Senate

General Assembly

File No. 879

January Session, 2025

Senate Bill No. 1551

Senate, May 12, 2025

The Committee on Appropriations reported through SEN. OSTEN of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT'S SPENDING ON ARTS AND HUMANITIES ACTIVITIES.

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

Section 1. Section 10-395 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) There is established an account **[**within the General Fund**]** to be known as the "culture and tourism account". The account shall contain all moneys required by law to be deposited in the account, including, but not limited to, not less than ten per cent of the amounts received by the state from the tax imposed under subparagraph (I) of subdivision (1) of section 12-408, as amended by this act.

(b) Moneys in the account shall be used for purposes including, but not limited to, providing grants-in-aid to organizations engaging in or promoting the arts, helping to make the state a destination for leisure and business travelers, preserving and promoting historic resources and

interpreting and presenting the state's history and culture.

Sec. 2. Subdivision (1) of section 12-408 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025, and applicable to sales occurring on or after July 1, 2025*):

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

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

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

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

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

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

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

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

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

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

(H) With respect to the sale of (i) a motor vehicle for a sales price exceeding fifty thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price, (ii) jewelry, whether real or imitation, for a sales price exceeding five thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price, and (iii) an article of clothing or footwear intended to be worn on or about the human body,

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

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

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

when such service is rendered;

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

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

(iii) For calendar quarters ending on or after September 30, 2025, the commissioner shall deposit into the culture and tourism account established under section 10-395, as amended by this act, ten per cent of the amounts received by the state from the tax imposed under subparagraph (I) of this subdivision;

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

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

(M) (i) For calendar months commencing on or after July 1, 2017, the commissioner shall deposit into the Special Transportation Fund

established under section 13b-68 seven and nine-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (A) of this subdivision;

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

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

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

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

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

Sec. 3. Subdivision (1) of section 12-411 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025, and applicable to sales occurring on or after July 1, 2025*):

(1) (A) An excise tax is hereby imposed on the storage, acceptance, consumption or any other use in this state of tangible personal property purchased from any retailer for storage, acceptance, consumption or any other use in this state, the acceptance or receipt of any services constituting a sale in accordance with subdivision (2) of subsection (a) of section 12-407, purchased from any retailer for consumption or use in this state, or the storage, acceptance, consumption or any other use in this state of tangible personal property which has been manufactured, fabricated, assembled or processed from materials by a person, either within or without this state, for storage, acceptance, consumption or any other use by such person in this state, to be measured by the sales price of materials, at the rate of six and thirty-five-hundredths per cent of the sales price of such property or services, except, in lieu of said rate:

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

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

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

commissioner, concerning the purchaser's state of residence under 50 App USC 574;

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

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

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

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

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

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

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

(H) With respect to the acceptance or receipt in this state of (i) a motor vehicle for a sales price exceeding fifty thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price, (ii) jewelry, whether real or imitation, for a sales price exceeding five thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price, and (iii) an article of clothing or footwear intended to be worn on or about the human body, a handbag, luggage, umbrella, wallet or watch for a sales price exceeding one thousand dollars, at a rate of seven and three-fourths per cent on the entire sales price. For purposes of this subparagraph, "motor vehicle" has the meaning provided in section 14-1, but does not include a motor vehicle subject to the provisions of subparagraph (C) of this subdivision, a motor vehicle having a gross vehicle weight rating over twelve thousand five hundred pounds, or a motor vehicle having a gross vehicle weight rating of twelve thousand five hundred pounds or less that is not used for private passenger purposes, but is designed or used to transport merchandise, freight or persons in connection with any business enterprise and issued a commercial registration or more specific type of registration by the Department of Motor Vehicles;

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

(J) (i) For calendar quarters ending on or after September 30, 2019, the commissioner shall deposit into the regional planning incentive account, established pursuant to section 4-66k, six and seven-tenths per cent of the amounts received by the state from the tax imposed under

subparagraph (B) of this subdivision and ten and seven-tenths per cent of the amounts received by the state from the tax imposed under subparagraph (G) of this subdivision;

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

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

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

(iii) For calendar quarters ending on or after September 30, 2025, the commissioner shall deposit into the culture and tourism account established under section 10-395, as amended by this act, one per cent of the amounts received by the state from the tax imposed under subparagraph (I) of this subdivision;

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

(ii) For calendar months commencing on or after July 1, 2018, but prior to July 1, 2019, the commissioner shall deposit into the Special Transportation Fund established under section 13b-68 eight per cent of

the amounts received by the state from the tax imposed under subparagraphs (A) and (H) of this subdivision on the acceptance or receipt in this state of a motor vehicle;

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

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

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

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

Sec. 4. (NEW) (*Effective July 1, 2025*) (a) Each organization receiving a grant-in-aid from the Department of Economic and Community Development using moneys deposited in the culture and tourism account, established under section 10-395 of the general statutes, as amended by this act, for activities relating to arts, culture, tourism or

humanities shall submit a detailed report to Connecticut Humanities not later than six months after receiving such grant-in-aid. Such report shall include information concerning the expenditure of grant funding received by the department and the finances of the organization.

