



General Assembly

January Session, 2021

Raised Bill No. 1025

LCO No. 4725



Referred to Committee on PLANNING AND DEVELOPMENT

Introduced by:
(PD)

AN ACT CONCERNING SHORT-TERM RENTAL PROPERTIES.

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

1 Section 1. (NEW) (*Effective July 1, 2021*) For the purposes of this
2 section and sections 2 to 4, inclusive, of this act:

3 (1) "Applicant" means a person who files an application with the
4 commissioner pursuant to section 2 of this act;

5 (2) "Commissioner" means the Commissioner of Consumer
6 Protection;

7 (3) "Dwelling unit" has the same meaning as provided in section 47a-
8 1 of the general statutes;

9 (4) "Guest" means an individual, other than the owner, lessee, lessor,
10 sublessee or sublessor of a short-term rental property, who occupies a
11 short-term rental property pursuant to a short-term rental transaction;

12 (5) "Short-term rental operator" means the owner, lessee or sublessee
13 of a short-term rental property who offers the short-term rental property

14 for occupancy by a guest pursuant to a short-term rental transaction;

15 (6) "Short-term rental platform" means any platform, including, but
16 not limited to, an Internet web site, that (A) allows a short-term rental
17 operator to offer a dwelling unit, or any portion thereof, for occupancy
18 as a short-term rental property, (B) allows a potential guest to arrange
19 payment for occupancy of a short-term rental property, whether such
20 guest pays directly to a short-term rental operator or through the
21 platform, and (C) allows the platform operator to derive revenues from
22 providing or maintaining the services described in this subdivision for
23 a short-term rental property;

24 (7) "Short-term rental property" means a dwelling unit, or any portion
25 thereof, in this state that is (A) the subject of a short-term rental
26 transaction, and (B) not a hotel, lodging house or bed and breakfast
27 establishment; and

28 (8) "Short-term rental transaction" means a transaction in which a
29 short-term rental operator offers a short-term rental property for
30 occupancy by a guest through a short-term rental platform for a period
31 of thirty consecutive calendar days or less.

32 Sec. 2. (NEW) (*Effective July 1, 2021*) (a) (1) Each short-term rental
33 operator or prospective short-term rental operator shall apply for a
34 license from the commissioner for each dwelling unit that such person
35 intends to operate as a short-term rental property on or after January 1,
36 2022. Each application for a license, or renewal of a license, pursuant to
37 this subsection shall be made on a form prescribed by the commissioner.
38 The commissioner shall require, as a precondition to issuing or
39 renewing a license pursuant to this subsection, that the applicant submit
40 to the commissioner, in a form and manner prescribed by the
41 commissioner, proof that the applicant:

42 (A) Maintains a property and casualty insurance policy that contains
43 the minimum provisions prescribed by the Insurance Commissioner
44 pursuant to section 5 of this act;

45 (B) Provided all notices required by section 3 of this act; and

46 (C) In the case of an application for renewal of a license under this
47 subsection:

48 (i) Maintained the insurance coverage described in subparagraph (A)
49 of this subdivision during the two years immediately preceding;

50 (ii) Paid any and all sales and use taxes due and payable to this state,
51 and any and all taxes due and payable to a municipality pursuant to
52 section 6 of this act, during the two years immediately preceding;

53 (iii) Provided all notices required by section 3 of this act; and

54 (iv) Complied with the provisions of any ordinance enacted pursuant
55 to section 7 of this act during the two years immediately preceding.

56 (2) Each license issued by the commissioner pursuant to this
57 subsection shall expire two years after its issuance. The commissioner
58 may refuse to issue or renew, or may suspend or revoke, any license
59 required by this section if the applicant for such license or renewal
60 engages in any conduct prohibited by this section.

61 (3) Not later than fifteen days after the commissioner issues or renews
62 a license pursuant to this subsection, the commissioner shall send a
63 notice, in a form and manner prescribed by the commissioner, to the
64 Commissioner of Revenue Services disclosing:

65 (A) The name of the applicant for such license or renewal; and

66 (B) The address of the licensed short-term rental property.

67 (b) If the commissioner refuses to issue or renew, or suspends or
68 revokes, a license pursuant to subsection (a) of this section, the
69 commissioner shall notify the applicant or short-term rental operator, as
70 applicable, of such decision, the grounds for such decision and of such
71 applicant's or short-term rental operator's right to request a hearing not
72 later than ten days after the date on which the commissioner issued such

73 notice to such applicant. If the applicant or short-term rental operator
74 requests a hearing within such ten-day period, the commissioner shall
75 conduct a hearing concerning such refusal, suspension or revocation in
76 accordance with the provisions of chapter 54 of the general statutes
77 concerning contested cases. The applicant or short-term rental operator
78 may appeal therefrom in accordance with the provisions of section 4-
79 183 of the general statutes.

80 (c) The Attorney General, at the request of the commissioner, is
81 authorized to apply in the name of this state to the Superior Court for
82 an order temporarily or permanently restraining and enjoining any
83 short-term rental operator from operating in violation of any provision
84 of sections 1 to 4, inclusive, of this act.

85 Sec. 3. (NEW) (*Effective July 1, 2021*) Not later than the day that an
86 applicant files an application with the commissioner pursuant to section
87 2 of this act, the applicant shall send a notice, in a form and manner
88 prescribed by the commissioner, to the owner, lessor or sublessor of the
89 dwelling unit or short-term rental property that is the subject of such
90 application, and all owners, lessors, lessees, sublessors and sublessees
91 of abutting and adjacent dwelling units, disclosing:

92 (1) The name of such applicant;

93 (2) The address of such dwelling unit or short-term rental property;
94 and

95 (3) That such applicant has filed, or intends to file, such application.

96 Sec. 4. (NEW) (*Effective July 1, 2021*) The commissioner may adopt
97 regulations, in accordance with the provisions of chapter 54 of the
98 general statutes, to implement the provisions of sections 1 to 3, inclusive,
99 of this act.

100 Sec. 5. (NEW) (*Effective July 1, 2021*) The Insurance Commissioner
101 shall adopt regulations, in accordance with the provisions of chapter 54
102 of the general statutes, prescribing the minimum provisions to be

103 included in each property and casualty policy issued on or after the
104 effective date of such regulations covering a short-term rental property,
105 as defined in section 1 of this act. Such policy shall include liability
106 coverage of not less than one million dollars against claims for bodily
107 injury or death and property damage.

108 Sec. 6. (NEW) (*Effective July 1, 2021*) Any municipality may, by vote
109 of its legislative body or, in a municipality where the legislative body is
110 a town meeting, by vote of the board of selectmen, levy a tax on each
111 short-term rental operator operating one or more short-term rental
112 properties, as both terms are defined in section 1 of this act, within such
113 municipality, provided such tax shall not exceed an amount that is equal
114 to six per cent of such short-term rental operator's income from all short-
115 term rental transactions, as defined in section 1 of this act, concerning
116 such short-term rental properties during the tax year for which such tax
117 is levied.

118 Sec. 7. (NEW) (*Effective July 1, 2021*) Any municipality may, by vote
119 of its legislative body or, in a municipality where the legislative body is
120 a town meeting, by vote of the board of selectmen, limit the number of
121 days that guests may occupy a short-term rental property during a
122 calendar year. For the purposes of this section, "guest" and "short-term
123 rental property" have the same meaning as provided in section 1 of this
124 act.

125 Sec. 8. Section 12-407 of the general statutes is repealed and the
126 following is substituted in lieu thereof (*Effective July 1, 2021, and*
127 *applicable to sales occurring on or after July 1, 2021*):

128 (a) Whenever used in this chapter:

129 (1) "Person" means and includes any individual, firm, copartnership,
130 joint venture, association, association of persons however formed, social
131 club, fraternal organization, corporation, limited liability company,
132 foreign municipal electric utility as defined in section 12-59, estate, trust,
133 fiduciary, receiver, trustee, syndicate, the United States, this state or any
134 political subdivision thereof or any group or combination acting as a

135 unit, and any other individual or officer acting under the authority of
136 any court in this state.

137 (2) "Sale" and "selling" mean and include:

138 (A) Any transfer of title, exchange or barter, conditional or otherwise,
139 in any manner or by any means whatsoever, of tangible personal
140 property for a consideration;

141 (B) Any withdrawal, except a withdrawal pursuant to a transaction
142 in foreign or interstate commerce, of tangible personal property from
143 the place where it is located for delivery to a point in this state for the
144 purpose of the transfer of title, exchange or barter, conditional or
145 otherwise, in any manner or by any means whatsoever, of the property
146 for a consideration;

147 (C) The producing, fabricating, processing, printing or imprinting of
148 tangible personal property for a consideration for consumers who
149 furnish either directly or indirectly the materials used in the producing,
150 fabricating, processing, printing or imprinting, including, but not
151 limited to, sign construction, photofinishing, duplicating and
152 photocopying;

153 (D) The furnishing and distributing of tangible personal property for
154 a consideration by social clubs and fraternal organizations to their
155 members or others;

156 (E) The furnishing, preparing, or serving for a consideration of food,
157 meals or drinks;

158 (F) A transaction whereby the possession of property is transferred
159 but the seller retains the title as security for the payment of the price;

160 (G) A transfer for a consideration of the title of tangible personal
161 property which has been produced, fabricated or printed to the special
162 order of the customer, or of any publication, including, but not limited
163 to, sign construction, photofinishing, duplicating and photocopying;

164 (H) A transfer for a consideration of the occupancy of any room or
165 rooms in a hotel, lodging house, [or] bed and breakfast establishment or
166 short-term rental property for a period of thirty consecutive calendar
167 days or less;

168 (I) The rendering of certain services, as defined in subdivision (37) of
169 this subsection, for a consideration, exclusive of such services rendered
170 by an employee for the employer;

171 (J) The leasing or rental of tangible personal property of any kind
172 whatsoever, including, but not limited to, motor vehicles, linen or
173 towels, machinery or apparatus, office equipment and data processing
174 equipment, provided for purposes of this subdivision and the
175 application of sales and use tax to contracts of lease or rental of tangible
176 personal property, the leasing or rental of any motion picture film by
177 the owner or operator of a motion picture theater for purposes of display
178 at such theater shall not constitute a sale within the meaning of this
179 subsection;

180 (K) The rendering of telecommunications service, as defined in
181 subdivision (26) of this subsection, for a consideration on or after
182 January 1, 1990, exclusive of any such service rendered by an employee
183 for the employer of such employee, subject to the provisions related to
184 telecommunications service in accordance with section 12-407a;

185 (L) (i) The rendering of community antenna television service, as
186 defined in subdivision (27) of this subsection, for a consideration on or
187 after January 1, 1990, exclusive of any such service rendered by an
188 employee for the employer of such employee. For purposes of this
189 chapter, "community antenna television service" includes service
190 provided by a holder of a certificate of cable franchise authority
191 pursuant to section 16-331p, and service provided by a community
192 antenna television company issued a certificate of video franchise
193 authority pursuant to section 16-331e for any service area in which it
194 was not certified to provide community antenna television service
195 pursuant to section 16-331 on or before October 1, 2007;

196 (ii) The rendering of certified competitive video service, as defined in
197 subdivision (38) of this subsection, for consideration on or after October
198 1, 2007, exclusive of any such service rendered by an employee for the
199 employer of such employee;

200 (M) The transfer for consideration of space or the right to use any
201 space for the purpose of storage or mooring of any noncommercial
202 vessel, exclusive of dry or wet storage or mooring of such vessel during
203 the period commencing on the first day of October in any year to and
204 including the thirty-first day of May of the next succeeding year;

205 (N) The sale for consideration of naming rights to any place of
206 amusement, entertainment or recreation within the meaning of
207 subdivision (3) of section 12-540;

208 (O) The transfer for consideration of a prepaid telephone calling
209 service, as defined in subdivision (34) of this subsection, and the
210 recharge of a prepaid telephone calling service, provided, if the sale or
211 recharge of a prepaid telephone calling service does not take place at the
212 retailer's place of business and an item is shipped by the retailer to the
213 customer, the sale or recharge shall be deemed to take place at the
214 customer's shipping address, but, if such sale or recharge does not take
215 place at the retailer's place of business and no item is shipped by the
216 retailer to the customer, the sale or recharge shall be deemed to take
217 place at the customer's billing address or the location associated with
218 the customer's mobile telephone number; and

219 (P) The furnishing by any person, for a consideration, of space for
220 storage of tangible personal property when such person is engaged in
221 the business of furnishing such space, but "sale" and "selling" do not
222 mean or include the furnishing of space which is used by a person for
223 residential purposes. As used in this subparagraph, "space for storage"
224 means secure areas, such as rooms, units, compartments or containers,
225 whether accessible from outside or from within a building, that are
226 designated for the use of a customer, where the customer can store and
227 retrieve property, including self-storage units, mini-storage units and

228 areas by any other name to which the customer has either unlimited free
229 access or free access within reasonable business hours or upon
230 reasonable notice to the service provider to add or remove property, but
231 does not mean the rental of an entire building, such as a warehouse. For
232 purposes of this subparagraph, furnishing space for storage shall not
233 include general warehousing and storage, where the warehouse
234 typically handles, stores and retrieves a customer's property using the
235 warehouse's staff and equipment and does not allow the customer free
236 access to the storage space and shall not include accepting specific items
237 of property for storage, such as clothing at a dry cleaning establishment
238 or golf bags at a golf club.

