



General Assembly

**Substitute Bill No. 5844**

February Session, 2008

\*            HB05844FIN            040208            \*

**AN ACT CONCERNING A MUNICIPAL SHARE OF THE HOTEL  
OCCUPANCY TAX, DEDICATING CERTAIN MONEYS TO FUND THE  
STATE PAYMENT IN LIEU OF TAXES (PILOT) PROGRAMS AND  
ESTABLISHING A SALES TAX ON DELIVERY SERVICES.**

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

1       Section 1. (NEW) (*Effective from passage*) Notwithstanding any  
2 provision of the general statutes, the Commissioner of Revenue  
3 Services shall segregate one-half of the revenues received from the tax  
4 on sales within the meaning of subparagraph (H) of subdivision (2) of  
5 subsection (a) of section 12-407 of the 2008 supplement to the general  
6 statutes, by any hotel or lodging house. Such segregated revenues shall  
7 be allocated to the municipality in which such hotel or lodging house  
8 is located.

9       Sec. 2. (NEW) (*Effective from passage*) (a) There is established an  
10 account to be known as the "PILOT Reserve account" which shall be a  
11 separate, nonlapsing account within the General Fund. Moneys in the  
12 account shall be expended by the Secretary of the Office of Policy and  
13 Management for the purpose of funding the programs providing state  
14 grants in lieu of taxes pursuant to sections 12-19a and 12-20a of the  
15 general statutes. If said account does not receive the amount of funds  
16 necessary to fully fund said programs, said secretary shall distribute  
17 the available funds proportionately to each program.

18 (b) On and after July 1, 2008, all moneys received or collected by the  
19 state or any officer thereof on account of, or derived from,  
20 subparagraph (GG) of subdivision (37) of subsection (a) of section 12-  
21 407 of the general statutes, as amended by this act, shall be paid  
22 promptly to the State Treasurer and credited to the account established  
23 pursuant to this section.

24 (c) On or before February 15, 2009, and annually thereafter, the chief  
25 elected official of each municipality receiving funds from the account  
26 established pursuant to subsection (a) of this section shall provide a  
27 report to the joint standing committee of the General Assembly having  
28 cognizance over finance, revenue and bonding regarding the funds  
29 received, including, but not limited to, the impact of such funds upon  
30 such municipality's budget and any resulting adjustments to such  
31 municipality's mill rate or property tax levy.

32 Sec. 3. Section 3-69a of the 2008 supplement to the general statutes is  
33 repealed and the following is substituted in lieu thereof (*Effective from*  
34 *passage*):

35 (a) (1) For the fiscal year ending June 30, 2005, the funds received  
36 under this part, excluding the proceeds from the sale of property  
37 deposited in the Special Abandoned Property Fund in accordance with  
38 section 3-62h, shall be deposited in the General Fund.

39 (2) For the fiscal year ending June 30, 2006, and each fiscal year  
40 thereafter, a portion of the funds received under this part shall, upon  
41 deposit in the General Fund, be credited to the Citizens' Election Fund  
42 established in section 9-701 of the 2008 supplement to the general  
43 statutes as follows: (A) For the fiscal year ending June 30, 2006,  
44 seventeen million dollars, (B) for the fiscal year ending June 30, 2007,  
45 sixteen million dollars, (C) for the fiscal year ending June 30, 2008,  
46 seventeen million three hundred thousand dollars, and (D) for the  
47 fiscal year ending June 30, 2009, and each fiscal year thereafter, the  
48 amount deposited for the preceding fiscal year, adjusted in accordance  
49 with any change in the consumer price index for all urban consumers

50 for such preceding fiscal year, as published by the United States  
51 Department of Labor, Bureau of Labor Statistics. The State Treasurer  
52 shall determine such adjusted amount not later than thirty days after  
53 the end of such preceding fiscal year.

54 (3) For the fiscal year ending June 30, 2008, and each fiscal year  
55 thereafter, a portion of the funds received under this part shall, upon  
56 deposit in the General Fund, be credited to the PILOT Reserve account  
57 established in section 2 of this act. Such portion shall be in the amount  
58 necessary, after the requirements of section 3-62h and of subdivision  
59 (2) of this subsection are met, to fully fund the programs providing  
60 state grants in lieu of taxes established pursuant to sections 12-19a and  
61 12-20a.

62 (b) All costs incurred in the administration of this part, except as  
63 provided in section 3-62h and subsection (a) of this section, and all  
64 claims allowed under this part shall be paid from the General Fund.

