



General Assembly

January Session, 2013

Amendment

LCO No. 8679

HB0670408679SR0

Offered by:

SEN. MCKINNEY, 28th Dist.
SEN. FASANO, 34th Dist.
SEN. BOUCHER, 26th Dist.
SEN. CHAPIN, 30th Dist.
SEN. FRANTZ, 36th Dist.
SEN. GUGLIELMO, 35th Dist.
SEN. KANE, 32nd Dist.

SEN. KELLY, 21st Dist.
SEN. KISSEL, 7th Dist.
SEN. LINARES, 33rd Dist.
SEN. MARKLEY, 16th Dist.
SEN. MCLACHLAN, 24th Dist.
SEN. WELCH, 31st Dist.
SEN. WITKOS, 8th Dist.

To: House Bill No. 6704

File No.

Cal. No. 692

(As Amended by House Amendment Schedule "A")

**"AN ACT CONCERNING EXPENDITURES AND REVENUE FOR
THE BIENNIUM ENDING JUNE 30, 2015."**

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Section 12-408 of the general statutes is repealed and the
4 following is substituted in lieu thereof (*Effective upon enactment of the*
5 *federal Marketplace Fairness Act of 2013, and completion of any state action*
6 *necessary to comply with said act*):

7 (1) (A) For the privilege of making any sales, as defined in
8 subdivision (2) of subsection (a) of section 12-407, at retail, in this state

9 for a consideration, a tax is hereby imposed on all retailers at the rate
10 of [six and thirty-five-hundredths] six per cent of the gross receipts of
11 any retailer from the sale of all tangible personal property sold at retail
12 or from the rendering of any services constituting a sale in accordance
13 with subdivision (2) of subsection (a) of section 12-407, except, in lieu
14 of said rate of [six and thirty-five-hundredths] six per cent, the rates
15 provided in subparagraphs (B) to (F), inclusive, of this subdivision;

16 (B) At a rate of fifteen per cent with respect to each transfer of
17 occupancy, from the total amount of rent received for such occupancy
18 of any room or rooms in a hotel or lodging house for the first period
19 not exceeding thirty consecutive calendar days;

20 (C) With respect to the sale of a motor vehicle to any individual who
21 is a member of the armed forces of the United States and is on full-time
22 active duty in Connecticut and who is considered, under 50 App USC
23 574, a resident of another state, or to any such individual and the
24 spouse thereof, at a rate of four and one-half per cent of the gross
25 receipts of any retailer from such sales, provided such retailer requires
26 and maintains a declaration by such individual, prescribed as to form
27 by the commissioner and bearing notice to the effect that false
28 statements made in such declaration are punishable, or other evidence,
29 satisfactory to the commissioner, concerning the purchaser's state of
30 residence under 50 App USC 574;

31 (D) (i) With respect to the sales of computer and data processing
32 services occurring on or after July 1, 1997, and prior to July 1, 1998, at
33 the rate of five per cent, on or after July 1, 1998, and prior to July 1,
34 1999, at the rate of four per cent, on or after July 1, 1999, and prior to
35 July 1, 2000, at the rate of three per cent, on or after July 1, 2000, and
36 prior to July 1, 2001, at the rate of two per cent, on or after July 1, 2001,
37 at the rate of one per cent, and (ii) with respect to sales of Internet
38 access services, on and after July 1, 2001, such services shall be exempt
39 from such tax;

40 (E) With respect to the sales of labor that is otherwise taxable under

41 subparagraph (C) or (G) of subdivision (2) of subsection (a) of section
42 12-407 on existing vessels and repair or maintenance services on
43 vessels occurring on and after July 1, 1999, such services shall be
44 exempt from such tax;

45 (F) With respect to patient care services for which payment is
46 received by the hospital on or after July 1, 1999, and prior to July 1,
47 2001, at the rate of five and three-fourths per cent and on and after July
48 1, 2001, such services shall be exempt from such tax;