239 (3) (A) "Retail sale" or "sale at retail" means and includes a sale for
240 any purpose other than resale in the regular course of business of
241 tangible personal property or a transfer for a consideration of the
242 occupancy of any room or rooms in a hotel, lodging house, [or] bed and
243 breakfast establishment or short-term rental property for a period of
244 thirty consecutive calendar days or less, or the rendering of any service
245 described in subdivision (2) of this subsection. The delivery in this state
246 of tangible personal property by an owner or former owner thereof or
247 by a factor, if the delivery is to a consumer pursuant to a retail sale made
248 by a retailer not engaged in business in this state, is a retail sale in this
249 state by the person making the delivery. Such person shall include the
250 retail selling price of the property in such person's gross receipts.

251 (B) "Retail sale" or "sale at retail" does not include any sale of any
252 tangible personal property, where, no later than one hundred twenty
253 days after the original sale, the original purchaser sells or becomes
254 contractually obligated to sell such property to a retailer who is
255 contractually obligated to lease such property back to such original
256 purchaser in a lease that is taxable under this chapter or the sale of such
257 property by the original purchaser to the retailer who is contractually
258 obligated to lease such property back to such original purchaser in a
259 lease that is taxable under this chapter. If the original purchaser has paid
260 sales or use tax on the original sale of such property to the original
261 purchaser, such original purchaser may (i) claim a refund of such tax

262 under the provisions of section 12-425, upon presentation of proof
263 satisfactory to the commissioner that the mutual contractual obligations
264 described in this subparagraph were undertaken no later than one
265 hundred twenty days after the original sale and that such tax was paid
266 to the original retailer on the original sale and was remitted to the
267 commissioner by such original retailer or by such original purchaser, or
268 (ii) issue at the time of such original sale or no later than one hundred
269 twenty days thereafter a certificate, in the form prescribed by the
270 commissioner, to the original retailer certifying that the mutual
271 contractual obligations described in this subparagraph have been
272 undertaken. If such certificate is issued to the original retailer at the time
273 of the original sale, no tax on the original sale shall be collected by the
274 original retailer from the original purchaser. If the certificate is issued
275 after the time of the original sale but no later than one hundred twenty
276 days thereafter, the original retailer shall refund to the original
277 purchaser the tax collected on the original sale and, if the original
278 retailer has previously remitted the tax to the commissioner, the original
279 retailer may either treat the amount so refunded as a credit against the
280 tax due on the return next filed under this chapter, or claim a refund
281 under section 12-425. If such certificate is issued no later than one
282 hundred twenty days after the time of the original sale but the tangible
283 personal property originally purchased is not, in fact, subsequently
284 leased by the original purchaser, such original purchaser shall be liable
285 for and be required to pay the tax due on the original sale.

286 (4) "Storage" includes any keeping or retention in this state for any
287 purpose except sale in the regular course of business or subsequent use
288 solely outside this state of tangible personal property purchased from a
289 retailer.

290 (5) "Use" includes the exercise of any right or power over tangible
291 personal property incident to the ownership of that property, except
292 that it does not include the sale of that property in the regular course of
293 business.

294 (6) "Storage" and "use" do not include (A) keeping, retaining or

295 exercising any right or power over tangible personal property shipped
296 or brought into this state for the purpose of subsequently transporting
297 it outside the state for use thereafter solely outside the state, or for the
298 purpose of being processed, fabricated or manufactured into, attached
299 to or incorporated into, other tangible personal property to be
300 transported outside the state and thereafter used solely outside the state,
301 or (B) keeping, retaining or exercising any right or power over tangible
302 personal property acquired by the customer of a commercial printer
303 while such property is located at the premises of the commercial printer
304 in this state pursuant to a contract with such printer for printing and
305 distribution of printed material if the commercial printer could have
306 acquired such property without application of tax under this chapter.

307 (7) "Purchase" and "purchasing" means and includes: (A) Any
308 transfer, exchange or barter, conditional or otherwise, in any manner or
309 by any means whatsoever, of tangible personal property or of the
310 occupancy of any room or rooms in a hotel, lodging house, [or] bed and
311 breakfast establishment or short-term rental property for a period of
312 thirty consecutive calendar days or less for a consideration; (B) a
313 transaction whereby the possession of property is transferred but the
314 seller retains the title as security for the payment of the price; (C) a
315 transfer for a consideration of tangible personal property which has
316 been produced, fabricated or printed to the special order of the
317 customer, or of any publication; (D) when performed outside this state
318 or when the customer gives a resale certificate pursuant to section 12-
319 410, the producing, fabricating, processing, printing or imprinting of
320 tangible personal property for a consideration for consumers who
321 furnish either directly or indirectly the materials used in the producing,
322 fabricating, processing, printing or imprinting; (E) the acceptance or
323 receipt of any service described in any of the subparagraphs of
324 subdivision (2) of this subsection; (F) any leasing or rental of tangible
325 personal property. Wherever in this chapter reference is made to the
326 purchase or purchasing of tangible personal property, it shall be
327 construed to include purchases as described in this subsection.

328 (8) (A) "Sales price" means the total amount for which tangible

329 personal property is sold by a retailer, the total amount of rent for which
330 occupancy of a room is transferred by an operator, the total amount for
331 which any service described in subdivision (2) of this subsection is
332 rendered by a retailer or the total amount of payment or periodic
333 payments for which tangible personal property is leased by a retailer,
334 valued in money, whether paid in money or otherwise, which amount
335 is due and owing to the retailer or operator and, subject to the provisions
336 of subdivision (1) of section 12-408, as amended by this act, whether or
337 not actually received by the retailer or operator, without any deduction
338 on account of any of the following: (i) The cost of the property sold; (ii)
339 the cost of materials used, labor or service cost, interest charged, losses
340 or any other expenses; (iii) for any sale occurring on or after July 1, 1993,
341 any charges by the retailer to the purchaser for shipping or delivery,
342 notwithstanding whether such charges are separately stated in a written
343 contract, or on a bill or invoice rendered to such purchaser or whether
344 such shipping or delivery is provided by the retailer or a third party.
345 The provisions of subparagraph (A) (iii) of this subdivision shall not
346 apply to any item exempt from taxation pursuant to section 12-412. Such
347 total amount includes any services that are a part of the sale; except as
348 otherwise provided in subparagraph (B)(v) or (B)(vi) of this subdivision,
349 any amount for which credit is given to the purchaser by the retailer,
350 and all compensation and all employment-related expenses, whether or
351 not separately stated, paid to or on behalf of employees of a retailer of
352 any service described in subdivision (2) of this subsection.

353 (B) "Sales price" does not include any of the following: (i) Cash
354 discounts allowed and taken on sales; (ii) any portion of the amount
355 charged for property returned by purchasers, which upon rescission of
356 the contract of sale is refunded either in cash or credit, provided the
357 property is returned within ninety days from the date of purchase; (iii)
358 the amount of any tax, not including any manufacturers' or importers'
359 excise tax, imposed by the United States upon or with respect to retail
360 sales whether imposed upon the retailer or the purchaser; (iv) the
361 amount charged for labor rendered in installing or applying the
362 property sold, provided such charge is separately stated and exclusive

363 of such charge for any service rendered within the purview of
364 subparagraph (I) of subdivision (37) of this subsection; (v) unless the
365 provisions of subdivision (4) of section 12-430 or of section 12-430a are
366 applicable, any amount for which credit is given to the purchaser by the
367 retailer, provided such credit is given solely for property of the same
368 kind accepted in part payment by the retailer and intended by the
369 retailer to be resold; (vi) the full face value of any coupon used by a
370 purchaser to reduce the price paid to a retailer for an item of tangible
371 personal property, whether or not the retailer will be reimbursed for
372 such coupon, in whole or in part, by the manufacturer of the item of
373 tangible personal property or by a third party; (vii) the amount charged
374 for separately stated compensation, fringe benefits, workers'
375 compensation and payroll taxes or assessments paid to or on behalf of
376 employees of a retailer who has contracted to manage a service
377 recipient's property or business premises and renders management
378 services described in subparagraph (I) or (J) of subdivision (37) of this
379 subsection, provided, the employees perform such services solely for
380 the service recipient at its property or business premises and "sales
381 price" shall include the separately stated compensation, fringe benefits,
382 workers' compensation and payroll taxes or assessments paid to or on
383 behalf of any employee of the retailer who is an officer, director or
384 owner of more than five per cent of the outstanding capital stock of the
385 retailer. Determination whether an employee performs services solely
386 for a service recipient at its property or business premises for purposes
387 of this subdivision shall be made by reference to such employee's
388 activities during the time period beginning on the later of the
389 commencement of the management contract, the date of the employee's
390 first employment by the retailer or the date which is six months
391 immediately preceding the date of such determination; (viii) the amount
392 charged for separately stated compensation, fringe benefits, workers'
393 compensation and payroll taxes or assessments paid to or on behalf of
394 (I) a leased employee, or (II) a worksite employee by a professional
395 employer organization pursuant to a professional employer agreement.
396 For purposes of this subparagraph, an employee shall be treated as a
397 leased employee if the employee is provided to the client at the

398 commencement of an agreement with an employee leasing organization
399 under which at least seventy-five per cent of the employees provided to
400 the client at the commencement of such initial agreement qualify as
401 leased employees pursuant to Section 414(n) of the Internal Revenue
402 Code of 1986, or any subsequent corresponding internal revenue code
403 of the United States, as from time to time amended, or the employee is
404 added to the client's workforce by the employee leasing organization
405 subsequent to the commencement of such initial agreement and
406 qualifies as a leased employee pursuant to Section 414(n) of said Internal
407 Revenue Code of 1986 without regard to subparagraph (B) of paragraph
408 (2) thereof. A leased employee, or a worksite employee subject to a
409 professional employer agreement, shall not include any employee who
410 is hired by a temporary help service and assigned to support or
411 supplement the workforce of a temporary help service's client; (ix) any
412 amount received by a retailer from a purchaser as the battery deposit
413 that is required to be paid under subsection (a) of section 22a-245h; the
414 refund value of a beverage container that is required to be paid under
415 subsection (a) of section 22a-244; or a deposit that is required by law to
416 be paid by the purchaser to the retailer and that is required by law to be
417 refunded to the purchaser by the retailer when the same or similar
418 tangible personal property is delivered as required by law to the retailer
419 by the purchaser, if such amount is separately stated on the bill or
420 invoice rendered by the retailer to the purchaser; and (x) the amount
421 charged for separately stated compensation, fringe benefits, workers'
422 compensation and payroll taxes or assessments paid to a media payroll
423 services company, as defined in this subsection.

