



House of Representatives

General Assembly

File No. 636

February Session, 2018

Substitute House Bill No. 5427

House of Representatives, April 23, 2018

The Committee on Finance, Revenue and Bonding reported through REP. ROJAS of the 9th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE ADMISSIONS TAX.

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

1 Section 1. Section 12-541 of the 2018 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2018*):

4 (a) There is hereby imposed a tax of [ten] six per cent of the
5 admission charge to any [place of amusement, entertainment or
6 recreation] motion picture show, except that no tax shall be imposed
7 [with respect to any admission charge (1) when the admission charge
8 is less than one dollar or, in the case of any motion picture show,
9 when] (1) if the admission charge is not more than five dollars, [(2)
10 when a daily admission charge is imposed which entitles the patron to
11 participate in an athletic or sporting activity, (3) to any event, other
12 than events held at the stadium facility, as defined in section 32-651,]
13 (2) if all of the proceeds from the [event] motion picture show inure
14 exclusively to an entity [which] that is exempt from federal income tax

15 under the Internal Revenue Code, provided such entity actively
16 engages in and assumes the financial risk associated with the
17 presentation of such [event, (4) to any event, other than events held at
18 the stadium facility, as defined in section 32-651, which] motion
19 picture show, or (3) on a motion picture show that, in the opinion of
20 the commissioner, is [conducted] shown primarily to raise funds for an
21 entity [which] that is exempt from federal income tax under the
22 Internal Revenue Code, provided the commissioner is satisfied that the
23 net profit [which] that inures to such entity from such [event] showing
24 will exceed the amount of the admissions tax [which] that, but for this
25 subdivision, would be imposed upon the person making such charge
26 to such [event, (5) other than for events held at the stadium facility, as
27 defined in section 32-651, paid by centers of service for elderly persons,
28 as described in section 17a-310, (6) to any production featuring live
29 performances by actors or musicians presented at Gateway's
30 Candlewood Playhouse, Ocean Beach Park or any nonprofit theater or
31 playhouse in the state, provided such theater or playhouse possesses
32 evidence confirming exemption from federal tax under Section 501 of
33 the Internal Revenue Code, (7) to any carnival or amusement ride, (8)
34 to any interscholastic athletic event held at the stadium facility, as
35 defined in section 32-651, or (9) if the admission charge would have
36 been subject to tax under the provisions of section 12-542 of the general
37 statutes, revision of 1958, revised to January 1, 1999. On and after July
38 1, 2000, the tax imposed under this section on any motion picture show
39 shall be eight per cent of the admission charge and, on and after July 1,
40 2001, the tax imposed on any such motion picture show shall be six per
41 cent of such charge] showing.

42 (b) The tax shall be imposed upon the person making [such] the
43 admission charge and reimbursement for the tax shall be collected by
44 such person from the [purchase] purchaser. Such reimbursement,
45 termed "tax", shall be paid by the purchaser to the person making the
46 admission charge. Such tax, when added to the admission charge, shall
47 be a debt from the purchaser to the person making the admission
48 charge and shall be recoverable at law. The amount of tax
49 reimbursement, when so collected, shall be deemed to be a special

50 fund in trust for the state of Connecticut.

51 Sec. 2. Subdivision (1) of subsection (a) of section 7-168a of the 2018
52 supplement to the general statutes is repealed and the following is
53 substituted in lieu thereof (*Effective from passage*):

54 (a) (1) A municipality may, by ordinance, impose a surcharge on the
55 admission charge for any event that is held at a facility located within
56 the municipality. The amount of such surcharge shall not exceed five
57 per cent of the amount of admission, except that the amount of such
58 surcharge imposed on the [facility described in subdivision (12) of
59 subsection (a) of section 12-541] Dunkin' Donuts Park in Hartford shall
60 not exceed ten per cent of the amount of admission. The amount of any
61 such surcharge shall be in addition to any tax otherwise applicable to
62 such admission charge, except that no municipality may impose a
63 surcharge on a facility pursuant to this section if (A) the municipality
64 imposes a surcharge on such facility pursuant to section 12-579, or (B)
65 all of the proceeds from the event inure exclusively to an entity which
66 is exempt from federal income tax under the Internal Revenue Code,
67 provided such entity actively engages in and assumes the financial risk
68 associated with the presentation of such event. Any municipal
69 ordinance adopted pursuant to this section may exclude additional
70 events or facilities from the surcharge imposed pursuant to this
71 section.

72 Sec. 3. Subsection (a) of section 12-578i of the 2018 supplement to the
73 general statutes is repealed and the following is substituted in lieu
74 thereof (*Effective from passage*):

75 (a) (1) There is established an Advisory Council on Large
76 Entertainment Venues. Any of the following amusement,
77 entertainment or recreation [facility described in subdivisions (8) to
78 (13), inclusive, of subsection (a) of section 12-541] facilities that [has]
79 have a seating capacity greater than five thousand persons shall be
80 entitled to representation on the council: (A) The stadium facility, as
81 defined in section 32-651; (B) any amusement, entertainment or
82 recreation facility that would have been subject to tax under the

83 provisions of section 12-542 of the general statutes, revision of 1958,
84 revised to January 1, 1999; (C) the XL Center in Hartford; (D) the
85 Webster Bank Arena in Bridgeport; (E) the Ballpark at Harbor Yard in
86 Bridgeport; (F) the Dunkin' Donuts Park in Hartford; and (G) the New
87 Britain Stadium.

