



General Assembly

January Session, 2005

Raised Bill No. 1359

LCO No. 4903

04903_____FIN

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

AN ACT CONCERNING FARMLAND PRESERVATION AND AN OPEN SPACE TRUST FUND.

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

1 Section 1. Subdivision (1) of section 12-408 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage, and applicable to all sales occurring on or after July 1, 2005*):

4 (1) [For] Except as provided in subdivision (8) of this section, for the
5 privilege of making any sales, as defined in subdivision (2) of
6 subsection (a) of section 12-407, at retail, in this state for a
7 consideration, a tax is hereby imposed on all retailers at the rate of six
8 per cent of the gross receipts of any retailer from the sale of all tangible
9 personal property sold at retail or from the rendering of any services
10 constituting a sale in accordance with subdivision (2) of subsection (a)
11 of section 12-407, except, in lieu of said rate of six per cent or six and
12 one-quarter per cent as provided in subdivision (8) of this section, (A)
13 at a rate of twelve per cent with respect to each transfer of occupancy,
14 from the total amount of rent received for such occupancy of any room
15 or rooms in a hotel or lodging house for the first period not exceeding
16 thirty consecutive calendar days, (B) with respect to the sale of a motor

17 vehicle to any individual who is a member of the armed forces of the
18 United States and is on full-time active duty in Connecticut and who is
19 considered, under 50 App USC 574, a resident of another state, or to
20 any such individual and the spouse thereof, at a rate of four and
21 one-half per cent of the gross receipts of any retailer from such sales,
22 provided such retailer requires and maintains a declaration by such
23 individual, prescribed as to form by the commissioner and bearing
24 notice to the effect that false statements made in such declaration are
25 punishable, or other evidence, satisfactory to the commissioner,
26 concerning the purchaser's state of residence under 50 App USC 574,
27 (C) (i) with respect to the sales of computer and data processing
28 services occurring on or after July 1, 1997, and prior to July 1, 1998, at
29 the rate of five per cent, on or after July 1, 1998, and prior to July 1,
30 1999, at the rate of four per cent, on or after July 1, 1999, and prior to
31 July 1, 2000, at the rate of three per cent, on or after July 1, 2000, and
32 prior to July 1, 2001, at the rate of two per cent, on or after July 1, 2001,
33 at the rate of one per cent, (ii) with respect to sales of Internet access
34 services, on and after July 1, 2001, such services shall be exempt from
35 such tax, (D) with respect to the sales of labor that is otherwise taxable
36 under subparagraph (C) or (G) of subdivision (2) of subsection (a) of
37 section 12-407 on existing vessels and repair or maintenance services
38 on vessels occurring on and after July 1, 1999, such services shall be
39 exempt from such tax, (E) with respect to patient care services for
40 which payment is received by the hospital on or after July 1, 1999, and
41 prior to July 1, 2001, at the rate of five and three-fourths per cent and
42 on and after July 1, 2001, such services shall be exempt from such tax.
43 The rate of tax imposed by this chapter shall be applicable to all retail
44 sales upon the effective date of such rate, except that a new rate which
45 represents an increase in the rate applicable to the sale shall not apply
46 to any sales transaction wherein a binding sales contract without an
47 escalator clause has been entered into prior to the effective date of the
48 new rate and delivery is made within ninety days after the effective
49 date of the new rate. For the purposes of payment of the tax imposed
50 under this section, any retailer of services taxable under subparagraph

51 (I) of subdivision (2) of subsection (a) of section 12-407, who computes
52 taxable income, for purposes of taxation under the Internal Revenue
53 Code of 1986, or any subsequent corresponding internal revenue code
54 of the United States, as from time to time amended, on an accounting
55 basis which recognizes only cash or other valuable consideration
56 actually received as income and who is liable for such tax only due to
57 the rendering of such services may make payments related to such tax
58 for the period during which such income is received, without penalty
59 or interest, without regard to when such service is rendered.

60 Sec. 2. Section 12-408 of the general statutes is amended by adding
61 subdivision (8) as follows (*Effective from passage and applicable to all sales*
62 *occurring on or after July 1, 2005*):

63 (NEW) (8) For the period from July 1, 2005, to June 30, 2015, for the
64 privilege of making any sales, as defined in subdivision (2) of
65 subsection (a) of section 12-407, at retail, in this state for a
66 consideration, a tax is hereby imposed on all retailers at the rate of six
67 and one-quarter per cent of the gross receipts of any retailer from the
68 sale of all tangible personal property sold at retail or from the
69 rendering of any services constituting a sale in accordance with
70 subdivision (2) of subsection (a) of section 12-407, provided: (A) The
71 proceeds from the additional quarter per cent tax shall be deposited by
72 the Commissioner of Revenue Services in the account established
73 pursuant to section 3 of this act and used exclusively for land
74 preservation initiatives, and (ii) if the proceeds of such additional tax
75 are used for purposes other than land preservation, such additional tax
76 shall be repealed.