424 (9) (A) "Gross receipts" means the total amount of the sales price from
425 retail sales of tangible personal property by a retailer, the total amount
426 of the rent from transfers of occupancy of rooms by an operator, the total
427 amount of the sales price from retail sales of any service described in
428 subdivision (2) of this subsection by a retailer of services, or the total
429 amount of payment or periodic payments from leases or rentals of
430 tangible personal property by a retailer, valued in money, whether
431 received in money or otherwise, which amount is due and owing to the

432 retailer or operator and, subject to the provisions of subdivision (1) of
433 section 12-408, as amended by this act, whether or not actually received
434 by the retailer or operator, without any deduction on account of any of
435 the following: (i) The cost of the property sold; however, in accordance
436 with such regulations as the Commissioner of Revenue Services may
437 prescribe, a deduction may be taken if the retailer has purchased
438 property for some other purpose than resale, has reimbursed the
439 retailer's vendor for tax which the vendor is required to pay to the state
440 or has paid the use tax with respect to the property, and has resold the
441 property prior to making any use of the property other than retention,
442 demonstration or display while holding it for sale in the regular course
443 of business. If such a deduction is taken by the retailer, no refund or
444 credit will be allowed to the retailer's vendor with respect to the sale of
445 the property; (ii) the cost of the materials used, labor or service cost,
446 interest paid, losses or any other expense; (iii) for any sale occurring on
447 or after July 1, 1993, except for any item exempt from taxation pursuant
448 to section 12-412, any charges by the retailer to the purchaser for
449 shipping or delivery, notwithstanding whether such charges are
450 separately stated in the written contract, or on a bill or invoice rendered
451 to such purchaser or whether such shipping or delivery is provided by
452 the retailer or a third party. The total amount of the sales price includes
453 any services that are a part of the sale; all receipts, cash, credits and
454 property of any kind; except as otherwise provided in subparagraph
455 (B)(v) or (B)(vi) of this subdivision, any amount for which credit is
456 allowed by the retailer to the purchaser; and all compensation and all
457 employment-related expenses, whether or not separately stated, paid to
458 or on behalf of employees of a retailer of any service described in
459 subdivision (2) of this subsection.

460 (B) "Gross receipts" do not include any of the following: (i) Cash
461 discounts allowed and taken on sales; (ii) any portion of the sales price
462 of property returned by purchasers, which upon rescission of the
463 contract of sale is refunded either in cash or credit, provided the
464 property is returned within ninety days from the date of sale; (iii) the
465 amount of any tax, not including any manufacturers' or importers'

466 excise tax, imposed by the United States upon or with respect to retail
467 sales whether imposed upon the retailer or the purchaser; (iv) the
468 amount charged for labor rendered in installing or applying the
469 property sold, provided such charge is separately stated and exclusive
470 of such charge for any service rendered within the purview of
471 subparagraph (I) of subdivision (37) of this subsection; (v) unless the
472 provisions of subdivision (4) of section 12-430 or of section 12-430a are
473 applicable, any amount for which credit is given to the purchaser by the
474 retailer, provided such credit is given solely for property of the same
475 kind accepted in part payment by the retailer and intended by the
476 retailer to be resold; (vi) the full face value of any coupon used by a
477 purchaser to reduce the price paid to the retailer for an item of tangible
478 personal property, whether or not the retailer will be reimbursed for
479 such coupon, in whole or in part, by the manufacturer of the item of
480 tangible personal property or by a third party; (vii) the amount charged
481 for separately stated compensation, fringe benefits, workers'
482 compensation and payroll taxes or assessments paid to or on behalf of
483 employees of a retailer who has contracted to manage a service
484 recipient's property or business premises and renders management
485 services described in subparagraph (I) or (J) of subdivision (37) of this
486 subsection, provided the employees perform such services solely for the
487 service recipient at its property or business premises and "gross
488 receipts" shall include the separately stated compensation, fringe
489 benefits, workers' compensation and payroll taxes or assessments paid
490 to or on behalf of any employee of the retailer who is an officer, director
491 or owner of more than five per cent of the outstanding capital stock of
492 the retailer. Determination whether an employee performs services
493 solely for a service recipient at its property or business premises for
494 purposes of this subdivision shall be made by reference to such
495 employee's activities during the time period beginning on the later of
496 the commencement of the management contract, the date of the
497 employee's first employment by the retailer or the date which is six
498 months immediately preceding the date of such determination; (viii) the
499 amount charged for separately stated compensation, fringe benefits,
500 workers' compensation and payroll taxes or assessments paid to or on

501 behalf of (I) a leased employee, or (II) a worksite employee by a
502 professional employer organization pursuant to a professional
503 employer agreement. For purposes of this subparagraph, an employee
504 shall be treated as a leased employee if the employee is provided to the
505 client at the commencement of an agreement with an employee leasing
506 organization under which at least seventy-five per cent of the employees
507 provided to the client at the commencement of such initial agreement
508 qualify as leased employees pursuant to Section 414(n) of the Internal
509 Revenue Code of 1986, or any subsequent corresponding internal
510 revenue code of the United States, as from time to time amended, or the
511 employee is added to the client's workforce by the employee leasing
512 organization subsequent to the commencement of such initial
513 agreement and qualifies as a leased employee pursuant to Section 414(n)
514 of said Internal Revenue Code of 1986 without regard to subparagraph
515 (B) of paragraph (2) thereof. A leased employee, or a worksite employee
516 subject to a professional employer agreement, shall not include any
517 employee who is hired by a temporary help service and assigned to
518 support or supplement the workforce of a temporary help service's
519 client; (ix) the amount received by a retailer from a purchaser as the
520 battery deposit that is required to be paid under subsection (a) of section
521 22a-256h; the refund value of a beverage container that is required to be
522 paid under subsection (a) of section 22a-244 or a deposit that is required
523 by law to be paid by the purchaser to the retailer and that is required by
524 law to be refunded to the purchaser by the retailer when the same or
525 similar tangible personal property is delivered as required by law to the
526 retailer by the purchaser, if such amount is separately stated on the bill
527 or invoice rendered by the retailer to the purchaser; and (x) the amount
528 charged for separately stated compensation, fringe benefits, workers'
529 compensation and payroll taxes or assessments paid to a media payroll
530 services company, as defined in this subsection.

531 (10) "Business" includes any activity engaged in by any person or
532 caused to be engaged in by any person with the object of gain, benefit
533 or advantage, either direct or indirect.

534 (11) "Seller" includes every person engaged in the business of selling

535 tangible personal property or rendering any service described in any of
536 the subparagraphs of subdivision (2) of this subsection, the gross
537 receipts from the retail sale of which are required to be included in the
538 measure of the sales tax and every operator as defined in subdivision
539 (18) of this subsection.

540 (12) "Retailer" includes:

541 (A) Every person engaged in the business of making sales at retail or
542 in the business of making retail sales at auction of tangible personal
543 property owned by the person or others;

544 (B) Every person engaged in the business of making sales for storage,
545 use or other consumption or in the business of making sales at auction
546 of tangible personal property owned by the person or others for storage,
547 use or other consumption;

548 (C) Every operator, as defined in subdivision (18) of this subsection;

549 (D) Every seller rendering any service described in subdivision (2) of
550 this subsection;

551 (E) Every person under whom any salesman, representative, peddler
552 or canvasser operates in this state, or from whom such salesman,
553 representative, peddler or canvasser obtains the tangible personal
554 property that is sold;

555 (F) Every person with whose assistance any seller is enabled to solicit
556 orders within this state;

557 (G) Every person making retail sales of tangible personal property or
558 services from outside this state to a destination within this state,
559 provided such person has gross receipts of at least one hundred
560 thousand dollars and made two hundred or more retail sales from
561 outside this state to destinations within this state during the twelve-
562 month period ended on the September thirtieth immediately preceding
563 the monthly or quarterly period with respect to which such person's
564 liability for tax under this chapter is determined;

565 (H) Any person owned or controlled, either directly or indirectly, by
566 a retailer engaged in business in this state which is the same as or similar
567 to the line of business in which such person so owned or controlled is
568 engaged;

569 (I) Any person owned or controlled, either directly or indirectly, by
570 the same interests that own or control, either directly or indirectly, a
571 retailer engaged in business in this state which is the same as or similar
572 to the line of business in which such person so owned or controlled is
573 engaged;

574 (J) Any assignee of a person engaged in the business of leasing
575 tangible personal property to others, where leased property of such
576 person which is subject to taxation under this chapter is situated within
577 this state and such assignee has a security interest, as defined in
578 subdivision (35) of subsection (b) of section 42a-1-201, in such property;

579 (K) Every person making retail sales of items of tangible personal
580 property from outside this state to a destination within this state who
581 repairs or services such items, under a warranty, in this state, either
582 directly or indirectly through an agent, independent contractor or
583 subsidiary;

584 (L) Every person making sales of tangible personal property or
585 services through an agreement with another person located in this state
586 under which such person located in this state, for a commission or other
587 consideration that is based upon the sale of tangible personal property
588 or services by the retailer, directly or indirectly refers potential
589 customers, whether by a link on an Internet web site or otherwise, to the
590 retailer, provided the cumulative gross receipts from sales by the retailer
591 to customers in the state who are referred to the retailer by all such
592 persons with this type of an agreement with the retailer, is in excess of
593 one hundred thousand dollars during the preceding four quarterly
594 periods ending on the last day of March, June, September and
595 December;

596 (M) Any marketplace facilitator, as defined in section 12-408e; and

597 (N) Any short-term rental facilitator, as defined in section 12-408h.

598 (13) "Tangible personal property" means personal property that may
599 be seen, weighed, measured, felt or touched or that is in any other
600 manner perceptible to the senses. "Tangible personal property" includes
601 (A) digital goods, (B) canned or prewritten computer software,
602 including canned or prewritten software that is electronically accessed
603 or transferred, other than when purchased by a business for use by such
604 business, and any additional content related to such software, and (C)
605 the distribution, generation or transmission of electricity.

606 (14) "In this state" or "in the state" means within the exterior limits of
607 the state of Connecticut and includes all territory within these limits
608 owned by or ceded to the United States of America.

609 (15) (A) "Engaged in business in the state" means and, to the extent
610 not prohibited by the Constitution of the United States, includes, but
611 shall not be limited to, the following acts or methods of transacting
612 business:

613 (i) Selling in this state, or any activity in this state in connection with
614 selling in this state, tangible personal property for use, storage or
615 consumption within the state;

616 (ii) Engaging in the transfer for a consideration of the occupancy of
617 any room or rooms in a hotel, lodging house [or] bed and breakfast
618 establishment or short-term rental property for a period of thirty
619 consecutive calendar days or less;

620 (iii) Rendering in this state any service described in any of the
621 subparagraphs of subdivision (2) of this subsection;

622 (iv) Maintaining, occupying or using, permanently or temporarily,
623 directly or indirectly, through a subsidiary or agent, by whatever name
624 called, any office, place of distribution, sales or sample room or place,
625 warehouse or storage point or other place of business or having any
626 representative, agent, salesman, canvasser or solicitor operating in this

627 state for the purpose of selling, delivering or taking orders;

628 (v) Selling tangible personal property or services from outside this
629 state to a destination within this state, provided at least one hundred
630 thousand dollars of gross receipts are received and two hundred or
631 more retail sales from outside this state to destinations within this state
632 are made during the twelve-month period ended on the September
633 thirtieth immediately preceding the monthly or quarterly period with
634 respect to which liability for tax under this chapter is determined;

635 (vi) Being owned or controlled, either directly or indirectly, by a
636 retailer engaged in business in this state which is the same as or similar
637 to the line of business in which the retailer so owned or controlled is
638 engaged;

639 (vii) Being owned or controlled, either directly or indirectly, by the
640 same interests that own or control, either directly or indirectly, a retailer
641 engaged in business in this state which is the same as or similar to the
642 line of business in which the retailer so owned or controlled is engaged;

643 (viii) Being the assignee of a person engaged in the business of leasing
644 tangible personal property to others, where leased property of such
645 person is situated within this state and such assignee has a security
646 interest, as defined in subdivision (35) of subsection (b) of section 42a-1-
647 201, in such property;

648 (ix) Notwithstanding the fact that retail sales of items of tangible
649 personal property are made from outside this state to a destination
650 within this state, repairing or servicing such items, under a warranty, in
651 this state, either directly or indirectly through an agent, independent
652 contractor or subsidiary; and

653 (x) Selling tangible personal property or services through an
654 agreement with a person located in this state, under which such person
655 located in this state, for a commission or other consideration that is
656 based upon the sale of tangible personal property or services by the
657 retailer, directly or indirectly refers potential customers, whether by a

658 link on an Internet web site or otherwise, to the retailer, provided the
659 cumulative gross receipts from sales by the retailer to customers in the
660 state who are referred to the retailer by all such persons with this type
661 of agreement with the retailer is in excess of one hundred thousand
662 dollars during the four preceding four quarterly periods ending on the
663 last day of March, June, September and December.

