



General Assembly

January Session, 2003

**Amendment**

LCO No. 3701

\*HB0649503701HD0\*

Offered by:

REP. DYSON, 94<sup>th</sup> Dist.

To: House Bill No. 6495

File No.

Cal. No.

(As Amended)

**"AN ACT CONCERNING MODIFICATIONS TO CURRENT AND  
FUTURE STATE EXPENDITURES AND REVENUES."**

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- 1 In line T35, strike "-13,000,000" and insert "-12,000,000"
  - 2 In line T37, strike "-18,048,500" and insert "-17,048,500"
  - 3 In line T58, strike "-22,658,500" and insert "-21,658,500"
  - 4 In line T229, strike "-89,213,303" and insert "-88,213,303"
  - 5 In lines T240, T242 and T245, strike "-9,500,000" and insert "-  
6 9,000,000"
  - 7 In lines T261, T263, T267 and T270, strike "-22,000,000" and insert "-  
8 21,500,000"
  - 9 Strike subsection (e) of section 6 and insert the following in lieu  
10 thereof:

11       "(e) The sum of \$52,000,000 shall be transferred from the Special  
12       Transportation Fund to the resources of the General Fund."

13       Strike sections 25 and 26 and insert the following in lieu thereof:

14       "Sec. 25. Subdivision (1) of section 12-408 of the general statutes is  
15       repealed and the following is substituted in lieu thereof (*Effective from*  
16       *passage and applicable to sales occurring on or after April 1, 2003*):

17       (1) For the privilege of making any sales, as defined in subdivision  
18       (2) of subsection (a) of section 12-407, at retail, in this state for a  
19       consideration, a tax is hereby imposed on all retailers at the rate of six  
20       per cent of the gross receipts of any retailer from the sale of all tangible  
21       personal property sold at retail or from the rendering of any services  
22       constituting a sale in accordance with subdivision (2) of subsection (a)  
23       of section 12-407, except, in lieu of said rate of six per cent, (A) at a rate  
24       of twelve per cent with respect to each transfer of occupancy, from the  
25       total amount of rent received for such occupancy of any room or  
26       rooms in a hotel or lodging house for the first period not exceeding  
27       thirty consecutive calendar days, (B) with respect to the sale of a motor  
28       vehicle to any individual who is a member of the armed forces of the  
29       United States and is on full-time active duty in Connecticut and who is  
30       considered, under 50 App USC 574, a resident of another state, or to  
31       any such individual and the spouse thereof, at a rate of four and  
32       one-half per cent of the gross receipts of any retailer from such sales,  
33       provided such retailer requires and maintains a declaration by such  
34       individual, prescribed as to form by the commissioner and bearing  
35       notice to the effect that false statements made in such declaration are  
36       punishable, or other evidence, satisfactory to the commissioner,  
37       concerning the purchaser's state of residence under 50 App USC 574,  
38       (C) (i) with respect to the sales of computer and data processing  
39       services occurring on or after July 1, 1997, and prior to July 1, 1998, at  
40       the rate of five per cent, on or after July 1, 1998, and prior to July 1,  
41       1999, at the rate of four per cent, on or after July 1, 1999, and prior to  
42       July 1, 2000, at the rate of three per cent, on or after July 1, 2000, and  
43       prior to July 1, 2001, at the rate of two per cent, on or after July 1, 2001,

