



General Assembly

Substitute Bill No. 7177

January Session, 2019



AN ACT CONCERNING SHORT-TERM RENTAL PROPERTIES.

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

1 Section 1. (NEW) (*Effective July 1, 2019*) For the purposes of this
2 section and sections 2 to 4, inclusive, of this act:

3 (1) "Applicant" means a person who files an application with the
4 commissioner pursuant to section 2 of this act;

5 (2) "Commissioner" means the Commissioner of Consumer
6 Protection;

7 (3) "Dwelling unit" has the same meaning as provided in section
8 47a-1 of the general statutes;

9 (4) "Guest" means an individual, other than the owner, lessee, lessor,
10 sublessee or sublessor of a short-term rental property, who occupies a
11 short-term rental property pursuant to a short-term rental transaction;

12 (5) "Short-term rental operator" means the owner, lessee or
13 sublessee of a short-term rental property who offers the short-term
14 rental property for occupancy by a guest pursuant to a short-term
15 rental transaction;

16 (6) "Short-term rental platform" means any platform, including, but

17 not limited to, an Internet web site, that (A) allows a short-term rental
18 operator to offer a dwelling unit, or any portion thereof, for occupancy
19 as a short-term rental property, (B) allows a potential guest to arrange
20 payment for occupancy of a short-term rental property, whether such
21 guest pays directly to a short-term rental operator or through the
22 platform, and (C) allows the platform operator to derive revenues from
23 providing or maintaining the services described in this subdivision for
24 a short-term rental property;

25 (7) "Short-term rental property" means a dwelling unit, or any
26 portion thereof, in this state that is (A) the subject of a short-term rental
27 transaction, and (B) not a hotel, lodging house or bed and breakfast
28 establishment; and

29 (8) "Short-term rental transaction" means a transaction in which a
30 short-term rental operator offers a short-term rental property for
31 occupancy by a guest through a short-term rental platform for a period
32 of thirty consecutive calendar days or less.

33 Sec. 2. (NEW) (*Effective July 1, 2019*) (a) (1) Each short-term rental
34 operator or prospective short-term rental operator shall apply for a
35 license from the commissioner for each dwelling unit that such person
36 intends to operate as a short-term rental property on or after January 1,
37 2020. Each application for a license, or renewal of a license, pursuant to
38 this subsection shall be made on a form prescribed by the
39 commissioner. The commissioner shall require, as a precondition to
40 issuing or renewing a license pursuant to this subsection, that the
41 applicant submit to the commissioner, in a form and manner
42 prescribed by the commissioner, proof that the applicant:

43 (A) Maintains a property and casualty insurance policy that
44 contains the minimum provisions prescribed by the Insurance
45 Commissioner pursuant to section 5 of this act;

46 (B) Provided all notices required by section 3 of this act; and

47 (C) In the case of an application for renewal of a license under this

48 subsection:

49 (i) Maintained the insurance coverage described in subparagraph
50 (A) of this subdivision during the two years immediately preceding;

51 (ii) Paid any and all sales and use taxes due and payable to this
52 state, and any and all taxes due and payable to a municipality
53 pursuant to section 6 of this act, during the two years immediately
54 preceding;

55 (iii) Provided all notices required by section 3 of this act; and

56 (iv) Complied with the provisions of any ordinance enacted
57 pursuant to section 7 of this act during the two years immediately
58 preceding.

59 (2) Each license issued by the commissioner pursuant to this
60 subsection shall expire two years after its issuance. The commissioner
61 may refuse to issue or renew, or may suspend or revoke, any license
62 required by this section if the applicant for such license or renewal
63 engages in any conduct prohibited by this section.

64 (3) Not later than fifteen days after the commissioner issues or
65 renews a license pursuant to this subsection, the commissioner shall
66 send a notice, in a form and manner prescribed by the commissioner,
67 to the Commissioner of Revenue Services disclosing:

68 (A) The name of the applicant for such license or renewal; and

69 (B) The address of the licensed short-term rental property.

70 (b) If the commissioner refuses to issue or renew, or suspends or
71 revokes, a license pursuant to subsection (a) of this section, the
72 commissioner shall notify the applicant or short-term rental operator,
73 as applicable, of such decision, the grounds for such decision and of
74 such applicant's or short-term rental operator's right to request a
75 hearing not later than ten days after the date on which the

76 commissioner issued such notice to such applicant. If the applicant or
77 short-term rental operator requests a hearing within such ten-day
78 period, the commissioner shall conduct a hearing concerning such
79 refusal, suspension or revocation in accordance with the provisions of
80 chapter 54 of the general statutes concerning contested cases. The
81 applicant or short-term rental operator may appeal therefrom in
82 accordance with the provisions of section 4-183 of the general statutes.

83 (c) The Attorney General, at the request of the commissioner, is
84 authorized to apply in the name of this state to the Superior Court for
85 an order temporarily or permanently restraining and enjoining any
86 short-term rental operator from operating in violation of any provision
87 of sections 1 to 4, inclusive, of this act.

88 Sec. 3. (NEW) (*Effective July 1, 2019*) Not later than the day that an
89 applicant files an application with the commissioner pursuant to
90 section 2 of this act, the applicant shall send a notice, in a form and
91 manner prescribed by the commissioner, to the owner, lessor or
92 sublessor of the dwelling unit or short-term rental property that is the
93 subject of such application, and all owners, lessors, lessees, sublessors
94 and sublessees of abutting and adjacent dwelling units, disclosing:

95 (1) The name of such applicant;

96 (2) The address of such dwelling unit or short-term rental property;
97 and

98 (3) That such applicant has filed, or intends to file, such application.

99 Sec. 4. (NEW) (*Effective July 1, 2019*) The commissioner may adopt
100 regulations, in accordance with the provisions of chapter 54 of the
101 general statutes, to implement the provisions of sections 1 to 3,
102 inclusive, of this act.

103 Sec. 5. (NEW) (*Effective July 1, 2019*) The Insurance Commissioner
104 shall adopt regulations, in accordance with the provisions of chapter
105 54 of the general statutes, prescribing the minimum provisions to be

106 included in each property and casualty policy issued on or after the
107 effective date of such regulations covering a short-term rental
108 property, as defined in section 1 of this act. Such policy shall include
109 liability coverage of not less than one million dollars against claims for
110 bodily injury or death and property damage.

111 Sec. 6. (NEW) (*Effective July 1, 2019*) Any municipality may, by vote
112 of its legislative body or, in a municipality where the legislative body
113 is a town meeting, by vote of the board of selectmen, levy a tax on each
114 short-term rental operator operating one or more short-term rental
115 properties, as both terms are defined in section 1 of this act, within
116 such municipality, provided such tax shall not exceed an amount that
117 is equal to six per cent of such short-term rental operator's income
118 from all short-term rental transactions, as defined in section 1 of this
119 act, concerning such short-term rental properties during the tax year
120 for which such tax is levied.

121 Sec. 7. (NEW) (*Effective July 1, 2019*) Any municipality may, by vote
122 of its legislative body or, in a municipality where the legislative body
123 is a town meeting, by vote of the board of selectmen, limit the number
124 of days that guests may occupy a short-term rental property during a
125 calendar year. For the purposes of this section, "guest" and "short-term
126 rental property" have the same meaning as provided in section 1 of
127 this act.

