



General Assembly

Substitute Bill No. 5636

February Session, 2016

* _____HB05636FIN____040116_____*

AN ACT CONCERNING THE SALES TAX, THE APPRENTICESHIP TAX CREDIT AND THE TAX CREDIT REPORT.

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 2016 supplement
2 to the general statutes is repealed and the following is substituted in
3 lieu thereof (*Effective July 1, 2017, and applicable to sales occurring on or*
4 *after July 1, 2017*):

5 (1) (A) For the privilege of making any sales, as defined in
6 subdivision (2) of subsection (a) of section 12-407, at retail, in this state
7 for a consideration, a tax is hereby imposed on all retailers at the rate
8 of six and thirty-five-hundredths per cent of the gross receipts of any
9 retailer from the sale of all tangible personal property sold at retail or
10 from the rendering of any services constituting a sale in accordance
11 with subdivision (2) of subsection (a) of section 12-407, except, in lieu
12 of said rate of six and thirty-five-hundredths per cent, the rates
13 provided in subparagraphs (B) to (H), inclusive, of this subdivision;

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

18 (C) With respect to the sale of a motor vehicle to any individual who

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

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

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

43 (ii) With respect to the sale of a vessel, such sale shall be exempt
44 from such tax provided such vessel is docked in this state for sixty or
45 fewer days in a calendar year;

46 (iii) With respect to the sale, occurring on or after July 1, 2017, and
47 prior to July 1, 2018, of a vessel motor or a vessel other than a vessel
48 docked in this state for sixty or fewer days in a calendar year, at the
49 rate of five and three-quarters per cent on the entire sales price;

50 (iv) With respect to the sale, occurring on or after July 1, 2018, and
51 prior to July 1, 2019, of a vessel motor or a vessel other than a vessel
52 docked in this state for sixty or fewer days in a calendar, year at the
53 rate of five per cent on the entire sales price;

54 (v) With respect to the sale, occurring on or after July 1, 2019, and
55 prior to July 1, 2020, of a vessel motor or a vessel other than a vessel
56 docked in this state for sixty or fewer days in a calendar year at the
57 rate of four and one-quarter per cent on the entire sales price;

58 (vi) With respect to the sale, occurring on or after July 1, 2020, and
59 prior to July 1, 2021, of a vessel motor or a vessel other than a vessel
60 docked in this state for sixty or fewer days in a calendar year at the
61 rate of three and one-half per cent on the entire sales price;

62 (vii) With respect to the sale, occurring on or after July 1, 2021, of a
63 vessel motor or a vessel other than a vessel docked in this state for
64 sixty or fewer days in a calendar year at the rate of three per cent on
65 the entire sales price;

66 (F) With respect to patient care services for which payment is
67 received by the hospital on or after July 1, 1999, and prior to July 1,
68 2001, at the rate of five and three-fourths per cent and on and after July
69 1, 2001, such services shall be exempt from such tax;

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

73 (H) (i) With respect to the sale, occurring prior to July 1, 2017, of [(i)]
74 [(I)] a motor vehicle for a sales price exceeding fifty thousand dollars, at
75 [a] the rate of seven and three-fourths per cent on the entire sales price,
76 [(ii)] (II) jewelry, whether real or imitation, for a sales price exceeding
77 five thousand dollars, at [a] the rate of seven and three-fourths per cent
78 on the entire sales price, and [(iii)] (III) an article of clothing or
79 footwear intended to be worn on or about the human body, a handbag,
80 luggage, umbrella, wallet or watch for a sales price exceeding one

81 thousand dollars, at [a] the rate of seven and three-fourths per cent on
82 the entire sales price; [.]

