



General Assembly

February Session, 2012

Raised Bill No. 5420

LCO No. 1945

01945_____FIN

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

AN ACT CONCERNING THE IMPOSITION OF THE SALES TAX ON ROOM REMARKETERS.

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

1 Section 1. Subsection (a) of section 12-407 of the 2012 supplement to
2 the general statutes is amended by adding subdivisions (42) to (44),
3 inclusive, as follows (*Effective July 1, 2012, and applicable to sales*
4 *occurring on or after said date*):

5 (NEW) (42) "Room remarketer" means any person, excluding an
6 operator, having any right, access, ability or authority, through an
7 Internet transaction or any other means, to offer, reserve, book, arrange
8 for, remarket, distribute, broker, resell or facilitate the transfer of a
9 room, the occupancy of which is subject to tax under this chapter.

10 (NEW) (43) "Net rent" means the rent received by an operator from
11 a room remarketer.

12 (NEW) (44) "Additional rent" means the excess of the rent received
13 from an occupant by a room remarketer over the net rent.

14 Sec. 2. Subdivision (3) of subsection (a) of section 12-407 of the 2012

15 supplement to the general statutes is repealed and the following is
16 substituted in lieu thereof (*Effective July 1, 2012, and applicable to sales*
17 *occurring on or after said date*):

18 (3) (A) "Retail sale" or "sale at retail" means and includes (i) a sale for
19 any purpose other than resale in the regular course of business of
20 tangible personal property, or (ii) a transfer for a consideration of the
21 occupancy of any room or rooms in a hotel or lodging house for a
22 period of thirty consecutive calendar days or less, or (iii) the rendering
23 of any service described in subdivision (2) of this subsection. The
24 delivery in this state of tangible personal property by an owner or
25 former owner thereof or by a factor, if the delivery is to a consumer
26 pursuant to a retail sale made by a retailer not engaged in business in
27 this state, or a transfer for a consideration of the occupancy of any
28 room or rooms in a hotel or lodging house located in this state is a
29 retail sale in this state by the person making the delivery or transfer.
30 Such person shall include the retail selling price of the property in such
31 person's gross receipts.

32 (B) "Retail sale" or "sale at retail" does not include any sale of any
33 tangible personal property, where, no later than one hundred twenty
34 days after the original sale, the original purchaser sells or becomes
35 contractually obligated to sell such property to a retailer who is
36 contractually obligated to lease such property back to such original
37 purchaser in a lease that is taxable under this chapter or the sale of
38 such property by the original purchaser to the retailer who is
39 contractually obligated to lease such property back to such original
40 purchaser in a lease that is taxable under this chapter. If the original
41 purchaser has paid sales or use tax on the original sale of such
42 property to the original purchaser, such original purchaser may (i)
43 claim a refund of such tax under the provisions of section 12-425, upon
44 presentation of proof satisfactory to the commissioner that the mutual
45 contractual obligations described in this subparagraph were
46 undertaken no later than one hundred twenty days after the original
47 sale and that such tax was paid to the original retailer on the original

48 sale and was remitted to the commissioner by such original retailer or
49 by such original purchaser, or (ii) issue at the time of such original sale
50 or no later than one hundred twenty days thereafter a certificate, in the
51 form prescribed by the commissioner, to the original retailer certifying
52 that the mutual contractual obligations described in this subparagraph
53 have been undertaken. If such certificate is issued to the original
54 retailer at the time of the original sale, no tax on the original sale shall
55 be collected by the original retailer from the original purchaser. If the
56 certificate is issued after the time of the original sale but no later than
57 one hundred twenty days thereafter, the original retailer shall refund
58 to the original purchaser the tax collected on the original sale and, if
59 the original retailer has previously remitted the tax to the
60 commissioner, the original retailer may either treat the amount so
61 refunded as a credit against the tax due on the return next filed under
62 this chapter, or claim a refund under section 12-425. If such certificate
63 is issued no later than one hundred twenty days after the time of the
64 original sale but the tangible personal property originally purchased is
65 not, in fact, subsequently leased by the original purchaser, such
66 original purchaser shall be liable for and be required to pay the tax due
67 on the original sale.

68 Sec. 3. Subdivisions (8) and (9) of subsection (a) of section 12-407 of
69 the 2012 supplement to the general statutes are repealed and the
70 following is substituted in lieu thereof (*Effective July 1, 2012, and*
71 *applicable to sales occurring on or after said date*):

72 (8) (A) "Sales price" means the total amount for which tangible
73 personal property is sold by a retailer, the total amount of rent for
74 which occupancy of a room is transferred by an operator or a room
75 remarketer, the total amount for which any service described in
76 subdivision (2) of this subsection is rendered by a retailer or the total
77 amount of payment or periodic payments for which tangible personal
78 property is leased by a retailer, valued in money, whether paid in
79 money or otherwise, which amount is due and owing to the retailer or
80 operator and, subject to the provisions of subdivision (1) of section 12-