77 Sec. 3. (NEW) (*Effective from passage*) (a) There is established the
78 open space and farmland preservation account, which shall be a
79 separate, nonlapsing account within the General Fund. All funds
80 received from the temporary one-quarter per cent increase in the sales
81 tax pursuant to subdivision (1) of section 12-408 of the general statutes,
82 as amended by this act, shall be deposited in the General Fund and

83 credited to such account. The Commissioner of Environmental
84 Protection shall use such account, in consultation with the
85 Commissioner of Agriculture, to preserve and protect open space and
86 agricultural land within the state, and to fund land preservation
87 initiatives. Said commissioners may use such account to fund new land
88 preservation initiatives, or to contribute to existing land preservation
89 programs, including, but not limited to, programs pursuant to sections
90 7-131d to 7-131t, inclusive, of the general statutes, and sections 23-73 to
91 23-79, inclusive, of the general statutes.

92 (b) The Commissioner of Environmental Protection shall, in
93 consultation with the Commissioner of Agriculture, adopt regulations
94 in accordance with the provisions of chapter 54 of the general statutes,
95 to carry out the provisions of this section. Such regulations shall
96 include criteria for programs receiving funding from such account.

97 (c) On or before January 1, 2007, and biennially thereafter, the
98 Commissioners of Environmental Protection and Agriculture shall
99 submit a report, in accordance with section 11-4a of the general
100 statutes, to the joint standing committee of the General Assembly
101 having cognizance of matters relating to finance, revenue and bonding
102 regarding the use of the open space and farmland preservation account
103 and accounting for expenditures from such account.

104 Sec. 4. Section 12-217dd of the general statutes is repealed and the
105 following is substituted in lieu thereof (*Effective October 1, 2005*):

106 (a) For purposes of this section, "donation of [open space] land"
107 means the value of any land or interest in land conveyed without
108 financial consideration, or the value of any discount of the sale price in
109 any sale of land or interest in land, to the state, a political subdivision
110 of the state, a water company, as defined in section 25-32a, or to any
111 nonprofit land conservation organization where such land is to be
112 permanently preserved as protected open space, [or] used as a public
113 water supply source, or provided to a municipality for public
114 purposes.

115 (b) There shall be allowed a credit for all taxpayers against the tax
116 imposed under section 12-217, in an amount equal to fifty per cent of
117 any donation of land used for open space, [land or] as a public water
118 supply source, or for municipal use. For purposes of calculating the
119 credit under this section, the amount of donation shall be based on the
120 use value of the donated open space land and the amount received for
121 such land. For purposes of this subsection, "use value" means the fair
122 market value of land at its highest and best use, as determined by a
123 certified real estate appraiser.

124 (c) A credit that is allowed under this section, with respect to any
125 taxable year commencing on or after January 1, 2000, but is not used by
126 a taxpayer may be carried forward to each of the successive income
127 years until such credit is fully taken. In no case shall a credit that is not
128 used be carried forward for a period of more than fifteen years.

129 Sec. 5. Section 12-217ff of the general statutes is repealed and the
130 following is substituted in lieu thereof (*Effective October 1, 2005*):

131 (a) For purposes of this section, "donation of land for [educational]
132 public use" means the value of any land or interest in land conveyed
133 without financial consideration, or the value of any discount of the sale
134 price in any sale of land or interest in land, to any municipality or
135 political subdivision of the state for any public purpose, including, but
136 not limited to, educational use, as defined in section 16-43b, public
137 safety-related use, or municipal recreational use.

138 (b) There shall be allowed a credit for all taxpayers against the tax
139 imposed under section 12-217, in an amount equal to fifty per cent of
140 any donation of land for [educational use] public use. The chief elected
141 official of the municipality, or of the municipality wherein the political
142 subdivision is located shall approve such donation and the purpose for
143 which such donation shall be used. For purposes of calculating the
144 credit under this section the amount of donation shall be based on the
145 difference between the use value of the donated land and the amount
146 received for such land. For the purposes of this subsection, "use value"

147 means a fair market value of land at its highest and best use, as
 148 determined by a certified real estate appraiser.

149 (c) A credit that is allowed under this section, with respect to any
 150 taxable year commencing on or after January 1, 2004, but is not used by
 151 a taxpayer may be carried forward to each of the successive income
 152 years until such credit is fully taken. In no case shall a credit that is not
 153 used be carried forward for a period of more than fifteen years.

154 Sec. 6. Section 16-43c of the general statutes is repealed and the
 155 following is substituted in lieu thereof (*Effective October 1, 2005*):

156 Notwithstanding the provisions of this chapter or section 12-217dd,
 157 as amended by this act, any class III land acquired from a water
 158 company, as defined in section 16-1, by a municipal corporation for
 159 [the purposes of construction of a school and related facilities in a town
 160 with a population between 11,600 and 11,900, as enumerated by the
 161 2000 federal decennial census] public use in any municipality, shall be
 162 treated as open space for purposes of establishing the right to acquire,
 163 ratemaking and taxes. For purposes of this section, "public use"
 164 includes, but is not limited to, educational use, as defined in section 16-
 165 43b, public safety-related use or municipal recreational use.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage, and applicable to all sales occurring on or after July 1, 2005</i>	12-408(1)
Sec. 2	<i>from passage and applicable to all sales occurring on or after July 1, 2005</i>	12-408
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>October 1, 2005</i>	12-217dd
Sec. 5	<i>October 1, 2005</i>	12-217ff
Sec. 6	<i>October 1, 2005</i>	16-43c

Statement of Purpose:

To levy a temporary increase in the sales tax to fund land preservation initiatives, to allow a tax credit for donations of land to municipalities for any public purpose, and to expand the purposes for which donations of water company land to municipalities may be used.

[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.]