128 Sec. 8. Section 12-407 of the general statutes is repealed and the
129 following is substituted in lieu thereof (*Effective July 1, 2019, and*
130 *applicable to sales occurring on or after July 1, 2019*):

131 (a) Whenever used in this chapter:

132 (1) "Person" means and includes any individual, firm,
133 copartnership, joint venture, association, association of persons
134 however formed, social club, fraternal organization, corporation,
135 limited liability company, foreign municipal electric utility as defined
136 in section 12-59, estate, trust, fiduciary, receiver, trustee, syndicate, the

137 United States, this state or any political subdivision thereof or any
138 group or combination acting as a unit, and any other individual or
139 officer acting under the authority of any court in this state.

140 (2) "Sale" and "selling" mean and include:

141 (A) Any transfer of title, exchange or barter, conditional or
142 otherwise, in any manner or by any means whatsoever, of tangible
143 personal property for a consideration;

144 (B) Any withdrawal, except a withdrawal pursuant to a transaction
145 in foreign or interstate commerce, of tangible personal property from
146 the place where it is located for delivery to a point in this state for the
147 purpose of the transfer of title, exchange or barter, conditional or
148 otherwise, in any manner or by any means whatsoever, of the property
149 for a consideration;

150 (C) The producing, fabricating, processing, printing or imprinting of
151 tangible personal property for a consideration for consumers who
152 furnish either directly or indirectly the materials used in the
153 producing, fabricating, processing, printing or imprinting, including,
154 but not limited to, sign construction, photofinishing, duplicating and
155 photocopying;

156 (D) The furnishing and distributing of tangible personal property
157 for a consideration by social clubs and fraternal organizations to their
158 members or others;

159 (E) The furnishing, preparing, or serving for a consideration of food,
160 meals or drinks;

161 (F) A transaction whereby the possession of property is transferred
162 but the seller retains the title as security for the payment of the price;

163 (G) A transfer for a consideration of the title of tangible personal
164 property which has been produced, fabricated or printed to the special
165 order of the customer, or of any publication, including, but not limited

166 to, sign construction, photofinishing, duplicating and photocopying;

167 (H) A transfer for a consideration of the occupancy of any room or
168 rooms in a hotel, lodging house, [or] bed and breakfast establishment
169 or short-term rental property for a period of thirty consecutive
170 calendar days or less;

171 (I) The rendering of certain services, as defined in subdivision (37)
172 of this subsection, for a consideration, exclusive of such services
173 rendered by an employee for the employer;

174 (J) The leasing or rental of tangible personal property of any kind
175 whatsoever, including, but not limited to, motor vehicles, linen or
176 towels, machinery or apparatus, office equipment and data processing
177 equipment, provided for purposes of this subdivision and the
178 application of sales and use tax to contracts of lease or rental of
179 tangible personal property, the leasing or rental of any motion picture
180 film by the owner or operator of a motion picture theater for purposes
181 of display at such theater shall not constitute a sale within the meaning
182 of this subsection;

183 (K) The rendering of telecommunications service, as defined in
184 subdivision (26) of this subsection, for a consideration on or after
185 January 1, 1990, exclusive of any such service rendered by an employee
186 for the employer of such employee, subject to the provisions related to
187 telecommunications service in accordance with section 12-407a;

188 (L) (i) The rendering of community antenna television service, as
189 defined in subdivision (27) of this subsection, for a consideration on or
190 after January 1, 1990, exclusive of any such service rendered by an
191 employee for the employer of such employee. For purposes of this
192 chapter, "community antenna television service" includes service
193 provided by a holder of a certificate of cable franchise authority
194 pursuant to section 16-331p, and service provided by a community
195 antenna television company issued a certificate of video franchise
196 authority pursuant to section 16-331e for any service area in which it

197 was not certified to provide community antenna television service
198 pursuant to section 16-331 on or before October 1, 2007;

199 (ii) The rendering of certified competitive video service, as defined
200 in subdivision (38) of this subsection, for consideration on or after
201 October 1, 2007, exclusive of any such service rendered by an
202 employee for the employer of such employee;

203 (M) The transfer for consideration of space or the right to use any
204 space for the purpose of storage or mooring of any noncommercial
205 vessel, exclusive of dry or wet storage or mooring of such vessel
206 during the period commencing on the first day of October in any year
207 to and including the thirty-first day of May of the next succeeding
208 year;

209 (N) The sale for consideration of naming rights to any place of
210 amusement, entertainment or recreation within the meaning of
211 subdivision (3) of section 12-540;

212 (O) The transfer for consideration of a prepaid telephone calling
213 service, as defined in subdivision (34) of this subsection, and the
214 recharge of a prepaid telephone calling service, provided, if the sale or
215 recharge of a prepaid telephone calling service does not take place at
216 the retailer's place of business and an item is shipped by the retailer to
217 the customer, the sale or recharge shall be deemed to take place at the
218 customer's shipping address, but, if such sale or recharge does not take
219 place at the retailer's place of business and no item is shipped by the
220 retailer to the customer, the sale or recharge shall be deemed to take
221 place at the customer's billing address or the location associated with
222 the customer's mobile telephone number; and

223 (P) The furnishing by any person, for a consideration, of space for
224 storage of tangible personal property when such person is engaged in
225 the business of furnishing such space, but "sale" and "selling" do not
226 mean or include the furnishing of space which is used by a person for
227 residential purposes. As used in this subparagraph, "space for storage"

228 means secure areas, such as rooms, units, compartments or containers,
229 whether accessible from outside or from within a building, that are
230 designated for the use of a customer, where the customer can store and
231 retrieve property, including self-storage units, mini-storage units and
232 areas by any other name to which the customer has either unlimited
233 free access or free access within reasonable business hours or upon
234 reasonable notice to the service provider to add or remove property,
235 but does not mean the rental of an entire building, such as a
236 warehouse. For purposes of this subparagraph, furnishing space for
237 storage shall not include general warehousing and storage, where the
238 warehouse typically handles, stores and retrieves a customer's
239 property using the warehouse's staff and equipment and does not
240 allow the customer free access to the storage space and shall not
241 include accepting specific items of property for storage, such as
242 clothing at a dry cleaning establishment or golf bags at a golf club.

243 (3) (A) "Retail sale" or "sale at retail" means and includes a sale for
244 any purpose other than resale in the regular course of business of
245 tangible personal property or a transfer for a consideration of the
246 occupancy of any room or rooms in a hotel, lodging house, [or] bed
247 and breakfast establishment or short-term rental property for a period
248 of thirty consecutive calendar days or less, or the rendering of any
249 service described in subdivision (2) of this subsection. The delivery in
250 this state of tangible personal property by an owner or former owner
251 thereof or by a factor, if the delivery is to a consumer pursuant to a
252 retail sale made by a retailer not engaged in business in this state, is a
253 retail sale in this state by the person making the delivery. Such person
254 shall include the retail selling price of the property in such person's
255 gross receipts.