81 408, as amended by this act, whether or not actually received by the
82 retailer or operator, without any deduction on account of any of the
83 following: (i) The cost of the property sold; (ii) the cost of materials
84 used, labor or service cost, interest charged, losses or any other
85 expenses; (iii) for any sale occurring on or after July 1, 1993, any
86 charges by the retailer to the purchaser for shipping or delivery,
87 notwithstanding whether such charges are separately stated in a
88 written contract, or on a bill or invoice rendered to such purchaser or
89 whether such shipping or delivery is provided by the retailer or a third
90 party. The provisions of subparagraph (A) (iii) of this subdivision shall
91 not apply to any item exempt from taxation pursuant to section 12-412.
92 Such total amount includes any services that are a part of the sale;
93 except as otherwise provided in subparagraph (B)(v) or (B)(vi) of this
94 subdivision, any amount for which credit is given to the purchaser by
95 the retailer, and all compensation and all employment-related
96 expenses, whether or not separately stated, paid to or on behalf of
97 employees of a retailer of any service described in subdivision (2) of
98 this subsection.

99 (B) "Sales price" does not include any of the following: (i) Cash
100 discounts allowed and taken on sales; (ii) any portion of the amount
101 charged for property returned by purchasers, which upon rescission of
102 the contract of sale is refunded either in cash or credit, provided the
103 property is returned within ninety days from the date of purchase; (iii)
104 the amount of any tax, not including any manufacturers' or importers'
105 excise tax, imposed by the United States upon or with respect to retail
106 sales whether imposed upon the retailer or the purchaser; (iv) the
107 amount charged for labor rendered in installing or applying the
108 property sold, provided such charge is separately stated and exclusive
109 of such charge for any service rendered within the purview of
110 subparagraph (I) of subdivision (37) of this subsection; (v) unless the
111 provisions of subdivision (4) of section 12-430 or of section 12-430a are
112 applicable, any amount for which credit is given to the purchaser by
113 the retailer, provided such credit is given solely for property of the
114 same kind accepted in part payment by the retailer and intended by

115 the retailer to be resold; (vi) the full face value of any coupon used by a
116 purchaser to reduce the price paid to a retailer for an item of tangible
117 personal property, whether or not the retailer will be reimbursed for
118 such coupon, in whole or in part, by the manufacturer of the item of
119 tangible personal property or by a third party; (vii) the amount
120 charged for separately stated compensation, fringe benefits, workers'
121 compensation and payroll taxes or assessments paid to or on behalf of
122 employees of a retailer who has contracted to manage a service
123 recipient's property or business premises and renders management
124 services described in subparagraph (I) or (J) of subdivision (37) of this
125 subsection, provided, the employees perform such services solely for
126 the service recipient at its property or business premises and "sales
127 price" shall include the separately stated compensation, fringe benefits,
128 workers' compensation and payroll taxes or assessments paid to or on
129 behalf of any employee of the retailer who is an officer, director or
130 owner of more than five per cent of the outstanding capital stock of the
131 retailer. Determination whether an employee performs services solely
132 for a service recipient at its property or business premises for purposes
133 of this subdivision shall be made by reference to such employee's
134 activities during the time period beginning on the later of the
135 commencement of the management contract, the date of the
136 employee's first employment by the retailer or the date which is six
137 months immediately preceding the date of such determination; (viii)
138 the amount charged for separately stated compensation, fringe
139 benefits, workers' compensation and payroll taxes or assessments paid
140 to or on behalf of (I) a leased employee, or (II) a worksite employee by
141 a professional employer organization pursuant to a professional
142 employer agreement. For purposes of this subparagraph, an employee
143 shall be treated as a leased employee if the employee is provided to the
144 client at the commencement of an agreement with an employee leasing
145 organization under which at least seventy-five per cent of the
146 employees provided to the client at the commencement of such initial
147 agreement qualify as leased employees pursuant to Section 414(n) of
148 the Internal Revenue Code of 1986, or any subsequent corresponding

149 internal revenue code of the United States, as from time to time
150 amended, or the employee is added to the client's workforce by the
151 employee leasing organization subsequent to the commencement of
152 such initial agreement and qualifies as a leased employee pursuant to
153 Section 414(n) of said Internal Revenue Code of 1986 without regard to
154 subparagraph (B) of paragraph (2) thereof. A leased employee, or a
155 worksite employee subject to a professional employer agreement, shall
156 not include any employee who is hired by a temporary help service
157 and assigned to support or supplement the workforce of a temporary
158 help service's client; (ix) any amount received by a retailer from a
159 purchaser as the battery deposit that is required to be paid under
160 subsection (a) of section 22a-245h; the refund value of a beverage
161 container that is required to be paid under subsection (a) of section
162 22a-244; or a deposit that is required by law to be paid by the
163 purchaser to the retailer and that is required by law to be refunded to
164 the purchaser by the retailer when the same or similar tangible
165 personal property is delivered as required by law to the retailer by the
166 purchaser, if such amount is separately stated on the bill or invoice
167 rendered by the retailer to the purchaser; and (x) the amount charged
168 for separately stated compensation, fringe benefits, workers'
169 compensation and payroll taxes or assessments paid to a media payroll
170 services company, as defined in this subsection.