83 (ii) With respect to the sale, occurring on or after July 1, 2017, and
84 prior to July 1, 2018, of (I) a motor vehicle for a sales price exceeding
85 fifty thousand dollars, at the rate of seven and four-tenths per cent on
86 the entire sales price, (II) jewelry, whether real or imitation, for a sales
87 price exceeding five thousand dollars, at the rate of seven and four-
88 tenths per cent on the entire sales price, and (III) an article of clothing
89 or footwear intended to be worn on or about the human body, a
90 handbag, luggage, umbrella, wallet or watch for a sales price
91 exceeding one thousand dollars, at the rate of seven and four-tenths
92 per cent on the entire sales price;

93 (iii) With respect to the sale, occurring on or after July 1, 2018, and
94 prior to July 1, 2019, of (I) a motor vehicle for a sales price exceeding
95 fifty thousand dollars, at the rate of seven and five-hundredths per
96 cent on the entire sales price, (II) jewelry, whether real or imitation, for
97 a sales price exceeding five thousand dollars, at the rate of seven and
98 five-hundredths per cent on the entire sales price, and (III) an article of
99 clothing or footwear intended to be worn on or about the human body,
100 a handbag, luggage, umbrella, wallet or watch for a sales price
101 exceeding one thousand dollars, at the rate of seven and five-
102 hundredths per cent on the entire sales price;

103 (iv) With respect to the sale, occurring on or after July 1, 2019, and
104 prior to July 1, 2020, of (I) a motor vehicle for a sales price exceeding
105 fifty thousand dollars, at the rate of six and seven-tenths per cent on
106 the entire sales price, (II) jewelry, whether real or imitation, for a sales
107 price exceeding five thousand dollars, at the rate of six and seven-
108 tenths per cent on the entire sales price, and (III) an article of clothing
109 or footwear intended to be worn on or about the human body, a
110 handbag, luggage, umbrella, wallet or watch for a sales price
111 exceeding one thousand dollars, at the rate of six and seven-tenths per
112 cent on the entire sales price;

113 (v) For purposes of this subparagraph, "motor vehicle" has the
114 meaning provided in section 14-1, but does not include a motor vehicle
115 subject to the provisions of subparagraph (C) of this subdivision, a
116 motor vehicle having a gross vehicle weight rating over twelve
117 thousand five hundred pounds, or a motor vehicle having a gross
118 vehicle weight rating of twelve thousand five hundred pounds or less
119 that is not used for private passenger purposes, but is designed or
120 used to transport merchandise, freight or persons in connection with
121 any business enterprise and issued a commercial registration or more
122 specific type of registration by the Department of Motor Vehicles;

123 (I) The rate of tax imposed by this chapter shall be applicable to all
124 retail sales upon the effective date of such rate, except that a new rate
125 which represents an increase in the rate applicable to the sale shall not
126 apply to any sales transaction wherein a binding sales contract without
127 an escalator clause has been entered into prior to the effective date of
128 the new rate and delivery is made within ninety days after the effective
129 date of the new rate. For the purposes of payment of the tax imposed
130 under this section, any retailer of services taxable under subparagraph
131 (I) of subdivision (2) of subsection (a) of section 12-407, who computes
132 taxable income, for purposes of taxation under the Internal Revenue
133 Code of 1986, or any subsequent corresponding internal revenue code
134 of the United States, as from time to time amended, on an accounting
135 basis which recognizes only cash or other valuable consideration
136 actually received as income and who is liable for such tax only due to
137 the rendering of such services may make payments related to such tax
138 for the period during which such income is received, without penalty
139 or interest, without regard to when such service is rendered;

140 (J) For calendar quarters ending on or after September 30, 2011,
141 except for calendar quarters ending on or after July 1, 2016, but prior to
142 July 1, 2017, the commissioner shall deposit into the regional planning
143 incentive account, established pursuant to section 4-66k, six and seven-
144 tenths per cent of the amounts received by the state from the tax
145 imposed under subparagraph (B) of this subdivision and ten and

146 seven-tenths per cent of the amounts received by the state from the tax
147 imposed under subparagraph (G) of this subdivision;

148 (K) (i) Notwithstanding the provisions of this section, for calendar
149 months commencing on or after May 1, 2016, but prior to May 1, 2017,
150 the commissioner shall deposit into the municipal revenue sharing
151 account established pursuant to section 4-66*l* four and seven-tenths per
152 cent of the amounts received by the state from the tax imposed under
153 subparagraph (A) of this subdivision;

154 (ii) For calendar months commencing on or after May 1, 2017, but
155 prior to July 1, 2017, the commissioner shall deposit into the municipal
156 revenue sharing account established pursuant to section 4-66*l* six and
157 three-tenths per cent of the amounts received by the state from the tax
158 imposed under subparagraph (A) of this subdivision;