256 (B) "Retail sale" or "sale at retail" does not include any sale of any
257 tangible personal property, where, no later than one hundred twenty
258 days after the original sale, the original purchaser sells or becomes
259 contractually obligated to sell such property to a retailer who is
260 contractually obligated to lease such property back to such original

261 purchaser in a lease that is taxable under this chapter or the sale of
262 such property by the original purchaser to the retailer who is
263 contractually obligated to lease such property back to such original
264 purchaser in a lease that is taxable under this chapter. If the original
265 purchaser has paid sales or use tax on the original sale of such
266 property to the original purchaser, such original purchaser may (i)
267 claim a refund of such tax under the provisions of section 12-425, upon
268 presentation of proof satisfactory to the commissioner that the mutual
269 contractual obligations described in this subparagraph were
270 undertaken no later than one hundred twenty days after the original
271 sale and that such tax was paid to the original retailer on the original
272 sale and was remitted to the commissioner by such original retailer or
273 by such original purchaser, or (ii) issue at the time of such original sale
274 or no later than one hundred twenty days thereafter a certificate, in the
275 form prescribed by the commissioner, to the original retailer certifying
276 that the mutual contractual obligations described in this subparagraph
277 have been undertaken. If such certificate is issued to the original
278 retailer at the time of the original sale, no tax on the original sale shall
279 be collected by the original retailer from the original purchaser. If the
280 certificate is issued after the time of the original sale but no later than
281 one hundred twenty days thereafter, the original retailer shall refund
282 to the original purchaser the tax collected on the original sale and, if
283 the original retailer has previously remitted the tax to the
284 commissioner, the original retailer may either treat the amount so
285 refunded as a credit against the tax due on the return next filed under
286 this chapter, or claim a refund under section 12-425. If such certificate
287 is issued no later than one hundred twenty days after the time of the
288 original sale but the tangible personal property originally purchased is
289 not, in fact, subsequently leased by the original purchaser, such
290 original purchaser shall be liable for and be required to pay the tax due
291 on the original sale.

292 (4) "Storage" includes any keeping or retention in this state for any
293 purpose except sale in the regular course of business or subsequent use
294 solely outside this state of tangible personal property purchased from

295 a retailer.

296 (5) "Use" includes the exercise of any right or power over tangible
297 personal property incident to the ownership of that property, except
298 that it does not include the sale of that property in the regular course
299 of business.

300 (6) "Storage" and "use" do not include (A) keeping, retaining or
301 exercising any right or power over tangible personal property shipped
302 or brought into this state for the purpose of subsequently transporting
303 it outside the state for use thereafter solely outside the state, or for the
304 purpose of being processed, fabricated or manufactured into, attached
305 to or incorporated into, other tangible personal property to be
306 transported outside the state and thereafter used solely outside the
307 state, or (B) keeping, retaining or exercising any right or power over
308 tangible personal property acquired by the customer of a commercial
309 printer while such property is located at the premises of the
310 commercial printer in this state pursuant to a contract with such
311 printer for printing and distribution of printed material if the
312 commercial printer could have acquired such property without
313 application of tax under this chapter.

314 (7) "Purchase" and "purchasing" means and includes: (A) Any
315 transfer, exchange or barter, conditional or otherwise, in any manner
316 or by any means whatsoever, of tangible personal property or of the
317 occupancy of any room or rooms in a hotel, lodging house, [or] bed
318 and breakfast establishment or short-term rental property for a period
319 of thirty consecutive calendar days or less for a consideration; (B) a
320 transaction whereby the possession of property is transferred but the
321 seller retains the title as security for the payment of the price; (C) a
322 transfer for a consideration of tangible personal property which has
323 been produced, fabricated or printed to the special order of the
324 customer, or of any publication; (D) when performed outside this state
325 or when the customer gives a resale certificate pursuant to section 12-
326 410, the producing, fabricating, processing, printing or imprinting of
327 tangible personal property for a consideration for consumers who

328 furnish either directly or indirectly the materials used in the
329 producing, fabricating, processing, printing or imprinting; (E) the
330 acceptance or receipt of any service described in any of the
331 subparagraphs of subdivision (2) of this subsection; (F) any leasing or
332 rental of tangible personal property. Wherever in this chapter
333 reference is made to the purchase or purchasing of tangible personal
334 property, it shall be construed to include purchases as described in this
335 subsection.

336 (8) (A) "Sales price" means the total amount for which tangible
337 personal property is sold by a retailer, the total amount of rent for
338 which occupancy of a room is transferred by an operator, the total
339 amount for which any service described in subdivision (2) of this
340 subsection is rendered by a retailer or the total amount of payment or
341 periodic payments for which tangible personal property is leased by a
342 retailer, valued in money, whether paid in money or otherwise, which
343 amount is due and owing to the retailer or operator and, subject to the
344 provisions of subdivision (1) of section 12-408, as amended by this act,
345 whether or not actually received by the retailer or operator, without
346 any deduction on account of any of the following: (i) The cost of the
347 property sold; (ii) the cost of materials used, labor or service cost,
348 interest charged, losses or any other expenses; (iii) for any sale
349 occurring on or after July 1, 1993, any charges by the retailer to the
350 purchaser for shipping or delivery, notwithstanding whether such
351 charges are separately stated in a written contract, or on a bill or
352 invoice rendered to such purchaser or whether such shipping or
353 delivery is provided by the retailer or a third party. The provisions of
354 subparagraph (A) (iii) of this subdivision shall not apply to any item
355 exempt from taxation pursuant to section 12-412. Such total amount
356 includes any services that are a part of the sale; except as otherwise
357 provided in subparagraph (B)(v) or (B)(vi) of this subdivision, any
358 amount for which credit is given to the purchaser by the retailer, and
359 all compensation and all employment-related expenses, whether or not
360 separately stated, paid to or on behalf of employees of a retailer of any
361 service described in subdivision (2) of this subsection.

362 (B) "Sales price" does not include any of the following: (i) Cash
363 discounts allowed and taken on sales; (ii) any portion of the amount
364 charged for property returned by purchasers, which upon rescission of
365 the contract of sale is refunded either in cash or credit, provided the
366 property is returned within ninety days from the date of purchase; (iii)
367 the amount of any tax, not including any manufacturers' or importers'
368 excise tax, imposed by the United States upon or with respect to retail
369 sales whether imposed upon the retailer or the purchaser; (iv) the
370 amount charged for labor rendered in installing or applying the
371 property sold, provided such charge is separately stated and exclusive
372 of such charge for any service rendered within the purview of
373 subparagraph (I) of subdivision (37) of this subsection; (v) unless the
374 provisions of subdivision (4) of section 12-430 or of section 12-430a are
375 applicable, any amount for which credit is given to the purchaser by
376 the retailer, provided such credit is given solely for property of the
377 same kind accepted in part payment by the retailer and intended by
378 the retailer to be resold; (vi) the full face value of any coupon used by a
379 purchaser to reduce the price paid to a retailer for an item of tangible
380 personal property, whether or not the retailer will be reimbursed for
381 such coupon, in whole or in part, by the manufacturer of the item of
382 tangible personal property or by a third party; (vii) the amount
383 charged for separately stated compensation, fringe benefits, workers'
384 compensation and payroll taxes or assessments paid to or on behalf of
385 employees of a retailer who has contracted to manage a service
386 recipient's property or business premises and renders management
387 services described in subparagraph (I) or (J) of subdivision (37) of this
388 subsection, provided, the employees perform such services solely for
389 the service recipient at its property or business premises and "sales
390 price" shall include the separately stated compensation, fringe benefits,
391 workers' compensation and payroll taxes or assessments paid to or on
392 behalf of any employee of the retailer who is an officer, director or
393 owner of more than five per cent of the outstanding capital stock of the
394 retailer. Determination whether an employee performs services solely
395 for a service recipient at its property or business premises for purposes
396 of this subdivision shall be made by reference to such employee's