664 (B) A retailer who has contracted with a commercial printer for
665 printing and distribution of printed material shall not be deemed to be
666 engaged in business in this state because of the ownership or leasing by
667 the retailer of tangible or intangible personal property located at the
668 premises of the commercial printer in this state, the sale by the retailer
669 of property of any kind produced or processed at and shipped or
670 distributed from the premises of the commercial printer in this state, the
671 activities of the retailer's employees or agents at the premises of the
672 commercial printer in this state, which activities relate to quality control,
673 distribution or printing services performed by the printer, or the
674 activities of any kind performed by the commercial printer in this state
675 for or on behalf of the retailer.

676 (C) A retailer not otherwise engaged in business in the state who
677 purchases fulfillment services carried on in this state by a person other
678 than an affiliated person, or who owns tangible personal property
679 located on the premises of an unaffiliated person other than a
680 marketplace facilitator, as defined in section 12-408e, performing
681 fulfillment services for such retailer, shall not be deemed to be engaged
682 in business in this state. For purposes of this subparagraph, (i) persons
683 are affiliated persons with respect to each other where one of such
684 persons has an ownership interest of more than five per cent, whether
685 direct or indirect, in the other, or where an ownership interest of more
686 than five per cent, whether direct or indirect, is held in each of such
687 persons by another person or by a group of other persons who are
688 affiliated persons with respect to each other, and (ii) "fulfillment
689 services" means services that are performed by a person on its premises
690 on behalf of a purchaser of such services and that involve the receipt of
691 orders from the purchaser of such services or an agent thereof, which

692 orders are to be filled by the person from an inventory of products that
693 are offered for sale by the purchaser of such services, and the shipment
694 of such orders outside this state to customers of the purchaser of such
695 services.

696 (D) A retailer not otherwise engaged in business in this state that
697 participates in a trade show or shows at the convention center, as
698 defined in subdivision (3) of section 32-600, shall not be deemed to be
699 engaged in business in this state, regardless of whether the retailer has
700 employees or other staff present at such trade shows, provided the
701 retailer's activity at such trade shows is limited to displaying goods or
702 promoting services, no sales are made, any orders received are sent
703 outside this state for acceptance or rejection and are filled from outside
704 this state, and provided further that such participation is not more than
705 fourteen days, or part thereof, in the aggregate during the retailer's
706 income year for federal income tax purposes.

707 (16) "Hotel" means any building regularly used and kept open as such
708 for the feeding and lodging of guests where any person who conducts
709 himself properly and who is able and ready to pay for such services is
710 received if there are accommodations for such person and which derives
711 the major portion of its operating receipts from the renting of rooms and
712 the sale of food. "Hotel" includes any apartment hotel wherein
713 apartments are rented for fixed periods of time, furnished or
714 unfurnished, while the keeper of such hotel supplies food to the
715 occupants thereof, if required, but does not include a bed and breakfast
716 establishment or short-term rental property.

717 (17) "Lodging house" means any building or portion of a building,
718 other than a hotel, an apartment hotel, [or] a bed and breakfast
719 establishment or a short term-rental property, in which persons are
720 lodged for hire with or without meals, including, but not limited to, any
721 motel, motor court, motor inn, tourist court, furnished residence or
722 similar accommodation; provided the terms "hotel", "apartment hotel",
723 "lodging house", [and "bed and breakfast"] "bed and breakfast
724 establishment" and "short term rental property" shall not be construed

725 to include: (A) Privately owned and operated convalescent homes,
726 residential care homes, homes for the infirm, indigent or chronically ill;
727 (B) religious or charitable homes for the aged, infirm, indigent or
728 chronically ill; (C) privately owned and operated summer camps for
729 children; (D) summer camps for children operated by religious or
730 charitable organizations; (E) lodging accommodations at educational
731 institutions; or (F) lodging accommodations at any facility operated by
732 and in the name of any nonprofit charitable organization, provided the
733 income from such lodging accommodations at such facility is not subject
734 to federal income tax.

735 (18) "Operator" means any person operating a hotel, lodging house,
736 [or] bed and breakfast establishment or short-term rental property in the
737 state, including, but not limited to, the owner or proprietor of such
738 premises, lessee, sublessee, mortgagee in possession, licensee or any
739 other person otherwise operating such hotel, lodging house, [or] bed
740 and breakfast establishment or short-term rental property.

741 (19) "Occupancy" means the use or possession, or the right to the use
742 or possession, of any room or rooms in a hotel, lodging house, [or] bed
743 and breakfast establishment or short-term rental property, or the right
744 to the use or possession of the furnishings or the services and
745 accommodations accompanying the use and possession of such room or
746 rooms, for the first period of not more than thirty consecutive calendar
747 days.

748 (20) "Room" means any room or rooms of any kind in any part or
749 portion of a hotel, lodging house, [or] bed and breakfast establishment
750 or short-term rental property let out for use or possession for lodging
751 purposes.

752 (21) "Rent" means the consideration received for occupancy and any
753 meals included with such occupancy, valued in money, whether
754 received in money or otherwise, including all receipts, cash, credits and
755 property or services of any kind or nature, and also any amount for
756 which credit is allowed by the operator to the occupant, without any

757 deduction therefrom whatsoever.

758 (22) "Certificated air carrier" means a person issued a certificate or
759 certificates by the Federal Aviation Administration pursuant to Title 14,
760 Chapter I, Subchapter G, Part 121, 135, 139 or 141 of the Code of Federal
761 Regulations or the Civil Aeronautics Board pursuant to Title 14, Chapter
762 II, Subchapter A, Parts 201 to 208, inclusive, and 298 of the Code of
763 Federal Regulations, as such regulations may hereafter be amended or
764 reclassified.

765 (23) "Aircraft" means aircraft, as the term is defined in section 15-34.

766 (24) "Vessel" means vessel, as the term is defined in section 15-127.

767 (25) "Licensed marine dealer" means a marine dealer, as the term is
768 defined in section 15-141, who has been issued a marine dealer's
769 certificate by the Commissioner of Energy and Environmental
770 Protection.

771 (26) (A) "Telecommunications service" means the electronic
772 transmission, conveyance or routing of voice, image, data, audio, video
773 or any other information or signals to a point or between or among
774 points. "Telecommunications service" includes such transmission,
775 conveyance or routing in which computer processing applications are
776 used to act on the form, code or protocol of the content for purposes of
777 transmission, conveyance or routing without regard to whether such
778 service is referred to as a voice over Internet protocol service or is
779 classified by the Federal Communications Commission as enhanced or
780 value added. "Telecommunications service" does not include (i) value-
781 added nonvoice data services, (ii) radio and television audio and video
782 programming services, regardless of the medium, including the
783 furnishing of transmission, conveyance or routing of such services by
784 the programming service provider. Radio and television audio and
785 video programming services shall include, but not be limited to, cable
786 service as defined in 47 USC 522(6), audio and video programming
787 services delivered by commercial mobile radio service providers, as
788 defined in 47 CFR 20, and video programming service by certified

789 competitive video service providers, (iii) any telecommunications
790 service (I) rendered by a company in control of such service when
791 rendered for private use within its organization, or (II) used, allocated
792 or distributed by a company within its organization, including in such
793 organization affiliates, as defined in section 33-840, for the purpose of
794 conducting business transactions of the organization if such service is
795 purchased or leased from a company rendering telecommunications
796 service and such purchase or lease is subject to tax under this chapter,
797 (iv) access or interconnection service purchased by a provider of
798 telecommunications service from another provider of such service for
799 purposes of rendering such service, provided the purchaser submits to
800 the seller a certificate attesting to the applicability of this exclusion, upon
801 receipt of which the seller is relieved of any tax liability for such sale so
802 long as the certificate is taken in good faith by the seller, (v) data
803 processing and information services that allow data to be generated,
804 acquired, stored, processed or retrieved and delivered by an electronic
805 transmission to a purchaser where such purchaser's primary purpose
806 for the underlying transaction is the processed data or information, (vi)
807 installation or maintenance of wiring equipment on a customer's
808 premises, (vii) tangible personal property, (viii) advertising, including,
809 but not limited to, directory advertising, (ix) billing and collection
810 services provided to third parties, (x) Internet access service, (xi)
811 ancillary services, and (xii) digital products delivered electronically,
812 including, but not limited to, software, music, video, reading materials
813 or ring tones.

814 (B) For purposes of the tax imposed under this chapter (i) gross
815 receipts from the rendering of telecommunications service shall include
816 any subscriber line charge or charges as required by the Federal
817 Communications Commission and any charges for access service
818 collected by any person rendering such service unless otherwise
819 excluded from such gross receipts under this chapter, and such gross
820 receipts from the rendering of telecommunications service shall also
821 include any charges for vertical service, for the installation or
822 maintenance of wiring equipment on a customer's premises, and for

823 directory assistance service; (ii) gross receipts from the rendering of
824 telecommunications service shall not include any local charge for calls
825 from public or semipublic telephones; and (iii) gross receipts from the
826 rendering of telecommunications service shall not include any charge
827 for calls purchased using a prepaid telephone calling service, as defined
828 in subdivision (34) of this subsection.

829 (27) "Community antenna television service" means (A) the one-way
830 transmission to subscribers of video programming or information by
831 cable, fiber optics, satellite, microwave or any other means, and
832 subscriber interaction, if any, which is required for the selection of such
833 video programming or information, and (B) noncable communications
834 service, as defined in section 16-1, unless such noncable
835 communications service is purchased by a cable network as that term is
836 used in subsection (k) of section 12-218.

837 (28) "Hospital" means a hospital included within the definition of
838 health care facilities or institutions under section 19a-630 and licensed
839 as a short-term general hospital by the Department of Public Health, but
840 does not include (A) any hospital which, on January 30, 1997, is within
841 the class of hospitals licensed by the department as children's general
842 hospitals, or (B) a short-term acute hospital operated exclusively by the
843 state other than a short-term acute hospital operated by the state as a
844 receiver pursuant to chapter 920.

845 (29) "Patient care services" means therapeutic and diagnostic medical
846 services provided by the hospital to inpatients and outpatients
847 including tangible personal property transferred in connection with
848 such services.

849 (30) "Another state" or "other state" means any state of the United
850 States or the District of Columbia excluding the state of Connecticut.

851 (31) "Professional employer agreement" means a written contract
852 between a professional employer organization and a service recipient
853 whereby the professional employer organization agrees to provide at
854 least seventy-five per cent of the employees at the service recipient's

855 worksite, which contract provides that such worksite employees are
856 intended to be permanent employees rather than temporary employees,
857 and employer responsibilities for such worksite employees, including
858 hiring, firing and disciplining, are allocated between the professional
859 employer organization and the service recipient.

