



# House of Representatives

General Assembly

**File No. 235**

January Session, 2021

House Bill No. 6119

*House of Representatives, April 1, 2021*

The Committee on Commerce reported through REP. SIMMONS, C. of the 144th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## ***AN ACT CONCERNING ARTS, CULTURE AND TOURISM FUNDING.***

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2 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
3 *2021*):

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 of  
7 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 with  
10 subdivision (2) of subsection (a) of section 12-407, except, in lieu of said  
11 rate, the rates provided in subparagraphs (B) to (I), inclusive, of this  
12 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 lodging

15 house for the first period not exceeding thirty consecutive calendar  
16 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 spouse  
25 thereof, at a rate of four and one-half per cent of the gross receipts of any  
26 retailer from such sales, provided such retailer requires and maintains a  
27 declaration by such individual, prescribed as to form by the  
28 commissioner and bearing notice to the effect that false statements made  
29 in such declaration are punishable, or other evidence, satisfactory to the  
30 commissioner, concerning the purchaser's state of residence under 50  
31 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, and  
34 (ii) with respect to sales of Internet access services, on and after July 1,  
35 2001, such services shall be exempt from such tax;

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

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

46 (iii) With respect to the sale of dyed diesel fuel, as defined in  
47 subsection (d) of section 12-487, sold by a marine fuel dock exclusively  
48 for marine purposes, at the rate of two and ninety-nine-hundredths per  
49 cent;

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

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

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

75 (I) With respect to the sale of meals, as defined in subdivision (13) of  
76 section 12-412, sold by an eating establishment, caterer or grocery store;  
77 and spirituous, malt or vinous liquors, soft drinks, sodas or beverages  
78 such as are ordinarily dispensed at bars and soda fountains, or in

79 connection therewith; in addition to the tax imposed under  
80 subparagraph (A) of this subdivision, at the rate of one per cent;

81 (J) The rate of tax imposed by this chapter shall be applicable to all  
82 retail sales upon the effective date of such rate, except that a new rate  
83 that represents an increase in the rate applicable to the sale shall not  
84 apply to any sales transaction wherein a binding sales contract without  
85 an escalator clause has been entered into prior to the effective date of the  
86 new rate and delivery is made within ninety days after the effective date  
87 of the new rate. For the purposes of payment of the tax imposed under  
88 this section, any retailer of services taxable under subdivision (37) of  
89 subsection (a) of section 12-407, who computes taxable income, for  
90 purposes of taxation under the Internal Revenue Code of 1986, or any  
91 subsequent corresponding internal revenue code of the United States,  
92 as amended from time to time, on an accounting basis that recognizes  
93 only cash or other valuable consideration actually received as income  
94 and who is liable for such tax only due to the rendering of such services  
95 may make payments related to such tax for the period during which  
96 such income is received, without penalty or interest, without regard to  
97 when such service is rendered;

98 (K) (i) For calendar quarters ending on or after September 30, 2019,  
99 the commissioner shall deposit into the regional planning incentive  
100 account, established pursuant to section 4-66k, six and seven-tenths per  
101 cent of the amounts received by the state from the tax imposed under  
102 subparagraph (B) of this subdivision and ten and seven-tenths per cent  
103 of the amounts received by the state from the tax imposed under  
104 subparagraph (G) of this subdivision;

105 (ii) For calendar quarters ending on or after September 30, 2018, the  
106 commissioner shall deposit into the Arts, Culture and Tourism Fund  
107 established under section 10-395b, as amended by this act, ten per cent  
108 of the amounts received by the state from the tax imposed under  
109 subparagraph (B) of this subdivision, except that for the calendar  
110 quarters ending on or after September 30, 2021, but prior to September  
111 30, 2022, the commissioner shall deposit into said fund twenty-five per

112 cent of the amounts received by the state from the tax imposed under  
113 subparagraph (B) of this subdivision;

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

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

124 (ii) For calendar months commencing on or after July 1, 2018, but  
125 prior to July 1, 2019, the commissioner shall deposit into the Special  
126 Transportation Fund established under section 13b-68 eight per cent of  
127 the amounts received by the state from the tax imposed under  
128 subparagraphs (A) and (H) of this subdivision on the sale of a motor  
129 vehicle;

130 (iii) For calendar months commencing on or after July 1, 2019, but  
131 prior to July 1, 2020, the commissioner shall deposit into the Special  
132 Transportation Fund established under section 13b-68 seventeen per  
133 cent of the amounts received by the state from the tax imposed under  
134 subparagraphs (A) and (H) of this subdivision on the sale of a motor  
135 vehicle;

