

**Proposed Substitute
Bill No. 7307**

LCO No. 6321

**AN ACT CONCERNING DEPOSITS TO AND ALLOCATION OF FUNDS
IN THE TOURISM FUND.**

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 general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2019*):

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

13 (B) (i) At a rate of fifteen per cent with respect to each transfer of
14 occupancy, from the total amount of rent received by a hotel or
15 lodging house for the first period not exceeding thirty consecutive
16 calendar days;

17 (ii) At a rate of eleven per cent with respect to each transfer of
18 occupancy, from the total amount of rent received by a bed and

19 breakfast establishment for the first period not exceeding thirty
20 consecutive calendar days;

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

32 (D) (i) With respect to the sales of computer and data processing
33 services occurring on or after July 1, 2001, at the rate of one per cent,
34 and (ii) with respect to sales of Internet access services, on and after
35 July 1, 2001, such services shall be exempt from such tax;

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

41 (ii) With respect to the sale of a vessel, a motor for a vessel or a
42 trailer used for transporting a vessel, at the rate of two and ninety-
43 nine-hundredths per cent, except that the sale of a vessel shall be
44 exempt from such tax if such vessel is docked in this state for sixty or
45 fewer days in a calendar year;

46 (F) With respect to patient care services for which payment is
47 received by the hospital on or after July 1, 1999, and prior to July 1,
48 2001, at the rate of five and three-fourths per cent and on and after July
49 1, 2001, such services shall be exempt from such tax;

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

53 (H) With respect to the sale of (i) a motor vehicle for a sales price
54 exceeding fifty thousand dollars, at a rate of seven and three-fourths
55 per cent on the entire sales price, (ii) jewelry, whether real or imitation,
56 for a sales price exceeding five thousand dollars, at a rate of seven and
57 three-fourths per cent on the entire sales price, and (iii) an article of
58 clothing or footwear intended to be worn on or about the human body,
59 a handbag, luggage, umbrella, wallet or watch for a sales price
60 exceeding one thousand dollars, at a rate of seven and three-fourths
61 per cent on the entire sales price. For purposes of this subparagraph,
62 "motor vehicle" has the meaning provided in section 14-1, but does not
63 include a motor vehicle subject to the provisions of subparagraph (C)
64 of this subdivision, a motor vehicle having a gross vehicle weight
65 rating over twelve thousand five hundred pounds, or a motor vehicle
66 having a gross vehicle weight rating of twelve thousand five hundred
67 pounds or less that is not used for private passenger purposes, but is
68 designed or used to transport merchandise, freight or persons in
69 connection with any business enterprise and issued a commercial
70 registration or more specific type of registration by the Department of
71 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 subdivision
80 (37) of subsection (a) of section 12-407, who computes taxable income,
81 for purposes of taxation under the Internal Revenue Code of 1986, or
82 any subsequent corresponding internal revenue code of the United

83 States, as from time to time amended, on an accounting basis which
84 recognizes only cash or other valuable consideration actually received
85 as income and who is liable for such tax only due to the rendering of
86 such services may make payments related to such tax for the period
87 during which such income is received, without penalty or interest,
88 without regard to when such service is rendered;

89 (J) (i) For calendar quarters ending on or after September 30, 2019,
90 the commissioner shall deposit into the regional planning incentive
91 account, established pursuant to section 4-66k, six and seven-tenths
92 per cent of the amounts received by the state from the tax imposed
93 under subparagraph (B) of this subdivision and ten and seven-tenths
94 per cent of the amounts received by the state from the tax imposed
95 under subparagraph (G) of this subdivision;

96 (ii) For calendar quarters ending on or after September 30, [2018]
97 2019, the commissioner shall deposit into the Tourism Fund
98 established under section 10-395b, as amended by this act, [ten]
99 twenty-five per cent of the amounts received by the state from the tax
100 imposed under subparagraph (B) of this subdivision;

101 (K) For calendar months commencing on or after July 1, 2021, the
102 commissioner shall deposit into the municipal revenue sharing
103 account established pursuant to section 4-66l seven and nine-tenths per
104 cent of the amounts received by the state from the tax imposed under
105 subparagraph (A) of this subdivision; and

106 (L) (i) For calendar months commencing on or after July 1, 2017, the
107 commissioner shall deposit into the Special Transportation Fund
108 established under section 13b-68 seven and nine-tenths per cent of the
109 amounts received by the state from the tax imposed under
110 subparagraph (A) of this subdivision;

111 (ii) For calendar months commencing on or after July 1, 2018, but
112 prior to July 1, 2019, the commissioner shall deposit into the Special
113 Transportation Fund established under section 13b-68 eight per cent of

114 the amounts received by the state from the tax imposed under
115 subparagraphs (A) and (H) of this subdivision on the sale of a motor
116 vehicle;