860 (32) "Professional employer organization" means any person that
861 enters into a professional employer agreement with a service recipient
862 whereby the professional employer organization agrees to provide at
863 least seventy-five per cent of the employees at the service recipient's
864 worksite.

865 (33) "Worksite employee" means an employee, the employer
866 responsibilities for which, including hiring, firing and disciplining, are
867 allocated, under a professional employer agreement, between a
868 professional employer organization and a service recipient.

869 (34) "Prepaid telephone calling service" means the right to exclusively
870 purchase telecommunications service, that must be paid for in advance
871 and that enables the origination of calls using an access number or
872 authorization code, or both, whether manually or electronically dialed,
873 provided the remaining amount of units of service that have been
874 prepaid shall be known on a continuous basis.

875 (35) "Canned or prewritten software" means all software, other than
876 custom software, that is held or existing for general or repeated sale,
877 license or lease. Software initially developed as custom software for in-
878 house use and subsequently sold, licensed or leased to unrelated third
879 parties shall be considered canned or prewritten software.

880 (36) "Custom software" means a computer program prepared to the
881 special order of a single customer.

882 (37) "Services" for purposes of subdivision (2) of this subsection,
883 means:

884 (A) Computer and data processing services, including, but not

885 limited to, time, programming, code writing, modification of existing
886 programs, feasibility studies and installation and implementation of
887 software programs and systems even where such services are rendered
888 in connection with the development, creation or production of canned
889 or custom software or the license of custom software, but excluding
890 digital goods;

891 (B) Credit information and reporting services;

892 (C) Services by employment agencies and agencies providing
893 personnel services;

894 (D) Private investigation, protection, patrol work, watchman and
895 armored car services, exclusive of (i) services of off-duty police officers
896 and off-duty firefighters, and (ii) coin and currency services provided to
897 a financial services company by or through another financial services
898 company. For purposes of this subparagraph, "financial services
899 company" has the same meaning as provided under subparagraphs (A)
900 to (H), inclusive, of subdivision (6) of subsection (a) of section 12-218b;

901 (E) Painting and lettering services;

902 (F) Photographic studio services;

903 (G) Telephone answering services;

904 (H) Stenographic services;

905 (I) Services to industrial, commercial or income-producing real
906 property, including, but not limited to, such services as management,
907 electrical, plumbing, painting and carpentry, provided income-
908 producing property shall not include property used exclusively for
909 residential purposes in which the owner resides and which contains no
910 more than three dwelling units, or a housing facility for low and
911 moderate income families and persons owned or operated by a
912 nonprofit housing organization, as defined in subdivision (29) of section
913 12-412;

914 (J) Business analysis, management, management consulting and
915 public relations services, excluding (i) any environmental consulting
916 services, (ii) any training services provided by an institution of higher
917 education licensed or accredited by the Board of Regents for Higher
918 Education or Office of Higher Education pursuant to sections 10a-35a
919 and 10a-34, respectively, and (iii) on and after January 1, 1994, any
920 business analysis, management, management consulting and public
921 relations services when such services are rendered in connection with
922 an aircraft leased or owned by a certificated air carrier or in connection
923 with an aircraft which has a maximum certificated take-off weight of six
924 thousand pounds or more;

925 (K) Services providing "piped-in" music to business or professional
926 establishments;

927 (L) Flight instruction and chartering services by a certificated air
928 carrier on an aircraft, the use of which for such purposes, but for the
929 provisions of subdivision (4) of section 12-410 and subdivision (12) of
930 section 12-411, as amended by this act, would be deemed a retail sale
931 and a taxable storage or use, respectively, of such aircraft by such
932 carrier;

933 (M) Motor vehicle repair services, including any type of repair,
934 painting or replacement related to the body or any of the operating parts
935 of a motor vehicle;

936 (N) Motor vehicle parking, excluding space in a parking lot owned or
937 leased under the terms of a lease of not less than ten years' duration and
938 operated by an employer for the exclusive use of its employees;

939 (O) Radio or television repair services;

940 (P) Furniture reupholstering and repair services;

941 (Q) Repair services to any electrical or electronic device, including,
942 but not limited to, equipment used for purposes of refrigeration or air-
943 conditioning;

944 (R) Lobbying or consulting services for purposes of representing the
945 interests of a client in relation to the functions of any governmental
946 entity or instrumentality;

947 (S) Services of the agent of any person in relation to the sale of any
948 item of tangible personal property for such person, exclusive of the
949 services of a consignee selling works of art, as defined in subsection (b)
950 of section 12-376c, or articles of clothing or footwear intended to be worn
951 on or about the human body other than (i) any special clothing or
952 footwear primarily designed for athletic activity or protective use and
953 which is not normally worn except when used for the athletic activity or
954 protective use for which it was designed, and (ii) jewelry, handbags,
955 luggage, umbrellas, wallets, watches and similar items carried on or
956 about the human body but not worn on the body, under consignment,
957 exclusive of services provided by an auctioneer;

958 (T) Locksmith services;

959 (U) Advertising or public relations services, including layout, art
960 direction, graphic design, mechanical preparation or production
961 supervision, not related to the development of media advertising or
962 cooperative direct mail advertising;

963 (V) Landscaping and horticulture services;

964 (W) Window cleaning services;

965 (X) Maintenance services;

966 (Y) Janitorial services;

967 (Z) Exterminating services;

968 (AA) Swimming pool cleaning and maintenance services;

969 (BB) Miscellaneous personal services included in industry group 729
970 in the Standard Industrial Classification Manual, United States Office of
971 Management and Budget, 1987 edition, or industry group 532220,

972 812191, 812199 or 812990 of the North American Industry Classification
973 System United States Manual, United States Office of Management and
974 Budget (NAICS), 1997 edition, exclusive of (i) services rendered by
975 massage therapists licensed pursuant to chapter 384a, and (ii) services
976 rendered by an electrologist licensed pursuant to chapter 388;

977 (CC) Any repair or maintenance service to any item of tangible
978 personal property including any contract of warranty or service related
979 to any such item;

980 (DD) Business analysis, management or managing consulting
981 services rendered by a general partner, or an affiliate thereof, to a
982 limited partnership, provided (i) the general partner, or an affiliate
983 thereof, is compensated for the rendition of such services other than
984 through a distributive share of partnership profits or an annual
985 percentage of partnership capital or assets established in the limited
986 partnership's offering statement, and (ii) the general partner, or an
987 affiliate thereof, offers such services to others, including any other
988 partnership. As used in this subparagraph "an affiliate of a general
989 partner" means an entity which is directly or indirectly owned fifty per
990 cent or more in common with a general partner;

991 (EE) Notwithstanding the provisions of section 12-412, except
992 subdivision (87) of said section 12-412, patient care services, as defined
993 in subdivision (29) of this subsection by a hospital, except that "sale" and
994 "selling" does not include such patient care services for which payment
995 is received by the hospital during the period commencing July 1, 2001,
996 and ending June 30, 2003;

997 (FF) Health and athletic club services, exclusive of (i) any such
998 services provided without any additional charge which are included in
999 any dues or initiation fees paid to any such club, which dues or fees are
1000 subject to tax under section 12-543, and (ii) any such services provided
1001 by a municipality or an organization that is described in Section 501(c)
1002 of the Internal Revenue Code of 1986, or any subsequent corresponding
1003 internal revenue code of the United States, as amended from time to

1004 time;

1005 (GG) Motor vehicle storage services, including storage of motor
1006 homes, campers and camp trailers, other than the furnishing of space as
1007 described in subparagraph (P) of subdivision (2) of this subsection;

1008 (HH) Packing and crating services, other than those provided in
1009 connection with the sale of tangible personal property by the retailer of
1010 such property;

1011 (II) Motor vehicle towing and road services, other than motor vehicle
1012 repair services;

1013 (JJ) Intrastate transportation services provided by livery services,
1014 including limousines, community cars or vans, with a driver. Intrastate
1015 transportation services shall not include transportation by taxicab,
1016 motor bus, ambulance or ambulette, scheduled public transportation,
1017 nonemergency medical transportation provided under the Medicaid
1018 program, paratransit services provided by agreement or arrangement
1019 with the state or any political subdivision of the state, dial-a-ride
1020 services or services provided in connection with funerals;

1021 (KK) Pet grooming and pet boarding services, except if such services
1022 are provided as an integral part of professional veterinary services, and
1023 pet obedience services;

1024 (LL) Services in connection with a cosmetic medical procedure. For
1025 purposes of this subparagraph, "cosmetic medical procedure" means
1026 any medical procedure performed on an individual that is directed at
1027 improving the individual's appearance and that does not meaningfully
1028 promote the proper function of the body or prevent or treat illness or
1029 disease. "Cosmetic medical procedure" includes, but is not limited to,
1030 cosmetic surgery, hair transplants, cosmetic injections, cosmetic soft
1031 tissue fillers, dermabrasion and chemical peel, laser hair removal, laser
1032 skin resurfacing, laser treatment of leg veins and sclerotherapy.
1033 "Cosmetic medical procedure" does not include reconstructive surgery.
1034 "Reconstructive surgery" includes any surgery performed on abnormal

1035 structures caused by or related to congenital defects, developmental
1036 abnormalities, trauma, infection, tumors or disease, including
1037 procedures to improve function or give a more normal appearance;

1038 (MM) Manicure services, pedicure services and all other nail services,
1039 regardless of where performed, including airbrushing, fills, full sets, nail
1040 sculpting, paraffin treatments and polishes;

1041 (NN) Spa services, regardless of where performed, including body
1042 waxing and wraps, peels, scrubs and facials;

1043 (OO) Car wash services, including coin-operated car washes;

1044 (PP) Dry cleaning services and laundry services, excluding coin-
1045 operated services;

1046 (QQ) Interior design services described in industry group 54141 of
1047 the NAICS, 2017 edition, as amended from time to time.

1048 (38) "Media payroll services company" means a retailer whose
1049 principal business activity is the management and payment of
1050 compensation, fringe benefits, workers' compensation, payroll taxes or
1051 assessments to individuals providing services to an eligible production
1052 company pursuant to section 12-217jj.

1053 (39) "Certified competitive video service" means video programming
1054 service provided through wireline facilities, a portion of which are
1055 located in the public right-of-way, without regard to delivery
1056 technology, including Internet protocol technology. "Certified
1057 competitive video service" does not include any video programming
1058 provided by a commercial mobile service provider, as defined in 47 USC
1059 332(d); any video programming provided as part of community antenna
1060 television service; any video programming provided as part of, and via,
1061 a service that enables users to access content, information, electronic
1062 mail or other services over the Internet.

1063 (40) "Directory assistance" means an ancillary service of providing
1064 telephone number information or address information.

1065 (41) "Vertical service" means an ancillary service that is offered in
1066 connection with one or more telecommunications services, offering
1067 advanced calling features that allow customers to identify callers and to
1068 manage multiple calls and call connections, including conference
1069 bridging services.

1070 (42) "Bed and breakfast establishment" means any private operator-
1071 occupied house, other than a hotel, [or] lodging house or short-term
1072 rental property, with twelve or fewer rooms in which persons are
1073 lodged for hire and a full morning meal is included in the rent.

1074 (43) "Digital goods" means audio works, visual works, audio-visual
1075 works, reading materials or ring tones, that are electronically accessed
1076 or transferred.

1077 (44) "Short-term rental property" means any dwelling unit, other than
1078 a hotel, lodging house or bed and breakfast establishment, in which a
1079 guest is lodged for hire, with or without meals, pursuant to a short-term
1080 rental transaction. For the purposes of this subdivision, "dwelling unit",
1081 "guest" and "short-term rental transaction" have the same meanings as
1082 provided in section 1 of this act.

