

Finance, Revenue and Bonding Committee

JOINT FAVORABLE REPORT

Bill No.: House Bill 5490

AN ACT CONCERNING THE THRESHOLD FOR THE DUES TAX, THE SALES AND USE TAXES TREATMENT OF CERTAIN MOTOR VEHICLES AND THE DEDICATION OF A PORTION OF THE REVENUE GENERATED FROM MEALS

Title: SOLD BY AN EATING ESTABLISHMENT, CATERER OR GROCERY STORE.

Vote Date: 4/3/2024

Vote Action: Joint Favorable Substitute

PH Date: 3/20/2024

File No.: 560

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

SPONSORS OF BILL:

Finance Revenue and Bonding Committee on behalf of the Connecticut Ambulance Association, Representative Nicole Klarides-Ditria, House Republican Office, Senate Republican Office and Senator Catherine A. Osten.

Co-sponsors:

Representative Christine Palm, 36th District

Representative Eleni Kavros DeGraw, 17th District

Representative Moira Rader, 98th District

Representative Mary M. Mushinsky, 85th District

Senator Julie Kushner, 24th District

Representative John-Michael Parker, 101st District

Representative Devin R. Carney, 23rd District

REASONS FOR BILL:

This bill would (1) increase the threshold for the imposition of the dues tax from \$100 to \$250, exempt charitable or religious organizations, a governmental agency, a nonprofit educational institution, lodge association or any local collegiate fraternal organization from paying dues tax (2) exempt ambulance-type motor vehicles and ambulances from the sales and use taxes, (3) increase the sales price threshold of motor vehicles subject to a higher sale and use taxes rate from \$50,000 to \$75,000, and (4) dedicate a portion of the revenue generated from the meals tax to the Tourism Fund. The bills aim to provide some financial relief to various constituencies and bolster Connecticut's tourism efforts.

SUBSTITUTE LANGUAGE:

Strikes everything from the bill, apart from the ambulance sales and use tax exemption.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Deborah Shander, State Librarian, Connecticut State Library](#), and an appointed member of Connecticut's Semiquincentennial Commission, supports section 4 of the bill. The library preserves the evolution of state public policy and its implementation, the rights and claims of citizens, and the history of Connecticut and its people. They are stewards of the irreplaceable documents and objects which trace our story from colonial era to today. Two years ago, the State Library embarked on a project to digitize and transcribe the papers of Revolutionary War era Governor Jonathan Trumbull, but the project stalled. This new funding stream could jump start that project and many more in our libraries, historical societies, museums and theaters across the state.

NATURE AND SOURCES OF SUPPORT:

[John-Michael Parker, State Representative, Connecticut General Assembly](#), Co-Chair of the legislature's Bipartisan Arts, Culture, and Tourism Caucus, emphasizes that this bill is a promising and realistic path for equitable, meaningful, and reliable funding. In 2021, over 125 leaders and stakeholders were brought together to kick off a year-long process that resulted in the "Arts, Culture, and Tourism Roadmap". The roadmap asserts that a \$55 million annual investment would meet the need across the entire tourism industry, and creates a process for management and distribution of these funds. Fiscal Years 22 and 23 were funded using American Rescue Plan Act (ARPA) dollars. The bill creates a sustainable funding stream by directing fifty percent of the meals and beverage tax to the Tourism Fund, which would amount to \$51.9 million in FY 24 and \$53.2 million in FY 25.

[House Republican Office, Connecticut General Assembly](#), supports section 3 of the bill, which eliminates the additional sales tax that's applied to vehicles valued between \$50,000 and \$75,000. While the normal sales tax is 6.35%, under current law, a consumer purchasing vehicle with a sales price of \$50,000 or more pays a sales tax rate of 7.75%. Under House Bill 5490, a vehicle costing under \$75,000 would be assessed the standard sales tax rate of 6.35% - saving the car shopper up to \$1,050 in sales tax costs. Purchasing a motor vehicle is often the second most expensive purchase people make after their home. Given that, we believe that this bill is the proper response to help families afford vehicles that many will argue are no longer "luxury" in nature.

[Evan Berns, President and Chief Executive Officer, Northeast Growth Partners](#), notes that this bill will keep our youth in our region, and hopefully attract more through regional and state arts and tourism resources.