117 (iii) For calendar months commencing on or after July 1, 2019, but
118 prior to July 1, 2020, the commissioner shall deposit into the Special
119 Transportation Fund established under section 13b-68 thirty-three per
120 cent of the amounts received by the state from the tax imposed under
121 subparagraphs (A) and (H) of this subdivision on the sale of a motor
122 vehicle;

123 (iv) For calendar months commencing on or after July 1, 2020, but
124 prior to July 1, 2021, the commissioner shall deposit into the Special
125 Transportation Fund established under section 13b-68 fifty-six per cent
126 of the amounts received by the state from the tax imposed under
127 subparagraphs (A) and (H) of this subdivision on the sale of a motor
128 vehicle;

129 (v) For calendar months commencing on or after July 1, 2021, but
130 prior to July 1, 2022, the commissioner shall deposit into the Special
131 Transportation Fund established under section 13b-68 seventy-five per
132 cent of the amounts received by the state from the tax imposed under
133 subparagraphs (A) and (H) of this subdivision on the sale of a motor
134 vehicle; and

135 (vi) For calendar months commencing on or after July 1, 2022, the
136 commissioner shall deposit into the Special Transportation Fund
137 established under section 13b-68 one hundred per cent of the amounts
138 received by the state from the tax imposed under subparagraphs (A)
139 and (H) of this subdivision on the sale of a motor vehicle.

140 Sec. 2. Subdivision (1) of section 12-411 of the general statutes is
141 repealed and the following is substituted in lieu thereof (*Effective July*
142 *1, 2019*):

143 (1) (A) An excise tax is hereby imposed on the storage, acceptance,

144 consumption or any other use in this state of tangible personal
145 property purchased from any retailer for storage, acceptance,
146 consumption or any other use in this state, the acceptance or receipt of
147 any services constituting a sale in accordance with subdivision (2) of
148 subsection (a) of section 12-407, purchased from any retailer for
149 consumption or use in this state, or the storage, acceptance,
150 consumption or any other use in this state of tangible personal
151 property which has been manufactured, fabricated, assembled or
152 processed from materials by a person, either within or without this
153 state, for storage, acceptance, consumption or any other use by such
154 person in this state, to be measured by the sales price of materials, at
155 the rate of six and thirty-five-hundredths per cent of the sales price of
156 such property or services, except, in lieu of said rate of six and thirty-
157 five-hundredths per cent;

158 (B) (i) At a rate of fifteen per cent of the rent paid to a hotel or
159 lodging house for the first period not exceeding thirty consecutive
160 calendar days;

161 (ii) At a rate of eleven per cent of the rent paid to a bed and
162 breakfast establishment for the first period not exceeding thirty
163 consecutive calendar days;

164 (C) With respect to the storage, acceptance, consumption or use in
165 this state of a motor vehicle purchased from any retailer for storage,
166 acceptance, consumption or use in this state by any individual who is a
167 member of the armed forces of the United States and is on full-time
168 active duty in Connecticut and who is considered, under 50 App USC
169 574, a resident of another state, or to any such individual and the
170 spouse of such individual at a rate of four and one-half per cent of the
171 sales price of such vehicle, provided such retailer requires and
172 maintains a declaration by such individual, prescribed as to form by
173 the commissioner and bearing notice to the effect that false statements
174 made in such declaration are punishable, or other evidence,
175 satisfactory to the commissioner, concerning the purchaser's state of

176 residence under 50 App USC 574;

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

182 (ii) (I) With respect to the storage, acceptance or other use of a vessel
183 in this state, at the rate of two and ninety-nine-hundredths per cent,
184 except that such storage, acceptance or other use shall be exempt from
185 such tax if such vessel is docked in this state for sixty or fewer days in
186 a calendar year;

187 (II) With respect to the storage, acceptance or other use of a motor
188 for a vessel or a trailer used for transporting a vessel in this state, at the
189 rate of two and ninety-nine-hundredths per cent;

190 (E) (i) With respect to the acceptance or receipt in this state of
191 computer and data processing services purchased from any retailer for
192 consumption or use in this state occurring on or after July 1, 2001, at
193 the rate of one per cent of such services, and (ii) with respect to the
194 acceptance or receipt in this state of Internet access services, on and
195 after July 1, 2001, such services shall be exempt from such tax;

196 (F) With respect to the acceptance or receipt in this state of patient
197 care services purchased from any retailer for consumption or use in
198 this state for which payment is received by the hospital on or after July
199 1, 1999, and prior to July 1, 2001, at the rate of five and three-fourths
200 per cent and on and after July 1, 2001, such services shall be exempt
201 from such tax;

