



General Assembly

January Session, 2025

Raised Bill No. 7176

LCO No. 4527



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT CONCERNING SALES AND USE TAXES RELATED TO CERTAIN VEHICLES AND AIRCRAFT INDUSTRY JOINT VENTURES, THE DEDICATION OF A PORTION OF THE MEALS TAX REVENUE AND THE DUES TAX THRESHOLD.

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

1 Section 1. Subdivision (1) of section 12-408 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July 1,*
3 *2025, and applicable to sales occurring on or after July 1, 2025*):

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

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

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

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

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

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

41 (ii) With respect to the sale of a vessel, a motor for a vessel or a trailer
42 used for transporting a vessel, at the rate of two and ninety-nine-
43 hundredths per cent, except that the sale of a vessel shall be exempt from

44 such tax if such vessel is docked in this state for sixty or fewer days in a
45 calendar year;

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

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

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

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

75 Department of Motor Vehicles;

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

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

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

106 (ii) [For calendar quarters ending on or after September 30, 2018, the]
107 The commissioner shall deposit into the Tourism Fund established
108 under section 10-395b: (I) For calendar quarters ending on or after
109 September 30, 2018, ten per cent of the amounts received by the state
110 from the tax imposed under subparagraph (B) of this subdivision; and
111 (II) for calendar quarters ending on or after September 30, 2025, fifty per
112 cent of the amounts received by the state from the tax imposed under
113 subparagraph (I) of this subdivision;

114 (L) (i) For calendar months commencing on or after July 1, 2021, but
115 prior to July 1, 2023, the commissioner shall deposit into the municipal
116 revenue sharing account established pursuant to section 4-66l seven and
117 nine-tenths per cent of the amounts received by the state from the tax
118 imposed under subparagraph (A) of this subdivision, including such
119 amounts received on or after July 1, 2023, attributable to the fiscal year
120 ending June 30, 2023; and

121 (ii) For calendar months commencing on or after July 1, 2023, the
122 commissioner shall deposit into the Municipal Revenue Sharing Fund
123 established pursuant to section 4-66p seven and nine-tenths per cent of
124 the amounts received by the state from the tax imposed under
125 subparagraph (A) of this subdivision; and

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

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

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

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

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

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

160 Sec. 2. Subdivision (1) of section 12-411 of the general statutes is
161 repealed and the following is substituted in lieu thereof (*Effective July 1,*
162 *2025, and applicable to sales occurring on or after July 1, 2025*):

163 (1) (A) An excise tax is hereby imposed on the storage, acceptance,
164 consumption or any other use in this state of tangible personal property
165 purchased from any retailer for storage, acceptance, consumption or any
166 other use in this state, the acceptance or receipt of any services
167 constituting a sale in accordance with subdivision (2) of subsection (a)

168 of section 12-407, purchased from any retailer for consumption or use in
169 this state, or the storage, acceptance, consumption or any other use in
170 this state of tangible personal property which has been manufactured,
171 fabricated, assembled or processed from materials by a person, either
172 within or without this state, for storage, acceptance, consumption or any
173 other use by such person in this state, to be measured by the sales price
174 of materials, at the rate of six and thirty-five-hundredths per cent of the
175 sales price of such property or services, except, in lieu of said rate, [:] the
176 rates provided in subparagraphs (B) to (I), inclusive, of this subdivision;

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

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

183 (C) With respect to the storage, acceptance, consumption or use in
184 this state of a motor vehicle purchased from any retailer for storage,
185 acceptance, consumption or use in this state by any individual who is a
186 member of the armed forces of the United States and is on full-time
187 active duty in Connecticut and who is considered, under 50 App USC
188 574, a resident of another state, or to any such individual and the spouse
189 of such individual at a rate of four and one-half per cent of the sales price
190 of such vehicle, provided such retailer requires and maintains a
191 declaration by such individual, prescribed as to form by the
192 commissioner and bearing notice to the effect that false statements made
193 in such declaration are punishable, or other evidence, satisfactory to the
194 commissioner, concerning the purchaser's state of residence under 50
195 App USC 574;

196 (D) (i) With respect to the acceptance or receipt in this state of labor
197 that is otherwise taxable under subparagraph (C) or (G) of subdivision
198 (2) of subsection (a) of section 12-407 on existing vessels and repair or

199 maintenance services on vessels occurring on and after July 1, 1999, such
200 services shall be exempt from such tax;

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

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

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

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

219 (F) With respect to the acceptance or receipt in this state of patient
220 care services purchased from any retailer for consumption or use in this
221 state for which payment is received by the hospital on or after July 1,
222 1999, and prior to July 1, 2001, at the rate of five and three-fourths per
223 cent and on and after July 1, 2001, such services shall be exempt from
224 such tax;

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

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

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

254 (J) (i) For calendar quarters ending on or after September 30, 2019, the
255 commissioner shall deposit into the regional planning incentive
256 account, established pursuant to section 4-66k, six and seven-tenths per
257 cent of the amounts received by the state from the tax imposed under
258 subparagraph (B) of this subdivision and ten and seven-tenths per cent
259 of the amounts received by the state from the tax imposed under
260 subparagraph (G) of this subdivision;

261 (ii) [For calendar quarters ending on or after September 30, 2018, the]
262 The commissioner shall deposit into the Tourism Fund established
263 under section 10-395b: (I) For calendar quarters ending on or after
264 September 30, 2018, ten per cent of the amounts received by the state
265 from the tax imposed under subparagraph (B) of this subdivision; and
266 (II) for calendar quarters ending on or after September 30, 2025, fifty per
267 cent of the amounts received by the state from the tax imposed under
268 subparagraph (I) of this subdivision;