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

52 (H) With respect to the sale of (i) a motor vehicle for a sales price
53 exceeding fifty thousand dollars, at a rate of seven per cent on the
54 entire sales price, (ii) a vessel for a sales price exceeding one hundred
55 thousand dollars, at a rate of seven per cent on the entire sales price,
56 (iii) jewelry, whether real or imitation, for a sales price exceeding five
57 thousand dollars, at a rate of seven per cent on the entire sales price,
58 and (iv) an article of clothing or footwear intended to be worn on or
59 about the human body, a handbag, luggage, umbrella, wallet or watch
60 for a sales price exceeding one thousand dollars, at a rate of seven per
61 cent on the entire sales price. For purposes of this subparagraph,
62 "motor vehicle" shall have the meaning provided in section 14-1, but
63 shall not include a motor vehicle subject to the provisions of
64 subparagraph (C) of this subdivision, a motor vehicle having a gross
65 vehicle weight rating over twelve thousand five hundred pounds, or a
66 motor vehicle having a gross vehicle weight rating of twelve thousand
67 five hundred pounds or less that is not used for private passenger
68 purposes, but is designed or used to transport merchandise, freight or
69 persons in connection with any business enterprise and issued a
70 commercial registration or more specific type of registration by the
71 Department of Motor Vehicles;

72 (I) The rate of tax imposed by this chapter shall be applicable to all

73 retail sales upon the effective date of such rate, except that a new rate
74 which represents an increase in the rate applicable to the sale shall not
75 apply to any sales transaction wherein a binding sales contract without
76 an escalator clause has been entered into prior to the effective date of
77 the new rate and delivery is made within ninety days after the effective
78 date of the new rate. For the purposes of payment of the tax imposed
79 under this section, any retailer of services taxable under subparagraph
80 (I) of subdivision (2) of subsection (a) of section 12-407, who computes
81 taxable income, for purposes of taxation under the Internal Revenue
82 Code of 1986, or any subsequent corresponding internal revenue code
83 of the United States, as from time to time amended, on an accounting
84 basis which recognizes only cash or other valuable consideration
85 actually received as income and who is liable for such tax only due to
86 the rendering of such services may make payments related to such tax
87 for the period during which such income is received, without penalty
88 or interest, without regard to when such service is rendered;

89 (J) For calendar quarters ending on or after September 30, 2011, the
90 commissioner shall deposit into the municipal revenue sharing
91 account, established pursuant to section 4-66l, one and fifty-seven-
92 hundredths per cent of the amounts received by the state from the tax
93 imposed under subparagraph (A) of this subdivision, and one and
94 forty-three-hundredths per cent of the amounts received by the state
95 from the tax imposed under subparagraph (H) of this subdivision; and

96 (K) For calendar quarters ending on or after September 30, 2011, the
97 commissioner shall deposit into the regional performance incentive
98 account, established pursuant to section 4-66k, six and seven-tenths
99 per cent of the amounts received by the state from the tax imposed
100 under subparagraph (B) of this subdivision and ten and seven-tenths
101 per cent of the amounts received by the state from the tax imposed
102 under subparagraph (G) of this subdivision.

103 (2) (A) Reimbursement for the tax hereby imposed shall be collected
104 by the retailer from the consumer and such tax reimbursement, termed
105 "tax" in this and the following subsections, shall be paid by the

106 consumer to the retailer and each retailer shall collect from the
107 consumer the full amount of the tax imposed by this chapter or an
108 amount equal as nearly as possible or practicable to the average
109 equivalent thereof. Such tax shall be a debt from the consumer to the
110 retailer, when so added to the original sales price, and shall be
111 recoverable at law in the same manner as other debts except as
112 provided in section 12-432a. The amount of tax reimbursement, when
113 so collected, shall be deemed to be a special fund in trust for the state
114 of Connecticut.

115 (B) Whenever such tax, payable by the consumer (i) with respect to
116 a charge account or credit sale occurring on or after July 1, 1984, is
117 remitted by the retailer to the commissioner and such sale as an
118 account receivable is determined to be worthless and is actually
119 written off as uncollectible for federal income tax purposes, or (ii) to a
120 retailer who computes taxable income, for purposes of taxation under
121 the Internal Revenue Code of 1986, or any subsequent corresponding
122 internal revenue code of the United States, as from time to time
123 amended, on the cash basis method of accounting with respect to a sale
124 occurring on or after July 1, 1989, is remitted by the retailer to the
125 commissioner and such sale as an account receivable is determined to
126 be worthless, the amount of such tax remitted may be credited against
127 the tax due on the sales tax return filed by the retailer for the monthly
128 or quarterly period, whichever is applicable, next following the period
129 in which such amount is actually so written off, but in no event shall
130 such credit be allowed later than three years following the date such
131 tax is remitted, unless the credit relates to a period for which a waiver
132 is given pursuant to subsection (g) of section 12-415. The commissioner
133 shall, by regulations adopted in accordance with chapter 54, provide
134 standards for proving any such claim for credit. If any account with
135 respect to which such credit is allowed is thereafter collected by the
136 retailer in whole or in part, the amount so collected shall be included
137 in the sales tax return covering the period in which such collection
138 occurs. The tax applicable in any such case shall be determined in
139 accordance with the rate of sales tax in effect at the time of the original

140 sale.