[Laurence Caso, Executive Director, The Klein Memorial Auditorium](#), testifies that nonprofit theaters and arts institutions are struggling with talent fees and marketing costs have risen sharply. We can only raise ticket prices so much and they only account for 45% of the cost of an event. This bill is a logical way to have tourism support more tourism.

[Judith Fenelus, Director State Affairs, Alliance for Automotive Innovation](#), expresses frustration with Connecticut's higher tax on vehicles over \$50,000. This was justifiable at one time but today the average cost of a new vehicle is \$48,334. Increasing the sales price threshold for

the tax calculation will ease the financial burden of those who may have the need for a larger vehicle.

[Eric Galm, Professor of Music, Trinity College](#), asserts that this bill takes the first steps in securing and realizing the Arts, Culture and Tourism Funding Roadmap. Providing sustainability for the arts will grow the state's cultural profile. The Funding Roadmap provides accountability and metrics for state investments maximizing the impact of the arts, culture and tourism on the state economy.

[Amanda Goodheart Parks, Board of Directors, New England Museum Association](#), provides a list of benefits to Connecticut's economy and the quality of life for all our residents when investments are made to arts and tourism.

[David Green, Board Member, Connecticut Arts Alliance](#), and former Director of the Cultural Alliance of Fairfield County, explains that until Fiscal Years 2022 and 2023, state funding of arts, culture and tourism has been hit-or-miss, with no definable policy, or strategy. Then the Connecticut Cultural Fund succeeded for two years in investing in over 700 cultural organizations in 59 towns and 141 districts. This wonderfully equitable Cultural Fund wasn't supported last fiscal year, rather money was poured into line items of mostly to well-established large organizations (70 organizations in 24 towns instead of 735 in 59 towns). The arts community is now seeking a larger, reliable and more equitable investment.

[Mark Halstead, President, Greater Bridgeport Symphony](#), highlights passage of the bill would enable the Symphony to engage and aid the business community of Bridgeport. After the hardship of the pandemic, this bill will help the organization recover and thrive.

[Andy Horowitz, Board of Directors, CT Humanities](#), is a member of Connecticut Semiquincentennial Commission, and notes that Connecticut has an extraordinary panoply of arts, culture, and humanistic organizations that are uniquely able to strengthen our communities and increase our civic capacity by knitting our social fabric together. With your support Connecticut can use the Semiquincentennial to engage in debate, dialogue, action and education of the history of our state.

[Leith Johnson, Deputy Coordinator, Connecticut State Historical Records Advisory Board \(CT SHRAB\)](#), explains that the America 250 |CT Commission's goal of ensuring inclusion and recognition of all experiences and points of view affected by the events surrounding the American Revolution aligns with CT SHRAB's commitment to expanding preservation, access, and discovery of Connecticut's historical record. A robust understanding of Connecticut's history and its significant role in the development of the new nation and beyond is only possible when traditionally excluded voices are included and respected in this work. Historical reflection and examination at this level require funding. While the state's public and private cultural heritage organizations and educational institutions preserve and make accessible historical manuscripts, images, records, and artifacts, the scope and longevity of the commemoration would stretch staff, volunteer, and supporter resources beyond what is currently available. Additional funding would support coordination, collaboration, and community building around the CT Commission's themes and goals at the local level. It would avoid duplication of effort and support new and fresh ideas through a broader lens.

[Rhoda Kiest, President and Chief Executive Officer, Stepping Stones Museum for Children](#), supports the bill as a critical first step in implementing the goals of the Arts, Culture, and Tourism Funding Roadmap. For the last 24 years their award-winning museum has reached more than 7.5 million people with exceptional, playful learning opportunities for children. The museum's ability to continue providing high-quality, relevant and timely education experiences is not sustainable without investment and the continued support of the state of Connecticut.

[Gary Kingsbury, Chair, Landmark Community Theatre](#), stands with the bill and the acknowledging the role of arts, culture, and tourism in our state's economy and workforce. Landmark Community Theatre in Thomaston offers children and teen classes and programs at affordable rates. Their senior program is a success and provides skill development that combats loneliness among our seniors. We thank you for the consideration of extending support to the arts.

[Elizabeth Kopper, Vice President, South Windsor Historical Society](#), testifies that funding is crucial to aid all volunteer historical societies and other grassroots groups that involve the public in relevant programs and activities that expand awareness of the values put forth in the Declaration of Independence and our uneven fulfillment of those values.

