



# House of Representatives

General Assembly

**File No. 243**

February Session, 2024

Substitute House Bill No. 5481

*House of Representatives, April 3, 2024*

The Committee on Public Safety and Security reported through REP. BOYD of the 50th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT PROVIDING GRANTS FOR TOURISM PUBLIC SAFETY FROM REVENUE COLLECTED FROM THE OCCUPANCY AND MEALS 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 2024 supplement to  
2 the general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective July 1, 2024, and applicable to sales occurring on or after*  
4 *July 1, 2024*):

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

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

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

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

33 (D) (i) With respect to the sales of computer and data processing  
34 services occurring on or after July 1, 2001, at the rate of one per cent, and  
35 (ii) with respect to sales of Internet access services, on and after July 1,  
36 2001, such services shall be exempt from such tax;

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

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

46 calendar year;

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

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

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

58 (H) With respect to the sale of (i) a motor vehicle for a sales price  
59 exceeding fifty thousand dollars, at a rate of seven and three-fourths per  
60 cent on the entire sales price, (ii) jewelry, whether real or imitation, for  
61 a sales price exceeding five thousand dollars, at a rate of seven and  
62 three-fourths per cent on the entire sales price, and (iii) an article of  
63 clothing or footwear intended to be worn on or about the human body,  
64 a handbag, luggage, umbrella, wallet or watch for a sales price  
65 exceeding one thousand dollars, at a rate of seven and three-fourths per  
66 cent on the entire sales price. For purposes of this subparagraph, "motor  
67 vehicle" has the meaning provided in section 14-1, but does not include  
68 a motor vehicle subject to the provisions of subparagraph (C) of this  
69 subdivision, a motor vehicle having a gross vehicle weight rating over  
70 twelve thousand five hundred pounds, or a motor vehicle having a  
71 gross vehicle weight rating of twelve thousand five hundred pounds or  
72 less that is not used for private passenger purposes, but is designed or  
73 used to transport merchandise, freight or persons in connection with  
74 any business enterprise and issued a commercial registration or more  
75 specific type of registration by the 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 commissioner shall deposit into the Tourism Fund established under  
108 section 10-395b ten per cent of the amounts received by the state from  
109 the tax imposed under subparagraph (B) of this subdivision;

110 (L) (i) For calendar months commencing on or after July 1, 2021, but

111 prior to July 1, 2023, the commissioner shall deposit into the municipal  
112 revenue sharing account established pursuant to section 4-66l seven and  
113 nine-tenths per cent of the amounts received by the state from the tax  
114 imposed under subparagraph (A) of this subdivision, including such  
115 amounts received on or after July 1, 2023, attributable to the fiscal year  
116 ending June 30, 2023; and

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

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

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

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

139 (iv) For calendar months commencing on or after July 1, 2020, but  
140 prior to July 1, 2021, the commissioner shall deposit into the Special  
141 Transportation Fund established under section 13b-68 twenty-five per  
142 cent of the amounts received by the state from the tax imposed under

143 subparagraphs (A) and (H) of this subdivision on the sale of a motor  
144 vehicle;

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

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

156 (N) For calendar quarters ending on or after September 30, 2024, the  
157 commissioner shall deposit into the tourism public safety account  
158 established under section 4 of this act twenty-five per cent of the  
159 amounts received by the state from the tax imposed under  
160 subparagraph (B) of this subdivision and twenty-five per cent of the  
161 amounts received by the state from the tax imposed under  
162 subparagraph (I) of this subdivision.

163 Sec. 2. Subdivision (1) of section 12-411 of the 2024 supplement to the  
164 general statutes is repealed and the following is substituted in lieu  
165 thereof (*Effective July 1, 2024, and applicable to sales occurring on or after*  
166 *July 1, 2024*):

167 (1) (A) An excise tax is hereby imposed on the storage, acceptance,  
168 consumption or any other use in this state of tangible personal property  
169 purchased from any retailer for storage, acceptance, consumption or any  
170 other use in this state, the acceptance or receipt of any services  
171 constituting a sale in accordance with subdivision (2) of subsection (a)  
172 of section 12-407, purchased from any retailer for consumption or use in  
173 this state, or the storage, acceptance, consumption or any other use in  
174 this state of tangible personal property which has been manufactured,

175 fabricated, assembled or processed from materials by a person, either  
176 within or without this state, for storage, acceptance, consumption or any  
177 other use by such person in this state, to be measured by the sales price  
178 of materials, at the rate of six and thirty-five-hundredths per cent of the  
179 sales price of such property or services, except, in lieu of said rate:

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

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

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

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

204 (ii) (I) With respect to the storage, acceptance or other use of a vessel  
205 in this state, at the rate of two and ninety-nine-hundredths per cent,  
206 except that such storage, acceptance or other use shall be exempt from

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

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

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

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

222 (F) With respect to the acceptance or receipt in this state of patient  
223 care services purchased from any retailer for consumption or use in this  
224 state for which payment is received by the hospital on or after July 1,  
225 1999, and prior to July 1, 2001, at the rate of five and three-fourths per  
226 cent and on and after July 1, 2001, such services shall be exempt from  
227 such tax;

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

231 (H) With respect to the acceptance or receipt in this state of (i) a motor  
232 vehicle for a sales price exceeding fifty thousand dollars, at a rate of  
233 seven and three-fourths per cent on the entire sales price, (ii) jewelry,  
234 whether real or imitation, for a sales price exceeding five thousand  
235 dollars, at a rate of seven and three-fourths per cent on the entire sales  
236 price, and (iii) an article of clothing or footwear intended to be worn on  
237 or about the human body, a handbag, luggage, umbrella, wallet or



238 watch for a sales price exceeding one thousand dollars, at a rate of seven  
239 and three-fourths per cent on the entire sales price. For purposes of this  
240 subparagraph, "motor vehicle" has the meaning provided in section 14-  
241 1, but does not include a motor vehicle subject to the provisions of  
242 subparagraph (C) of this subdivision, a motor vehicle having a gross  
243 vehicle weight rating over twelve thousand five hundred pounds, or a  
244 motor vehicle having a gross vehicle weight rating of twelve thousand  
245 five hundred pounds or less that is not used for private passenger  
246 purposes, but is designed or used to transport merchandise, freight or  
247 persons in connection with any business enterprise and issued a  
248 commercial registration or more specific type of registration by the  
249 Department of Motor Vehicles;

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

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

264 (ii) For calendar quarters ending on or after September 30, 2018, the  
265 commissioner shall deposit into the Tourism Fund established under  
266 section 10-395b ten per cent of the amounts received by the state from  
267 the tax imposed under subparagraph (B) of this subdivision;

268 (K) (i) For calendar months commencing on or after July 1, 2021, but  
269 prior to July 1, 2023, the commissioner shall deposit into the municipal  
270 revenue sharing account established pursuant to section 4-66l seven and

271 nine-tenths per cent of the amounts received by the state from the tax  
272 imposed under subparagraph (A) of this subdivision, including such  
273 amounts received on or after July 1, 2023, attributable to the fiscal year  
274 ending June 30, 2023; and

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

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

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

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

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

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

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

314 (M) For calendar quarters ending on or after September 30, 2024, the  
315 commissioner shall deposit into the tourism public safety account  
316 established under section 4 of this act twenty-five per cent of the  
317 amounts received by the state from the tax imposed under  
318 subparagraph (B) of this subdivision and twenty-five per cent of the  
319 amounts received by the state from the tax imposed under  
320 subparagraph (I) of this subdivision.

321 Sec. 3. (NEW) (*Effective July 1, 2024*) Not later than August 1, 2025,  
322 and annually thereafter, the Commissioner of Revenue Services shall (1)  
323 determine the amount of the tax collected pursuant to subparagraphs  
324 (B) and (I) of subdivision (1) of section 12-408 of the general statutes, as  
325 amended by this act, and subparagraphs (B) and (I) of subdivision (1) of  
326 section 12-411 of the general statutes, as amended by this act, in the prior  
327 fiscal year that is attributable to each municipality in the state, based on  
328 the location where the sales subject to such taxes occurred, and (2) report  
329 the results of such determination to the Commissioner of Emergency  
330 Services and Public Protection.

331 Sec. 4. (NEW) (*Effective July 1, 2024*) (a) There is established an account  
332 to be known as the "tourism public safety account" which shall be a  
333 separate, nonlapsing account within the General Fund. The account  
334 shall contain any moneys required by law to be deposited in the account.

335 Moneys in the account shall be expended by the Commissioner of  
336 Emergency Services and Public Protection for the purposes of providing  
337 grants to municipalities pursuant to subsection (b) of this section.