136 (iv) For calendar months commencing on or after July 1, 2020, but  
137 prior to July 1, 2021, the commissioner shall deposit into the Special  
138 Transportation Fund established under section 13b-68 twenty-five per  
139 cent of the amounts received by the state from the tax imposed under  
140 subparagraphs (A) and (H) of this subdivision on the sale of a motor  
141 vehicle;

142 (v) For calendar months commencing on or after July 1, 2021, but

143 prior to July 1, 2022, the commissioner shall deposit into the Special  
144 Transportation Fund established under section 13b-68 seventy-five per  
145 cent of the amounts received by the state from the tax imposed under  
146 subparagraphs (A) and (H) of this subdivision on the sale of a motor  
147 vehicle; and

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

153 Sec. 2. Subdivision (1) of section 12-411 of the general statutes is  
154 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
155 *2021*):

156 (1) (A) An excise tax is hereby imposed on the storage, acceptance,  
157 consumption or any other use in this state of tangible personal property  
158 purchased from any retailer for storage, acceptance, consumption or any  
159 other use in this state, the acceptance or receipt of any services  
160 constituting a sale in accordance with subdivision (2) of subsection (a)  
161 of section 12-407, purchased from any retailer for consumption or use in  
162 this state, or the storage, acceptance, consumption or any other use in  
163 this state of tangible personal property which has been manufactured,  
164 fabricated, assembled or processed from materials by a person, either  
165 within or without this state, for storage, acceptance, consumption or any  
166 other use by such person in this state, to be measured by the sales price  
167 of materials, at the rate of six and thirty-five-hundredths per cent of the  
168 sales price of such property or services, except, in lieu of said rate:

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

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

175 (C) With respect to the storage, acceptance, consumption or use in  
176 this state of a motor vehicle purchased from any retailer for storage,  
177 acceptance, consumption or use in this state by any individual who is a  
178 member of the armed forces of the United States and is on full-time  
179 active duty in Connecticut and who is considered, under 50 App USC  
180 574, a resident of another state, or to any such individual and the spouse  
181 of such individual at a rate of four and one-half per cent of the sales price  
182 of such vehicle, provided such retailer requires and maintains a  
183 declaration by such individual, prescribed as to form by the  
184 commissioner and bearing notice to the effect that false statements made  
185 in such declaration are punishable, or other evidence, satisfactory to the  
186 commissioner, concerning the purchaser's state of residence under 50  
187 App USC 574;

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

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

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

201 (III) With respect to the storage, acceptance or other use of dyed diesel  
202 fuel, as defined in subsection (d) of section 12-487, exclusively for  
203 marine purposes, at the rate of two and ninety-nine-hundredths per  
204 cent;

205 (E) (i) With respect to the acceptance or receipt in this state of  
206 computer and data processing services purchased from any retailer for

207 consumption or use in this state occurring on or after July 1, 2001, at the  
208 rate of one per cent of such services, and (ii) with respect to the  
209 acceptance or receipt in this state of Internet access services, on and after  
210 July 1, 2001, such services shall be exempt from such tax;

211 (F) With respect to the acceptance or receipt in this state of patient  
212 care services purchased from any retailer for consumption or use in this  
213 state for which payment is received by the hospital on or after July 1,  
214 1999, and prior to July 1, 2001, at the rate of five and three-fourths per  
215 cent and on and after July 1, 2001, such services shall be exempt from  
216 such tax;

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

220 (H) With respect to the acceptance or receipt in this state of (i) a motor  
221 vehicle for a sales price exceeding fifty thousand dollars, at a rate of  
222 seven and three-fourths per cent on the entire sales price, (ii) jewelry,  
223 whether real or imitation, for a sales price exceeding five thousand  
224 dollars, at a rate of seven and three-fourths per cent on the entire sales  
225 price, and (iii) an article of clothing or footwear intended to be worn on  
226 or about the human body, a handbag, luggage, umbrella, wallet or  
227 watch for a sales price exceeding one thousand dollars, at a rate of seven  
228 and three-fourths per cent on the entire sales price. For purposes of this  
229 subparagraph, "motor vehicle" has the meaning provided in section 14-  
230 1, but does not include a motor vehicle subject to the provisions of  
231 subparagraph (C) of this subdivision, a motor vehicle having a gross  
232 vehicle weight rating over twelve thousand five hundred pounds, or a  
233 motor vehicle having a gross vehicle weight rating of twelve thousand  
234 five hundred pounds or less that is not used for private passenger  
235 purposes, but is designed or used to transport merchandise, freight or  
236 persons in connection with any business enterprise and issued a  
237 commercial registration or more specific type of registration by the  
238 Department of Motor Vehicles;