[Robert Kret, Executive Director and Chief Executive Officer, Connecticut Museum of Culture and History](#), testified about Connecticut being the home of the nation's most dynamic arts and cultural organizations. The quality and depth of Connecticut's cultural organizations are rare and significant that must be continued to increase cultural tourism.

[Lara Langer, Connecticut Arts Alliance](#), highlights that museums, especially smaller ones with operational budgets under \$2 million, are strained by financial burdens; often struggling to relieve expense pressures and maintain their staff, which ultimately limits their capacity to operate to their fullest potential. Museums provide a kind of wonder and enrichment that is critical to keeping us all connected. As windows to our thoughts and perspectives, the arts are extensions of human expression and innovation. It is imperative for all audiences, particularly younger generations to grow into critical thinkers, creative thinkers, empathetic thinkers, and self-reflective thinkers, and we can do this by sustaining a healthy, robust arts and culture sector in Connecticut.

[Robert Mara, Operations Manager, Aetna Ambulance Service](#) notes that exempting ambulance-type vehicles and ambulances from the sales and use tax gives support to emergency medical services (EMS). This exemption is vital because of the rising costs for vehicles, fuel and maintenance. Such financial reprieve enables many EMS organizations to direct more towards enhancing other facets of their organizations. Subdivision (19) of section 12-412 of the general statutes already exempts medical equipment such as canes, crutches, walkers, wheelchairs, inclined stairway chairlifts, and any associated repair services from the sales and use tax. Extending this public policy is logical and necessary.

[Michelle McCabe, Executive Director, Connecticut Main Street Center](#), notes that the arts, culture and tourism increase the quality of life, small business economy and main streets and downtowns across the state. Our main streets and downtowns have a wide diversity of people who want to live in walkable communities, but traditional workplaces and shopping habits shifted with the pandemic. All businesses are trying to adjust and we rely on the arts and culture sector to bring foot traffic to downtown because so many are situated on a main street or

downtown. With increased predictable funding we will see more inventive collaboration across the state.

[Lew Michaels, Executive Director, Cinestudio](#), acknowledges the influence of state investments on Connecticut's economy, communities and residents' quality of life through this bill. Arts and culture play a pivotal role in bolstering local businesses along with over 12,000 jobs and over \$600 million in expenditures annually. Endorsing the bill secures essential funding for more than 700 cultural organizations and cultural infrastructure projects. The bill facilitates workforce development initiatives along with Connecticut's colleges and universities.

[Regan Miner, Executive Director, Norwich Historical Society](#), urges support for the commemoration and the exploration of Connecticut's significant role in the founding of our Democracy by funding the Tourism Roadmap and the America 250|CT initiative.

[Rie Poirier-Campbell, Executive Director, Hartford Performs](#), notes that the revenue generated through this bill would support the arts and cultural sector of Connecticut. The arts sector supports more than 12,000 jobs and produces \$348 million in revenue. The nonprofit Hartford performs will provide more than \$425,000 in contracted work to about 100 local artists and organizations just this year. We produce just a fraction of the 10 million cultural experiences in Connecticut. Reliable access to programming needs a financially healthy arts and cultural infrastructure.

[Cynthia Ryder, Managing Director, Connecticut Flagship Producing Theaters](#) testified on the continuing struggle facing theaters coming out of Covid-19. As a nonprofit organization Flagship Producing Theaters annually infuse the state with \$42 million in economic activity. Our scenery and costumes are locally sourced including all the materials. We can proudly display "MADE IN CT". Beyond the economic impact we also have essential community impact and provide employment, education programs and need social and mental health to Connecticut.

[Richard Sadlon, Executive Director, Connecticut Arts Administrators Association](#), notes that studies have shown that each dollar invested by the state returns at least \$3 in economic activity. The Arts are also critical in providing opportunities for our Connecticut students to engage in their schools and find positive, collaborative and creative outlets in their communities. He is in support of using these funds to build and support our communities through the arts and arts education.

[Ellen Sassu, Development Director, Bristol Historical Society](#), is pleased that this bill would help fund tourism and cultural organizations especially for those smaller ones that would benefit greatly from consistent funding opportunities. With support we have seen a renewed economic impact for our businesses when our museums produce events that attract local, regional and out-of-state audiences. This Roadmap is a win for the State.

[Caroline Sloat, Board Member, Grants Chair, Performing Arts of Northeast Connecticut](#) supports essential funding for the more than 700 cultural organizations and cultural infrastructure to boost state revenue from out-of state visitors and workforce development. With state funding we added two programs on diversity themes, and could not have offered these contemporary programs without state investment.