397 activities during the time period beginning on the later of the
398 commencement of the management contract, the date of the
399 employee's first employment by the retailer or the date which is six
400 months immediately preceding the date of such determination; (viii)
401 the amount charged for separately stated compensation, fringe
402 benefits, workers' compensation and payroll taxes or assessments paid
403 to or on behalf of (I) a leased employee, or (II) a worksite employee by
404 a professional employer organization pursuant to a professional
405 employer agreement. For purposes of this subparagraph, an employee
406 shall be treated as a leased employee if the employee is provided to the
407 client at the commencement of an agreement with an employee leasing
408 organization under which at least seventy-five per cent of the
409 employees provided to the client at the commencement of such initial
410 agreement qualify as leased employees pursuant to Section 414(n) of
411 the Internal Revenue Code of 1986, or any subsequent corresponding
412 internal revenue code of the United States, as from time to time
413 amended, or the employee is added to the client's workforce by the
414 employee leasing organization subsequent to the commencement of
415 such initial agreement and qualifies as a leased employee pursuant to
416 Section 414(n) of said Internal Revenue Code of 1986 without regard to
417 subparagraph (B) of paragraph (2) thereof. A leased employee, or a
418 worksite employee subject to a professional employer agreement, shall
419 not include any employee who is hired by a temporary help service
420 and assigned to support or supplement the workforce of a temporary
421 help service's client; (ix) any amount received by a retailer from a
422 purchaser as the battery deposit that is required to be paid under
423 subsection (a) of section 22a-245h; the refund value of a beverage
424 container that is required to be paid under subsection (a) of section
425 22a-244; or a deposit that is required by law to be paid by the
426 purchaser to the retailer and that is required by law to be refunded to
427 the purchaser by the retailer when the same or similar tangible
428 personal property is delivered as required by law to the retailer by the
429 purchaser, if such amount is separately stated on the bill or invoice
430 rendered by the retailer to the purchaser; and (x) the amount charged
431 for separately stated compensation, fringe benefits, workers'

432 compensation and payroll taxes or assessments paid to a media payroll
433 services company, as defined in this subsection.

434 (9) (A) "Gross receipts" means the total amount of the sales price
435 from retail sales of tangible personal property by a retailer, the total
436 amount of the rent from transfers of occupancy of rooms by an
437 operator, the total amount of the sales price from retail sales of any
438 service described in subdivision (2) of this subsection by a retailer of
439 services, or the total amount of payment or periodic payments from
440 leases or rentals of tangible personal property by a retailer, valued in
441 money, whether received in money or otherwise, which amount is due
442 and owing to the retailer or operator and, subject to the provisions of
443 subdivision (1) of section 12-408, as amended by this act, whether or
444 not actually received by the retailer or operator, without any deduction
445 on account of any of the following: (i) The cost of the property sold;
446 however, in accordance with such regulations as the Commissioner of
447 Revenue Services may prescribe, a deduction may be taken if the
448 retailer has purchased property for some other purpose than resale,
449 has reimbursed the retailer's vendor for tax which the vendor is
450 required to pay to the state or has paid the use tax with respect to the
451 property, and has resold the property prior to making any use of the
452 property other than retention, demonstration or display while holding
453 it for sale in the regular course of business. If such a deduction is taken
454 by the retailer, no refund or credit will be allowed to the retailer's
455 vendor with respect to the sale of the property; (ii) the cost of the
456 materials used, labor or service cost, interest paid, losses or any other
457 expense; (iii) for any sale occurring on or after July 1, 1993, except for
458 any item exempt from taxation pursuant to section 12-412, any charges
459 by the retailer to the purchaser for shipping or delivery,
460 notwithstanding whether such charges are separately stated in the
461 written contract, or on a bill or invoice rendered to such purchaser or
462 whether such shipping or delivery is provided by the retailer or a third
463 party. The total amount of the sales price includes any services that are
464 a part of the sale; all receipts, cash, credits and property of any kind;
465 except as otherwise provided in subparagraph (B)(v) or (B)(vi) of this

466 subdivision, any amount for which credit is allowed by the retailer to
467 the purchaser; and all compensation and all employment-related
468 expenses, whether or not separately stated, paid to or on behalf of
469 employees of a retailer of any service described in subdivision (2) of
470 this subsection.

471 (B) "Gross receipts" do not include any of the following: (i) Cash
472 discounts allowed and taken on sales; (ii) any portion of the sales price
473 of property returned by purchasers, which upon rescission of the
474 contract of sale is refunded either in cash or credit, provided the
475 property is returned within ninety days from the date of sale; (iii) the
476 amount of any tax, not including any manufacturers' or importers'
477 excise tax, imposed by the United States upon or with respect to retail
478 sales whether imposed upon the retailer or the purchaser; (iv) the
479 amount charged for labor rendered in installing or applying the
480 property sold, provided such charge is separately stated and exclusive
481 of such charge for any service rendered within the purview of
482 subparagraph (I) of subdivision (37) of this subsection; (v) unless the
483 provisions of subdivision (4) of section 12-430 or of section 12-430a are
484 applicable, any amount for which credit is given to the purchaser by
485 the retailer, provided such credit is given solely for property of the
486 same kind accepted in part payment by the retailer and intended by
487 the retailer to be resold; (vi) the full face value of any coupon used by a
488 purchaser to reduce the price paid to the retailer for an item of tangible
489 personal property, whether or not the retailer will be reimbursed for
490 such coupon, in whole or in part, by the manufacturer of the item of
491 tangible personal property or by a third party; (vii) the amount
492 charged for separately stated compensation, fringe benefits, workers'
493 compensation and payroll taxes or assessments paid to or on behalf of
494 employees of a retailer who has contracted to manage a service
495 recipient's property or business premises and renders management
496 services described in subparagraph (I) or (J) of subdivision (37) of this
497 subsection, provided the employees perform such services solely for
498 the service recipient at its property or business premises and "gross
499 receipts" shall include the separately stated compensation, fringe

