



General Assembly

February Session, 2024

Raised Bill No. 269

LCO No. 1990



Referred to Committee on HOUSING

Introduced by:
(HSG)

***AN ACT REDUCING THE SALES AND USE TAXES FOR CERTAIN
GOODS USED IN NEW HOUSING CONSTRUCTION.***

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2 the general statutes is repealed and the following is substituted in lieu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) With respect to the sale of tangible personal property purchased
83 for the construction of a new residential development project, at the rate
84 of three per cent, provided such project contains not fewer than fifty
85 dwelling units of affordable housing, as defined in section 8-39a, except
86 that the provisions of this subparagraph shall not apply to a project that
87 qualifies for an exemption under section 12-412;

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

105 ~~[(K)]~~ (L) (i) For calendar quarters ending on or after September 30,
106 2019, the commissioner shall deposit into the regional planning
107 incentive account, established pursuant to section 4-66k, six and seven-
108 tenths per cent of the amounts received by the state from the tax
109 imposed under subparagraph (B) of this subdivision and ten and seven-
110 tenths per cent of the amounts received by the state from the tax
111 imposed under subparagraph (G) of this subdivision;

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

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

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

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

133 (ii) For calendar months commencing on or after July 1, 2018, but
134 prior to July 1, 2019, the commissioner shall deposit into the Special
135 Transportation Fund established under section 13b-68 eight per cent of
136 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 (iii) For calendar months commencing on or after July 1, 2019, but
140 prior to July 1, 2020, the commissioner shall deposit into the Special
141 Transportation Fund established under section 13b-68 seventeen 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 (iv) For calendar months commencing on or after July 1, 2020, but
146 prior to July 1, 2021, the commissioner shall deposit into the Special
147 Transportation Fund established under section 13b-68 twenty-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;

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

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

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

166 (1) (A) An excise tax is hereby imposed on the storage, acceptance,
167 consumption or any other use in this state of tangible personal property
168 purchased from any retailer for storage, acceptance, consumption or any
169 other use in this state, the acceptance or receipt of any services
170 constituting a sale in accordance with subdivision (2) of subsection (a)
171 of section 12-407, purchased from any retailer for consumption or use in
172 this state, or the storage, acceptance, consumption or any other use in
173 this state of tangible personal property which has been manufactured,
174 fabricated, assembled or processed from materials by a person, either
175 within or without this state, for storage, acceptance, consumption or any

176 other use by such person in this state, to be measured by the sales price
177 of materials, at the rate of six and thirty-five-hundredths per cent of the
178 sales price of such property or services, except, in lieu of said rate:

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

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

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

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

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

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

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

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

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

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

230 (H) With respect to the acceptance or receipt in this state of (i) a motor
231 vehicle for a sales price exceeding fifty thousand dollars, at a rate of
232 seven and three-fourths per cent on the entire sales price, (ii) jewelry,
233 whether real or imitation, for a sales price exceeding five thousand
234 dollars, at a rate of seven and three-fourths per cent on the entire sales
235 price, and (iii) an article of clothing or footwear intended to be worn on
236 or about the human body, a handbag, luggage, umbrella, wallet or
237 watch for a sales price exceeding one thousand dollars, at a rate of seven
238 and three-fourths per cent on the entire sales price. For purposes of this
239 subparagraph, "motor vehicle" has the meaning provided in section 14-

240 1, but does not include a motor vehicle subject to the provisions of
241 subparagraph (C) of this subdivision, a motor vehicle having a gross
242 vehicle weight rating over twelve thousand five hundred pounds, or a
243 motor vehicle having a gross vehicle weight rating of twelve thousand
244 five hundred pounds or less that is not used for private passenger
245 purposes, but is designed or used to transport merchandise, freight or
246 persons in connection with any business enterprise and issued a
247 commercial registration or more specific type of registration by the
248 Department of Motor Vehicles;

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

256 (J) With respect to the storage, use or other consumption of tangible
257 personal property for the construction of a new residential development
258 project at the rate of three per cent, provided such project contains not
259 fewer than fifty dwelling units of affordable housing, as defined in
260 section 8-39a, except that the provisions of this subparagraph shall not
261 apply to a project that qualifies for an exemption under section 12-412;

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

269 (ii) For calendar quarters ending on or after September 30, 2018, the
270 commissioner shall deposit into the Tourism Fund established under
271 section 10-395b ten per cent of the amounts received by the state from

272 the tax imposed under subparagraph (B) of this subdivision;

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

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

285 ~~[(L)]~~ (M) (i) For calendar months commencing on or after July 1, 2017,
286 the commissioner shall deposit into said Special Transportation Fund
287 seven and nine-tenths per cent of the amounts received by the state from
288 the tax imposed under subparagraph (A) of this subdivision;

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

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

301 (iv) For calendar months commencing on or after July 1, 2020, but
302 prior to July 1, 2021, the commissioner shall deposit into the Special

303 Transportation Fund established under section 13b-68 twenty-five per
 304 cent of the amounts received by the state from the tax imposed under
 305 subparagraphs (A) and (H) of this subdivision on the acceptance or
 306 receipt in this state of a motor vehicle;

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

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

319 Sec. 3. Section 4-66o of the general statutes is repealed and the
 320 following is substituted in lieu thereof (*Effective July 1, 2024*):

321 The Secretary of the Office of Policy and Management may establish
 322 receivables for the revenue anticipated pursuant to subparagraph [(K)]
 323 (L) of subdivision (1) of section 12-408, as amended by this act, and
 324 section 4-66l.

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>	4-66o

Statement of Purpose:

To reduce the sales and use taxes for certain tangible personal property used in new housing construction.

[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.]