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

205 (H) With respect to the acceptance or receipt in this state of (i) a

206 motor vehicle for a sales price exceeding fifty thousand dollars, at a
207 rate of seven and three-fourths per cent on the entire sales price, (ii)
208 jewelry, whether real or imitation, for a sales price exceeding five
209 thousand dollars, at a rate of seven and three-fourths per cent on the
210 entire sales price, and (iii) an article of clothing or footwear intended to
211 be worn on or about the human body, a handbag, luggage, umbrella,
212 wallet or watch for a sales price exceeding one thousand dollars, at a
213 rate of seven and three-fourths per cent on the entire sales price. For
214 purposes of this subparagraph, "motor vehicle" has the meaning
215 provided in section 14-1, but does not include a motor vehicle subject
216 to the provisions of subparagraph (C) of this subdivision, a motor
217 vehicle having a gross vehicle weight rating over twelve thousand five
218 hundred pounds, or a motor vehicle having a gross vehicle weight
219 rating of twelve thousand five hundred pounds or less that is not used
220 for private passenger purposes, but is designed or used to transport
221 merchandise, freight or persons in connection with any business
222 enterprise and issued a commercial registration or more specific type
223 of registration by the Department of Motor Vehicles;

224 (I) (i) For calendar quarters ending on or after September 30, 2019,
225 the commissioner shall deposit into the regional planning incentive
226 account, established pursuant to section 4-66k, six and seven-tenths
227 per cent of the amounts received by the state from the tax imposed
228 under subparagraph (B) of this subdivision and ten and seven-tenths
229 per cent of the amounts received by the state from the tax imposed
230 under subparagraph (G) of this subdivision;

231 (ii) For calendar quarters ending on or after September 30, [2018]
232 2019, the commissioner shall deposit into the Tourism Fund
233 established under section 10-395b, as amended by this act, [ten]
234 twenty-five per cent of the amounts received by the state from the tax
235 imposed under subparagraph (B) of this subdivision;

236 (J) For calendar months commencing on or after July 1, 2021, the
237 commissioner shall deposit into said municipal revenue sharing

238 account seven and nine-tenths per cent of the amounts received by the
239 state from the tax imposed under subparagraph (A) of this
240 subdivision; and

241 (K) (i) For calendar months commencing on or after July 1, 2017, the
242 commissioner shall deposit into said Special Transportation Fund
243 seven and nine-tenths per cent of the amounts received by the state
244 from the tax imposed under subparagraph (A) of this subdivision;

245 (ii) For calendar months commencing on or after July 1, 2018, but
246 prior to July 1, 2019, the commissioner shall deposit into the Special
247 Transportation Fund established under section 13b-68 eight per cent of
248 the amounts received by the state from the tax imposed under
249 subparagraphs (A) and (H) of this subdivision on the acceptance or
250 receipt in this state of a motor vehicle;

251 (iii) For calendar months commencing on or after July 1, 2019, but
252 prior to July 1, 2020, the commissioner shall deposit into the Special
253 Transportation Fund established under section 13b-68 thirty-three per
254 cent of the amounts received by the state from the tax imposed under
255 subparagraphs (A) and (H) of this subdivision on the acceptance or
256 receipt in this state of a motor vehicle;

257 (iv) For calendar months commencing on or after July 1, 2020, but
258 prior to July 1, 2021, the commissioner shall deposit into the Special
259 Transportation Fund established under section 13b-68 fifty-six per cent
260 of the amounts received by the state from the tax imposed under
261 subparagraphs (A) and (H) of this subdivision on the acceptance or
262 receipt in this state of a motor vehicle;

263 (v) For calendar months commencing on or after July 1, 2021, but
264 prior to July 1, 2022, the commissioner shall deposit into the Special
265 Transportation Fund established under section 13b-68 seventy-five per
266 cent of the amounts received by the state from the tax imposed under
267 subparagraphs (A) and (H) of this subdivision on the acceptance or
268 receipt in this state of a motor vehicle; and

269 (vi) For calendar months commencing on or after July 1, 2022, the
270 commissioner shall deposit into the Special Transportation Fund
271 established under section 13b-68 one hundred per cent of the amounts
272 received by the state from the tax imposed under subparagraphs (A)
273 and (H) of this subdivision on the acceptance or receipt in this state of
274 a motor vehicle.

275 Sec. 3. Section 10-395b of the general statutes is repealed and the
276 following is substituted in lieu thereof (*Effective from passage*):

277 There is established a fund to be known as the "Tourism Fund"
278 which shall be a separate, nonlapsing fund. The fund shall contain any
279 moneys required by law to be deposited in the fund. Moneys
280 deposited in the fund shall be allocated as follows: (1) Forty per cent
281 for arts and culture, and (2) sixty per cent for tourism.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2019</i>	12-408(1)
Sec. 2	<i>July 1, 2019</i>	12-411(1)
Sec. 3	<i>from passage</i>	10-395b