44 and prior to July 1, 2004, at the rate of one per cent and on and after  
45 July 1, 2004, such services shall be exempt from such tax, (ii) with  
46 respect to sales of Internet access services, on and after July 1, 2001,  
47 such services shall be exempt from such tax, (D) with respect to the  
48 sales of labor that is otherwise taxable under subparagraph (C) or (G)  
49 of subdivision (2) of subsection (a) of section 12-407 on existing vessels  
50 and repair or maintenance services on vessels occurring on and after  
51 July 1, 1999, such services shall be exempt from such tax, [and] (E) with  
52 respect to patient care services for which payment is received by the  
53 hospital on or after July 1, 1999, and prior to July 1, 2001, and with  
54 respect to such services for which payment is received by the hospital  
55 on or after July 1, 2003, at the rate of five and three-fourths per cent,  
56 and (F) with respect to sales of advertising or public relations services,  
57 including layout, art direction, graphic design, mechanical preparation  
58 or production supervision, related to the development of media  
59 advertising or cooperative direct mail advertising, occurring on or  
60 after April 1, 2003, at the rate of three per cent. The rate of tax imposed  
61 by this chapter shall be applicable to all retail sales upon the effective  
62 date of such rate, except that a new rate which represents an increase  
63 in the rate applicable to the sale shall not apply to any sales transaction  
64 wherein a binding sales contract without an escalator clause has been  
65 entered into prior to the effective date of the new rate and delivery is  
66 made within ninety days after the effective date of the new rate. For  
67 the purposes of payment of the tax imposed under this section, any  
68 retailer of services taxable under subparagraph (I) of subdivision (2) of  
69 subsection (a) of section 12-407, who computes taxable income, for  
70 purposes of taxation under the Internal Revenue Code of 1986, or any  
71 subsequent corresponding internal revenue code of the United States,  
72 as from time to time amended, on an accounting basis which  
73 recognizes only cash or other valuable consideration actually received  
74 as income and who is liable for such tax only due to the rendering of  
75 such services may make payments related to such tax for the period  
76 during which such income is received, without penalty or interest,  
77 without regard to when such service is rendered.

78 Sec. 26. Subdivision (1) of section 12-411 of the general statutes is  
79 repealed and the following is substituted in lieu thereof (*Effective from*  
80 *passage and applicable to sales occurring on or after April 1, 2003*):

81 (1) An excise tax is hereby imposed on the storage, acceptance,  
82 consumption or any other use in this state of tangible personal  
83 property purchased from any retailer for storage, acceptance,  
84 consumption or any other use in this state, the acceptance or receipt of  
85 any services constituting a sale in accordance with subdivision (2) of  
86 subsection (a) of section 12-407, purchased from any retailer for  
87 consumption or use in this state, or the storage, acceptance,  
88 consumption or any other use in this state of tangible personal  
89 property which has been manufactured, fabricated, assembled or  
90 processed from materials by a person, either within or without this  
91 state, for storage, acceptance, consumption or any other use by such  
92 person in this state, to be measured by the sales price of materials, at  
93 the rate of six per cent of the sales price of such property or services,  
94 except, in lieu of said rate of six per cent, (A) at a rate of twelve per  
95 cent of the rent paid for occupancy of any room or rooms in a hotel or  
96 lodging house for the first period of not exceeding thirty consecutive  
97 calendar days, (B) with respect to the storage, acceptance, consumption  
98 or use in this state of a motor vehicle purchased from any retailer for  
99 storage, acceptance, consumption or use in this state by any individual  
100 who is a member of the armed forces of the United States and is on  
101 full-time active duty in Connecticut and who is considered, under 50  
102 App USC 574, a resident of another state, or to any such individual  
103 and the spouse of such individual at a rate of four and one-half per  
104 cent of the sales price of such vehicle, provided such retailer requires  
105 and maintains a declaration by such individual, prescribed as to form  
106 by the commissioner and bearing notice to the effect that false  
107 statements made in such declaration are punishable, or other evidence,  
108 satisfactory to the commissioner, concerning the purchaser's state of  
109 residence under 50 App USC 574, (C) with respect to the acceptance or  
110 receipt in this state of labor that is otherwise taxable under  
111 subparagraph (C) or (G) of subdivision (2) of subsection (a) of section