88 (2) Except as provided in subsection (b) of this section, each
89 representative to the council shall be designated not later than
90 September 1, 2017. The council shall select the chairperson of the
91 council from among the members of the council and schedule the first
92 meeting of the council not later than October 1, 2017. The council shall
93 meet at least annually to consider: [(1)] (A) The coordination of
94 concerts, mixed martial arts events and other large entertainment
95 events at such facilities; and [(2)] (B) other issues related to the
96 operation of such facilities as determined by the council.

97 Sec. 4. Section 12-540 of the general statutes is repealed and the
98 following is substituted in lieu thereof (*Effective October 1, 2018*):

99 Whenever used in this chapter:

100 (1) "Person" means and includes any individual, firm,
101 copartnership, joint venture, association of persons however formed,
102 social club, fraternal organization, corporation, limited liability
103 company, estate, trust, fiduciary, receiver, trustee, syndicate, the
104 United States, this state or any political subdivision thereof or any
105 group or combination acting as a unit, and any other individual or
106 officer acting under the authority of any court in this state;

107 (2) "Taxpayer" means any person as defined in subdivision (1) of
108 this section who is subject to any tax imposed by this chapter;

109 (3) "Admission charge" means the amount paid, whether in the form
110 of a ticket price, [license fee, skybox, luxury suite or club seat rental
111 charge or] purchase price [,] or otherwise, for the right or privilege to
112 have access to a place or location where [amusement, entertainment or
113 recreation is provided, exclusive of any charges for instruction, and

114 including any preferred seat license fee or any other payment required
115 in order to have the right to purchase seats or secure admission to any
116 such place or location. Places of amusement, entertainment or
117 recreation include, but are not limited to, theaters, motion picture
118 shows, auditoriums where lectures and concerts are given, amusement
119 parks, fairgrounds, race tracks, dance halls, ball parks, stadiums,
120 amphitheaters, convention centers, golf courses, miniature golf
121 courses, tennis courts, skating rinks, swimming pools, bathing beaches,
122 gymnasiums, auto shows, boat shows, camping shows, home shows,
123 dog shows and antique shows] motion pictures are shown;

124 (4) "Dues" shall include assessment charges to members irrespective
125 of the purpose for which made and any charges for social, athletic or
126 sporting privileges or facilities for any period of more than six days
127 but not including charges made for instruction, charges for locker
128 rental or charges for special assessments made (A) for the construction
129 or reconstruction of any social, athletic or sporting facility or any
130 increase in charges made after June 29, 1999, which increase is to be
131 used for the acquisition of land provided such land is "farm land",
132 "open space land" or "forest land", as defined in section 12-107b, and
133 further provided that an application or applications pursuant to
134 section 12-107c, 12-107d or 12-107e are made for the assessment list
135 next following the acquisition of such land, or (B) for the construction
136 or reconstruction of any capital addition to any such facility, or (C)
137 furnishings or fixtures, including installation charges, for any such
138 facility, to the extent that such furnishings or fixtures are required, by
139 reason of the construction or reconstruction described in subparagraph
140 (A) or (B) of this subdivision, for the use of such facility upon
141 completion of such construction or reconstruction; except that, in the
142 case of any such amount which is not expended for such construction,
143 reconstruction, furnishings or fixtures, including installation charges,
144 within three years after the date of payment of such amount, the
145 exemption provided by this subdivision shall cease to apply upon the
146 expiration of such three-year period, and the club shall be liable for
147 any tax imposed by section 12-543 in respect of such payment, as if
148 such payment had been made on the first day following the expiration

149 of such three-year period;

150 (5) "Initiation fees" shall include any payment, contribution or loan
151 required as a condition precedent to membership whether or not any
152 such payment, contribution or loan is evidenced by a certificate of
153 interest or indebtedness or share of stock;

154 (6) "Operating under a lodge system" means carrying on activities
155 under a form of organization that comprises local branches, chartered
156 by a parent organization and largely self-governing, called "lodges",
157 "chapters" or any similar title;

158 (7) "Club" means any organization which is either owned or
159 operated by its members, or both.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2018</i>	12-541
Sec. 2	<i>from passage</i>	7-168a(a)(1)
Sec. 3	<i>from passage</i>	12-578i(a)
Sec. 4	<i>October 1, 2018</i>	12-540

FIN *Joint Favorable Subst.*

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

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Revenue Serv., Dept.	GF - Revenue Loss	9 million	12 million

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which eliminates the Admissions Tax for events at venues other than movie theaters, results in a revenue loss of \$9 million in FY 19 (partial year) and \$12 million annually thereafter.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis

sHB 5427

AN ACT CONCERNING THE ADMISSIONS TAX.

SUMMARY

This bill limits the state admissions tax to the 6% tax on movie tickets costing more than \$5, thus eliminating the 10% tax on admission charges to other places offering amusement, entertainment, or recreation in the state.

The bill exempts from the tax movie showings (1) from which all proceeds go exclusively to a federally tax-exempt organization, provided the organization actively engages in presenting the event and assumes the financial risk of presenting it, and (2) that the revenue services commissioner determines are held primarily to raise money for a nonprofit organization, provided the amount raised is greater than the tax that would otherwise be due. Similar exemptions generally apply to all events under current law.

The bill also makes technical corrections and conforming changes.

EFFECTIVE DATE: October 1, 2018, except that the technical corrections are effective upon passage.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 50 Nay 1 (04/05/2018)