



General Assembly

January Session, 2011

Committee Bill No. 5782

LCO No. 4953

04953HB05782PD_

Referred to Committee on Planning and Development

Introduced by:
(PD)

AN ACT CONCERNING THE HOTEL TAX.

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2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2011, and applicable to sales occurring on or after said date*):

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

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

51 Code of 1986, or any subsequent corresponding internal revenue code
52 of the United States, as from time to time amended, on an accounting
53 basis which recognizes only cash or other valuable consideration
54 actually received as income and who is liable for such tax only due to
55 the rendering of such services may make payments related to such tax
56 for the period during which such income is received, without penalty
57 or interest, without regard to when such service is rendered.

58 Sec. 2. Subdivision (1) of section 12-411 of the general statutes is
59 repealed and the following is substituted in lieu thereof (*Effective*
60 *October 1, 2011, and applicable to sales occurring on or after said date*):

61 (1) An excise tax is hereby imposed on the storage, acceptance,
62 consumption or any other use in this state of tangible personal
63 property purchased from any retailer for storage, acceptance,
64 consumption or any other use in this state, the acceptance or receipt of
65 any services constituting a sale in accordance with subdivision (2) of
66 subsection (a) of section 12-407, purchased from any retailer for
67 consumption or use in this state, or the storage, acceptance,
68 consumption or any other use in this state of tangible personal
69 property which has been manufactured, fabricated, assembled or
70 processed from materials by a person, either within or without this
71 state, for storage, acceptance, consumption or any other use by such
72 person in this state, to be measured by the sales price of materials, at
73 the rate of six per cent of the sales price of such property or services,
74 except, in lieu of said rate of six per cent, (A) at a rate of [twelve]
75 fifteen per cent of the rent paid for occupancy of any room or rooms in
76 a hotel or lodging house for the first period of not exceeding thirty
77 consecutive calendar days, (B) with respect to the storage, acceptance,
78 consumption or use in this state of a motor vehicle purchased from any
79 retailer for storage, acceptance, consumption or use in this state by any
80 individual who is a member of the armed forces of the United States
81 and is on full-time active duty in Connecticut and who is considered,
82 under 50 App USC 574, a resident of another state, or to any such
83 individual and the spouse of such individual at a rate of four and

84 one-half per cent of the sales price of such vehicle, provided such
85 retailer requires and maintains a declaration by such individual,
86 prescribed as to form by the commissioner and bearing notice to the
87 effect that false statements made in such declaration are punishable, or
88 other evidence, satisfactory to the commissioner, concerning the
89 purchaser's state of residence under 50 App USC 574, (C) with respect
90 to the acceptance or receipt in this state of labor that is otherwise
91 taxable under subparagraph (C) or (G) of subdivision (2) of subsection
92 (a) of section 12-407 on existing vessels and repair or maintenance
93 services on vessels occurring on and after July 1, 1999, such services
94 shall be exempt from such tax, (D) (i) with respect to the acceptance or
95 receipt in this state of computer and data processing services
96 purchased from any retailer for consumption or use in this state
97 occurring on or after July 1, 1997, and prior to July 1, 1998, at the rate
98 of five per cent of such services, on or after July 1, 1998, and prior to
99 July 1, 1999, at the rate of four per cent of such services, on or after July
100 1, 1999, and prior to July 1, 2000, at the rate of three per cent of such
101 services, on or after July 1, 2000, and prior to July 1, 2001, at the rate of
102 two per cent of such services, on and after July 1, 2001, at the rate of
103 one per cent of such services, and (ii) with respect to the acceptance or
104 receipt in this state of Internet access services, on or after July 1, 2001,
105 such services shall be exempt from tax, (E) with respect to the
106 acceptance or receipt in this state of patient care services purchased
107 from any retailer for consumption or use in this state for which
108 payment is received by the hospital on or after July 1, 1999, and prior
109 to July 1, 2001, at the rate of five and three-fourths per cent and on and
110 after July 1, 2001, such services shall be exempt from such tax.

111 Sec. 3. (NEW) (*Effective October 1, 2011*) The Commissioner of
112 Revenue Services shall segregate twenty per cent of the taxes collected
113 from sales within the meaning of subparagraph (H) of subdivision (2)
114 of subsection (a) of section 12-407 of the general statutes and
115 subparagraph (A) of subdivision (1) of section 12-411 of the general
116 statutes, as amended by this act, by any hotel or lodging house. Funds
117 segregated under this subsection shall be allocated as follows: (1) The

118 commissioner shall return one-third of such taxes segregated to the
119 municipality in which the hotel or lodging house paying such tax is
120 located; and (2) the commissioner shall deposit two-thirds of such
121 taxes segregated into the hotel tax account established in section 5 of
122 this act.

123 Sec. 4. (NEW) (*Effective October 1, 2011*) On April 1, 2012, and
124 annually thereafter, the Office of Policy and Management shall
125 distribute the moneys deposited in the hotel tax account established in
126 section 5 of this act as follows: (1) Fifty per cent of such moneys shall
127 be distributed to the tourism district in which the hotel or lodging
128 house paying the taxes segregated pursuant to section 3 of this act is
129 located; and (2) fifty per cent of such moneys shall be distributed to the
130 regional planning agency established pursuant to chapter 127 of the
131 general statutes in whose area of operation the hotel or lodging house
132 paying such segregated taxes is located, provided such regional
133 planning agency has conformed its geographical boundaries to be
134 coterminous with an economic development district designated by the
135 Governor pursuant to subsection (b) of section 32-743 of the general
136 statutes.

137 Sec. 5. (NEW) (*Effective October 1, 2011*) There is established an
138 account to be known as the "hotel tax account" which shall be a
139 separate, nonlapsing account within the General Fund. The account
140 shall contain any moneys required by law to be deposited in the
141 account. Moneys in the account shall be expended by the Office of
142 Policy and Management in accordance with section 4 of this act.