112 12-407 on existing vessels and repair or maintenance services on  
113 vessels occurring on and after July 1, 1999, such services shall be  
114 exempt from such tax, (D) (i) with respect to the acceptance or receipt  
115 in this state of computer and data processing services purchased from  
116 any retailer for consumption or use in this state occurring on or after  
117 July 1, 1997, and prior to July 1, 1998, at the rate of five per cent of such  
118 services, on or after July 1, 1998, and prior to July 1, 1999, at the rate of  
119 four per cent of such services, on or after July 1, 1999, and prior to July  
120 1, 2000, at the rate of three per cent of such services, on or after July 1,  
121 2000, and prior to July 1, 2001, at the rate of two per cent of such  
122 services, on and after July 1, 2001, and prior to July 1, 2004, at the rate  
123 of one per cent of such services and on and after July 1, 2004, such  
124 services shall be exempt from such tax, and (ii) with respect to the  
125 acceptance or receipt in this state of Internet access services, on or after  
126 July 1, 2001, such services shall be exempt from tax, [and] (E) with  
127 respect to the acceptance or receipt in this state of patient care services  
128 purchased from any retailer for consumption or use in this state for  
129 which payment is received by the hospital on or after July 1, 1999, and  
130 prior to July 1, 2001, and with respect to acceptance or receipt in this  
131 state of such services for which payment is received by the hospital on  
132 or after July 1, 2003, at the rate of five and three-fourths per cent, and  
133 (F) with respect to sales of advertising or public relations services,  
134 including layout, art direction, graphic design, mechanical preparation  
135 or production supervision, related to the development of media  
136 advertising or cooperative direct mail advertising, occurring on or  
137 after April 1, 2003, at the rate of three per cent."

138 Strike section 28 in its entirety and insert the following in lieu  
139 thereof:

140 "Sec. 28. Subdivision (47) of section 12-412 of the general statutes is  
141 repealed and the following is substituted in lieu thereof (*Effective April*  
142 *1, 2003, and applicable to sales occurring on or after April 1, 2003*):

143 (47) Sales of any article of clothing or footwear intended to be worn  
144 on or about the human body the cost of which to the purchaser is less

145 than [seventy-five] fifty dollars. For purposes of this subdivision  
146 clothing or footwear shall not include (A) any special clothing or  
147 footwear primarily designed for athletic activity or protective use that  
148 is not normally worn except when used for the athletic activity or  
149 protective use for which it was designed, and (B) jewelry, handbags,  
150 luggage, umbrellas, wallets, watches and similar items carried on or  
151 about the human body but not worn on the body in the manner  
152 characteristic of clothing intended for exemption under this  
153 subdivision."

154 Strike section 40 and insert the following in lieu thereof:

155 "Sec. 40. Section 12-494 of the general statutes is repealed and the  
156 following is substituted in lieu thereof (*Effective March 15, 2003*):

157 (a) There is imposed a tax on each deed, instrument or writing,  
158 whereby any lands, tenements or other realty is granted, assigned,  
159 transferred or otherwise conveyed to, or vested in, the purchaser, or  
160 any other person by his direction, when the consideration for the  
161 interest or property conveyed equals or exceeds two thousand dollars,  
162 (1) subject to the provisions of subsection (b) of this section, at the rate  
163 of five-tenths of one per cent of the consideration for the interest in real  
164 property conveyed by such deed, instrument or writing, the revenue  
165 from which shall be remitted by the town clerk of the municipality in  
166 which such tax is paid, not later than ten days following receipt  
167 thereof, to the Commissioner of Revenue Services for deposit to the  
168 credit of the state General Fund, and (2) at the rate of one-fourth of one  
169 per cent of the consideration for the interest in real property conveyed  
170 by such deed, instrument or writing, and on and after July 1, 2004, at  
171 the rate of eleven one-hundredths of one per cent of the consideration  
172 for the interest in real property conveyed by such deed, instrument or  
173 writing, [which amount] provided the amount imposed under this  
174 subdivision shall become part of the general revenue of the  
175 municipality in accordance with section 12-499.