1083 (b) Wherever in this chapter reference is made to the sale of tangible
1084 personal property or services, it shall be construed to include sales
1085 described in subdivision (2) of subsection (a) of this section, except as
1086 may be specifically provided to the contrary.

1087 Sec. 9. Section 12-408 of the general statutes is repealed and the
1088 following is substituted in lieu thereof (*Effective July 1, 2021, and*
1089 *applicable to sales occurring on or after July 1, 2021*):

1090 (1) (A) For the privilege of making any sales, as defined in
1091 subdivision (2) of subsection (a) of section 12-407, as amended by this
1092 act, at retail, in this state for a consideration, a tax is hereby imposed on
1093 all retailers at the rate of six and thirty-five-hundredths per cent of the
1094 gross receipts of any retailer from the sale of all tangible personal
1095 property sold at retail or from the rendering of any services constituting

1096 a sale in accordance with subdivision (2) of subsection (a) of section 12-
1097 407, as amended by this act, except, in lieu of said rate, the rates
1098 provided in subparagraphs (B) to (I), inclusive, of this subdivision;

1099 (B) (i) At a rate of fifteen per cent with respect to each transfer of
1100 occupancy, from the total amount of rent received by a hotel or lodging
1101 house for the first period not exceeding thirty consecutive calendar
1102 days;

1103 (ii) At a rate of eleven per cent with respect to each transfer of
1104 occupancy, from the total amount of rent received by a bed and
1105 breakfast establishment for the first period not exceeding thirty
1106 consecutive calendar days;

1107 (iii) At a rate of five per cent with respect to each transfer of
1108 occupancy to a guest, as defined in section 1 of this act, from the total
1109 amount of rent received by a short-term rental operator, as defined in
1110 section 1 of this act, for the first period not exceeding thirty consecutive
1111 calendar days;

1112 (C) With respect to the sale of a motor vehicle to any individual who
1113 is a member of the armed forces of the United States and is on full-time
1114 active duty in Connecticut and who is considered, under 50 App USC
1115 574, a resident of another state, or to any such individual and the spouse
1116 thereof, at a rate of four and one-half per cent of the gross receipts of any
1117 retailer from such sales, provided such retailer requires and maintains a
1118 declaration by such individual, prescribed as to form by the
1119 commissioner and bearing notice to the effect that false statements made
1120 in such declaration are punishable, or other evidence, satisfactory to the
1121 commissioner, concerning the purchaser's state of residence under 50
1122 App USC 574;

1123 (D) (i) With respect to the sales of computer and data processing
1124 services occurring on or after July 1, 2001, at the rate of one per cent, and
1125 (ii) with respect to sales of Internet access services, on and after July 1,
1126 2001, such services shall be exempt from such tax;

1127 (E) (i) With respect to the sales of labor that is otherwise taxable under
1128 subparagraph (C) or (G) of subdivision (2) of subsection (a) of section
1129 12-407, as amended by this act, on existing vessels and repair or
1130 maintenance services on vessels occurring on and after July 1, 1999, such
1131 services shall be exempt from such tax;

1132 (ii) With respect to the sale of a vessel, a motor for a vessel or a trailer
1133 used for transporting a vessel, at the rate of two and ninety-nine-
1134 hundredths per cent, except that the sale of a vessel shall be exempt from
1135 such tax if such vessel is docked in this state for sixty or fewer days in a
1136 calendar year;

1137 (iii) With respect to the sale of dyed diesel fuel, as defined in
1138 subsection (d) of section 12-487, sold by a marine fuel dock exclusively
1139 for marine purposes, at the rate of two and ninety-nine-hundredths per
1140 cent;

1141 (F) With respect to patient care services for which payment is
1142 received by the hospital on or after July 1, 1999, and prior to July 1, 2001,
1143 at the rate of five and three-fourths per cent and on and after July 1, 2001,
1144 such services shall be exempt from such tax;

1145 (G) With respect to the rental or leasing of a passenger motor vehicle
1146 for a period of thirty consecutive calendar days or less, at a rate of nine
1147 and thirty-five-hundredths per cent;

1148 (H) With respect to the sale of (i) a motor vehicle for a sales price
1149 exceeding fifty thousand dollars, at a rate of seven and three-fourths per
1150 cent on the entire sales price, (ii) jewelry, whether real or imitation, for
1151 a sales price exceeding five thousand dollars, at a rate of seven and
1152 three-fourths per cent on the entire sales price, and (iii) an article of
1153 clothing or footwear intended to be worn on or about the human body,
1154 a handbag, luggage, umbrella, wallet or watch for a sales price
1155 exceeding one thousand dollars, at a rate of seven and three-fourths per
1156 cent on the entire sales price. For purposes of this subparagraph, "motor
1157 vehicle" has the meaning provided in section 14-1, but does not include
1158 a motor vehicle subject to the provisions of subparagraph (C) of this

1159 subdivision, a motor vehicle having a gross vehicle weight rating over
1160 twelve thousand five hundred pounds, or a motor vehicle having a
1161 gross vehicle weight rating of twelve thousand five hundred pounds or
1162 less that is not used for private passenger purposes, but is designed or
1163 used to transport merchandise, freight or persons in connection with
1164 any business enterprise and issued a commercial registration or more
1165 specific type of registration by the Department of Motor Vehicles;

1166 (I) With respect to the sale of meals, as defined in subdivision (13) of
1167 section 12-412, sold by an eating establishment, caterer or grocery store;
1168 and spirituous, malt or vinous liquors, soft drinks, sodas or beverages
1169 such as are ordinarily dispensed at bars and soda fountains, or in
1170 connection therewith; in addition to the tax imposed under
1171 subparagraph (A) of this subdivision, at the rate of one per cent;

1172 (J) The rate of tax imposed by this chapter shall be applicable to all
1173 retail sales upon the effective date of such rate, except that a new rate
1174 that represents an increase in the rate applicable to the sale shall not
1175 apply to any sales transaction wherein a binding sales contract without
1176 an escalator clause has been entered into prior to the effective date of the
1177 new rate and delivery is made within ninety days after the effective date
1178 of the new rate. For the purposes of payment of the tax imposed under
1179 this section, any retailer of services taxable under subdivision (37) of
1180 subsection (a) of section 12-407, as amended by this act, who computes
1181 taxable income, for purposes of taxation under the Internal Revenue
1182 Code of 1986, or any subsequent corresponding internal revenue code
1183 of the United States, as amended from time to time, on an accounting
1184 basis that recognizes only cash or other valuable consideration actually
1185 received as income and who is liable for such tax only due to the
1186 rendering of such services may make payments related to such tax for
1187 the period during which such income is received, without penalty or
1188 interest, without regard to when such service is rendered;

1189 (K) (i) For calendar quarters ending on or after September 30, 2019,
1190 the commissioner shall deposit into the regional planning incentive
1191 account, established pursuant to section 4-66k, six and seven-tenths per

1192 cent of the amounts received by the state from the tax imposed under
1193 [subparagraph (B)] subparagraphs (B)(i) and (B)(ii) of this subdivision
1194 and ten and seven-tenths per cent of the amounts received by the state
1195 from the tax imposed under subparagraph (G) of this subdivision;

1196 (ii) For calendar quarters ending on or after September 30, 2018, the
1197 commissioner shall deposit into the Tourism Fund established under
1198 section 10-395b ten per cent of the amounts received by the state from
1199 the tax imposed under [subparagraph (B)] subparagraphs (B)(i) and
1200 (B)(ii) of this subdivision;

1201 (L) For calendar months commencing on or after July 1, 2021, the
1202 commissioner shall deposit into the municipal revenue sharing account
1203 established pursuant to section 4-66l seven and nine-tenths per cent of
1204 the amounts received by the state from the tax imposed under
1205 subparagraph (A) of this subdivision; and

1206 (M) (i) For calendar months commencing on or after July 1, 2017, the
1207 commissioner shall deposit into the Special Transportation Fund
1208 established under section 13b-68 seven and nine-tenths per cent of the
1209 amounts received by the state from the tax imposed under
1210 subparagraph (A) of this subdivision;

1211 (ii) For calendar months commencing on or after July 1, 2018, but
1212 prior to July 1, 2019, the commissioner shall deposit into the Special
1213 Transportation Fund established under section 13b-68 eight per cent of
1214 the amounts received by the state from the tax imposed under
1215 subparagraphs (A) and (H) of this subdivision on the sale of a motor
1216 vehicle;

1217 (iii) For calendar months commencing on or after July 1, 2019, but
1218 prior to July 1, 2020, the commissioner shall deposit into the Special
1219 Transportation Fund established under section 13b-68 seventeen per
1220 cent of the amounts received by the state from the tax imposed under
1221 subparagraphs (A) and (H) of this subdivision on the sale of a motor
1222 vehicle;

1223 (iv) For calendar months commencing on or after July 1, 2020, but
1224 prior to July 1, 2021, the commissioner shall deposit into the Special
1225 Transportation Fund established under section 13b-68 twenty-five per
1226 cent of the amounts received by the state from the tax imposed under
1227 subparagraphs (A) and (H) of this subdivision on the sale of a motor
1228 vehicle;

1229 (v) For calendar months commencing on or after July 1, 2021, but
1230 prior to July 1, 2022, the commissioner shall deposit into the Special
1231 Transportation Fund established under section 13b-68 seventy-five per
1232 cent of the amounts received by the state from the tax imposed under
1233 subparagraphs (A) and (H) of this subdivision on the sale of a motor
1234 vehicle; [and]

1235 (vi) For calendar months commencing on or after July 1, 2022, the
1236 commissioner shall deposit into the Special Transportation Fund
1237 established under section 13b-68 one hundred per cent of the amounts
1238 received by the state from the tax imposed under subparagraphs (A)
1239 and (H) of this subdivision on the sale of a motor vehicle; and

1240 (vii) For calendar months commencing on or after July 1, 2021, the
1241 commissioner shall deposit into the Housing Trust Fund established
1242 under section 8-336o fifty per cent of the amounts received by the state
1243 from the tax imposed under subparagraph (B)(iii) of this subdivision.

1244 (2) (A) Reimbursement for the tax hereby imposed shall be collected
1245 by the retailer from the consumer and such tax reimbursement, termed
1246 "tax" in this and the following subsections, shall be paid by the
1247 consumer to the retailer and each retailer shall collect from the consumer
1248 the full amount of the tax imposed by this chapter or an amount equal
1249 as nearly as possible or practicable to the average equivalent thereof.
1250 Such tax shall be a debt from the consumer to the retailer, when so
1251 added to the original sales price, and shall be recoverable at law in the
1252 same manner as other debts except as provided in section 12-432a. The
1253 amount of tax reimbursement, when so collected, shall be deemed to be
1254 a special fund in trust for the state of Connecticut.

1255 (B) Whenever such tax, payable by the consumer (i) with respect to a
1256 charge account or credit sale, is remitted by the retailer to the
1257 commissioner and such sale as an account receivable is determined to
1258 be worthless and is actually written off as uncollectible for federal
1259 income tax purposes, or (ii) to a retailer who computes taxable income,
1260 for purposes of taxation under the Internal Revenue Code of 1986, or
1261 any subsequent corresponding internal revenue code of the United
1262 States, as amended from time to time, on the cash basis method of
1263 accounting with respect to a sale, is remitted by the retailer to the
1264 commissioner and such sale as an account receivable is determined to
1265 be worthless, the amount of such tax remitted may be credited against
1266 the tax due on the sales tax return filed by the retailer for the monthly
1267 or quarterly period, whichever is applicable, next following the period
1268 in which such amount is actually so written off, but in no event shall
1269 such credit be allowed later than three years following the date such tax
1270 is remitted, unless the credit relates to a period for which a waiver is
1271 given pursuant to subsection (g) of section 12-415. The commissioner
1272 shall, by regulations adopted in accordance with the provisions of
1273 chapter 54, provide standards for proving any such claim for credit. If
1274 any payment is made by a consumer with respect to an account, such
1275 payment shall be applied first toward the sales tax, and if any account
1276 with respect to which such credit is allowed is thereafter collected by the
1277 retailer in whole or in part, the amount so collected, up to the amount of
1278 the sales tax for which the credit was claimed, shall be included in the
1279 sales tax return covering the period in which such collection occurs. The
1280 tax applicable in any such case shall be determined in accordance with
1281 the rate of sales tax in effect at the time of the original sale.

