the provisions of section 12-412, except
137 subsection (87) thereof, patient care services, as defined in subsection
138 (29) of this section by a hospital, except that "sale" and "selling" does
139 not include such patient care services rendered during the period
140 commencing July 1, 2001, and ending June 30, 2003;] (j) the leasing or
141 rental of tangible personal property of any kind whatsoever, including,
142 but not limited to, motor vehicles, linen or towels, machinery or
143 apparatus, office equipment and data processing equipment, provided
144 for purposes of this subdivision and the application of sales and use
145 tax to contracts of lease or rental of tangible personal property, the
146 leasing or rental of any motion picture film by the owner or operator of
147 a motion picture theater for purposes of display at such theater shall
148 not constitute a sale within the meaning of this subsection; (k) the
149 rendering of telecommunications service, as defined in subsection (26)
150 of this section, for a consideration on or after January 1, 1990, exclusive
151 of any such service rendered by an employee for the employer of such
152 employee, subject to the provisions related to telecommunications
153 service in accordance with section 12-407a; (l) the rendering of

154 community antenna television service, as defined in subsection (27) of
155 this section, for a consideration on or after January 1, 1990, exclusive of
156 any such service rendered by an employee for the employer of such
157 employee; (m) the transfer for consideration of space or the right to use
158 any space for the purpose of storage or mooring of any noncommercial
159 vessel, exclusive of dry or wet storage or mooring of such vessel
160 during the period commencing on the first day of November in any
161 year to and including the thirtieth day of April of the next succeeding
162 year; (n) the sale for consideration of naming rights to any place of
163 amusement, entertainment or recreation within the meaning of
164 subdivision (3) of section 12-540; (o) the transfer for consideration of a
165 prepaid telephone calling service, as defined in subsection (34) of this
166 section, and the recharge of a prepaid telephone calling service,
167 provided, if the sale or recharge of a prepaid telephone calling service
168 does not take place at the retailer's place of business and an item is
169 shipped by the retailer to the customer, the sale or recharge shall be
170 deemed to take place at the customer's shipping address, but, if such
171 sale or recharge does not take place at the retailer's place of business
172 and no item is shipped by the retailer to the customer, the sale or
173 recharge shall be deemed to take place at the customer's billing
174 address or the location associated with the customer's mobile
175 telephone number. Wherever in this chapter reference is made to the
176 sale of tangible personal property or services, it shall be construed to
177 include sales described in this subsection, except as may be specifically
178 provided to the contrary.

179 Sec. 7. Subdivision (1) of section 12-411 of the general statutes, as
180 amended by sections 2 and 65 of public act 01-6 of the June special
181 session, is repealed and the following is substituted in lieu thereof
182 (*Effective July 1, 2003*):

183 (1) An excise tax is hereby imposed on the storage, acceptance,
184 consumption or any other use in this state of tangible personal
185 property purchased from any retailer for storage, acceptance,
186 consumption or any other use in this state, the acceptance or receipt of
187 any services constituting a sale in accordance with subdivision (2) of

188 section 12-407, purchased from any retailer for consumption or use in
189 this state, or the storage, acceptance, consumption or any other use in
190 this state of tangible personal property which has been manufactured,
191 fabricated, assembled or processed from materials by a person, either
192 within or without this state, for storage, acceptance, consumption or
193 any other use by such person in this state, to be measured by the sales
194 price of materials, at the rate of six per cent of the sales price of such
195 property or services, except, in lieu of said rate of six per cent, (A) at a
196 rate of twelve per cent of the rent paid for occupancy of any room or
197 rooms in a hotel or lodging house for the first period of not exceeding
198 thirty consecutive calendar days, (B) with respect to the storage,
199 acceptance, consumption or use in this state of a motor vehicle
200 purchased from any retailer for storage, acceptance, consumption or
201 use in this state by any individual who is a member of the armed
202 forces of the United States and is on full-time active duty in
203 Connecticut and who is considered, under 50 App USC 574, a resident
204 of another state, or to any such individual and the spouse of such
205 individual at a rate of four and one-half per cent of the sales price of
206 such vehicle, provided such retailer requires and maintains a
207 declaration by such individual, prescribed as to form by the
208 commissioner and bearing notice to the effect that false statements
209 made in such declaration are punishable, or other evidence,
210 satisfactory to the commissioner, concerning the purchaser's state of
211 residence under 50 App USC 574, (C) with respect to the acceptance or
212 receipt in this state of labor that is otherwise taxable under subdivision
213 (c) or (g) of subsection (2) of section 12-407 on existing vessels and
214 repair or maintenance services on vessels occurring on and after July 1,
215 1999, such services shall be exempt from such tax, (D) (i) with respect
216 to the acceptance or receipt in this state of computer and data
217 processing services purchased from any retailer for consumption or
218 use in this state occurring on or after July 1, 1997, and prior to July 1,
219 1998, at the rate of five per cent of such services, on or after July 1,
220 1998, and prior to July 1, 1999, at the rate of four per cent of such
221 services, on or after July 1, 1999, and prior to July 1, 2000, at the rate of
222 three per cent of such services, on or after July 1, 2000, and prior to July