176 (b) The rate of tax imposed under subdivision (1) of subsection (a) of

177 this section shall, in lieu of the rate under said subdivision (1), be  
178 imposed on certain conveyances as follows: (1) In the case of any  
179 conveyance of real property which at the time of such conveyance is  
180 used for any purpose other than residential use, except unimproved  
181 land, the tax under said subdivision (1) shall be imposed at the rate of  
182 one per cent of the consideration for the interest in real property  
183 conveyed; and (2) in the case of any conveyance in which the real  
184 property conveyed is a residential estate, including a primary dwelling  
185 and any auxiliary housing or structures, for which the consideration in  
186 such conveyance is eight hundred thousand dollars or more, the tax  
187 under said subdivision (1) shall be imposed (A) at the rate of one-half  
188 of one per cent on that portion of such consideration up to and  
189 including the amount of eight hundred thousand dollars, and (B) at the  
190 rate of one per cent on that portion of such consideration in excess of  
191 eight hundred thousand dollars; and (3) in the case of any conveyance  
192 in which real property on which mortgage payments have been  
193 delinquent for not less than six months is conveyed to a financial  
194 institution or its subsidiary which holds such a delinquent mortgage  
195 on such property, the tax under said subdivision (1) shall be imposed  
196 at the rate of one-half of one per cent of the consideration for the  
197 interest in real property conveyed.

198 (c) In addition to the tax imposed under subsection (a) of this  
199 section, any targeted investment community, as defined in section 32-  
200 222, or any municipality in which properties designated as  
201 manufacturing plants under section 32-75c are located, may, on or after  
202 March 15, 2003, but prior to July 1, 2004, impose an additional tax on  
203 each deed, instrument or writing, whereby any lands, tenements or  
204 other realty is granted, assigned, transferred or otherwise conveyed to,  
205 or vested in, the purchaser, or any other person by his direction, when  
206 the consideration for the interest or property conveyed equals or  
207 exceeds two thousand dollars, which additional tax shall be at the rate  
208 of one-fourth of one per cent of the consideration for the interest in real  
209 property conveyed by such deed, instrument or writing. The revenue  
210 from such additional tax shall become part of the general revenue of

211 the municipality in accordance with section 12-499."

212 Strike section 56 and renumber the remaining sections accordingly

213 After the last section, add the following and renumber sections and  
214 internal references accordingly:

215 "Sec. 501. Subsection (a) of section 4-30a of the general statutes is  
216 repealed and the following is substituted in lieu thereof (*Effective from*  
217 *passage*):

218 (a) After the accounts for the General Fund have been closed for  
219 each fiscal year and the Comptroller has determined the amount of  
220 unappropriated surplus in said fund, after any amounts required by  
221 provision of law to be transferred for other purposes have been  
222 deducted, the amount of such surplus shall be transferred by the State  
223 Treasurer to a special fund to be known as the Budget Reserve Fund.  
224 When the amount in said fund equals [seven and one-half] ten per cent  
225 of the net General Fund appropriations for the fiscal year in progress,  
226 no further transfers shall be made by the Treasurer to said fund and  
227 the amount of such surplus in excess of that transferred to said fund  
228 shall be deemed to be appropriated to the State Employees Retirement  
229 Fund, in addition to the contributions required pursuant to section 5-  
230 156a, but not exceeding five per cent of the unfunded past service  
231 liability of the system as set forth in the most recent actuarial valuation  
232 certified by the Retirement Commission. Such surplus in excess of the  
233 amounts transferred to the Budget Reserve Fund and the state  
234 employees retirement system shall be deemed to be appropriated for:  
235 (1) Redeeming prior to maturity any outstanding indebtedness of the  
236 state selected by the Treasurer in the best interests of the state; (2)  
237 purchasing outstanding indebtedness of the state in the open market at  
238 such prices and on such terms and conditions as the Treasurer shall  
239 determine to be in the best interests of the state for the purpose of  
240 extinguishing or defeasing such debt; (3) providing for the defeasance  
241 of any outstanding indebtedness of the state selected by the Treasurer  
242 in the best interests of the state by irrevocably placing with an escrow

243 agent in trust an amount to be used solely for, and sufficient to satisfy,  
244 scheduled payments of both interest and principal on such  
245 indebtedness; or (4) any combination of these methods. Pending the  
246 use or application of such amount for the payment of interest and  
247 principal, such amount may be invested in (A) direct obligations of the  
248 United States government, including state and local government  
249 treasury securities that the United States Treasury issues specifically to  
250 provide state and local governments with required cash flows at yields  
251 that do not exceed Internal Revenue Service arbitrage limits, (B)  
252 obligations guaranteed by the United States government, and (C)  
253 securities backed by United States government obligations as collateral  
254 and for which interest and principal payments on the collateral  
255 generally flow immediately through to the security holder."