



House of Representatives

General Assembly

File No. 553

January Session, 2007

House Bill No. 6978

House of Representatives, April 23, 2007

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT REQUIRING A SALES AND USE TAX EXEMPTION FOR CERTAIN SALES TO CONNECTICUT CREDIT UNIONS.

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

1 Section 1. Section 12-412 of the general statutes is amended by
2 adding subdivision (117) as follows (*Effective July 1, 2007, and applicable*
3 *to sales occurring on or after July 1, 2007*):

4 (NEW) (117) Sales of tangible personal property or services to, and
5 the storage, use or other consumption of tangible personal property or
6 services by, a Connecticut credit union, as defined in section 36a-2.

This act shall take effect as follows and shall amend the following sections:

| | | |
|-----------|---|--------|
| Section 1 | <i>July 1, 2007, and applicable to sales occurring on or after July 1, 2007</i> | 12-412 |
|-----------|---|--------|

BA *Joint Favorable C/R*

FIN

FIN *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 08 \$ | FY 09 \$ |
|--------------------------------|--------------------|-----------------|-----------------|
| Department of Revenue Services | GF - Revenue Loss | 500,000 | 500,000 |

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill is expected to result in a General Fund revenue loss to the sales tax of approximately \$500,000 beginning in FY 08. There are currently, about 40 state-chartered credit unions in Connecticut.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis

HB 6978

AN ACT REQUIRING A SALES AND USE TAX EXEMPTION FOR CERTAIN SALES TO CONNECTICUT CREDIT UNIONS.

SUMMARY:

This bill exempts Connecticut credit unions from the sales and use tax. A Connecticut credit union (1) is a cooperative, nonprofit financial institution organized under, and the membership of which is limited by, Connecticut law; (2) operates for the benefit and general welfare of its members with the earnings, benefits, or services offered being distributed to, or retained for, its members; and (3) is governed by a volunteer board of directors elected by and from its membership. Federally chartered credit unions are already exempt from the Connecticut sales and use tax.

EFFECTIVE DATE: July 1, 2007 and applicable to sales on or after that date.

COMMITTEE ACTION

Banks Committee

Joint Favorable Change of Reference
Yea 17 Nay 1 (03/06/2007)

Finance, Revenue and Bonding Committee

Joint Favorable
Yea 48 Nay 2 (04/10/2007)