



General Assembly

February Session, 2006

**Raised Bill No. 435**

LCO No. 2387

\*02387\_\_\_\_\_FIN\*

Referred to Committee on Finance, Revenue and Bonding

Introduced by:  
(FIN)

**AN ACT CONCERNING THE SALES TAX EXEMPTION FOR SERVICES PROVIDED BY PARTICIPANTS IN CERTAIN JOINT VENTURES.**

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

1 Section 1. Subdivision (58) of section 12-412 of the 2006 supplement  
2 to the general statutes is repealed and the following is substituted in  
3 lieu thereof (*Effective from passage*):

4 (58) Sales of any services rendered for purposes of (A) personnel  
5 services, (B) commercial or industrial marketing, development, testing  
6 or research services, or (C) business analysis and management  
7 services, whenever, pursuant to a joint venture agreement, the  
8 recipient of any such services is either a corporation, [or] a partnership,  
9 or a limited liability company, and such services are rendered by one  
10 or more corporate shareholders, or a corporate partner or corporate  
11 member in such joint venture, and in accordance with which the  
12 company rendering such service must have an ownership interest  
13 equivalent to not less than twenty-five per cent of total ownership in  
14 such joint venture, provided (i) the purpose of such joint venture is  
15 directly related to production or development of new or experimental  
16 products or systems and the marketing and support thereof, (ii) at least

17 one of the corporations participating in such joint venture shall have  
18 been actively engaged in business in this state for not less than ten  
19 years, and (iii) exemption for such sales in accordance with this  
20 subsection, with respect to any single joint venture, shall not be  
21 allowed for a period in excess of [ten consecutive years] twenty  
22 consecutive years from the date of such venture's incorporation,  
23 formation or organization, or in the case of a joint venture in existence  
24 prior to January 1, 1986, within the aircraft industry, for a period in  
25 excess of thirty consecutive years, and such exemption shall be  
26 applicable to sales of such services rendered on or after January 1,  
27 1986.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-412(58)

**Statement of Purpose:**

To allow the existing sales tax exemption for certain services provided by participants in joint ventures to be available when the joint venture is organized as a limited liability company, and to extend the duration of the sales tax exemption from ten years to twenty years.

*[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.]*