



House of Representatives

General Assembly

File No. 573

February Session, 2022

House Bill No. 5477

House of Representatives, April 21, 2022

The Committee on Finance, Revenue and Bonding reported through REP. SCANLON of the 98th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING SALES TAX REMITTANCE FOR CERTAIN MARKETPLACE FACILITATOR TRANSACTIONS.

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

1 Section 1. Subsections (a) and (b) of section 12-408e of the general
2 statutes are repealed and the following is substituted in lieu thereof
3 (*Effective from passage*):

4 (a) As used in this section:

5 (1) "Marketplace facilitator" means any person who (A) facilitates
6 retail sales of at least two hundred fifty thousand dollars during the
7 prior twelve-month period by marketplace sellers by providing a forum
8 that lists or advertises tangible personal property subject to tax under
9 this chapter or taxable services, including digital goods, for sale by such
10 marketplace sellers, (B) directly or indirectly through agreements or
11 arrangements with third parties, collects receipts from the customer and
12 remits payments to the marketplace sellers, and (C) receives
13 compensation or other consideration for such services;

14 (2) "Marketplace seller" means any person who has an agreement
15 with a marketplace facilitator regarding retail sales of such person,
16 whether or not such person is required to obtain a permit under section
17 12-409; and

18 (3) "Forum" means a physical or electronic place, including, but not
19 limited to, a store, a booth, an Internet web site, a catalog or a dedicated
20 sales software application, where tangible personal property or taxable
21 services are offered for sale.

22 (b) (1) A marketplace facilitator shall be considered the retailer of
23 each sale such facilitator facilitates on its forum for a marketplace seller.
24 Each marketplace facilitator shall [(1)] (A) be required to collect and
25 remit for each such sale any tax imposed under section 12-408, [(2)] (B)
26 be responsible for all obligations imposed under this chapter as if such
27 marketplace facilitator was the retailer of such sale, and [(3)] (C) in
28 accordance with the provisions of subdivision (3) of section 12-426, keep
29 such records and information as may be required by the Commissioner
30 of Revenue Services to ensure proper collection and remittance of [said]
31 such tax.

32 (2) The provisions of subdivision (1) of this subsection shall not apply
33 to the facilitation by a marketplace facilitator of the rental of a passenger
34 motor vehicle or rental truck on behalf of a rental company, as those
35 terms are defined in section 12-692.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-408e(a) and (b)

FIN Joint Favorable

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:** None**Municipal Impact:** None**Explanation**

The bill has no fiscal impact by exempting marketplace facilitators from collecting and remitting sales tax on behalf of rental car companies for which they facilitate rentals. In effect, the bill makes the rental car companies responsible for the collection and remittance of the tax on such rentals.

The Out Years**State Impact:** None**Municipal Impact:** None

OLR Bill Analysis**HB 5477*****AN ACT CONCERNING SALES TAX REMITTANCE FOR CERTAIN MARKETPLACE FACILITATOR TRANSACTIONS.*****SUMMARY**

By law, marketplace facilitators (e.g., online marketplaces) are considered retailers for the sales they facilitate for third-party sellers and generally must collect and remit sales tax on behalf of these sellers. This bill exempts marketplace facilitators that facilitate passenger motor vehicle and rental truck rentals on behalf of rental companies from these requirements. In doing so, it makes the rental companies responsible for collecting and remitting sales tax on these sales.

Under the bill and existing law, “rental companies” are generally businesses that rent out a fleet of five or more passenger motor vehicles, rental trucks, or machinery, but not those whose rental income is less than 51% of their total annual revenue. “Passenger motor vehicles” are those rented without a driver that are part of a rental car company’s fleet. “Rental trucks” are (1) vehicles rented without a driver with a gross vehicle weight of 26,000 pounds or less and used to transport personal property (but not for business purposes) or (2) trailers with a gross vehicle weight of 6,000 pounds or less.

EFFECTIVE DATE: Upon passage

BACKGROUND***Marketplace Facilitators***

Marketplace facilitators are generally businesses that (1) facilitate retail sales of at least \$250,000 during the previous 12-month period for sellers by providing a forum (e.g., website) that lists or advertises the sellers’ goods and services and (2) collect receipts from customers and remit payments to sellers. By law, they are considered retailers for these

sales and therefore must (1) collect and remit sales tax on taxable sales, (2) be responsible for all obligations imposed under the state's sales and use tax laws (e.g., timely filing returns), and (3) keep specified records and information on these sales.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 51 Nay 0 (04/05/2022)