171 (9) (A) "Gross receipts" means the total amount of the sales price
172 from retail sales of tangible personal property by a retailer, the total
173 amount of the rent from transfers of occupancy of rooms by an
174 operator or room remarketer, the total amount of the sales price from
175 retail sales of any service described in subdivision (2) of this subsection
176 by a retailer of services, or the total amount of payment or periodic
177 payments from leases or rentals of tangible personal property by a
178 retailer, valued in money, whether received in money or otherwise,
179 which amount is due and owing to the retailer or operator and, subject
180 to the provisions of subdivision (1) of section 12-408, as amended by
181 this act, whether or not actually received by the retailer or operator,
182 without any deduction on account of any of the following: (i) The cost

183 of the property sold; however, in accordance with such regulations as
184 the Commissioner of Revenue Services may prescribe, a deduction
185 may be taken if the retailer has purchased property for some other
186 purpose than resale, has reimbursed the retailer's vendor for tax which
187 the vendor is required to pay to the state or has paid the use tax with
188 respect to the property, and has resold the property prior to making
189 any use of the property other than retention, demonstration or display
190 while holding it for sale in the regular course of business. If such a
191 deduction is taken by the retailer, no refund or credit will be allowed
192 to the retailer's vendor with respect to the sale of the property; (ii) the
193 cost of the materials used, labor or service cost, interest paid, losses or
194 any other expense; (iii) for any sale occurring on or after July 1, 1993,
195 except for any item exempt from taxation pursuant to section 12-412,
196 any charges by the retailer to the purchaser for shipping or delivery,
197 notwithstanding whether such charges are separately stated in the
198 written contract, or on a bill or invoice rendered to such purchaser or
199 whether such shipping or delivery is provided by the retailer or a third
200 party. The total amount of the sales price includes any services that are
201 a part of the sale; all receipts, cash, credits and property of any kind;
202 except as otherwise provided in subparagraph (B)(v) or (B)(vi) of this
203 subdivision, any amount for which credit is allowed by the retailer to
204 the purchaser; and all compensation and all employment-related
205 expenses, whether or not separately stated, paid to or on behalf of
206 employees of a retailer of any service described in subdivision (2) of
207 this subsection.

208 (B) "Gross receipts" do not include any of the following: (i) Cash
209 discounts allowed and taken on sales; (ii) any portion of the sales price
210 of property returned by purchasers, which upon rescission of the
211 contract of sale is refunded either in cash or credit, provided the
212 property is returned within ninety days from the date of sale; (iii) the
213 amount of any tax, not including any manufacturers' or importers'
214 excise tax, imposed by the United States upon or with respect to retail
215 sales whether imposed upon the retailer or the purchaser; (iv) the
216 amount charged for labor rendered in installing or applying the

217 property sold, provided such charge is separately stated and exclusive
218 of such charge for any service rendered within the purview of
219 subparagraph (I) of subdivision (37) of this subsection; (v) unless the
220 provisions of subdivision (4) of section 12-430 or of section 12-430a are
221 applicable, any amount for which credit is given to the purchaser by
222 the retailer, provided such credit is given solely for property of the
223 same kind accepted in part payment by the retailer and intended by
224 the retailer to be resold; (vi) the full face value of any coupon used by a
225 purchaser to reduce the price paid to the retailer for an item of tangible
226 personal property, whether or not the retailer will be reimbursed for
227 such coupon, in whole or in part, by the manufacturer of the item of
228 tangible personal property or by a third party; (vii) the amount
229 charged for separately stated compensation, fringe benefits, workers'
230 compensation and payroll taxes or assessments paid to or on behalf of
231 employees of a retailer who has contracted to manage a service
232 recipient's property or business premises and renders management
233 services described in subparagraph (I) or (J) of subdivision (37) of this
234 subsection, provided the employees perform such services solely for
235 the service recipient at its property or business premises and "gross
236 receipts" shall include the separately stated compensation, fringe
237 benefits, workers' compensation and payroll taxes or assessments paid
238 to or on behalf of any employee of the retailer who is an officer,
239 director or owner of more than five per cent of the outstanding capital
240 stock of the retailer. Determination whether an employee performs
241 services solely for a service recipient at its property or business
242 premises for purposes of this subdivision shall be made by reference to
243 such employee's activities during the time period beginning on the
244 later of the commencement of the management contract, the date of the
245 employee's first employment by the retailer or the date which is six
246 months immediately preceding the date of such determination; (viii)
247 the amount charged for separately stated compensation, fringe
248 benefits, workers' compensation and payroll taxes or assessments paid
249 to or on behalf of (I) a leased employee, or (II) a worksite employee by
250 a professional employer organization pursuant to a professional