500 benefits, workers' compensation and payroll taxes or assessments paid
501 to or on behalf of any employee of the retailer who is an officer,
502 director or owner of more than five per cent of the outstanding capital
503 stock of the retailer. Determination whether an employee performs
504 services solely for a service recipient at its property or business
505 premises for purposes of this subdivision shall be made by reference to
506 such employee's activities during the time period beginning on the
507 later of the commencement of the management contract, the date of the
508 employee's first employment by the retailer or the date which is six
509 months immediately preceding the date of such determination; (viii)
510 the amount charged for separately stated compensation, fringe
511 benefits, workers' compensation and payroll taxes or assessments paid
512 to or on behalf of (I) a leased employee, or (II) a worksite employee by
513 a professional employer organization pursuant to a professional
514 employer agreement. For purposes of this subparagraph, an employee
515 shall be treated as a leased employee if the employee is provided to the
516 client at the commencement of an agreement with an employee leasing
517 organization under which at least seventy-five per cent of the
518 employees provided to the client at the commencement of such initial
519 agreement qualify as leased employees pursuant to Section 414(n) of
520 the Internal Revenue Code of 1986, or any subsequent corresponding
521 internal revenue code of the United States, as from time to time
522 amended, or the employee is added to the client's workforce by the
523 employee leasing organization subsequent to the commencement of
524 such initial agreement and qualifies as a leased employee pursuant to
525 Section 414(n) of said Internal Revenue Code of 1986 without regard to
526 subparagraph (B) of paragraph (2) thereof. A leased employee, or a
527 worksite employee subject to a professional employer agreement, shall
528 not include any employee who is hired by a temporary help service
529 and assigned to support or supplement the workforce of a temporary
530 help service's client; (ix) the amount received by a retailer from a
531 purchaser as the battery deposit that is required to be paid under
532 subsection (a) of section 22a-256h; the refund value of a beverage
533 container that is required to be paid under subsection (a) of section
534 22a-244 or a deposit that is required by law to be paid by the purchaser

535 to the retailer and that is required by law to be refunded to the
536 purchaser by the retailer when the same or similar tangible personal
537 property is delivered as required by law to the retailer by the
538 purchaser, if such amount is separately stated on the bill or invoice
539 rendered by the retailer to the purchaser; and (x) the amount charged
540 for separately stated compensation, fringe benefits, workers'
541 compensation and payroll taxes or assessments paid to a media payroll
542 services company, as defined in this subsection.

543 (10) "Business" includes any activity engaged in by any person or
544 caused to be engaged in by any person with the object of gain, benefit
545 or advantage, either direct or indirect.

546 (11) "Seller" includes every person engaged in the business of selling
547 tangible personal property or rendering any service described in any of
548 the subparagraphs of subdivision (2) of this subsection, the gross
549 receipts from the retail sale of which are required to be included in the
550 measure of the sales tax and every operator as defined in subdivision
551 (18) of this subsection.

552 (12) "Retailer" includes:

553 (A) Every person engaged in the business of making sales at retail or
554 in the business of making retail sales at auction of tangible personal
555 property owned by the person or others;

556 (B) Every person engaged in the business of making sales for
557 storage, use or other consumption or in the business of making sales at
558 auction of tangible personal property owned by the person or others
559 for storage, use or other consumption;

560 (C) Every operator, as defined in subdivision (18) of this subsection;

561 (D) Every seller rendering any service described in subdivision (2)
562 of this subsection;

563 (E) Every person under whom any salesman, representative,

564 peddler or canvasser operates in this state, or from whom such
565 salesman, representative, peddler or canvasser obtains the tangible
566 personal property that is sold;

567 (F) Every person with whose assistance any seller is enabled to
568 solicit orders within this state;

569 (G) Every person making retail sales from outside this state to a
570 destination within this state who engages in regular or systematic
571 solicitation of sales of tangible personal property in this state (i) by the
572 display of advertisements on billboards or other outdoor advertising in
573 this state, (ii) by the distribution of catalogs, periodicals, advertising
574 flyers or other advertising by means of print, radio or television media,
575 or (iii) by mail, telegraphy, telephone, computer data base, cable, optic,
576 microwave, Internet or other communication system, for the purpose
577 of effecting retail sales of tangible personal property, provided such
578 person has gross receipts of at least two hundred fifty thousand dollars
579 and made two hundred or more retail sales from outside this state to
580 destinations within this state during the twelve-month period ended
581 on the September thirtieth immediately preceding the monthly or
582 quarterly period with respect to which such person's liability for tax
583 under this chapter is determined;

584 (H) Any person owned or controlled, either directly or indirectly, by
585 a retailer engaged in business in this state which is the same as or
586 similar to the line of business in which such person so owned or
587 controlled is engaged;

588 (I) Any person owned or controlled, either directly or indirectly, by
589 the same interests that own or control, either directly or indirectly, a
590 retailer engaged in business in this state which is the same as or similar
591 to the line of business in which such person so owned or controlled is
592 engaged;

593 (J) Any assignee of a person engaged in the business of leasing
594 tangible personal property to others, where leased property of such

595 person which is subject to taxation under this chapter is situated
596 within this state and such assignee has a security interest, as defined in
597 subdivision (35) of subsection (b) of section 42a-1-201, in such
598 property;

599 (K) Every person making retail sales of items of tangible personal
600 property from outside this state to a destination within this state who
601 repairs or services such items, under a warranty, in this state, either
602 directly or indirectly through an agent, independent contractor or
603 subsidiary;

604 (L) Every person making sales of tangible personal property or
605 services through an agreement with another person located in this
606 state under which such person located in this state, for a commission
607 or other consideration that is based upon the sale of tangible personal
608 property or services by the retailer, directly or indirectly refers
609 potential customers, whether by a link on an Internet web site or
610 otherwise, to the retailer, provided the cumulative gross receipts from
611 sales by the retailer to customers in the state who are referred to the
612 retailer by all such persons with this type of an agreement with the
613 retailer, is in excess of two hundred fifty thousand dollars during the
614 preceding four quarterly periods ending on the last day of March,
615 June, September and December; and

616 (M) Any marketplace facilitator, as defined in section 12-408e.

617 (13) "Tangible personal property" means personal property which
618 may be seen, weighed, measured, felt or touched or which is in any
619 other manner perceptible to the senses including canned or prewritten
620 computer software. Tangible personal property includes the
621 distribution, generation or transmission of electricity.

622 (14) "In this state" or "in the state" means within the exterior limits of
623 the state of Connecticut and includes all territory within these limits
624 owned by or ceded to the United States of America.