(b) Connecticut Humanities shall report to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies and commerce on the information received pursuant to subsection (a) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*from passage*	10-395
Sec. 2	*July 1, 2025, and applicable to sales occurring on or after July 1, 2025*	12-408(1)
Sec. 3	*July 1, 2025, and applicable to sales occurring on or after July 1, 2025*	12-411(1)
Sec. 4	*July 1, 2025*	New section

APP *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:

Agency Affected	Fund-Effect	FY 26 $	FY 27 $
Resources of the General Fund	GF - Revenue Loss	$11 million	$11.3 million
Department of Economic & Community Development	Culture and Tourism Account - Revenue Gain	$11 million	$11.3 million

Note: GF=General Fund; Various=Various

Municipal Impact: None

Explanation

The bill diverts 10% of the revenue from the 1% meals and beverage tax to the culture and tourism account, a non-appropriated account, beginning in FY 26. This results in an estimated revenue loss of $11 million in FY 26 and $11.3 million in FY 27 to the General Fund and a corresponding revenue gain of $11 million in FY 26 and $11.3 million in FY 27 to the culture and tourism account.

The Out Years

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

OFA Bill Analysis

SB 1551

AN ACT CONCERNING THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT'S SPENDING ON ARTS AND HUMANITIES ACTIVITIES.

SUMMARY:

This bill diverts 10% of the revenue from the 1% meals and beverage tax to the "culture and tourism account," a non-appropriated account, each quarter, starting with the quarter ending on September 30, 2025. The bill also requires any organization that receives a grant-in-aid through the culture and tourism account to submit a detailed expenditure report to Connecticut Humanities, a nonprofit entity.

EFFECTIVE DATE: July 1, 2025, and applicable to sales occurring on or after that date, except Section 1 which is effective from passage.

§§ 1 – 3 – CULTURE AND TOURISM ACCOUNT

The bill requires 10% of revenue from the 1% meals and beverage tax to the "culture and tourism account." The bill specifies that the funding is to be used to provide grants-in-aid to organizations engaging in or promoting the arts, helping to make the state a destination for leisure and business travelers, preserving and promoting historic resources and interpreting and presenting the state's history and culture.

The bill also clarifies that the culture and tourism account is a non-appropriated account.

§ 4 – CULTURE AND TOURISM GRANTS-IN-AID REPORTING REQUIREMENT

The bill requires any organization that receives a grant-in-aid from the Department of Economic and Community Development through the culture and tourism account to submit a detailed report to

Connecticut Humanities not later than six months after receiving such grant-in-aid. The report must include information concerning the expenditure of grant funding and the finances of the organization.

Connecticut Humanities must report to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies and commerce on the information received from these grant recipient organizations.

BACKGROUND

1% Meals and Beverage Tax

The 1% meals and beverage tax applies in addition to the state's 6.35% sales and use tax, for a combined 7.35% tax on these sales.

By law, the tax applies to sales of (1) meals sold by eating establishments, caterers, or grocery stores and (2) liquors, soft drinks, sodas, and beverages ordinarily dispensed at, or in connection with, bars and soda fountains. A "meal" is food sold in ready-to-eat form or wrapped as "take-out" or "to-go" to be eaten elsewhere. An "eating establishment" includes a restaurant, cafeteria, grinder shop, pizzeria, drive-in, fast food outlet, ice cream truck, hot dog cart, refreshment stand, sandwich shop, private and social club, cocktail lounge, tavern, diner, snack bar, and hotel or boarding house that furnishes both lodging and meals to its guests (CGS § 12-412(13)).

Related Bills

HB 1456, favorably reported by the Appropriations Committee, also diverts 10% of the revenue from the 1% meals and beverage tax but to the Tourism Fund instead.

COMMITTEE ACTION

Appropriations Committee

Joint Favorable
Yea 48 Nay 6 (04/24/2025)