[Julie Smith, Executive Director, Best Video](#), cannot stress enough the importance of independent, local and regional non-profit and for-profit arts and culture organizations. Best Video presents over 200 arts and cultural events annually, and the impact of their events creates a ripple effect throughout the community and region.

[Brett Thompson, Executive Director, Connecticut Arts Alliance](#) echoes previous statements made by the arts community. He notes that funding the arts is a necessary investment that is good for our economy, our cities and towns and all who call Connecticut home.

[Maisa Tinsdale, President and Chief Executive Officer, Mary and Eliza Freeman Center](#), underscores that in 1776, slavery existed in the United States and Connecticut. The themes of America 250 “share stories that represent all of Connecticut’s people, past and present” and “tell previously untold stories to enable everyone to find a place in our nation’s narrative.” CT 250 features a prominent place for those of us – Black, Native Americans, immigrants, and women – who declared our freedom and fought for our rights as human beings – long before they were legally granted and officially recognized in our nation and state.

[Anna Veccia](#) testified how important history, art and culture are to the state and its communities. Our history deserves to be documented, preserved and promoted to inspire conversations of our state’s history. It neither ends nor begins with the American Revolution. Indigenous sites like the one recently uncovered in Norwalk, Victorian mansions like the Lockwood-Mathews and Mark Twain homes, Vaudeville theatres like Poli’s Palace, neighborhoods like Little Liberia, and Village Creek, even mid-century modern public sculptures by vanished artists are all part of our collective story.

[Flona Vernal, University of Connecticut](#) has worked with CT Humanities to support over 28 projects connecting communities in Hartford, New Haven and Fairfield County, training community members to interview each other, and creating public exhibitions and archives that are critical for creating a sense of belonging and highlighting the contributions of the state’s residents. In addition to modeling the support for inclusive storytelling, these projects have engaged local and regional stories, highlighting the power of place and the historical connections that have brought people to Connecticut, whether two centuries, two decades ago, or more recently. Connected to this timeline is a reconsideration of our American ideas and American ideals and connections to our contemporary communities, the stories we tell about each other, and the renewal of democratic and civic life. This funding comes at a pivotal time when the humanities can point a way to just and equitable futures.

[Julia Wilcox, Senior Public Policy Advisor, Connecticut Community Nonprofit Alliance](#), notes that hundreds of nonprofit organizations provide programs that enhance our communities. This bill builds on the momentum achieved over the past few years; acknowledging the value of the creative economy in Connecticut. This bill will help realize the goals of the Arts, Cultural and Tourism Funding Roadmap, which in turn will provide accountability and metrics for state investments.

[Amrys Williams, Executive Director, Connecticut League of Museums](#), submitted testimony on how investment in Connecticut’s cultural sector has transformative effect on our state’s museum from the large institutions like Mystic Seaport to the small, volunteer-run historical societies and community anchors in each of our 169 towns. Allocation of a portion of the meal

tax creates a sustainable source for funding as the Connecticut Cultural Fund did in supporting tourism in Connecticut.

The following testified in support of the bill:

[American Mural Project](#)

[Melissa Bird, Executive Director, American Museum of Tort Law](#)

[Jay Cantor](#)

[Carl Chaiet](#)

[Kathleen Craughwell-Varda, Director, Conservation ConneCTion](#)

[Dennis Culliton, Executive Director, Witness Stones Project](#)

[Maggie Dimock, Curator, Greenwich Historical Society](#)

[Anne Dropick, Eidetic Productions](#)

[William Farley, Southern Connecticut State University](#)

[Christopher Flynn, Secretary, Connecticut Maritime Heritage Festival](#)

[Leslie Imse](#)

[Mary Miko](#)

[Wendy Nasta, Founder, Artists for World Peace](#)

[Maria Sangiolo, Booking Coordinator, the Vanilla Bean Café](#)

[Francelia Sevin](#), Resident, Manchester, Connecticut

[Carla Shere, Artist, Kent Art Association](#)

[Elizabeth Van Tuyl, Archivist, Bridgeport History Center, Bridgeport Public Library](#)

[Richard White, Board Member, Coventry Arts Guild](#)

NATURE AND SOURCES OF OPPOSITION:

None expressed.

Reported by: Pamela Bianca

Date: April 18, 2024