159 (iii) For calendar months commencing on or after July 1, 2017, the
160 commissioner shall deposit into the municipal revenue sharing
161 account established pursuant to section 4-66*l* seven and nine-tenths per
162 cent of the amounts received by the state from the tax imposed under
163 subparagraph (A) of this subdivision; and

164 (L) (i) Notwithstanding the provisions of this section, for calendar
165 months commencing on or after December 1, 2015, but prior to October
166 1, 2016, the commissioner shall deposit into the Special Transportation
167 Fund established under section 13b-68 four and seven-tenths per cent
168 of the amounts received by the state from the tax imposed under
169 subparagraph (A) of this subdivision;

170 (ii) For calendar months commencing on or after October 1, 2016,
171 but prior to July 1, 2017, the commissioner shall deposit into the
172 Special Transportation Fund established under section 13b-68 six and
173 three-tenths per cent of the amounts received by the state from the tax
174 imposed under subparagraph (A) of this subdivision; and

175 (iii) For calendar months commencing on or after July 1, 2017, the
176 commissioner shall deposit into the Special Transportation Fund

177 established under section 13b-68 seven and nine-tenths per cent of the
178 amounts received by the state from the tax imposed under
179 subparagraph (A) of this subdivision.

180 Sec. 2. Subsection (a) of section 12-217g of the 2016 supplement to
181 the general statutes is repealed and the following is substituted in lieu
182 thereof (*Effective July 1, 2017, and applicable to income or taxable years*
183 *commencing on or after January 1, 2017*):

184 (a) (1) There shall be allowed a credit for any taxpayer against the
185 tax imposed under this chapter or chapter 229, other than the liability
186 imposed by section 12-707, for any income year or taxable year with
187 respect to each apprenticeship in the manufacturing trades
188 commenced by such taxpayer in such year under a qualified
189 apprenticeship training program as described in this section, certified
190 in accordance with regulations adopted by the Labor Commissioner
191 and registered with the Connecticut State Apprenticeship Council
192 established under section 31-22n, in an amount equal to six dollars per
193 hour multiplied by the total number of hours worked during the
194 income year or taxable year by apprentices in the first half of a two-
195 year term of apprenticeship and the first three-quarters of a four-year
196 term of apprenticeship, provided the amount of credit allowed for any
197 income year or taxable year with respect to each such apprenticeship
198 may not exceed seven thousand five hundred dollars or fifty per cent
199 of actual wages paid in such income year or taxable year to an
200 apprentice in the first half of a two-year term of apprenticeship or in
201 the first three-quarters of a four-year term of apprenticeship,
202 whichever is less.

203 [(2) Effective for income years commencing on and after January 1,
204 2015, for purposes of this subsection, "taxpayer" includes an affected
205 business entity, as defined in section 12-284b. Any affected business
206 entity allowed a credit under this subsection may sell, assign or
207 otherwise transfer such credit, in whole or in part, to one or more
208 taxpayers to offset any state tax due or otherwise payable by such
209 taxpayers under this chapter, or, with respect to income years

210 commencing on or after January 1, 2016, chapter 212 or 227, provided
211 such credit may be sold, assigned or otherwise transferred, in whole or
212 in part, not more than three times.]

213 (2) If the taxpayer is an S corporation or an entity treated as a
214 partnership for federal income tax purposes, the shareholders or
215 partners of such taxpayer may claim the credit under this subsection. If
216 the taxpayer is a single member limited liability company that is
217 disregarded as an entity separate from its owner, the limited liability
218 company's owner may claim the credit under this subsection.