251 employer agreement. For purposes of this subparagraph, an employee
252 shall be treated as a leased employee if the employee is provided to the
253 client at the commencement of an agreement with an employee leasing
254 organization under which at least seventy-five per cent of the
255 employees provided to the client at the commencement of such initial
256 agreement qualify as leased employees pursuant to Section 414(n) of
257 the Internal Revenue Code of 1986, or any subsequent corresponding
258 internal revenue code of the United States, as from time to time
259 amended, or the employee is added to the client's workforce by the
260 employee leasing organization subsequent to the commencement of
261 such initial agreement and qualifies as a leased employee pursuant to
262 Section 414(n) of said Internal Revenue Code of 1986 without regard to
263 subparagraph (B) of paragraph (2) thereof. A leased employee, or a
264 worksite employee subject to a professional employer agreement, shall
265 not include any employee who is hired by a temporary help service
266 and assigned to support or supplement the workforce of a temporary
267 help service's client; (ix) the amount received by a retailer from a
268 purchaser as the battery deposit that is required to be paid under
269 subsection (a) of section 22a-256h; the refund value of a beverage
270 container that is required to be paid under subsection (a) of section
271 22a-244 or a deposit that is required by law to be paid by the purchaser
272 to the retailer and that is required by law to be refunded to the
273 purchaser by the retailer when the same or similar tangible personal
274 property is delivered as required by law to the retailer by the
275 purchaser, if such amount is separately stated on the bill or invoice
276 rendered by the retailer to the purchaser; and (x) the amount charged
277 for separately stated compensation, fringe benefits, workers'
278 compensation and payroll taxes or assessments paid to a media payroll
279 services company, as defined in this subsection.

280 Sec. 4. Subdivision (12) of subsection (a) of section 12-407 of the 2012
281 supplement to the general statutes is repealed and the following is
282 substituted in lieu thereof (*Effective July 1, 2012, and applicable to sales*
283 *occurring on or after said date*):

284 (12) "Retailer" includes: (A) Every person engaged in the business of
285 making sales at retail or in the business of making retail sales at
286 auction of tangible personal property owned by the person or others;
287 (B) every person engaged in the business of making sales for storage,
288 use or other consumption or in the business of making sales at auction
289 of tangible personal property owned by the person or others for
290 storage, use or other consumption; (C) every operator, as defined in
291 subdivision (18) of this subsection, and every room remarketer, as
292 defined in subdivision (42) of this subsection; (D) every seller
293 rendering any service described in subdivision (2) of this subsection;
294 (E) every person under whom any salesman, representative, peddler or
295 canvasser operates in this state, or from whom such salesman,
296 representative, peddler or canvasser obtains the tangible personal
297 property that is sold; (F) every person with whose assistance any seller
298 is enabled to solicit orders within this state; (G) every person making
299 retail sales from outside this state to a destination within this state and
300 not maintaining a place of business in this state who engages in regular
301 or systematic solicitation of sales of tangible personal property in this
302 state (i) by the display of advertisements on billboards or other
303 outdoor advertising in this state, (ii) by the distribution of catalogs,
304 periodicals, advertising flyers or other advertising by means of print,
305 radio or television media, or (iii) by mail, telegraphy, telephone,
306 computer data base, cable, optic, microwave or other communication
307 system, for the purpose of effecting retail sales of tangible personal
308 property, provided such person has made one hundred or more retail
309 sales from outside this state to destinations within this state during the
310 twelve-month period ended on the September thirtieth immediately
311 preceding the monthly or quarterly period with respect to which such
312 person's liability for tax under this chapter is determined; (H) any
313 person owned or controlled, either directly or indirectly, by a retailer
314 engaged in business in this state which is the same as or similar to the
315 line of business in which such person so owned or controlled is
316 engaged; (I) any person owned or controlled, either directly or
317 indirectly, by the same interests that own or control, either directly or

318 indirectly, a retailer engaged in business in this state which is the same
319 as or similar to the line of business in which such person so owned or
320 controlled is engaged; (J) any assignee of a person engaged in the
321 business of leasing tangible personal property to others, where leased
322 property of such person which is subject to taxation under this chapter
323 is situated within this state and such assignee has a security interest, as
324 defined in subdivision (35) of subsection (b) of section 42a-1-201, in
325 such property; (K) every person making retail sales of items of tangible
326 personal property from outside this state to a destination within this
327 state and not maintaining a place of business in this state who repairs
328 or services such items, under a warranty, in this state, either directly or
329 indirectly through an agent, independent contractor or subsidiary; and
330 (L) every person making sales of tangible personal property or services
331 through an agreement with another person located in this state under
332 which such person located in this state, for a commission or other
333 consideration that is based upon the sale of tangible personal property
334 or services by the retailer, directly or indirectly refers potential
335 customers, whether by a link on an Internet web site or otherwise, to
336 the retailer, provided the cumulative gross receipts from sales by the
337 retailer to customers in the state who are referred to the retailer by all
338 such persons with this type of an agreement with the retailer, is in
339 excess of two thousand dollars during the preceding four quarterly
340 periods ending on the last day of March, June, September and
341 December.

342 Sec. 5. Subdivision (21) of subsection (a) of section 12-407 of the 2012
343 supplement to the general statutes is repealed and the following is
344 substituted in lieu thereof (*Effective July 1, 2012, and applicable to sales*
345 *occurring on or after said date*):

346 (21) "Rent" means the consideration received for occupancy valued
347 in money, whether received in money or otherwise, including all
348 receipts, cash, credits and property or services of any kind or nature,
349 including any service or booking fees that are a condition of
350 occupancy, and also any amount for which credit is allowed by the

351 operator or room remarketer to the occupant, without any deduction
352 therefrom whatsoever.

