



# House of Representatives

General Assembly

**File No. 508**

February Session, 2012

Substitute House Bill No. 5425

*House of Representatives, April 18, 2012*

The Committee on Finance, Revenue and Bonding reported through REP. WIDLITZ of the 98th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING THE APPLICABILITY OF THE SALES AND USE TAX TO VESSEL STORAGE, MAINTENANCE OR REPAIR.***

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

1 Section 1. Subparagraph (M) of subdivision (2) of subsection (a) of  
2 section 12-407 of the 2012 supplement to the general statutes is  
3 repealed and the following is substituted in lieu thereof (*Effective from*  
4 *passage*):

5 (M) The transfer for consideration of space or the right to use any  
6 space for the purpose of storage or mooring of any noncommercial  
7 vessel, exclusive of dry or wet storage or mooring of such vessel  
8 during the period commencing on the first day of [November] October  
9 in any year to and including the [thirtieth day of April] thirty-first day  
10 of May of the next succeeding year;

11 Sec. 2. Section 12-413a of the general statutes is repealed and the  
12 following is substituted in lieu thereof (*Effective from passage*):

13 Notwithstanding the provisions of section 12-411, the tax imposed  
 14 thereunder shall not be applicable, in the period commencing on the  
 15 first day of October in any year to and including the [thirtieth day of  
 16 April] thirty-first day of May next succeeding, with respect to the use  
 17 of any vessel within this state exclusively for purposes of (1) delivery  
 18 of such vessel to a facility in this state for storage, including dry  
 19 storage and storage in water by means of apparatus preventing ice  
 20 damage to the hull, maintenance or repair, or (2) the actual process of  
 21 storage, maintenance or repair of such vessel. The provisions of this  
 22 section shall have no effect upon liability for tax under this chapter  
 23 related to the sale or use of such vessel other than such liability which  
 24 may be established in relation to the specific use of such vessel as  
 25 described in this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-407(a)(2)(M)
Sec. 2	<i>from passage</i>	12-413a

**FIN**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

## **OFA Fiscal Note**

### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 12 \$</b>	<b>FY 13 \$</b>	<b>FY 14 \$</b>
Department of Revenue Services	GF - Revenue Loss	Up to \$240,000	Up to \$290,000	Up to \$300,000

Note: GF=General Fund

### **Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 12 \$</b>	<b>FY 13 \$</b>	<b>FY 14 \$</b>
Various Municipalities	Revenue Loss	Less than \$5,000	Less than \$5,000	Less than \$5,000

### **Explanation**

The bill results in a state revenue loss of up to \$300,000 annually by expanding the sales tax exemption for winter storage of non commercial vessels by two months and the use tax exemption to vessel storage, maintenance, or repair by one month. The actual revenue loss may vary depending upon the number of boats that remain in storage during the additional time allotted.

The bill also results in a corresponding revenue loss of less than \$5,000 annually to the municipal revenue share of the state sales tax.

Assuming that the bill passes on May 1<sup>st</sup>, there would also be a state revenue loss of up to \$240,000 and a municipal revenue share loss of less than \$5,000 for FY 12. The passage of the bill would allow both the sales tax exemption and the use tax exemption to extend to the end of May.

### **The Out Years**

The annualized ongoing fiscal impact identified above would

continue into the future subject to inflation.

**OLR Bill Analysis**

**sHB 5425**

***AN ACT CONCERNING THE APPLICABILITY OF THE SALES AND USE TAX TO VESSEL STORAGE, MAINTENANCE OR REPAIR.***

**SUMMARY:**

This bill extends (1) the sales tax exemption for winter storage of noncommercial vessels by two months and (2) the use tax exemption for winter storage, maintenance, and repair of vessels brought into the state exclusively for those purposes by one month. Under current law, the sales tax exemption applies from November 1 to April 30, and the use tax exemption from October 1 to April 30. The bill makes both exemptions apply from October 1 to May 31.

EFFECTIVE DATE: Upon passage

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 50 Nay 0 (04/03/2012)