



General Assembly

**Substitute Bill No. 5483**

February Session, 2010

\* HB05483PD 042710 \*

**AN ACT CONCERNING A REGIONAL HOTEL TAX.**

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 2010 supplement  
2 to the general statutes is repealed and the following is substituted in  
3 lieu thereof (*Effective January 1, 2011, and applicable to sales occurring on*  
4 *or after said date*):

5 (1) For the privilege of making any sales, as defined in subdivision  
6 (2) of subsection (a) of section 12-407, at retail, in this state for a  
7 consideration, a tax is hereby imposed on all retailers at the rate of six  
8 per cent of the gross receipts of any retailer from the sale of all tangible  
9 personal property sold at retail or from the rendering of any services  
10 constituting a sale in accordance with subdivision (2) of subsection (a)  
11 of section 12-407, except, in lieu of said rate of six per cent, (A) at a rate  
12 of [twelve] fifteen per cent with respect to each transfer of occupancy,  
13 from the total amount of rent received for such occupancy of any room  
14 or rooms in a hotel or lodging house for the first period not exceeding  
15 thirty consecutive calendar days, (B) with respect to the sale of a motor  
16 vehicle to any individual who is a member of the armed forces of the  
17 United States and is on full-time active duty in Connecticut and who is  
18 considered, under 50 App USC 574, a resident of another state, or to  
19 any such individual and the spouse thereof, at a rate of four and  
20 one-half per cent of the gross receipts of any retailer from such sales,

21 provided such retailer requires and maintains a declaration by such  
22 individual, prescribed as to form by the commissioner and bearing  
23 notice to the effect that false statements made in such declaration are  
24 punishable, or other evidence, satisfactory to the commissioner,  
25 concerning the purchaser's state of residence under 50 App USC 574,  
26 (C) (i) with respect to the sales of computer and data processing  
27 services occurring on or after July 1, 1997, and prior to July 1, 1998, at  
28 the rate of five per cent, on or after July 1, 1998, and prior to July 1,  
29 1999, at the rate of four per cent, on or after July 1, 1999, and prior to  
30 July 1, 2000, at the rate of three per cent, on or after July 1, 2000, and  
31 prior to July 1, 2001, at the rate of two per cent, on or after July 1, 2001,  
32 at the rate of one per cent, (ii) with respect to sales of Internet access  
33 services, on and after July 1, 2001, such services shall be exempt from  
34 such tax, (D) with respect to the sales of labor that is otherwise taxable  
35 under subparagraph (C) or (G) of subdivision (2) of subsection (a) of  
36 section 12-407 on existing vessels and repair or maintenance services  
37 on vessels occurring on and after July 1, 1999, such services shall be  
38 exempt from such tax, (E) with respect to patient care services for  
39 which payment is received by the hospital on or after July 1, 1999, and  
40 prior to July 1, 2001, at the rate of five and three-fourths per cent and  
41 on and after July 1, 2001, such services shall be exempt from such tax.  
42 The rate of tax imposed by this chapter shall be applicable to all retail  
43 sales upon the effective date of such rate, except that a new rate which  
44 represents an increase in the rate applicable to the sale shall not apply  
45 to any sales transaction wherein a binding sales contract without an  
46 escalator clause has been entered into prior to the effective date of the  
47 new rate and delivery is made within ninety days after the effective  
48 date of the new rate. For the purposes of payment of the tax imposed  
49 under this section, any retailer of services taxable under subparagraph  
50 (I) of subdivision (2) of subsection (a) of section 12-407, who computes  
51 taxable income, for purposes of taxation under the Internal Revenue  
52 Code of 1986, or any subsequent corresponding internal revenue code  
53 of the United States, as from time to time amended, on an accounting  
54 basis which recognizes only cash or other valuable consideration  
55 actually received as income and who is liable for such tax only due to

56 the rendering of such services may make payments related to such tax  
57 for the period during which such income is received, without penalty  
58 or interest, without regard to when such service is rendered.

59 Sec. 2. (NEW) (*Effective January 1, 2011*) (a) As used in this section:  
60 (1) "Municipality" means any town, city, borough, consolidated town  
61 and city or consolidated town and borough; and (2) "regional planning  
62 organization" has the same meaning as provided in section 4-124i of  
63 the general statutes.

64 (b) The Commissioner of Revenue Services shall segregate twenty  
65 per cent of the revenues collected from sales within the meaning of  
66 subparagraph (H) of subdivision (2) of subsection (a) of section 12-407  
67 of the general statutes by any hotel or lodging house. Funds  
68 segregated under this subsection shall be allocated as follows: (1) The  
69 commissioner shall return one-third of such segregated revenue to the  
70 municipality in which the hotel or lodging house paying such tax is  
71 located; and (2) the commissioner shall deposit two-thirds of such  
72 segregated revenue into the regional hotel tax account established in  
73 section 3 of this act, which shall be distributed as directed under  
74 subsection (c) of this section.

75 (c) On or before April 1, 2011, and annually thereafter, the Office of  
76 Policy and Management shall distribute the money deposited in the  
77 regional hotel tax account on a pro rata basis to each regional planning  
78 organization, based on the ratio of the population of the municipalities  
79 within such regional planning organization to the population of the  
80 state. Money received by a regional planning organization under this  
81 section shall be used to promote property tax relief through  
82 regionalism initiatives, including, but not limited to, regional economic  
83 development and educational cooperative programs and agreements.

84 Sec. 3. (NEW) (*Effective January 1, 2011*) There is established an  
85 account to be known as the "regional hotel tax account" which shall be  
86 a separate, nonlapsing account within the General Fund. The account  
87 shall contain any moneys required by section 2 of this act to be

88 deposited in the account. Moneys in the account shall be expended by  
89 the Office of Policy and Management in accordance with section 2 of  
90 this act.

|                                                                               |                                                                                             |             |
|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-------------|
| This act shall take effect as follows and shall amend the following sections: |                                                                                             |             |
| Section 1                                                                     | <i>January 1, 2011, and<br/>applicable to sales<br/>occurring on or after said<br/>date</i> | 12-408(1)   |
| Sec. 2                                                                        | <i>January 1, 2011</i>                                                                      | New section |
| Sec. 3                                                                        | <i>January 1, 2011</i>                                                                      | New section |

**FIN**        *Joint Favorable Subst.*

**PD**        *Joint Favorable*