219 Sec. 3. Section 32-1r of the general statutes is repealed and the
220 following is substituted in lieu thereof (*Effective from passage*):

221 (a) [Notwithstanding the provisions of subsection (b) of section 32-
222 1m, on or before January 1, 2011, and every three years thereafter, the
223 Commissioner of Economic and Community Development] On or
224 before January 1, 2017, and every three years thereafter, the Legislative
225 Program Review and Investigations Committee, in consultation with
226 the Commissioner of Revenue Services and the Commissioner of
227 Economic and Community Development, shall prepare a report with
228 regard to any tax credit or abatement program enacted for the purpose
229 of recruitment or retention of businesses. The Commissioner of
230 Economic and Community Development shall provide any data, data
231 analysis or economic modeling necessary for completion of such
232 report. The report shall include, but need not be limited to:

233 [(1) A baseline assessment of the tax credit and abatement programs
234 enacted to encourage business growth in the state, including the
235 number of aggregate jobs associated with taxpayers eligible for such
236 tax credits or abatements and the aggregate annual revenue that such
237 taxpayers generate for the state through the direct taxes applied to
238 them and through their support of the state's economy through
239 employment and other activities;

240 (2) A listing, by program, of the amount of tax credits and

241 abatements approved by the state during the preceding calendar year;

242 (3) A summary and evaluation of all tax credit programs
243 administered by the Department of Economic and Community
244 Development. Such summary and evaluation shall include, but need
245 not be limited to, for each tax credit program: (A) An assessment of the
246 intended statutory and programmatic goals of the tax credit; (B) the
247 number of taxpayers granted tax credits under the program during the
248 previous twelve-month period; (C) the value of the tax credits granted,
249 listed by the North American Industrial Classification System code
250 associated with the taxpayers receiving such credits; (D) the value of
251 the tax credits actually claimed and the value of the tax credits carried
252 forward, listed by the North American Industrial Classification System
253 code associated with the taxpayers claiming or carrying forward the
254 credits; (E) an assessment and five-year projection of the potential
255 impact on the state's revenue stream from carry forwards allowed
256 under such tax credit program; (F) an analysis of the economic impact
257 of the tax credit program and whether the statutory and programmatic
258 goals are being met, with obstacles to such goals identified, if possible;
259 (G) the type and value of tax credits assigned and a summary by North
260 American Industrial Classification System codes of taxpayers to which
261 such credits are assigned; (H) a cost-benefit analysis of the revenue
262 foregone by allowing a tax credit, as compared to the economic impact
263 of such credit; (I) the cost to the state to administer the tax credit
264 program, and a comparison between such cost and the net revenue
265 generated to the state by each such program; (J) the average and
266 aggregate administrative and compliance cost, to taxpayers, to comply
267 with the requirements of the tax credit program; and (K) a
268 recommendation as to whether the tax credit program should be
269 continued, modified or repealed, the basis for such recommendation
270 and the expected impact of such recommendation on the state's
271 economy;

272 (4) (A) An assessment of the fairness, performance, burden, tax
273 incidence and economic impact of the state's corporation business tax

274 and taxes on domestic and foreign insurance companies pursuant to
275 chapter 207; (B) the cost to the state to administer the state's
276 corporation business tax and taxes on domestic and foreign insurance
277 companies pursuant to chapter 207, and a comparison between such
278 costs and the net revenue generated to the state by such taxes, and (C)
279 the average and aggregate administrative and compliance costs to
280 taxpayers associated with such taxes; and

281 (5) The methodology and assumptions used in carrying out the
282 assessments, projections and analyses required pursuant to
283 subdivisions (1), (3) and (4) of this subsection.]

284 (1) An evaluation of each tax credit or abatement program enacted
285 for the purpose of recruitment or retention of businesses. For each tax
286 credit or abatement program, such evaluation shall include, but need
287 not be limited to:

288 (A) A description of the tax credit or abatement program, its
289 beneficiaries and its intended statutory and programmatic goals;

290 (B) An analysis of the fiscal impact of the tax credit or abatement
291 program and whether the cost thereof is likely to increase or decrease
292 in future years;

293 (C) An analysis of the economic impact of the tax credit or
294 abatement program and whether the statutory and programmatic
295 goals are being met, with obstacles to such goals identified, if possible;

296 (D) An analysis of whether the tax credit or abatement program is
297 being administered efficiently and effectively and the ease or difficulty
298 for taxpayers to comply with the requirements of such tax credit or
299 abatement program;

300 (E) A recommendation as to whether the tax credit or abatement
301 program should be continued, modified or repealed, the basis for such
302 recommendation and the expected impact of such recommendation on
303 the state's economy;

304 (F) Any recommendations for improving the administrative
305 efficiency or effectiveness of a tax credit or abatement program; and

306 (2) The methodology and assumptions used in carrying out the
307 evaluations required pursuant to subdivisions (1) of this subsection.