338 (b) Not later than September 1, 2025, and annually thereafter, the  
339 commissioner shall distribute a grant to each municipality identified in  
340 the report annually submitted to the commissioner, pursuant to section  
341 3 of this act, in an amount that is equal to twenty-five per cent of the  
342 amount identified in such report as the tax attributable to such  
343 municipality. Such grants shall be used by such municipalities for the  
344 provision of fire, police and emergency services to support and manage  
345 tourism in such municipalities.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2024, and applicable to sales occurring on or after July 1, 2024</i>	12-408(1)
Sec. 2	<i>July 1, 2024, and applicable to sales occurring on or after July 1, 2024</i>	12-411(1)
Sec. 3	<i>July 1, 2024</i>	New section
Sec. 4	<i>July 1, 2024</i>	New section

**Statement of Legislative Commissioners:**

In Sections 1 and 2, the effective date was changed from "July 1, 2024" to "July 1, 2024, and applicable to sales occurring on or after July 1, 2024" for consistency with standard drafting conventions; and in Section 4, "in relation to" was changed to "to support and manage" for clarity.

**PS** Joint Favorable Subst. -LCO

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:**

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Resources of the General Fund	GF - Revenue Loss	67 million	68.7 million
Department of Revenue Services	GF - Cost	75,000	None

Note: GF=General Fund

**Municipal Impact:**

Municipalities	Effect	FY 25 \$	FY 26 \$
Various Municipalities	Revenue Gain	None	67 million

**Explanation**

The bill results in (1) a revenue loss of \$67 million in FY 25 and annually thereafter to the General Fund and a corresponding revenue gain to municipalities of \$67 million annually beginning in FY 26 by establishing a tourism public safety account for municipalities and (2) a one-time cost of \$75,000 to the Department of Revenue Services.

**Tourism Public Safety Account and Municipal Grants.** The bill establishes a new tourism public safety account and transfers 25% of the room occupancy and meals taxes into the account beginning in FY 25. This transfer results in the General Fund revenue loss of \$67 million in FY 25 and \$68.7 million in FY 26.

The funds are to be provided as grants to municipalities beginning in FY 26 which results in a revenue gain to those municipalities with associated revenue generated by those taxes. The grant amount per

municipality is 25% of the tax collected within the municipality.

**DRS Cost.** The bill results in a one-time General Fund cost of approximately \$75,000 to the Department of Revenue Services (DRS) in FY 25 associated with programming changes to the CTax tax administration system in order to implement the provision diverting portions of the hotel occupancy and meals taxes to a new account.<sup>1</sup>

**DESPP Administration.** The bill requires the Department of Emergency Services and Public Protection (DESPP) to administer the tourism public safety account and, beginning in FY 26, annually distribute a grant to each municipality identified by DRS, resulting in no fiscal impact because the grants will be equal to the revenue deposited into the account and it is expected that DESPP can meet these requirements with existing resources.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

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<sup>1</sup> It should be noted that DRS is unable to identify tax collections by municipality where there are fewer than ten taxpayers due to confidentiality requirements.

**OLR Bill Analysis****sHB 5481*****AN ACT PROVIDING GRANTS FOR TOURISM PUBLIC SAFETY FROM REVENUE COLLECTED FROM THE OCCUPANCY AND MEALS TAX.*****SUMMARY**

This bill establishes a separate, non-lapsing “tourism public safety account” in the General Fund for the Department of Emergency Services and Public Protection (DESPP) to make grants to municipalities for fire, police, and emergency services to support and manage tourism in the municipality.

The bill diverts 25% of the quarterly sales and use tax revenue for room occupancy (i.e., at hotels, lodging houses, and bed and breakfasts) and meals and beverages to the fund. By law, the state imposes a room occupancy tax of 15% for hotels and lodging houses, an 11% room occupancy tax for bed and breakfasts, and a 1% meals and beverages tax. The fund must contain any money the law requires to be deposited into it.

Beginning by August 1, 2025, the bill requires the Department of Revenue Services (DRS) commissioner to annually (1) determine the amount of room occupancy and meal and beverage taxes collected in the prior fiscal year that is attributable to each municipality based on sales location and (2) report the results to the DESPP commissioner. And beginning by September 1, 2025, the DESPP commissioner must annually distribute a grant to each municipality identified in DRS’s report that is equal to 25% of the amount identified as tax attributable to the municipality.

EFFECTIVE DATE: July 1, 2024, with the tax provisions applicable to

sales occurring on or after that date.

**COMMITTEE ACTION**

Public Safety and Security Committee

Joint Favorable

Yea 25 Nay 0 (03/19/2024)