65 Sec. 4. Subdivision (37) of subsection (a) of section 12-407 of the 2008  
66 supplement to the general statutes is repealed and the following is  
67 substituted in lieu thereof (*Effective July 1, 2008, and applicable to sales*  
68 *occurring on and after said date*):

69 (37) "Services" for purposes of subdivision (2) of this subsection,  
70 means:

71 (A) Computer and data processing services, including, but not  
72 limited to, time, programming, code writing, modification of existing  
73 programs, feasibility studies and installation and implementation of  
74 software programs and systems even where such services are rendered  
75 in connection with the development, creation or production of canned  
76 or custom software or the license of custom software, and exclusive of  
77 services rendered in connection with the creation, development  
78 hosting or maintenance of all or part of a web site which is part of the  
79 graphical, hypertext portion of the Internet, commonly referred to as  
80 the World Wide Web;

81 (B) Credit information and reporting services;

82 (C) Services by employment agencies and agencies providing  
83 personnel services;

84 (D) Private investigation, protection, patrol work, watchman and  
85 armored car services, exclusive of (i) services of off-duty police officers  
86 and off-duty firefighters, and (ii) coin and currency services provided  
87 to a financial services company by or through another financial  
88 services company. For purposes of this subparagraph, "financial  
89 services company" has the same meaning as provided under  
90 subparagraphs (A) to (H), inclusive, of subdivision (6) of subsection (a)  
91 of section 12-218b;

92 (E) Painting and lettering services;

93 (F) Photographic studio services;

94 (G) Telephone answering services;

95 (H) Stenographic services;

96 (I) Services to industrial, commercial or income-producing real  
97 property, including, but not limited to, such services as management,  
98 electrical, plumbing, painting and carpentry and excluding any such  
99 services rendered in the voluntary evaluation, prevention, treatment,  
100 containment or removal of hazardous waste, as defined in section  
101 22a-115, or other contaminants of air, water or soil, provided  
102 income-producing property shall not include property used  
103 exclusively for residential purposes in which the owner resides and  
104 which contains no more than three dwelling units, or a housing facility  
105 for low and moderate income families and persons owned or operated  
106 by a nonprofit housing organization, as defined in subdivision (29) of  
107 section 12-412 of the 2008 supplement to the general statutes;

108 (J) Business analysis, management, management consulting and  
109 public relations services, excluding (i) any environmental consulting  
110 services, (ii) any training services provided by an institution of higher

111 education licensed or accredited by the Board of Governors of Higher  
112 Education pursuant to section 10a-34 of the 2008 supplement to the  
113 general statutes, and (iii) on and after January 1, 1994, any business  
114 analysis, management, management consulting and public relations  
115 services when such services are rendered in connection with an aircraft  
116 leased or owned by a certificated air carrier or in connection with an  
117 aircraft which has a maximum certificated take-off weight of six  
118 thousand pounds or more;

119 (K) Services providing "piped-in" music to business or professional  
120 establishments;

121 (L) Flight instruction and chartering services by a certificated air  
122 carrier on an aircraft, the use of which for such purposes, but for the  
123 provisions of subdivision (4) of section 12-410 and subdivision (12) of  
124 section 12-411, would be deemed a retail sale and a taxable storage or  
125 use, respectively, of such aircraft by such carrier;

126 (M) Motor vehicle repair services, including any type of repair,  
127 painting or replacement related to the body or any of the operating  
128 parts of a motor vehicle;

129 (N) Motor vehicle parking, including the provision of space, other  
130 than metered space, in a lot having thirty or more spaces, excluding (i)  
131 space in a seasonal parking lot provided by a person who is exempt  
132 from taxation under this chapter pursuant to subdivision (1), (5) or (8)  
133 of section 12-412 of the 2008 supplement to the general statutes, (ii)  
134 space in a parking lot owned or leased under the terms of a lease of not  
135 less than ten years' duration and operated by an employer for the  
136 exclusive use of its employees, (iii) valet parking provided at any  
137 airport, and (iv) space in municipally-operated railroad parking  
138 facilities in municipalities located within an area of the state  
139 designated as a severe nonattainment area for ozone under the federal  
140 Clean Air Act or space in a railroad parking facility in a municipality  
141 located within an area of the state designated as a severe  
142 nonattainment area for ozone under the federal Clean Air Act owned

143 or operated by the state on or after April 1, 2000;

144 (O) Radio or television repair services;

145 (P) Furniture reupholstering and repair services;