223 1, 2001, at the rate of two per cent of such services, on and after July 1,
224 2001, and prior to July 1, 2002, at the rate of one per cent of such
225 services and on and after July 1, 2002, such services shall be exempt
226 from such tax, and (ii) with respect to the acceptance or receipt in this
227 state of Internet access services, on or after July 1, 2001, such services
228 shall be exempt from tax, [(E) with respect to the acceptance or receipt
229 in this state of patient care services purchased from any retailer for
230 consumption or use in this state occurring on or after July 1, 1999, and
231 prior to July 1, 2001, and with respect to acceptance or receipt in this
232 state of such services occurring on or after July 1, 2003, at the rate of
233 five and three-fourths per cent, and (F)] and (E) with respect to
234 acceptance of the renovation and repair services of paving of any sort,
235 painting or staining, wallpapering, roofing, siding and exterior sheet
236 metal work, to other than industrial, commercial or income-producing
237 real property, occurring on or after July 1, 1999, and prior to July 1,
238 2000, at the rate of four per cent, with respect to such sales occurring
239 on or after July 1, 2000, and prior to July 1, 2001, at the rate of two per
240 cent, and on and after July 1, 2001, sales of such renovation and repair
241 services shall be exempt from such tax.

242 Sec. 8. Subdivision (1) of section 12-408 of the general statutes, as
243 amended by section 3 of public act 01-6 of the June special session, is
244 repealed and the following is substituted in lieu thereof (*Effective July*
245 *1, 2003*):

246 (1) For the privilege of making any sales, as defined in subdivision
247 (2) of section 12-407, at retail, in this state for a consideration, a tax is
248 hereby imposed on all retailers at the rate of six per cent of the gross
249 receipts of any retailer from the sale of all tangible personal property
250 sold at retail or from the rendering of any services constituting a sale in
251 accordance with subdivision (2) of section 12-407, except, in lieu of said
252 rate of six per cent, (A) at a rate of twelve per cent with respect to each
253 transfer of occupancy, from the total amount of rent received for such
254 occupancy of any room or rooms in a hotel or lodging house for the
255 first period not exceeding thirty consecutive calendar days, (B) with
256 respect to the sale of a motor vehicle to any individual who is a

257 member of the armed forces of the United States and is on full-time
258 active duty in Connecticut and who is considered, under 50 App USC
259 574, a resident of another state, or to any such individual and the
260 spouse thereof, at a rate of four and one-half per cent of the gross
261 receipts of any retailer from such sales, provided such retailer requires
262 and maintains a declaration by such individual, prescribed as to form
263 by the commissioner and bearing notice to the effect that false
264 statements made in such declaration are punishable, or other evidence,
265 satisfactory to the commissioner, concerning the purchaser's state of
266 residence under 50 App USC 574, (C) (i) with respect to the sales of
267 computer and data processing services occurring on or after July 1,
268 1997, and prior to July 1, 1998, at the rate of five per cent, on or after
269 July 1, 1998, and prior to July 1, 1999, at the rate of four per cent, on or
270 after July 1, 1999, and prior to July 1, 2000, at the rate of three per cent,
271 on or after July 1, 2000, and prior to July 1, 2001, at the rate of two per
272 cent, on or after July 1, 2001, and prior to July 1, 2002, at the rate of one
273 per cent and on and after July 1, 2002, such services shall be exempt
274 from such tax, (ii) with respect to sales of Internet access services, on
275 and after July 1, 2001, such services shall be exempt from such tax, (D)
276 with respect to the sales of labor that is otherwise taxable under
277 subdivision (c) or (g) of subsection (2) of section 12-407 on existing
278 vessels and repair or maintenance services on vessels occurring on and
279 after July 1, 1999, such services shall be exempt from such tax, and (E)
280 with respect to sales of the renovation and repair services of paving of
281 any sort, painting or staining, wallpapering, roofing, siding and
282 exterior sheet metal work, to other than industrial, commercial or
283 income-producing real property, occurring on or after July 1, 1999, and
284 prior to July 1, 2000, at the rate of four per cent, with respect to such
285 sales occurring on or after July 1, 2000, but prior to July 1, 2001, at the
286 rate of two per cent, and on and after July 1, 2001, sales of such
287 renovation and repair services shall be exempt from such tax. [and (F)
288 with respect to patient care services occurring on or after July 1, 1999,
289 and prior to July 1, 2001, and with respect to such services occurring
290 on or after July 1, 2003, at the rate of five and three-fourths per cent.]
291 The rate of tax imposed by this chapter shall be applicable to all retail

292 sales upon the effective date of such rate, except that a new rate which
293 represents an increase in the rate applicable to the sale shall not apply
294 to any sales transaction wherein a binding sales contract without an
295 escalator clause has been entered into prior to the effective date of the
296 new rate and delivery is made within ninety days after the effective
297 date of the new rate. For the purposes of payment of the tax imposed
298 under this section, any retailer of services taxable under subdivision
299 (2)(i) of section 12-407, who computes taxable income, for purposes of
300 taxation under the Internal Revenue Code of 1986, or any subsequent
301 corresponding internal revenue code of the United States, as from time
302 to time amended, on an accounting basis which recognizes only cash
303 or other valuable consideration actually received as income and who is
304 liable for such tax only due to the rendering of such services may make
305 payments related to such tax for the period during which such income
306 is received, without penalty or interest, without regard to when such
307 service is rendered."