141 (C) (i) Any person required to collect tax in accordance with this
142 subsection who demonstrates to the satisfaction of the Commissioner
143 of Revenue Services by July first of any year that, in any two quarterly
144 periods as described in section 12-414, within the most recent four
145 consecutive quarterly periods, such person was a materialman as such
146 term is used in chapter 847, who has at least fifty per cent of such
147 person's sales of building materials to contractors, subcontractors or
148 repairmen for the improvement of real property, and is authorized by
149 said chapter to file a mechanic's lien upon such real property and
150 improvement shall, with respect to such sales made through the
151 quarterly period ending the succeeding June thirtieth, collect tax due
152 on such sales, and on sales to such contractors, subcontractors or
153 repairmen of services described in subdivision (2) of section 12-407
154 with respect to such building materials, for such purpose and made
155 during such July first through June thirtieth period, at the time and to
156 the extent that such person receives the receipts from, or consideration
157 for, such sales from such contractors, subcontractors or repairmen,
158 provided if such person receives a portion of such receipts or
159 consideration, such person shall collect the tax due on such portion at
160 the time the portion is received. The taxes imposed by this chapter on
161 such receipts and consideration shall be deemed imposed, solely for
162 purposes of determining when such person is required to collect and
163 pay over such taxes to the commissioner under section 12-414, when
164 such person has received payment of such receipts or consideration in
165 money, or money's worth, from such contractor, subcontractor or
166 repairman. A contractor, subcontractor or repairman who purchases
167 building materials or services from such person pursuant to this
168 subparagraph shall, at the time such contractor, subcontractor or
169 repairman pays any portion of the purchase price, pay to the person
170 the tax due on the portion of the purchase price so paid. (ii) In the
171 event that a materialman described in this subparagraph factors any
172 portion of such materialman's receivables, such materialman shall be
173 deemed to have received payment of such receipts or consideration in

174 money or money's worth, from the contractor, subcontractor or
175 repairman and shall be required to pay over tax on such sale with the
176 next return due, with a credit against such tax for any tax already paid
177 over with respect to such sale. Any such amount of tax paid over shall
178 be on account of the tax required to be collected on the sale to which it
179 relates and such materialman may take a credit against any tax paid by
180 such contractor, subcontractor or repairman in the future on such sale,
181 to ensure that tax paid over with respect to such sale does not exceed
182 the amount of tax imposed on such sale as if the entire purchase price
183 had been paid at the time of sale. (iii) A materialman described in this
184 subparagraph who has not collected the tax due on the full purchase
185 price for a sale described in this subparagraph from a contractor,
186 subcontractor or repairman within one year from the date of such sale,
187 shall pay over to the commissioner the tax due on any balance of such
188 full purchase price with such materialman's return for the period
189 which includes the date which is one year after the date of such sale.
190 (iv) The commissioner may assess additional tax due with respect to a
191 sale described in this subparagraph not later than three years from the
192 date the tax is required to be paid over to the commissioner pursuant
193 to this subparagraph, and in the case of a wilfully false or fraudulent
194 return with intent to evade the tax, or where no return has been filed
195 such taxpayer shall be subject to the provisions of section 12-428.

196 (D) In the case of a sale by a producer or wholesaler of newspapers
197 to a vendor who is not otherwise required to obtain a permit under
198 this chapter, such producer or wholesaler shall collect the sales tax on
199 such newspapers at the point of transfer to such vendor. Such tax shall
200 be based on the stated retail price of such newspapers. Such vendor
201 may add an amount to the price of the newspapers equal to the
202 amount paid as sales tax to the producer or wholesaler and such
203 vendor shall not be required to remit such amount to the state.