353 Sec. 6. Subdivisions (1) and (2) of section 12-408 of the 2012
354 supplement to the general statutes are repealed and the following is
355 substituted in lieu thereof (*Effective July 1, 2012, and applicable to sales*
356 *occurring on or after said date*):

357 (1) (A) For the privilege of making any sales, as defined in
358 subdivision (2) of subsection (a) of section 12-407, at retail, in this state
359 for a consideration, a tax is hereby imposed on all retailers at the rate
360 of six and thirty-five-hundredths per cent of the gross receipts of any
361 retailer from the sale of all tangible personal property sold at retail or
362 from the rendering of any services constituting a sale in accordance
363 with subdivision (2) of subsection (a) of section 12-407, except, in lieu
364 of said rate of six and thirty-five-hundredths per cent, the rates
365 provided in subparagraphs (B) to (F), inclusive, of this subdivision;

366 (B) At a rate of fifteen per cent with respect to each transfer of
367 occupancy, from the total amount of rent received, including both net
368 rent and additional rent, if applicable, for such occupancy of any room
369 or rooms in a hotel or lodging house for the first period not exceeding
370 thirty consecutive calendar days;

371 (C) With respect to the sale of a motor vehicle to any individual who
372 is a member of the armed forces of the United States and is on full-time
373 active duty in Connecticut and who is considered, under 50 App USC
374 574, a resident of another state, or to any such individual and the
375 spouse thereof, at a rate of four and one-half per cent of the gross
376 receipts of any retailer from such sales, provided such retailer requires
377 and maintains a declaration by such individual, prescribed as to form
378 by the commissioner and bearing notice to the effect that false
379 statements made in such declaration are punishable, or other evidence,
380 satisfactory to the commissioner, concerning the purchaser's state of
381 residence under 50 App USC 574;

382 (D) (i) With respect to the sales of computer and data processing
383 services occurring on or after July 1, 1997, and prior to July 1, 1998, at
384 the rate of five per cent, on or after July 1, 1998, and prior to July 1,
385 1999, at the rate of four per cent, on or after July 1, 1999, and prior to
386 July 1, 2000, at the rate of three per cent, on or after July 1, 2000, and
387 prior to July 1, 2001, at the rate of two per cent, on or after July 1, 2001,
388 at the rate of one per cent, and (ii) with respect to sales of Internet
389 access services, on and after July 1, 2001, such services shall be exempt
390 from such tax;

391 (E) With respect to the sales of labor that is otherwise taxable under
392 subparagraph (C) or (G) of subdivision (2) of subsection (a) of section
393 12-407 on existing vessels and repair or maintenance services on
394 vessels occurring on and after July 1, 1999, such services shall be
395 exempt from such tax;

396 (F) With respect to patient care services for which payment is
397 received by the hospital on or after July 1, 1999, and prior to July 1,
398 2001, at the rate of five and three-fourths per cent and on and after July
399 1, 2001, such services shall be exempt from such tax;

400 (G) With respect to the rental or leasing of a passenger motor
401 vehicle for a period of thirty consecutive calendar days or less, at a rate
402 of nine and thirty-five-hundredths per cent;

403 (H) With respect to the sale of (i) a motor vehicle for a sales price
404 exceeding fifty thousand dollars, at a rate of seven per cent on the
405 entire sales price, (ii) a vessel for a sales price exceeding one hundred
406 thousand dollars, at a rate of seven per cent on the entire sales price,
407 (iii) jewelry, whether real or imitation, for a sales price exceeding five
408 thousand dollars, at a rate of seven per cent on the entire sales price,
409 and (iv) an article of clothing or footwear intended to be worn on or
410 about the human body, a handbag, luggage, umbrella, wallet or watch
411 for a sales price exceeding one thousand dollars, at a rate of seven per
412 cent on the entire sales price. For purposes of this subparagraph,
413 "motor vehicle" shall have the meaning provided in section 14-1, but

414 shall not include a motor vehicle subject to the provisions of
415 subparagraph (C) of this subdivision, a motor vehicle having a gross
416 vehicle weight rating over twelve thousand five hundred pounds, or a
417 motor vehicle having a gross vehicle weight rating of twelve thousand
418 five hundred pounds or less that is not used for private passenger
419 purposes, but is designed or used to transport merchandise, freight or
420 persons in connection with any business enterprise and issued a
421 commercial registration or more specific type of registration by the
422 Department of Motor Vehicles;