625 (15) (A) "Engaged in business in the state" means and, to the extent

626 not prohibited by the Constitution of the United States, includes, but
627 shall not be limited to, the following acts or methods of transacting
628 business: (i) Selling in this state, or any activity in this state in
629 connection with selling in this state, tangible personal property for use,
630 storage or consumption within the state; (ii) engaging in the transfer
631 for a consideration of the occupancy of any room or rooms in a hotel,
632 lodging house, [or] bed and breakfast establishment or short-term
633 rental property for a period of thirty consecutive calendar days or less;
634 (iii) rendering in this state any service described in any of the
635 subparagraphs of subdivision (2) of this subsection; (iv) maintaining,
636 occupying or using, permanently or temporarily, directly or indirectly,
637 through a subsidiary or agent, by whatever name called, any office,
638 place of distribution, sales or sample room or place, warehouse or
639 storage point or other place of business or having any representative,
640 agent, salesman, canvasser or solicitor operating in this state for the
641 purpose of selling, delivering or taking orders; (v) notwithstanding the
642 fact that retail sales are made from outside this state to a destination
643 within this state, engaging in regular or systematic solicitation of sales
644 of tangible personal property in this state by the display of
645 advertisements on billboards or other outdoor advertising in this state,
646 by the distribution of catalogs, periodicals, advertising flyers or other
647 advertising by means of print, radio or television media, or by mail,
648 telegraphy, telephone, computer data base, cable, optic, microwave,
649 Internet or other communication system, for the purpose of effecting
650 retail sales of tangible personal property, provided at least two
651 hundred fifty thousand dollars of gross receipts are received and two
652 hundred or more retail sales from outside this state to destinations
653 within this state are made during the twelve-month period ended on
654 the September thirtieth immediately preceding the monthly or
655 quarterly period with respect to which liability for tax under this
656 chapter is determined; (vi) being owned or controlled, either directly
657 or indirectly, by a retailer engaged in business in this state which is the
658 same as or similar to the line of business in which the retailer so owned
659 or controlled is engaged; (vii) being owned or controlled, either
660 directly or indirectly, by the same interests that own or control, either

661 directly or indirectly, a retailer engaged in business in this state which
662 is the same as or similar to the line of business in which the retailer so
663 owned or controlled is engaged; (viii) being the assignee of a person
664 engaged in the business of leasing tangible personal property to others,
665 where leased property of such person is situated within this state and
666 such assignee has a security interest, as defined in subdivision (35) of
667 subsection (b) of section 42a-1-201, in such property; (ix)
668 notwithstanding the fact that retail sales of items of tangible personal
669 property are made from outside this state to a destination within this
670 state, repairing or servicing such items, under a warranty, in this state,
671 either directly or indirectly through an agent, independent contractor
672 or subsidiary; and (x) selling tangible personal property or services
673 through an agreement with a person located in this state, under which
674 such person located in this state, for a commission or other
675 consideration that is based upon the sale of tangible personal property
676 or services by the retailer, directly or indirectly refers potential
677 customers, whether by a link on an Internet web site or otherwise, to
678 the retailer, provided the cumulative gross receipts from sales by the
679 retailer to customers in the state who are referred to the retailer by all
680 such persons with this type of agreement with the retailer is in excess
681 of two hundred fifty thousand dollars during the four preceding four
682 quarterly periods ending on the last day of March, June, September
683 and December.

684 (B) A retailer who has contracted with a commercial printer for
685 printing and distribution of printed material shall not be deemed to be
686 engaged in business in this state because of the ownership or leasing
687 by the retailer of tangible or intangible personal property located at the
688 premises of the commercial printer in this state, the sale by the retailer
689 of property of any kind produced or processed at and shipped or
690 distributed from the premises of the commercial printer in this state,
691 the activities of the retailer's employees or agents at the premises of the
692 commercial printer in this state, which activities relate to quality
693 control, distribution or printing services performed by the printer, or
694 the activities of any kind performed by the commercial printer in this

695 state for or on behalf of the retailer.

696 (C) A retailer not otherwise engaged in business in the state who
697 purchases fulfillment services carried on in this state by a person other
698 than an affiliated person, or who owns tangible personal property
699 located on the premises of an unaffiliated person other than a
700 marketplace facilitator, as defined in section 12-408e, performing
701 fulfillment services for such retailer, shall not be deemed to be engaged
702 in business in this state. For purposes of this subparagraph, (i) persons
703 are affiliated persons with respect to each other where one of such
704 persons has an ownership interest of more than five per cent, whether
705 direct or indirect, in the other, or where an ownership interest of more
706 than five per cent, whether direct or indirect, is held in each of such
707 persons by another person or by a group of other persons who are
708 affiliated persons with respect to each other, and (ii) "fulfillment
709 services" means services that are performed by a person on its
710 premises on behalf of a purchaser of such services and that involve the
711 receipt of orders from the purchaser of such services or an agent
712 thereof, which orders are to be filled by the person from an inventory
713 of products that are offered for sale by the purchaser of such services,
714 and the shipment of such orders outside this state to customers of the
715 purchaser of such services.

716 (D) A retailer not otherwise engaged in business in this state that
717 participates in a trade show or shows at the convention center, as
718 defined in subdivision (3) of section 32-600, shall not be deemed to be
719 engaged in business in this state, regardless of whether the retailer has
720 employees or other staff present at such trade shows, provided the
721 retailer's activity at such trade shows is limited to displaying goods or
722 promoting services, no sales are made, any orders received are sent
723 outside this state for acceptance or rejection and are filled from outside
724 this state, and provided further that such participation is not more
725 than fourteen days, or part thereof, in the aggregate during the
726 retailer's income year for federal income tax purposes.

727 (16) "Hotel" means any building regularly used and kept open as

728 such for the feeding and lodging of guests where any person who
729 conducts himself properly and who is able and ready to pay for such
730 services is received if there are accommodations for such person and
731 which derives the major portion of its operating receipts from the
732 renting of rooms and the sale of food. "Hotel" includes any apartment
733 hotel wherein apartments are rented for fixed periods of time,
734 furnished or unfurnished, while the keeper of such hotel supplies food
735 to the occupants thereof, if required, but does not include a bed and
736 breakfast establishment or short-term rental property.

737 (17) "Lodging house" means any building or portion of a building,
738 other than a hotel, an apartment hotel, [or] a bed and breakfast
739 establishment or a short-term rental property, in which persons are
740 lodged for hire with or without meals, including, but not limited to,
741 any motel, motor court, motor inn, tourist court, furnished residence or
742 similar accommodation; provided the terms "hotel", "apartment hotel",
743 "lodging house", [and "bed and breakfast"] "bed and breakfast
744 establishment" and "short-term rental property" shall not be construed
745 to include: (A) Privately owned and operated convalescent homes,
746 residential care homes, homes for the infirm, indigent or chronically ill;
747 (B) religious or charitable homes for the aged, infirm, indigent or
748 chronically ill; (C) privately owned and operated summer camps for
749 children; (D) summer camps for children operated by religious or
750 charitable organizations; (E) lodging accommodations at educational
751 institutions; or (F) lodging accommodations at any facility operated by
752 and in the name of any nonprofit charitable organization, provided the
753 income from such lodging accommodations at such facility is not
754 subject to federal income tax.

755 (18) "Operator" means any person operating a hotel, lodging house,
756 [or] bed and breakfast establishment or short-term rental property in
757 the state, including, but not limited to, the owner or proprietor of such
758 premises, lessee, sublessee, mortgagee in possession, licensee or any
759 other person otherwise operating such hotel, lodging house, [or] bed
760 and breakfast establishment or short-term rental property.

761 (19) "Occupancy" means the use or possession, or the right to the
762 use or possession, of any room or rooms in a hotel, lodging house, [or]
763 bed and breakfast establishment or short-term rental property, or the
764 right to the use or possession of the furnishings or the services and
765 accommodations accompanying the use and possession of such room
766 or rooms, for the first period of not more than thirty consecutive
767 calendar days.

768 (20) "Room" means any room or rooms of any kind in any part or
769 portion of a hotel, lodging house, [or] bed and breakfast establishment
770 or short-term rental property let out for use or possession for lodging
771 purposes.