1282 (C) (i) Any person required to collect tax in accordance with this
1283 subsection who demonstrates to the satisfaction of the Commissioner of
1284 Revenue Services by July first of any year that, in any two quarterly
1285 periods as described in section 12-414, within the most recent four
1286 consecutive quarterly periods, such person was a materialman as such
1287 term is used in chapter 847, who has at least fifty per cent of such
1288 person's sales of building materials to contractors, subcontractors or

1289 repairmen for the improvement of real property, and is authorized by
1290 said chapter to file a mechanic's lien upon such real property and
1291 improvement shall, with respect to such sales made through the
1292 quarterly period ending the succeeding June thirtieth, collect tax due on
1293 such sales, and on sales to such contractors, subcontractors or repairmen
1294 of services described in subdivision (2) of subsection (a) of section 12-
1295 407, as amended by this act, with respect to such building materials, for
1296 such purpose and made during such July first through June thirtieth
1297 period, at the time and to the extent that such person receives the
1298 receipts from, or consideration for, such sales from such contractors,
1299 subcontractors or repairmen, provided if such person receives a portion
1300 of such receipts or consideration, such person shall collect the tax due
1301 on such portion at the time the portion is received. The taxes imposed
1302 by this chapter on such receipts and consideration shall be deemed
1303 imposed, solely for purposes of determining when such person is
1304 required to collect and pay over such taxes to the commissioner under
1305 section 12-414, when such person has received payment of such receipts
1306 or consideration in money, or money's worth, from such contractor,
1307 subcontractor or repairman. A contractor, subcontractor or repairman
1308 who purchases building materials or services from such person
1309 pursuant to this subparagraph shall, at the time such contractor,
1310 subcontractor or repairman pays any portion of the purchase price, pay
1311 to the person the tax due on the portion of the purchase price so paid.

1312 (ii) In the event that a materialman described in this subparagraph
1313 factors any portion of such materialman's receivables, such materialman
1314 shall be deemed to have received payment of such receipts or
1315 consideration in money or money's worth, from the contractor,
1316 subcontractor or repairman and shall be required to pay over tax on
1317 such sale with the next return due, with a credit against such tax for any
1318 tax already paid over with respect to such sale. Any such amount of tax
1319 paid over shall be on account of the tax required to be collected on the
1320 sale to which it relates and such materialman may take a credit against
1321 any tax paid by such contractor, subcontractor or repairman in the
1322 future on such sale, to ensure that tax paid over with respect to such sale

1323 does not exceed the amount of tax imposed on such sale as if the entire
1324 purchase price had been paid at the time of sale.

1325 (iii) A materialman described in this subparagraph who has not
1326 collected the tax due on the full purchase price for a sale described in
1327 this subparagraph from a contractor, subcontractor or repairman within
1328 one year from the date of such sale, shall pay over to the commissioner
1329 the tax due on any balance of such full purchase price with such
1330 materialman's return for the period which includes the date which is
1331 one year after the date of such sale.

1332 (iv) The commissioner may assess additional tax due with respect to
1333 a sale described in this subparagraph not later than three years from the
1334 date the tax is required to be paid over to the commissioner pursuant to
1335 this subparagraph, and in the case of a wilfully false or fraudulent return
1336 with intent to evade the tax, or where no return has been filed such
1337 taxpayer shall be subject to the provisions of section 12-428.

1338 (D) In the case of a sale by a producer or wholesaler of newspapers to
1339 a vendor who is not otherwise required to obtain a permit under this
1340 chapter, such producer or wholesaler shall collect the sales tax on such
1341 newspapers at the point of transfer to such vendor. Such tax shall be
1342 based on the stated retail price of such newspapers. Such vendor may
1343 add an amount to the price of the newspapers equal to the amount paid
1344 as sales tax to the producer or wholesaler and such vendor shall not be
1345 required to remit such amount to the state.

1346 (3) For the purpose of adding and collecting the tax imposed by this
1347 chapter, or an amount equal as nearly as possible or practicable to the
1348 average equivalent thereof, by the retailer from the consumer the
1349 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

1350 On all sales above \$1.18, the tax shall be computed at the rate of six
1351 and thirty-five-hundredths per cent.

1352 (4) No retailer shall advertise or hold out or state to the public or to
1353 any consumer, directly or indirectly, that the tax or any part thereof will
1354 be assumed or absorbed by the retailer or that it will not be added to the
1355 sales price of the property sold or that, if added, it or any part thereof
1356 will be refunded. Under the provisions of this section, however, a
1357 retailer may advertise the sale of tangible personal property by any of
1358 the following methods: By stating the sales price alone without reference
1359 to the tax; by stating separately the sales price and the amount of tax to
1360 be collected thereon; by stating the sales price "plus tax" or "exclusive of
1361 tax" or by stating a sales price which includes the tax, together with the
1362 words "tax included" or "tax incl."; provided the retailer in the case of all
1363 such sales shall maintain his records to show separately the actual price
1364 of such sales and the amount of the tax paid thereon; and provided such
1365 retailer, if requested, shall furnish the consumer with a sales slip or other
1366 like evidence of the sale, showing the tax separately computed thereon.
1367 Any person violating any provision of this subsection shall be fined five
1368 hundred dollars for each offense.

1369 (5) No retailer shall exhibit or display on his premises any notice, sign
1370 or other advertising matter tending to mislead the public in connection
1371 with the imposition or collection of the tax. The Commissioner of
1372 Revenue Services may approve a form of notice for the purpose of
1373 explaining the operation of the tax.

1374 (6) The Commissioner of Revenue Services shall adopt regulations, in

1375 accordance with chapter 54, establishing a procedure for determination
1376 of qualifications with respect to the reduced rate of sales tax in the case
1377 of certain sales of motor vehicles to members of the armed forces as
1378 provided in subsection (1) of this section.

1379 (7) For purposes of the tax imposed by this chapter, with respect to
1380 toll telephone service paid by inserting coins in coin-operated
1381 telephones, the tax shall be computed to the nearest multiple of five
1382 cents, except if the tax is midway between multiples of five cents, the
1383 next higher multiple shall apply.

1384 Sec. 10. Section 12-411 of the general statutes is repealed and the
1385 following is substituted in lieu thereof (*Effective July 1, 2021, and*
1386 *applicable to sales occurring on or after July 1, 2021*):

1387 (1) (A) An excise tax is hereby imposed on the storage, acceptance,
1388 consumption or any other use in this state of tangible personal property
1389 purchased from any retailer for storage, acceptance, consumption or any
1390 other use in this state, the acceptance or receipt of any services
1391 constituting a sale in accordance with subdivision (2) of subsection (a)
1392 of section 12-407, as amended by this act, purchased from any retailer
1393 for consumption or use in this state, or the storage, acceptance,
1394 consumption or any other use in this state of tangible personal property
1395 which has been manufactured, fabricated, assembled or processed from
1396 materials by a person, either within or without this state, for storage,
1397 acceptance, consumption or any other use by such person in this state,
1398 to be measured by the sales price of materials, at the rate of six and
1399 thirty-five-hundredths per cent of the sales price of such property or
1400 services, except, in lieu of said rate:

1401 (B) (i) At a rate of fifteen per cent of the rent paid to a hotel or lodging
1402 house for the first period not exceeding thirty consecutive calendar
1403 days;

1404 (ii) At a rate of eleven per cent of the rent paid to a bed and breakfast
1405 establishment for the first period not exceeding thirty consecutive
1406 calendar days;

1407 (iii) At a rate of five per cent of the rent paid to a short-term rental
1408 operator, as defined in section 1 of this act, for the first period not
1409 exceeding thirty consecutive calendar days;

1410 (C) With respect to the storage, acceptance, consumption or use in
1411 this state of a motor vehicle purchased from any retailer for storage,
1412 acceptance, consumption or use in this state by any individual who is a
1413 member of the armed forces of the United States and is on full-time
1414 active duty in Connecticut and who is considered, under 50 App USC
1415 574, a resident of another state, or to any such individual and the spouse
1416 of such individual at a rate of four and one-half per cent of the sales price
1417 of such vehicle, provided such retailer requires and maintains a
1418 declaration by such individual, prescribed as to form by the
1419 commissioner and bearing notice to the effect that false statements made
1420 in such declaration are punishable, or other evidence, satisfactory to the
1421 commissioner, concerning the purchaser's state of residence under 50
1422 App USC 574;

1423 (D) (i) With respect to the acceptance or receipt in this state of labor
1424 that is otherwise taxable under subparagraph (C) or (G) of subdivision
1425 (2) of subsection (a) of section 12-407, as amended by this act, on existing
1426 vessels and repair or maintenance services on vessels occurring on and
1427 after July 1, 1999, such services shall be exempt from such tax;

1428 (ii) (I) With respect to the storage, acceptance or other use of a vessel
1429 in this state, at the rate of two and ninety-nine-hundredths per cent,
1430 except that such storage, acceptance or other use shall be exempt from
1431 such tax if such vessel is docked in this state for sixty or fewer days in a
1432 calendar year;

1433 (II) With respect to the storage, acceptance or other use of a motor for
1434 a vessel or a trailer used for transporting a vessel in this state, at the rate
1435 of two and ninety-nine-hundredths per cent;

1436 (III) With respect to the storage, acceptance or other use of dyed diesel
1437 fuel, as defined in subsection (d) of section 12-487, exclusively for
1438 marine purposes, at the rate of two and ninety-nine-hundredths per

1439 cent;

1440 (E) (i) With respect to the acceptance or receipt in this state of
1441 computer and data processing services purchased from any retailer for
1442 consumption or use in this state occurring on or after July 1, 2001, at the
1443 rate of one per cent of such services, and (ii) with respect to the
1444 acceptance or receipt in this state of Internet access services, on and after
1445 July 1, 2001, such services shall be exempt from such tax;

1446 (F) With respect to the acceptance or receipt in this state of patient
1447 care services purchased from any retailer for consumption or use in this
1448 state for which payment is received by the hospital on or after July 1,
1449 1999, and prior to July 1, 2001, at the rate of five and three-fourths per
1450 cent and on and after July 1, 2001, such services shall be exempt from
1451 such tax;

1452 (G) With respect to the rental or leasing of a passenger motor vehicle
1453 for a period of thirty consecutive calendar days or less, at a rate of nine
1454 and thirty-five-hundredths per cent;

1455 (H) With respect to the acceptance or receipt in this state of (i) a motor
1456 vehicle for a sales price exceeding fifty thousand dollars, at a rate of
1457 seven and three-fourths per cent on the entire sales price, (ii) jewelry,
1458 whether real or imitation, for a sales price exceeding five thousand
1459 dollars, at a rate of seven and three-fourths per cent on the entire sales
1460 price, and (iii) an article of clothing or footwear intended to be worn on
1461 or about the human body, a handbag, luggage, umbrella, wallet or
1462 watch for a sales price exceeding one thousand dollars, at a rate of seven
1463 and three-fourths per cent on the entire sales price. For purposes of this
1464 subparagraph, "motor vehicle" has the meaning provided in section 14-
1465 1, but does not include a motor vehicle subject to the provisions of
1466 subparagraph (C) of this subdivision, a motor vehicle having a gross
1467 vehicle weight rating over twelve thousand five hundred pounds, or a
1468 motor vehicle having a gross vehicle weight rating of twelve thousand
1469 five hundred pounds or less that is not used for private passenger
1470 purposes, but is designed or used to transport merchandise, freight or