423 (I) The rate of tax imposed by this chapter shall be applicable to all
424 retail sales upon the effective date of such rate, except that a new rate
425 which represents an increase in the rate applicable to the sale shall not
426 apply to any sales transaction wherein a binding sales contract without
427 an escalator clause has been entered into prior to the effective date of
428 the new rate and delivery is made within ninety days after the effective
429 date of the new rate. For the purposes of payment of the tax imposed
430 under this section, any retailer of services taxable under subparagraph
431 (I) of subdivision (2) of subsection (a) of section 12-407, who computes
432 taxable income, for purposes of taxation under the Internal Revenue
433 Code of 1986, or any subsequent corresponding internal revenue code
434 of the United States, as from time to time amended, on an accounting
435 basis which recognizes only cash or other valuable consideration
436 actually received as income and who is liable for such tax only due to
437 the rendering of such services may make payments related to such tax
438 for the period during which such income is received, without penalty
439 or interest, without regard to when such service is rendered;

440 (J) For calendar quarters ending on or after September 30, 2011, the
441 commissioner shall deposit into the municipal revenue sharing
442 account, established pursuant to section 4-66*l*, one and fifty-seven-
443 hundredths per cent of the amounts received by the state from the tax
444 imposed under subparagraph (A) of this subdivision, and one and
445 forty-three-hundredths per cent of the amounts received by the state
446 from the tax imposed under subparagraph (H) of this subdivision; and

447 (K) For calendar quarters ending on or after September 30, 2011, the
448 commissioner shall deposit into the regional performance incentive
449 account, established pursuant to section 4-66k, six and seven-tenths
450 per cent of the amounts received by the state from the tax imposed
451 under subparagraph (B) of this subdivision and ten and seven-tenths
452 per cent of the amounts received by the state from the tax imposed
453 under subparagraph (G) of this subdivision.

454 (2) (A) Reimbursement for the tax hereby imposed shall be collected
455 by the retailer from the consumer and such tax reimbursement, termed
456 "tax" in this and the following subsections, shall be paid by the
457 consumer to the retailer and each retailer shall collect from the
458 consumer the full amount of the tax imposed by this chapter or an
459 amount equal as nearly as possible or practicable to the average
460 equivalent thereof. Such tax shall be a debt from the consumer to the
461 retailer, when so added to the original sales price, and shall be
462 recoverable at law in the same manner as other debts except as
463 provided in section 12-432a. The amount of tax reimbursement, when
464 so collected, shall be deemed to be a special fund in trust for the state
465 of Connecticut.

466 (B) Whenever such tax, payable by the consumer (i) with respect to
467 a charge account or credit sale occurring on or after July 1, 1984, is
468 remitted by the retailer to the commissioner and such sale as an
469 account receivable is determined to be worthless and is actually
470 written off as uncollectible for federal income tax purposes, or (ii) to a
471 retailer who computes taxable income, for purposes of taxation under
472 the Internal Revenue Code of 1986, or any subsequent corresponding
473 internal revenue code of the United States, as from time to time
474 amended, on the cash basis method of accounting with respect to a sale
475 occurring on or after July 1, 1989, is remitted by the retailer to the
476 commissioner and such sale as an account receivable is determined to
477 be worthless, the amount of such tax remitted may be credited against
478 the tax due on the sales tax return filed by the retailer for the monthly
479 or quarterly period, whichever is applicable, next following the period

480 in which such amount is actually so written off, but in no event shall
481 such credit be allowed later than three years following the date such
482 tax is remitted, unless the credit relates to a period for which a waiver
483 is given pursuant to subsection (g) of section 12-415. The commissioner
484 shall, by regulations adopted in accordance with chapter 54, provide
485 standards for proving any such claim for credit. If any account with
486 respect to which such credit is allowed is thereafter collected by the
487 retailer in whole or in part, the amount so collected shall be included
488 in the sales tax return covering the period in which such collection
489 occurs. The tax applicable in any such case shall be determined in
490 accordance with the rate of sales tax in effect at the time of the original
491 sale.

492 (C) (i) Any person required to collect tax in accordance with this
493 subsection who demonstrates to the satisfaction of the Commissioner
494 of Revenue Services by July first of any year that, in any two quarterly
495 periods as described in section 12-414, within the most recent four
496 consecutive quarterly periods, such person was a materialman as such
497 term is used in chapter 847, who has at least fifty per cent of such
498 person's sales of building materials to contractors, subcontractors or
499 repairmen for the improvement of real property, and is authorized by
500 said chapter to file a mechanic's lien upon such real property and
501 improvement shall, with respect to such sales made through the
502 quarterly period ending the succeeding June thirtieth, collect tax due
503 on such sales, and on sales to such contractors, subcontractors or
504 repairmen of services described in subdivision (2) of subsection (a) of
505 section 12-407 with respect to such building materials, for such
506 purpose and made during such July first through June thirtieth period,
507 at the time and to the extent that such person receives the receipts
508 from, or consideration for, such sales from such contractors,
509 subcontractors or repairmen, provided if such person receives a
510 portion of such receipts or consideration, such person shall collect the
511 tax due on such portion at the time the portion is received. The taxes
512 imposed by this chapter on such receipts and consideration shall be
513 deemed imposed, solely for purposes of determining when such