204 (3) For the purpose of adding and collecting the tax imposed by this
205 chapter, or an amount equal as nearly as possible or practicable to the
206 average equivalent thereof, by the retailer from the consumer the

207 following bracket system shall be in force and effect as follows:

T1	Amount of Sale	Amount of Tax
T2	\$0.00 to \$0.07 inclusive	No Tax
T3	.08 to .23 inclusive	1 cent
T4	.24 to .39 inclusive	2 cents
T5	.40 to .55 inclusive	3 cents
T6	.56 to .70 inclusive	4 cents
T7	.71 to .86 inclusive	5 cents
T8	.87 to 1.02 inclusive	6 cents
T9	1.03 to 1.18 inclusive	7 cents

208 On all sales above \$1.18, the tax shall be computed at the rate of [six
209 and thirty-five-hundredths] six per cent.

210 (4) No retailer shall advertise or hold out or state to the public or to
211 any consumer, directly or indirectly, that the tax or any part thereof
212 will be assumed or absorbed by the retailer or that it will not be added
213 to the sales price of the property sold or that, if added, it or any part
214 thereof will be refunded. Under the provisions of this section,
215 however, a retailer may advertise the sale of tangible personal
216 property by any of the following methods: By stating the sales price
217 alone without reference to the tax; by stating separately the sales price
218 and the amount of tax to be collected thereon; by stating the sales price
219 "plus tax" or "exclusive of tax" or by stating a sales price which
220 includes the tax, together with the words "tax included" or "tax incl.";
221 provided the retailer in the case of all such sales shall maintain his
222 records to show separately the actual price of such sales and the
223 amount of the tax paid thereon; and provided such retailer, if
224 requested, shall furnish the consumer with a sales slip or other like
225 evidence of the sale, showing the tax separately computed thereon.
226 Any person violating any provision of this subsection shall be fined
227 five hundred dollars for each offense.

228 (5) No retailer shall exhibit or display on his premises any notice,

229 sign or other advertising matter tending to mislead the public in
230 connection with the imposition or collection of the tax. The
231 Commissioner of Revenue Services may approve a form of notice for
232 the purpose of explaining the operation of the tax.

233 (6) The Commissioner of Revenue Services shall adopt regulations,
234 in accordance with chapter 54, establishing a procedure for
235 determination of qualifications with respect to the reduced rate of sales
236 tax in the case of certain sales of motor vehicles to members of the
237 armed forces as provided in subsection (1) of this section.

238 (7) For purposes of the tax imposed by this chapter, with respect to
239 toll telephone service paid by inserting coins in coin-operated
240 telephones, the tax shall be computed to the nearest multiple of five
241 cents, except if the tax is midway between multiples of five cents, the
242 next higher multiple shall apply.

243 Sec. 502. Subdivision (1) of section 12-411 of the general statutes is
244 repealed and the following is substituted in lieu thereof (*Effective upon*
245 *enactment of the federal Marketplace Fairness Act of 2013, and completion of*
246 *any state action necessary to comply with said act*):

247 (1) (A) An excise tax is hereby imposed on the storage, acceptance,
248 consumption or any other use in this state of tangible personal
249 property purchased from any retailer for storage, acceptance,
250 consumption or any other use in this state, the acceptance or receipt of
251 any services constituting a sale in accordance with subdivision (2) of
252 subsection (a) of section 12-407, purchased from any retailer for
253 consumption or use in this state, or the storage, acceptance,
254 consumption or any other use in this state of tangible personal
255 property which has been manufactured, fabricated, assembled or
256 processed from materials by a person, either within or without this
257 state, for storage, acceptance, consumption or any other use by such
258 person in this state, to be measured by the sales price of materials, at
259 the rate of [six and thirty-five-hundredths] six per cent of the sales
260 price of such property or services, except, in lieu of said rate of [six and

261 thirty-five-hundredths] six per cent;

262 (B) At a rate of fifteen per cent of the rent paid for occupancy of any
263 room or rooms in a hotel or lodging house for the first period of not
264 exceeding thirty consecutive calendar days;

265 (C) With respect to the storage, acceptance, consumption or use in
266 this state of a motor vehicle purchased from any retailer for storage,
267 acceptance, consumption or use in this state by any individual who is a
268 member of the armed forces of the United States and is on full-time
269 active duty in Connecticut and who is considered, under 50 App USC
270 574, a resident of another state, or to any such individual and the
271 spouse of such individual at a rate of four and one-half per cent of the
272 sales price of such vehicle, provided such retailer requires and
273 maintains a declaration by such individual, prescribed as to form by
274 the commissioner and bearing notice to the effect that false statements
275 made in such declaration are punishable, or other evidence,
276 satisfactory to the commissioner, concerning the purchaser's state of
277 residence under 50 App USC 574;