1471 persons in connection with any business enterprise and issued a
1472 commercial registration or more specific type of registration by the
1473 Department of Motor Vehicles;

1474 (I) With respect to the acceptance or receipt in this state of meals, as
1475 defined in subdivision (13) of section 12-412, sold by an eating
1476 establishment, caterer or grocery store; and spirituous, malt or vinous
1477 liquors, soft drinks, sodas or beverages such as are ordinarily dispensed
1478 at bars and soda fountains, or in connection therewith; in addition to the
1479 tax imposed under subparagraph (A) of this subdivision, at the rate of
1480 one per cent;

1481 (J) (i) For calendar quarters ending on or after September 30, 2019, the
1482 commissioner shall deposit into the regional planning incentive
1483 account, established pursuant to section 4-66k, six and seven-tenths per
1484 cent of the amounts received by the state from the tax imposed under
1485 [subparagraph (B)] subparagraphs (B)(i) and (B)(ii) of this subdivision
1486 and ten and seven-tenths per cent of the amounts received by the state
1487 from the tax imposed under subparagraph (G) of this subdivision;

1488 (ii) For calendar quarters ending on or after September 30, 2018, the
1489 commissioner shall deposit into the Tourism Fund established under
1490 section 10-395b ten per cent of the amounts received by the state from
1491 the tax imposed under [subparagraph (B)] subparagraphs (B)(i) and
1492 (B)(ii) of this subdivision;

1493 (K) For calendar months commencing on or after July 1, 2021, the
1494 commissioner shall deposit into said municipal revenue sharing account
1495 seven and nine-tenths per cent of the amounts received by the state from
1496 the tax imposed under subparagraph (A) of this subdivision; and

1497 (L) (i) For calendar months commencing on or after July 1, 2017, the
1498 commissioner shall deposit into said Special Transportation Fund seven
1499 and nine-tenths per cent of the amounts received by the state from the
1500 tax imposed under subparagraph (A) of this subdivision;

1501 (ii) For calendar months commencing on or after July 1, 2018, but

1502 prior to July 1, 2019, the commissioner shall deposit into the Special
1503 Transportation Fund established under section 13b-68 eight per cent of
1504 the amounts received by the state from the tax imposed under
1505 subparagraphs (A) and (H) of this subdivision on the acceptance or
1506 receipt in this state of a motor vehicle;

1507 (iii) For calendar months commencing on or after July 1, 2019, but
1508 prior to July 1, 2020, the commissioner shall deposit into the Special
1509 Transportation Fund established under section 13b-68 seventeen per
1510 cent of the amounts received by the state from the tax imposed under
1511 subparagraphs (A) and (H) of this subdivision on the acceptance or
1512 receipt in this state of a motor vehicle;

1513 (iv) For calendar months commencing on or after July 1, 2020, but
1514 prior to July 1, 2021, the commissioner shall deposit into the Special
1515 Transportation Fund established under section 13b-68 twenty-five per
1516 cent of the amounts received by the state from the tax imposed under
1517 subparagraphs (A) and (H) of this subdivision on the acceptance or
1518 receipt in this state of a motor vehicle;

1519 (v) For calendar months commencing on or after July 1, 2021, but
1520 prior to July 1, 2022, the commissioner shall deposit into the Special
1521 Transportation Fund established under section 13b-68 seventy-five per
1522 cent of the amounts received by the state from the tax imposed under
1523 subparagraphs (A) and (H) of this subdivision on the acceptance or
1524 receipt in this state of a motor vehicle; [and]

1525 (vi) For calendar months commencing on or after July 1, 2022, the
1526 commissioner shall deposit into the Special Transportation Fund
1527 established under section 13b-68 one hundred per cent of the amounts
1528 received by the state from the tax imposed under subparagraphs (A)
1529 and (H) of this subdivision on the acceptance or receipt in this state of a
1530 motor vehicle; and

1531 (vii) For calendar months commencing on or after July 1, 2021, the
1532 commissioner shall deposit into the Housing Trust Fund established
1533 under section 8-3360 fifty per cent of the amounts received by the state

1534 from the tax imposed under subparagraph (B)(iii) of this subdivision.

1535 (2) Every person storing, accepting, consuming or otherwise using in
1536 this state services or tangible personal property purchased from a
1537 retailer for storage, acceptance, consumption or any other use in this
1538 state and every person storing, accepting, consuming or otherwise using
1539 in this state tangible personal property which has been manufactured,
1540 fabricated, assembled or processed from materials purchased from a
1541 retailer by such person, either within or without this state, for storage,
1542 acceptance, consumption or any other use by such person in this state is
1543 liable for the tax. Such person's liability is not extinguished until the tax
1544 has been paid to this state, except that a receipt from a retailer engaged
1545 in business in this state or from a retailer who is authorized by the
1546 commissioner, under such regulations as the commissioner may
1547 prescribe, to collect the tax and who is, for the purposes of this chapter
1548 relating to the use tax, regarded as a retailer engaged in business in this
1549 state, given to the purchaser pursuant to subdivision (3) of this section
1550 is sufficient to relieve the purchaser from further liability for the tax to
1551 which the receipt refers.

1552 (3) Every retailer engaged in business in this state and making sales
1553 of services or of tangible personal property for storage, acceptance,
1554 consumption or any other use in this state, not exempted under this
1555 chapter, shall, at the time of making a sale or, if the storage, acceptance,
1556 consumption or other use is not then taxable hereunder, at the time the
1557 storage, acceptance, consumption or use becomes taxable, collect the use
1558 tax from the purchaser and give to the purchaser a receipt therefor in
1559 the manner and form prescribed by the commissioner. For the purpose
1560 of uniformity of tax collection by the retailer the tax brackets set forth in
1561 subdivision (3) of section 12-408, as amended by this act, pertaining to
1562 the sales tax shall be employed in the computation of the tax imposed
1563 by this section.

1564 (4) The tax required to be collected by the retailer constitutes a debt
1565 owed to the retailer by the person purchasing tangible personal
1566 property or services from such retailer. The amount of tax, when so

1567 collected, shall be deemed to be a special fund in trust for the state of
1568 Connecticut.

1569 (5) The provisions of subdivision (4) of section 12-408, as amended by
1570 this act, pertaining to the sales tax shall apply with equal force to the use
1571 tax.

1572 (6) The tax required to be collected by the retailer from the purchaser
1573 shall be displayed separately from the list price, the price advertised in
1574 the premises, the marked price, or other price on the sales check or other
1575 proof of sales.

1576 (7) Any person violating the provisions of subdivision (3), (5) or (6)
1577 of this section shall be fined five hundred dollars for each offense.

1578 (8) Every retailer selling services or tangible personal property for
1579 storage, acceptance, consumption or any other use in this state shall
1580 register with the commissioner and give the name and address of all
1581 agents operating in this state, the location of all distribution or sales
1582 houses or offices or other places of business in this state and such other
1583 information as the commissioner may require.

1584 (9) For the purpose of the proper administration of this chapter and
1585 to prevent evasion of the use tax and the duty to collect the use tax, it
1586 shall be presumed that services or tangible personal property sold by
1587 any person for delivery in this state is sold for storage, acceptance,
1588 consumption or other use in this state until the contrary is established.
1589 The burden of proving the contrary is upon the person who makes the
1590 sale unless such person takes from the purchaser a certificate to the
1591 effect that the services or property is purchased for resale.

1592 (10) The certificate relieves the person selling the services or property
1593 from the burden of proof only if taken in good faith from a person who
1594 is engaged in the business of selling services or tangible personal
1595 property and who holds the permit provided for by section 12-409 and
1596 who, at the time of purchasing the services or tangible personal
1597 property, intends to sell it in the regular course of business or is unable

1598 to ascertain at the time of purchase whether the service or property will
1599 be sold or will be used for some other purpose.

1600 (11) The certificate shall be signed by and bear the name and address
1601 of the purchaser, shall indicate the number of the permit issued to the
1602 purchaser and shall indicate the general character of the service or
1603 tangible personal property sold by the purchaser in the regular course
1604 of business. The certificate shall be substantially in such form as the
1605 commissioner may prescribe.

1606 (12) (A) If a purchaser who gives a certificate makes any storage or
1607 use of the service or property other than retention, demonstration or
1608 display while holding it for sale in the regular course of business, the
1609 storage or use is taxable as of the time the service or property is first so
1610 stored or used.

1611 (B) Notwithstanding the provisions of subparagraph (A) of this
1612 subdivision, any storage or use by a certificated air carrier of an aircraft
1613 for purposes other than retention, demonstration or display while
1614 holding it for sale in the regular course of business shall not be deemed
1615 a taxable storage or use by such carrier as of the time the aircraft is first
1616 stored or used by such carrier, irrespective of the classification of such
1617 aircraft on the balance sheet of such carrier for accounting and tax
1618 purposes.

1619 (13) It shall be presumed that tangible personal property shipped or
1620 brought to this state by the purchaser was purchased from a retailer for
1621 storage, use or other consumption in this state.

1622 (14) (A) For the purpose of the proper administration of this chapter
1623 and to prevent evasion of the use tax, a purchase of any service
1624 described in subdivision (37) of subsection (a) of section 12-407, as
1625 amended by this act, shall be considered a purchase for resale only if the
1626 service to be resold is an integral, inseparable component part of a
1627 service described in said subdivision that is to be subsequently sold by
1628 the purchaser to an ultimate consumer. The purchaser of the service for
1629 resale shall maintain, in such form as the commissioner requires, records

1630 that substantiate: (i) From whom the service was purchased and to
 1631 whom the service was sold; (ii) the purchase price of the service; and
 1632 (iii) the nature of the service to demonstrate that the service was an
 1633 integral, inseparable component part of a service described in
 1634 subdivision (37) of subsection (a) of section 12-407, as amended by this
 1635 act, that was subsequently sold to a consumer.

1636 (B) Notwithstanding the provisions of subparagraph (A) of this
 1637 subdivision, no purchase of a service described in subdivision (37) of
 1638 subsection (a) of section 12-407, as amended by this act, by a purchaser
 1639 shall be considered a purchase for resale if such service is to be
 1640 subsequently sold by the purchaser to an ultimate consumer that is
 1641 affiliated with the purchaser in the manner described in subparagraph
 1642 (A) of subdivision (62) of section 12-412.

1643 (15) For the purpose of the proper administration of this chapter and
 1644 to prevent evasion of the use tax, no purchase of any service by a
 1645 purchaser shall be considered a purchase for resale if such service is to
 1646 be subsequently sold by the purchaser, without change, to an ultimate
 1647 consumer that is affiliated with the purchaser in the manner described
 1648 in subparagraph (A) of subdivision (62) of section 12-412.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2021</i>	New section
Sec. 2	<i>July 1, 2021</i>	New section
Sec. 3	<i>July 1, 2021</i>	New section
Sec. 4	<i>July 1, 2021</i>	New section
Sec. 5	<i>July 1, 2021</i>	New section
Sec. 6	<i>July 1, 2021</i>	New section
Sec. 7	<i>July 1, 2021</i>	New section
Sec. 8	<i>July 1, 2021, and applicable to sales occurring on or after July 1, 2021</i>	12-407

Sec. 9	<i>July 1, 2021, and applicable to sales occurring on or after July 1, 2021</i>	12-408
Sec. 10	<i>July 1, 2021, and applicable to sales occurring on or after July 1, 2021</i>	12-411

Statement of Purpose:

To (1) require that (A) short-term rental properties be licensed by the Commissioner of Consumer Protection, (B) short-term rental operators notify owners of abutting and adjacent properties regarding use of a dwelling unit as a short-term rental property, and (C) short-term rental operators maintain minimum insurance coverage and the Insurance Commissioner adopt regulations concerning such coverage, (2) permit municipalities to tax short-term rental operators, and (3) subject short-term rental transactions to the sales and use tax.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]