514 person is required to collect and pay over such taxes to the
515 commissioner under section 12-414, when such person has received
516 payment of such receipts or consideration in money, or money's worth,
517 from such contractor, subcontractor or repairman. A contractor,
518 subcontractor or repairman who purchases building materials or
519 services from such person pursuant to this subparagraph shall, at the
520 time such contractor, subcontractor or repairman pays any portion of
521 the purchase price, pay to the person the tax due on the portion of the
522 purchase price so paid. (ii) In the event that a materialman described in
523 this subparagraph factors any portion of such materialman's
524 receivables, such materialman shall be deemed to have received
525 payment of such receipts or consideration in money or money's worth,
526 from the contractor, subcontractor or repairman and shall be required
527 to pay over tax on such sale with the next return due, with a credit
528 against such tax for any tax already paid over with respect to such sale.
529 Any such amount of tax paid over shall be on account of the tax
530 required to be collected on the sale to which it relates and such
531 materialman may take a credit against any tax paid by such contractor,
532 subcontractor or repairman in the future on such sale, to ensure that
533 tax paid over with respect to such sale does not exceed the amount of
534 tax imposed on such sale as if the entire purchase price had been paid
535 at the time of sale. (iii) A materialman described in this subparagraph
536 who has not collected the tax due on the full purchase price for a sale
537 described in this subparagraph from a contractor, subcontractor or
538 repairman within one year from the date of such sale, shall pay over to
539 the commissioner the tax due on any balance of such full purchase
540 price with such materialman's return for the period which includes the
541 date which is one year after the date of such sale. (iv) The
542 commissioner may assess additional tax due with respect to a sale
543 described in this subparagraph not later than three years from the date
544 the tax is required to be paid over to the commissioner pursuant to this
545 subparagraph, and in the case of a wilfully false or fraudulent return
546 with intent to evade the tax, or where no return has been filed such
547 taxpayer shall be subject to the provisions of section 12-428.

548 (D) In the case of a sale by a producer or wholesaler of newspapers
549 to a vendor who is not otherwise required to obtain a permit under
550 this chapter, such producer or wholesaler shall collect the sales tax on
551 such newspapers at the point of transfer to such vendor. Such tax shall
552 be based on the stated retail price of such newspapers. Such vendor
553 may add an amount to the price of the newspapers equal to the
554 amount paid as sales tax to the producer or wholesaler and such
555 vendor shall not be required to remit such amount to the state.

556 (E) (i) Where an occupant rents a room in a hotel or lodging house
557 that has been reserved, booked, arranged for remarketed, distributed,
558 brokered, resold or facilitated by a room remarketer, the tax imposed
559 by subdivision (1) of this section shall be determined based on the rent
560 received from the occupant by the room remarketer. The tax to be
561 collected on, and the portion of the tax attributable to, the net rent and
562 any additional rent shall be stated separately on any bill or statement
563 or charge made for such occupancy issued or delivered by the room
564 remarketer to the occupant.

565 (ii) Tax on the net rent shall be paid by the room remarketer to the
566 operator. The operator shall be liable for the collection and payment of
567 the tax on the net rent.

568 (iii) Tax on any additional rent charged to the occupant by the room
569 remarketer shall be paid by the occupant to the room remarketer. The
570 room remarketer shall be liable for the collection of tax on the
571 additional rent and for the payment of the tax on the additional rent,
572 provided, if a room remarketer demonstrates that it has paid to the
573 operator the portion of the tax based upon the additional rent, the
574 room remarketer will not be liable for payment of tax on the additional
575 rent.

576 Sec. 7. Subdivision (1) of section 12-411 of the 2012 supplement to
577 the general statutes is repealed and the following is substituted in lieu
578 thereof (*Effective July 1, 2012, and applicable to sales occurring on or after*
579 *said date*):

580 (1) (A) An excise tax is hereby imposed on the storage, acceptance,
581 consumption or any other use in this state of tangible personal
582 property purchased from any retailer for storage, acceptance,
583 consumption or any other use in this state, the acceptance or receipt of
584 any services constituting a sale in accordance with subdivision (2) of
585 subsection (a) of section 12-407, purchased from any retailer for
586 consumption or use in this state, or the storage, acceptance,
587 consumption or any other use in this state of tangible personal
588 property which has been manufactured, fabricated, assembled or
589 processed from materials by a person, either within or without this
590 state, for storage, acceptance, consumption or any other use by such
591 person in this state, to be measured by the sales price of materials, at
592 the rate of six and thirty-five-hundredths per cent of the sales price of
593 such property or services, except, in lieu of said rate of six and thirty-
594 five-hundredths per cent;

595 (B) At a rate of fifteen per cent of the rent paid, including both net
596 rent and additional rent, if applicable, for occupancy of any room or
597 rooms in a hotel or lodging house for the first period of not exceeding
598 thirty consecutive calendar days;

599 (C) With respect to the storage, acceptance, consumption or use in
600 this state of a motor vehicle purchased from any retailer for storage,
601 acceptance, consumption or use in this state by any individual who is a
602 member of the armed forces of the United States and is on full-time
603 active duty in Connecticut and who is considered, under 50 App USC
604 574, a resident of another state, or to any such individual and the
605 spouse of such individual at a rate of four and one-half per cent of the
606 sales price of such vehicle, provided such retailer requires and
607 maintains a declaration by such individual, prescribed as to form by
608 the commissioner and bearing notice to the effect that false statements
609 made in such declaration are punishable, or other evidence,
610 satisfactory to the commissioner, concerning the purchaser's state of
611 residence under 50 App USC 574;