269 (K) (i) For calendar months commencing on or after July 1, 2021, but
270 prior to July 1, 2023, the commissioner shall deposit into the municipal
271 revenue sharing account established pursuant to section 4-66l seven and
272 nine-tenths per cent of the amounts received by the state from the tax
273 imposed under subparagraph (A) of this subdivision, including such
274 amounts received on or after July 1, 2023, attributable to the fiscal year
275 ending June 30, 2023; and

276 (ii) For calendar months commencing on or after July 1, 2023, the
277 commissioner shall deposit into the Municipal Revenue Sharing Fund
278 established pursuant to section 4-66p seven and nine-tenths per cent of
279 the amounts received by the state from the tax imposed under
280 subparagraph (A) of this subdivision; and

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

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

291 (iii) For calendar months commencing on or after July 1, 2019, but

292 prior to July 1, 2020, the commissioner shall deposit into the Special
293 Transportation Fund established under section 13b-68 seventeen per
294 cent of the amounts received by the state from the tax imposed under
295 subparagraphs (A) and (H) of this subdivision on the acceptance or
296 receipt in this state of a motor vehicle;

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

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

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

315 Sec. 3. Subdivision (58) of section 12-412 of the general statutes is
316 repealed and the following is substituted in lieu thereof (*Effective July 1,*
317 *2025*):

318 (58) (A) Sales of any services rendered for purposes of (i) personnel
319 services, (ii) commercial or industrial marketing, development, testing
320 or research services, or (iii) business analysis and management services,
321 whenever, pursuant to a joint venture agreement, the recipient of any
322 such services is either a corporation, a partnership, or a limited liability

323 company, and such services are rendered by one or more corporate
324 shareholders, or a corporate partner or corporate member in such joint
325 venture, and in accordance with which, except as provided in
326 subparagraph (B) of this subdivision, the company rendering such
327 service must have an ownership interest equivalent to not less than
328 twenty-five per cent of total ownership in such joint venture, provided
329 (I) the purpose of such joint venture is directly related to production or
330 development of new or experimental products or systems and the
331 marketing and support thereof, (II) at least one of the corporations
332 participating in such joint venture shall have been actively engaged in
333 business in this state for not less than ten years, and (III) exemption for
334 such sales in accordance with this subsection, with respect to any single
335 joint venture, shall not be allowed for a period in excess of twenty
336 consecutive years from the date of such venture's incorporation,
337 formation or organization, or in the case of a joint venture in existence
338 prior to January 1, 1986, within the aircraft industry, for a period in
339 excess of [forty] fifty consecutive years, and such exemption shall be
340 applicable to sales of such services rendered on or after January 1, 1986.

341 (B) In the case of a joint venture in the aircraft industry, the ownership
342 interest percentage of each participant in such joint venture shall be
343 equal to the aggregate ownership interest percentage owned directly or
344 indirectly by every participant in such venture that is a related member,
345 as defined in subsection (a) of section 12-218c.

346 Sec. 4. Section 12-412 of the general statutes is amended by adding
347 subdivision (127) as follows (*Effective July 1, 2025, and applicable to sales*
348 *occurring on or after July 1, 2025*):

349 (NEW) (127) Sales of and the storage, use or other consumption of (A)
350 any ambulance-type motor vehicle used exclusively to transport any
351 medically incapacitated individual, except any such vehicle used to
352 transport any such individual for payment, and (B) any ambulance
353 operating under a license or certificate issued in accordance with the
354 provisions of section 19a-180.

355 Sec. 5. Section 12-543 of the general statutes is repealed and the
356 following is substituted in lieu thereof (*Effective July 1, 2025*):

357 (a) There is hereby imposed a tax equivalent to ten per cent of any
358 amount paid as dues or initiation fees to any social, athletic or sporting
359 club. Such tax shall be imposed upon the club receiving such amounts.
360 Reimbursement for such tax shall be collected by the club from the
361 member. Such reimbursement, termed "tax", shall be paid by the
362 member to the club charging the dues or initiation fees. Such tax when
363 added to the amounts charged shall be a debt from the member to the
364 club charging such amounts and shall be recoverable at law. The
365 amount of tax reimbursement, when so collected, shall be deemed to be
366 a special fund in trust for the state. [of Connecticut.]

367 (b) The following shall be exempt from the dues tax:

368 (1) A club [shall be exempt from the dues tax] if the annual dues of a
369 member enjoying full privileges and any initiation fee required of such
370 a member are each [one hundred] two hundred fifty dollars or less; [.]

371 (2) A club sponsored and controlled by a charitable or religious
372 organization, a governmental agency or a nonprofit educational
373 institution; [shall be exempt from the dues tax.]

374 (3) Any society, order or association operating under the lodge
375 system or any local fraternal organization among students of a college
376 or university; [shall be exempt from the dues tax.] and

377 (4) Lawn bowling clubs. [shall be exempt from the dues tax.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2025, and applicable to sales occurring on or after July 1, 2025</i>	12-408(1)

Sec. 2	<i>July 1, 2025, and applicable to sales occurring on or after July 1, 2025</i>	12-411(1)
Sec. 3	<i>July 1, 2025</i>	12-412(58)
Sec. 4	<i>July 1, 2025, and applicable to sales occurring on or after July 1, 2025</i>	12-412(127)
Sec. 5	<i>July 1, 2025</i>	12-543

Statement of Purpose:

To (1) increase the sales price threshold of motor vehicles subject to a higher sales and use taxes rate, (2) dedicate a portion of the revenue generated from the meals tax to the Tourism Fund, (3) extend a sales and use taxes exemption for certain joint ventures within the aircraft industry, (4) exempt from the sales and use taxes the sale of and the storage, use or other consumption in this state of ambulance-type motor vehicles and ambulances, and (5) increase the threshold for imposition of the dues 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.]