772 (21) "Rent" means the consideration received for occupancy and any
773 meals included with such occupancy, valued in money, whether
774 received in money or otherwise, including all receipts, cash, credits
775 and property or services of any kind or nature, and also any amount
776 for which credit is allowed by the operator to the occupant, without
777 any deduction therefrom whatsoever.

778 (22) "Certificated air carrier" means a person issued a certificate or
779 certificates by the Federal Aviation Administration pursuant to Title
780 14, Chapter I, Subchapter G, Part 121, 135, 139 or 141 of the Code of
781 Federal Regulations or the Civil Aeronautics Board pursuant to Title
782 14, Chapter II, Subchapter A, Parts 201 to 208, inclusive, and 298 of the
783 Code of Federal Regulations, as such regulations may hereafter be
784 amended or reclassified.

785 (23) "Aircraft" means aircraft, as the term is defined in section 15-34.

786 (24) "Vessel" means vessel, as the term is defined in section 15-127.

787 (25) "Licensed marine dealer" means a marine dealer, as the term is
788 defined in section 15-141, who has been issued a marine dealer's
789 certificate by the Commissioner of Energy and Environmental
790 Protection.

791 (26) (A) "Telecommunications service" means the electronic
792 transmission, conveyance or routing of voice, image, data, audio, video
793 or any other information or signals to a point or between or among
794 points. "Telecommunications service" includes such transmission,
795 conveyance or routing in which computer processing applications are
796 used to act on the form, code or protocol of the content for purposes of
797 transmission, conveyance or routing without regard to whether such
798 service is referred to as a voice over Internet protocol service or is
799 classified by the Federal Communications Commission as enhanced or
800 value added. "Telecommunications service" does not include (i) value-
801 added nonvoice data services, (ii) radio and television audio and video
802 programming services, regardless of the medium, including the
803 furnishing of transmission, conveyance or routing of such services by
804 the programming service provider. Radio and television audio and
805 video programming services shall include, but not be limited to, cable
806 service as defined in 47 USC 522(6), audio and video programming
807 services delivered by commercial mobile radio service providers, as
808 defined in 47 CFR 20, and video programming service by certified
809 competitive video service providers, (iii) any telecommunications
810 service (I) rendered by a company in control of such service when
811 rendered for private use within its organization, or (II) used, allocated
812 or distributed by a company within its organization, including in such
813 organization affiliates, as defined in section 33-840, for the purpose of
814 conducting business transactions of the organization if such service is
815 purchased or leased from a company rendering telecommunications
816 service and such purchase or lease is subject to tax under this chapter,
817 (iv) access or interconnection service purchased by a provider of
818 telecommunications service from another provider of such service for
819 purposes of rendering such service, provided the purchaser submits to
820 the seller a certificate attesting to the applicability of this exclusion,
821 upon receipt of which the seller is relieved of any tax liability for such
822 sale so long as the certificate is taken in good faith by the seller, (v)
823 data processing and information services that allow data to be
824 generated, acquired, stored, processed or retrieved and delivered by
825 an electronic transmission to a purchaser where such purchaser's

826 primary purpose for the underlying transaction is the processed data
827 or information, (vi) installation or maintenance of wiring equipment
828 on a customer's premises, (vii) tangible personal property, (viii)
829 advertising, including, but not limited to, directory advertising, (ix)
830 billing and collection services provided to third parties, (x) Internet
831 access service, (xi) ancillary services, and (xii) digital products
832 delivered electronically, including, but not limited to, software, music,
833 video, reading materials or ring tones.

834 (B) For purposes of the tax imposed under this chapter (i) gross
835 receipts from the rendering of telecommunications service shall
836 include any subscriber line charge or charges as required by the
837 Federal Communications Commission and any charges for access
838 service collected by any person rendering such service unless
839 otherwise excluded from such gross receipts under this chapter, and
840 such gross receipts from the rendering of telecommunications service
841 shall also include any charges for vertical service, for the installation or
842 maintenance of wiring equipment on a customer's premises, and for
843 directory assistance service; (ii) gross receipts from the rendering of
844 telecommunications service shall not include any local charge for calls
845 from public or semipublic telephones; and (iii) gross receipts from the
846 rendering of telecommunications service shall not include any charge
847 for calls purchased using a prepaid telephone calling service, as
848 defined in subdivision (34) of this subsection.

849 (27) "Community antenna television service" means (A) the one-way
850 transmission to subscribers of video programming or information by
851 cable, fiber optics, satellite, microwave or any other means, and
852 subscriber interaction, if any, which is required for the selection of
853 such video programming or information, and (B) noncable
854 communications service, as defined in section 16-1, unless such
855 noncable communications service is purchased by a cable network as
856 that term is used in subsection (k) of section 12-218.

857 (28) "Hospital" means a hospital included within the definition of
858 health care facilities or institutions under section 19a-630 and licensed

859 as a short-term general hospital by the Department of Public Health,
860 but does not include (A) any hospital which, on January 30, 1997, is
861 within the class of hospitals licensed by the department as children's
862 general hospitals, or (B) a short-term acute hospital operated
863 exclusively by the state other than a short-term acute hospital operated
864 by the state as a receiver pursuant to chapter 920.

865 (29) "Patient care services" means therapeutic and diagnostic
866 medical services provided by the hospital to inpatients and outpatients
867 including tangible personal property transferred in connection with
868 such services.

869 (30) "Another state" or "other state" means any state of the United
870 States or the District of Columbia excluding the state of Connecticut.

871 (31) "Professional employer agreement" means a written contract
872 between a professional employer organization and a service recipient
873 whereby the professional employer organization agrees to provide at
874 least seventy-five per cent of the employees at the service recipient's
875 worksite, which contract provides that such worksite employees are
876 intended to be permanent employees rather than temporary
877 employees, and employer responsibilities for such worksite
878 employees, including hiring, firing and disciplining, are allocated
879 between the professional employer organization and the service
880 recipient.

881 (32) "Professional employer organization" means any person that
882 enters into a professional employer agreement with a service recipient
883 whereby the professional employer organization agrees to provide at
884 least seventy-five per cent of the employees at the service recipient's
885 worksite.

886 (33) "Worksite employee" means an employee, the employer
887 responsibilities for which, including hiring, firing and disciplining, are
888 allocated, under a professional employer agreement, between a
889 professional employer organization and a service recipient.

890 (34) "Prepaid telephone calling service" means the right to
891 exclusively purchase telecommunications service, that must be paid for
892 in advance and that enables the origination of calls using an access
893 number or authorization code, or both, whether manually or
894 electronically dialed, provided the remaining amount of units of
895 service that have been prepaid shall be known on a continuous basis.

896 (35) "Canned or prewritten software" means all software, other than
897 custom software, that is held or existing for general or repeated sale,
898 license or lease. Software initially developed as custom software for in-
899 house use and subsequently sold, licensed or leased to unrelated third
900 parties shall be considered canned or prewritten software.

901 (36) "Custom software" means a computer program prepared to the
902 special order of a single customer.