612 (D) With respect to the acceptance or receipt in this state of labor
613 that is otherwise taxable under subparagraph (C) or (G) of subdivision
614 (2) of subsection (a) of section 12-407 on existing vessels and repair or
615 maintenance services on vessels occurring on and after July 1, 1999,
616 such services shall be exempt from such tax;

617 (E) With respect to the acceptance or receipt in this state of
618 computer and data processing services purchased from any retailer for
619 consumption or use in this state occurring on or after July 1, 1997, and
620 prior to July 1, 1998, at the rate of five per cent of such services, on or
621 after July 1, 1998, and prior to July 1, 1999, at the rate of four per cent of
622 such services, on or after July 1, 1999, and prior to July 1, 2000, at the
623 rate of three per cent of such services, on or after July 1, 2000, and prior
624 to July 1, 2001, at the rate of two per cent of such services, on and after
625 July 1, 2001, at the rate of one per cent of such services, and (ii) with
626 respect to the acceptance or receipt in this state of Internet access
627 services, on or after July 1, 2001, such services shall be exempt from
628 tax;

629 (F) With respect to the acceptance or receipt in this state of patient
630 care services purchased from any retailer for consumption or use in
631 this state for which payment is received by the hospital on or after July
632 1, 1999, and prior to July 1, 2001, at the rate of five and three-fourths
633 per cent and on and after July 1, 2001, such services shall be exempt
634 from such tax;

635 (G) With respect to the rental or leasing of a passenger motor
636 vehicle for a period of thirty consecutive calendar days or less, at a rate
637 of nine and thirty-five-hundredths per cent;

638 (H) With respect to the sale of (i) a motor vehicle for a sales price
639 exceeding fifty thousand dollars, at a rate of seven per cent on the
640 entire purchase price, (ii) a vessel for a sales price exceeding one
641 hundred thousand dollars, at a rate of seven per cent on the entire
642 purchase price, (iii) jewelry, whether real or imitation, for a sales price
643 exceeding five thousand dollars, at a rate of seven per cent on the

644 entire purchase price, and (iv) an article of clothing or footwear
645 intended to be worn on or about the human body, a handbag, luggage,
646 umbrella, wallet or watch for a sales price exceeding one thousand
647 dollars, at a rate of seven per cent on the entire purchase price. For
648 purposes of this subparagraph, "motor vehicle" shall have the meaning
649 provided in section 14-1, but shall not include a motor vehicle subject
650 to the provisions of subparagraph (C) of this subdivision, a motor
651 vehicle having a gross vehicle weight rating over twelve thousand five
652 hundred pounds, or a motor vehicle having a gross vehicle weight
653 rating of twelve thousand five hundred pounds or less that is not used
654 for private passenger purposes, but is designed or used to transport
655 merchandise, freight or persons in connection with any business
656 enterprise and issued a commercial registration or more specific type
657 of registration by the Department of Motor Vehicles;

658 (I) For calendar quarters ending on or after September 30, 2011, the
659 commissioner shall deposit into the municipal revenue sharing
660 account, established pursuant to section 4-66l, one and fifty-seven-
661 hundredths per cent of the amounts received by the state from the tax
662 imposed under subparagraph (A) of this subdivision, and one and
663 forty-three-hundredths of the amounts received by the state from the
664 tax imposed under subparagraph (H) of this subdivision; and

665 (J) For calendar quarters ending on or after September 30, 2011, the
666 commissioner shall deposit into the regional performance incentive
667 account, established pursuant to section 4-66k, six and seven-tenths
668 per cent of the amounts received by the state from the tax imposed
669 under subparagraph (B) of this subdivision and ten and seven-tenths
670 per cent of the amounts received by the state from the tax imposed
671 under subparagraph (G) of this subdivision.

<p>This act shall take effect as follows and shall amend the following sections:</p>
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Section 1	<i>July 1, 2012, and applicable to sales occurring on or after said date</i>	12-407(a)
Sec. 2	<i>July 1, 2012, and applicable to sales occurring on or after said date</i>	12-407(a)(3)
Sec. 3	<i>July 1, 2012, and applicable to sales occurring on or after said date</i>	12-407(a)(8) and (9)
Sec. 4	<i>July 1, 2012, and applicable to sales occurring on or after said date</i>	12-407(a)(12)
Sec. 5	<i>July 1, 2012, and applicable to sales occurring on or after said date</i>	12-407(a)(21)
Sec. 6	<i>July 1, 2012, and applicable to sales occurring on or after said date</i>	12-408(1) and (2)
Sec. 7	<i>July 1, 2012, and applicable to sales occurring on or after said date</i>	12-411(1)

Statement of Purpose:

To ensure that sales and use tax is being paid for that portion of the rent for a hotel room that is added on by on-line travel service companies that provide hotel rooms at a discounted rate.

[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.]