308 (b) The [Commissioner of Economic and Community Development]
309 Legislative Program Review and Investigations Committee shall
310 submit the reports required pursuant to this section [, in accordance
311 with section 11-4a,] to the Governor, the Secretary of the Office of
312 Policy and Management, and to the joint standing committees of the
313 General Assembly having cognizance of matters relating to
314 appropriations, finance and commerce.

315 (c) On or before March 1, 2017, and every three years thereafter, the
316 joint standing committees of the General Assembly having cognizance
317 of matters relating to appropriations and finance shall hold one or
318 more public hearings on the reports required pursuant to this section.

319 Sec. 4. Subsection (a) of section 2-53g of the general statutes is
320 repealed and the following is substituted in lieu thereof (*Effective from*
321 *passage*):

322 (a) The Legislative Program Review and Investigations Committee
323 shall: (1) Direct its staff and other legislative staff available to the
324 committee to conduct program reviews and investigations to assist the
325 General Assembly in the proper discharge of its duties; (2) produce its
326 reports electronically and post such reports on the Internet web site of
327 the committee; (3) review staff reports submitted to the committee and,
328 when necessary, confer with representatives of the state departments
329 and agencies reviewed in order to obtain full and complete
330 information in regard to programs, other activities and operations of
331 the state, and may request and shall be given access to and copies of,
332 by all public officers, departments, agencies and authorities of the state
333 and its political subdivisions, such public records, data and other
334 information and given such assistance as the committee determines it

335 needs to fulfill its duties. Any statutory requirements of confidentiality
336 regarding such records, data and other information, including
337 penalties for violating such requirements, shall apply to the committee,
338 its staff and its other authorized representatives in the same manner
339 and to the same extent as such requirements and penalties apply to
340 any public officer, department, agency or authority of the state or its
341 political subdivisions. The committee shall act on staff reports and
342 recommend in its report, or propose, in the form of a raised committee
343 bill, such legislation as may be necessary to modify current operations
344 and agency practices; (4) consider and act on requests by legislators,
345 legislative committees, elected officials of state government and state
346 department and agency heads for program reviews. The request shall
347 be submitted in writing to the Legislative Program Review and
348 Investigations Committee and shall state reasons to support the
349 request. The decision of the committee to grant or deny such a request
350 shall be final; (5) conduct investigations requested by joint resolution
351 of the General Assembly, or, when the General Assembly is not in
352 session, (A) requested by a joint standing committee of the General
353 Assembly or initiated by a majority vote of the Legislative Program
354 Review and Investigations Committee and approved by the Joint
355 Committee on Legislative Management, or (B) requested by the Joint
356 Committee on Legislative Management. In the event two or more
357 investigations are requested, the order of priority shall be determined
358 by the Legislative Program Review and Investigations Committee; (6)
359 retain, within available appropriations, the services of consultants,
360 technical assistants, research and other personnel necessary to assist in
361 the conduct of program reviews and investigations; (7) originate, and
362 report to the General Assembly, any bill it deems necessary concerning
363 a program, department or other matter under review or investigation
364 by the committee, in the same manner as is prescribed by rule for joint
365 standing committees of the General Assembly; [and] (8) review audit
366 reports after issuance by the Auditors of Public Accounts, evaluate and
367 sponsor new or revised legislation based on audit findings, provide
368 means to determine compliance with audit recommendations and
369 receive facts concerning any unauthorized, illegal, irregular or unsafe

370 handling or expenditures of state funds under the provisions of section
 371 2-90; and (9) direct its staff and other legislative staff available to the
 372 committee to prepare the report required pursuant to section 32-1r, as
 373 amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2017, and applicable to sales occurring on or after July 1, 2017</i>	12-408(1)
Sec. 2	<i>July 1, 2017, and applicable to income or taxable years commencing on or after January 1, 2017</i>	12-217g(a)
Sec. 3	<i>from passage</i>	32-1r
Sec. 4	<i>from passage</i>	2-53g(a)

FIN *Joint Favorable Subst.*