143 Sec. 6. Section 16a-4b of the general statutes is repealed and the
144 following is substituted in lieu thereof (*Effective October 1, 2011*):

145 Any town, city or borough [which] that has been included in any
146 planning region as designated or defined by the Secretary of the Office
147 of Policy and Management, or his predecessor, under the provisions of
148 subsection (4) of section 16a-4a, may petition, upon a vote of its
149 legislative body, the secretary for a redefinition or redesignation as

150 part of a different planning region. The secretary shall determine the
151 time and place for a hearing upon such petition and shall give notice
152 thereof, except that said secretary shall reject such petition if the
153 petitioner has been included in a planning region that is coterminous
154 with a designated economic development district pursuant to section
155 16a-4c, as amended by this act. In determining the appropriateness of
156 such redesignation, the secretary shall consider, among other factors,
157 whether or not the services that such petitioner needs can be better or
158 more logically provided by a planning region other than the one to
159 which it has been previously assigned.

160 Sec. 7. Section 16a-4c of the general statutes is repealed and the
161 following is substituted in lieu thereof (*Effective October 1, 2011*):

162 (a) The Secretary of the Office of Policy and Management shall
163 designate or redesignate the boundaries of planning regions so the
164 state contains eight such planning regions. To the extent that the
165 Governor has designated any economic development district pursuant
166 to subsection (b) of section 32-743, said secretary shall designate or
167 redesignate the planning region to be coterminous with the economic
168 development district.

169 ~~[(a)]~~ (b) On or before January 1, 2012, and at least every twenty
170 years thereafter, the Secretary of the Office of Policy and Management,
171 within available appropriations, shall conduct an analysis of the
172 boundaries of logical planning regions designated or redesignated
173 under section 16a-4a. As part of such analysis, the secretary shall
174 develop criteria to evaluate the impact of urban centers on neighboring
175 towns. Such criteria shall include, but not be limited to, criteria to (1)
176 evaluate trends in economic development and the environment,
177 including trends in housing patterns, employment levels, commuting
178 patterns for the most common job classifications in the state, traffic
179 patterns on major roadways, and local perceptions of social and
180 historic ties; and (2) establish a minimum size for logical planning
181 areas that takes into consideration the number of municipalities, total

182 population and the total square mileage.

183 [(b)] (c) (1) The secretary shall, not later than January 1, 2012, notify
184 the chief executive officer of each municipality located in a planning
185 region in which the boundaries are proposed for redesignation. If the
186 legislative body of the municipality objects to such proposed
187 redesignation, the chief executive officer of the municipality may, not
188 later than thirty days after the date of receipt of the notice of
189 redesignation, petition the secretary to attend a meeting of such
190 legislative body. The petition shall specify the location, date and time
191 of the meeting. The meeting shall be held not later than forty-five days
192 after the date of the petition. The secretary shall make a reasonable
193 attempt to appear at the meeting, or at a meeting on another date
194 within the forty-five-day period. If the secretary is unable to attend a
195 meeting within the forty-five-day period, the secretary and the chief
196 executive officer of the municipality shall jointly schedule a date and
197 time for the meeting, provided such meeting shall be held not later
198 than one hundred twenty days after the date of the notice to the chief
199 executive officer. At such meeting, the legislative body of the
200 municipality shall inform the secretary of the objections to the
201 proposed redesignation of the planning area boundaries. The secretary
202 shall consider fully the oral and written objections of the legislative
203 body and may redesignate the boundaries, except that said secretary
204 shall not redesignate such boundaries if such planning area is
205 coterminous with a designated economic development district
206 pursuant to subsection (a) of this section. Not later than forty-five days
207 after the date of the meeting, the secretary shall notify the chief
208 executive officer of the determination concerning the proposed
209 redesignation. The notice of determination shall include the reasons for
210 such determination. As used in this subsection, "municipality" means a
211 town, city or consolidated town and borough; "legislative body" means
212 the board of selectmen, town council, city council, board of alderman,
213 board of directors, board of representatives or board of the major and
214 burgesses of a municipality; and "secretary" means the secretary or the
215 designee of the secretary.

216 (2) Any revision to the boundaries of a planning area, based on the
 217 analysis completed pursuant to subsection [(a)] (b) of this section or
 218 due to a modification by the secretary in accordance with this
 219 subsection, shall be effective on the first day of July following the date
 220 of completion such analysis or modification.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2011, and applicable to sales occurring on or after said date</i>	12-408(1)
Sec. 2	<i>October 1, 2011, and applicable to sales occurring on or after said date</i>	12-411(1)
Sec. 3	<i>October 1, 2011</i>	New section
Sec. 4	<i>October 1, 2011</i>	New section
Sec. 5	<i>October 1, 2011</i>	New section
Sec. 6	<i>October 1, 2011</i>	16a-4b
Sec. 7	<i>October 1, 2011</i>	16a-4c

Statement of Purpose:

To provide an additional source of revenue to municipalities; to require the Secretary of the Office of Policy and Management and the Commissioner of Economic and Community Development to redesignate planning regions so that the boundaries of such regions are coterminous with any economic development districts approved by the Governor, and to further provide that the state shall not contain more than eight planning regions; to provide incentives to regional planning agencies to voluntarily redesignate their boundaries to be coterminous with the boundaries of any planning region redesignated pursuant to this act; and to encourage regional tourism activities.

[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.]

Co-Sponsors: REP. SHARKEY, 88th Dist.; SEN. LOONEY, 11th Dist.
REP. DILLON, 92nd Dist.; REP. FRITZ, 90th Dist.
REP. LEMAR, 96th Dist.

H.B. 5782