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

283 (E) With respect to the acceptance or receipt in this state of
284 computer and data processing services purchased from any retailer for
285 consumption or use in this state occurring on or after July 1, 1997, and
286 prior to July 1, 1998, at the rate of five per cent of such services, on or
287 after July 1, 1998, and prior to July 1, 1999, at the rate of four per cent of
288 such services, on or after July 1, 1999, and prior to July 1, 2000, at the
289 rate of three per cent of such services, on or after July 1, 2000, and prior
290 to July 1, 2001, at the rate of two per cent of such services, on and after
291 July 1, 2001, at the rate of one per cent of such services, and (ii) with
292 respect to the acceptance or receipt in this state of Internet access

293 services, on or after July 1, 2001, such services shall be exempt from
294 tax;

295 (F) With respect to the acceptance or receipt in this state of patient
296 care services purchased from any retailer for consumption or use in
297 this state for which payment is received by the hospital on or after July
298 1, 1999, and prior to July 1, 2001, at the rate of five and three-fourths
299 per cent and on and after July 1, 2001, such services shall be exempt
300 from such tax;

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

304 (H) With respect to the sale of (i) a motor vehicle for a sales price
305 exceeding fifty thousand dollars, at a rate of seven per cent on the
306 entire purchase price, (ii) a vessel for a sales price exceeding one
307 hundred thousand dollars, at a rate of seven per cent on the entire
308 purchase price, (iii) jewelry, whether real or imitation, for a sales price
309 exceeding five thousand dollars, at a rate of seven per cent on the
310 entire purchase price, and (iv) an article of clothing or footwear
311 intended to be worn on or about the human body, a handbag, luggage,
312 umbrella, wallet or watch for a sales price exceeding one thousand
313 dollars, at a rate of seven per cent on the entire purchase price. For
314 purposes of this subparagraph, "motor vehicle" shall have the meaning
315 provided in section 14-1, but shall not include a motor vehicle subject
316 to the provisions of subparagraph (C) of this subdivision, a motor
317 vehicle having a gross vehicle weight rating over twelve thousand five
318 hundred pounds, or a motor vehicle having a gross vehicle weight
319 rating of twelve thousand five hundred pounds or less that is not used
320 for private passenger purposes, but is designed or used to transport
321 merchandise, freight or persons in connection with any business
322 enterprise and issued a commercial registration or more specific type
323 of registration by the Department of Motor Vehicles;

324 (I) For calendar quarters ending on or after September 30, 2011, the

325 commissioner shall deposit into the municipal revenue sharing
 326 account, established pursuant to section 4-66l, one and fifty-seven-
 327 hundredths per cent of the amounts received by the state from the tax
 328 imposed under subparagraph (A) of this subdivision, and one and
 329 forty-three-hundredths of the amounts received by the state from the
 330 tax imposed under subparagraph (H) of this subdivision; and

331 (J) For calendar quarters ending on or after September 30, 2011, the
 332 commissioner shall deposit into the regional performance incentive
 333 account, established pursuant to section 4-66k, six and seven-tenths
 334 per cent of the amounts received by the state from the tax imposed
 335 under subparagraph (B) of this subdivision and ten and seven-tenths
 336 per cent of the amounts received by the state from the tax imposed
 337 under subparagraph (G) of this subdivision.

338 Sec. 503. Subsection (c) of section 12-411b of the general statutes is
 339 repealed and the following is substituted in lieu thereof (*Effective upon*
 340 *enactment of the federal Marketplace Fairness Act of 2013, and completion of*
 341 *any state action necessary to comply with said act*):

342 (c) Any agreement entered into under subsection (a) of this section
 343 may provide that the contractor and its affiliates shall collect the use
 344 tax only on items that are subject to the [six and thirty-five-
 345 hundredths] six per cent rate of tax."

This act shall take effect as follows and shall amend the following sections:		
Sec. 501	<i>upon enactment of the federal Marketplace Fairness Act of 2013, and completion of any state action necessary to comply with said act</i>	12-408

Sec. 502	<i>upon enactment of the federal Marketplace Fairness Act of 2013, and completion of any state action necessary to comply with said act</i>	12-411(1)
Sec. 503	<i>upon enactment of the federal Marketplace Fairness Act of 2013, and completion of any state action necessary to comply with said act</i>	12-411b(c)