239 (I) With respect to the acceptance or receipt in this state of meals, as

240 defined in subdivision (13) of section 12-412, sold by an eating  
241 establishment, caterer or grocery store; and spirituous, malt or vinous  
242 liquors, soft drinks, sodas or beverages such as are ordinarily dispensed  
243 at bars and soda fountains, or in connection therewith; in addition to the  
244 tax imposed under subparagraph (A) of this subdivision, at the rate of  
245 one per cent;

246 (J) (i) For calendar quarters ending on or after September 30, 2019, the  
247 commissioner shall deposit into the regional planning incentive  
248 account, established pursuant to section 4-66k, six and seven-tenths per  
249 cent of the amounts received by the state from the tax imposed under  
250 subparagraph (B) of this subdivision and ten and seven-tenths per cent  
251 of the amounts received by the state from the tax imposed under  
252 subparagraph (G) of this subdivision;

253 (ii) For calendar quarters ending on or after September 30, 2018, the  
254 commissioner shall deposit into the Arts, Culture and Tourism Fund  
255 established under section 10-395b, as amended by this act, ten per cent  
256 of the amounts received by the state from the tax imposed under  
257 subparagraph (B) of this subdivision, except that for the calendar  
258 quarters ending on or after September 30, 2021, but prior to September  
259 30, 2022, the commissioner shall deposit into said fund twenty-five per  
260 cent of the amounts received by the state from the tax imposed under  
261 subparagraph (B) of this subdivision;

262 (K) For calendar months commencing on or after July 1, 2021, the  
263 commissioner shall deposit into said municipal revenue sharing account  
264 seven and nine-tenths per cent of the amounts received by the state from  
265 the tax imposed under subparagraph (A) of this subdivision; and

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

270 (ii) For calendar months commencing on or after July 1, 2018, but  
271 prior to July 1, 2019, the commissioner shall deposit into the Special

272 Transportation Fund established under section 13b-68 eight per cent of  
273 the amounts received by the state from the tax imposed under  
274 subparagraphs (A) and (H) of this subdivision on the acceptance or  
275 receipt in this state of a motor vehicle;

276 (iii) For calendar months commencing on or after July 1, 2019, but  
277 prior to July 1, 2020, the commissioner shall deposit into the Special  
278 Transportation Fund established under section 13b-68 seventeen per  
279 cent of the amounts received by the state from the tax imposed under  
280 subparagraphs (A) and (H) of this subdivision on the acceptance or  
281 receipt in this state of a motor vehicle;

282 (iv) For calendar months commencing on or after July 1, 2020, but  
283 prior to July 1, 2021, the commissioner shall deposit into the Special  
284 Transportation Fund established under section 13b-68 twenty-five per  
285 cent of the amounts received by the state from the tax imposed under  
286 subparagraphs (A) and (H) of this subdivision on the acceptance or  
287 receipt in this state of a motor vehicle;

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

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

300 Sec. 3. Section 10-395b of the general statutes is repealed and the  
301 following is substituted in lieu thereof (*Effective July 1, 2021*):

302 There is established a fund to be known as the "Arts, Culture and

303 Tourism Fund" which shall be a separate, nonlapsing fund. The fund  
304 shall contain any moneys required by law to be deposited in the fund.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2021</i>	12-408(1)
Sec. 2	<i>July 1, 2021</i>	12-411(1)
Sec. 3	<i>July 1, 2021</i>	10-395b

**CE**      *Joint Favorable*

*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.*

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**OFA Fiscal Note**

**State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 22 \$</b>	<b>FY 23 \$</b>
Revenue Serv., Dept.	GF - Revenue Loss	\$15 million	None
Revenue Serv., Dept.	Tourism Fund - Revenue Gain	\$15 million	None

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill temporarily (FY 22 only) increases the share of hotel tax revenues to be deposited into the Tourism Fund.

**The Out Years**

There is no fiscal impact in the out years.

**OLR Bill Analysis****HB 6119*****AN ACT CONCERNING ARTS, CULTURE AND TOURISM FUNDING.*****SUMMARY**

This bill increases, from 10% to 25%, the portion of room occupancy tax revenue directed to the Tourism Fund each quarter in FY 22. By law, the state imposes a room occupancy tax of 15% on hotels and lodging houses and 11% on bed and breakfast establishments.

The bill also renames the fund the “Arts, Culture and Tourism Fund” and makes related technical and conforming changes. By law, the fund allocates funding to, among other things, statewide tourism marketing, the Office of the Arts, as well as various tourism, arts, and cultural organizations and initiatives.

EFFECTIVE DATE: July 1, 2021

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable

Yea 22 Nay 1 (03/18/2021)