146 (Q) Repair services to any electrical or electronic device, including,  
147 but not limited to, equipment used for purposes of refrigeration or  
148 air-conditioning;

149 (R) Lobbying or consulting services for purposes of representing the  
150 interests of a client in relation to the functions of any governmental  
151 entity or instrumentality;

152 (S) Services of the agent of any person in relation to the sale of any  
153 item of tangible personal property for such person, exclusive of the  
154 services of a consignee selling works of art, as defined in subsection (b)  
155 of section 12-376c, or articles of clothing or footwear intended to be  
156 worn on or about the human body other than (i) any special clothing  
157 or footwear primarily designed for athletic activity or protective use  
158 and which is not normally worn except when used for the athletic  
159 activity or protective use for which it was designed, and (ii) jewelry,  
160 handbags, luggage, umbrellas, wallets, watches and similar items  
161 carried on or about the human body but not worn on the body in the  
162 manner characteristic of clothing intended for exemption under  
163 subdivision (47) of section 12-412 of the 2008 supplement to the general  
164 statutes, under consignment, exclusive of services provided by an  
165 auctioneer;

166 (T) Locksmith services;

167 (U) Advertising or public relations services, including layout, art  
168 direction, graphic design, mechanical preparation or production  
169 supervision, not related to the development of media advertising or  
170 cooperative direct mail advertising;

171 (V) Landscaping and horticulture services;

172 (W) Window cleaning services;

173 (X) Maintenance services;

174 (Y) Janitorial services;

175 (Z) Exterminating services;

176 (AA) Swimming pool cleaning and maintenance services;

177 (BB) Miscellaneous personal services included in industry group 729  
178 in the Standard Industrial Classification Manual, United States Office  
179 of Management and Budget, 1987 edition, or U.S. industry 532220,  
180 812191, 812199 or 812990 in the North American Industrial  
181 Classification System United States Manual, United States Office of  
182 Management and Budget, 1997 edition, exclusive of (i) services  
183 rendered by massage therapists licensed pursuant to chapter 384a, and  
184 (ii) services rendered by an electrologist licensed pursuant to chapter  
185 388;

186 (CC) Any repair or maintenance service to any item of tangible  
187 personal property including any contract of warranty or service related  
188 to any such item;

189 (DD) Business analysis, management or managing consulting  
190 services rendered by a general partner, or an affiliate thereof, to a  
191 limited partnership, provided (i) the general partner, or an affiliate  
192 thereof, is compensated for the rendition of such services other than  
193 through a distributive share of partnership profits or an annual  
194 percentage of partnership capital or assets established in the limited  
195 partnership's offering statement, and (ii) the general partner, or an  
196 affiliate thereof, offers such services to others, including any other  
197 partnership. As used in this subparagraph "an affiliate of a general  
198 partner" means an entity which is directly or indirectly owned fifty per  
199 cent or more in common with a general partner;

200 (EE) Notwithstanding the provisions of section 12-412 of the 2008  
201 supplement to the general statutes, except subdivision (87) of said

202 section 12-412 of the 2008 supplement to the general statutes, patient  
 203 care services, as defined in subdivision (29) of this subsection by a  
 204 hospital, except that "sale" and "selling" does not include such patient  
 205 care services for which payment is received by the hospital during the  
 206 period commencing July 1, 2001, and ending June 30, 2003;

207 (FF) Health and athletic club services, exclusive of (i) any such  
 208 services provided without any additional charge which are included in  
 209 any dues or initiation fees paid to any such club, which dues or fees  
 210 are subject to tax under section 12-543, (ii) any such services provided  
 211 by a municipality or an organization that is described in Section 501(c)  
 212 of the Internal Revenue Code of 1986, or any subsequent  
 213 corresponding internal revenue code of the United States, as from time  
 214 to time amended, and (iii) yoga instruction provided at a yoga studio;

215 (GG) Delivery services, where such services are performed by a  
 216 company included in industry group 492 or 484210 under the North  
 217 American Industry Classification System, United States Manual, 1997  
 218 edition, other than delivery services on which a tax is paid or an  
 219 exemption claimed pursuant to subdivision (8) or (9) of this subsection.  
 220 The provisions of this subparagraph shall not apply to delivery  
 221 services for items that are exempt from taxation pursuant to  
 222 subdivision (4), (13), (19), (46) or (57) of section 12-412.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	3-69a
Sec. 4	<i>July 1, 2008, and applicable to sales occurring on and after said date</i>	12-407(a)(37)

**FIN**            **Joint Favorable Subst.**