903 (37) "Services" for purposes of subdivision (2) of this subsection,
904 means:

905 (A) Computer and data processing services, including, but not
906 limited to, time, programming, code writing, modification of existing
907 programs, feasibility studies and installation and implementation of
908 software programs and systems even where such services are rendered
909 in connection with the development, creation or production of canned
910 or custom software or the license of custom software;

911 (B) Credit information and reporting services;

912 (C) Services by employment agencies and agencies providing
913 personnel services;

914 (D) Private investigation, protection, patrol work, watchman and
915 armored car services, exclusive of (i) services of off-duty police officers
916 and off-duty firefighters, and (ii) coin and currency services provided
917 to a financial services company by or through another financial
918 services company. For purposes of this subparagraph, "financial
919 services company" has the same meaning as provided under

920 subparagraphs (A) to (H), inclusive, of subdivision (6) of subsection (a)
921 of section 12-218b;

922 (E) Painting and lettering services;

923 (F) Photographic studio services;

924 (G) Telephone answering services;

925 (H) Stenographic services;

926 (I) Services to industrial, commercial or income-producing real
927 property, including, but not limited to, such services as management,
928 electrical, plumbing, painting and carpentry, provided
929 income-producing property shall not include property used
930 exclusively for residential purposes in which the owner resides and
931 which contains no more than three dwelling units, or a housing facility
932 for low and moderate income families and persons owned or operated
933 by a nonprofit housing organization, as defined in subdivision (29) of
934 section 12-412;

935 (J) Business analysis, management, management consulting and
936 public relations services, excluding (i) any environmental consulting
937 services, (ii) any training services provided by an institution of higher
938 education licensed or accredited by the Board of Regents for Higher
939 Education or Office of Higher Education pursuant to sections 10a-35a
940 and 10a-34, respectively, and (iii) on and after January 1, 1994, any
941 business analysis, management, management consulting and public
942 relations services when such services are rendered in connection with
943 an aircraft leased or owned by a certificated air carrier or in connection
944 with an aircraft which has a maximum certificated take-off weight of
945 six thousand pounds or more;

946 (K) Services providing "piped-in" music to business or professional
947 establishments;

948 (L) Flight instruction and chartering services by a certificated air

949 carrier on an aircraft, the use of which for such purposes, but for the
950 provisions of subdivision (4) of section 12-410 and subdivision (12) of
951 section 12-411, as amended by this act, would be deemed a retail sale
952 and a taxable storage or use, respectively, of such aircraft by such
953 carrier;

954 (M) Motor vehicle repair services, including any type of repair,
955 painting or replacement related to the body or any of the operating
956 parts of a motor vehicle;

957 (N) Motor vehicle parking, including the provision of space, other
958 than metered space, in a lot having thirty or more spaces, excluding (i)
959 space in a parking lot owned or leased under the terms of a lease of not
960 less than ten years' duration and operated by an employer for the
961 exclusive use of its employees, (ii) space in municipally operated
962 railroad parking facilities in municipalities located within an area of
963 the state designated as a severe nonattainment area for ozone under
964 the federal Clean Air Act or space in a railroad parking facility in a
965 municipality located within an area of the state designated as a severe
966 nonattainment area for ozone under the federal Clean Air Act owned
967 or operated by the state on or after April 1, 2000, (iii) space in a
968 seasonal parking lot provided by an entity subject to the exemption set
969 forth in subdivision (1) of section 12-412, and (iv) space in a
970 municipally owned parking lot;

971 (O) Radio or television repair services;

972 (P) Furniture reupholstering and repair services;

973 (Q) Repair services to any electrical or electronic device, including,
974 but not limited to, equipment used for purposes of refrigeration or
975 air-conditioning;

976 (R) Lobbying or consulting services for purposes of representing the
977 interests of a client in relation to the functions of any governmental
978 entity or instrumentality;

979 (S) Services of the agent of any person in relation to the sale of any
980 item of tangible personal property for such person, exclusive of the
981 services of a consignee selling works of art, as defined in subsection (b)
982 of section 12-376c, or articles of clothing or footwear intended to be
983 worn on or about the human body other than (i) any special clothing
984 or footwear primarily designed for athletic activity or protective use
985 and which is not normally worn except when used for the athletic
986 activity or protective use for which it was designed, and (ii) jewelry,
987 handbags, luggage, umbrellas, wallets, watches and similar items
988 carried on or about the human body but not worn on the body, under
989 consignment, exclusive of services provided by an auctioneer;

990 (T) Locksmith services;

991 (U) Advertising or public relations services, including layout, art
992 direction, graphic design, mechanical preparation or production
993 supervision, not related to the development of media advertising or
994 cooperative direct mail advertising;

995 (V) Landscaping and horticulture services;

996 (W) Window cleaning services;

997 (X) Maintenance services;

998 (Y) Janitorial services;

999 (Z) Exterminating services;

1000 (AA) Swimming pool cleaning and maintenance services;

1001 (BB) Miscellaneous personal services included in industry group 729
1002 in the Standard Industrial Classification Manual, United States Office
1003 of Management and Budget, 1987 edition, or U.S. industry 532220,
1004 812191, 812199 or 812990 in the North American Industrial
1005 Classification System United States Manual, United States Office of
1006 Management and Budget, 1997 edition, exclusive of (i) services

1007 rendered by massage therapists licensed pursuant to chapter 384a, and
1008 (ii) services rendered by an electrologist licensed pursuant to chapter
1009 388;

1010 (CC) Any repair or maintenance service to any item of tangible
1011 personal property including any contract of warranty or service related
1012 to any such item;

1013 (DD) Business analysis, management or managing consulting
1014 services rendered by a general partner, or an affiliate thereof, to a
1015 limited partnership, provided (i) the general partner, or an affiliate
1016 thereof, is compensated for the rendition of such services other than
1017 through a distributive share of partnership profits or an annual
1018 percentage of partnership capital or assets established in the limited
1019 partnership's offering statement, and (ii) the general partner, or an
1020 affiliate thereof, offers such services to others, including any other
1021 partnership. As used in this subparagraph "an affiliate of a general
1022 partner" means an entity which is directly or indirectly owned fifty per
1023 cent or more in common with a general partner;

1024 (EE) Notwithstanding the provisions of section 12-412, except
1025 subdivision (87) of said section 12-412, patient care services, as defined
1026 in subdivision (29) of this subsection by a hospital, except that "sale"
1027 and "selling" does not include such patient care services for which
1028 payment is received by the hospital during the period commencing
1029 July 1, 2001, and ending June 30, 2003;

1030 (FF) Health and athletic club services, exclusive of (i) any such
1031 services provided without any additional charge which are included in
1032 any dues or initiation fees paid to any such club, which dues or fees
1033 are subject to tax under section 12-543, and (ii) any such services
1034 provided by a municipality or an organization that is described in
1035 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent
1036 corresponding internal revenue code of the United States, as from time
1037 to time amended;

1038 (GG) Motor vehicle storage services, including storage of motor
1039 homes, campers and camp trailers, other than the furnishing of space
1040 as described in subparagraph (P) of subdivision (2) of this subsection;

1041 (HH) Packing and crating services, other than those provided in
1042 connection with the sale of tangible personal property by the retailer of
1043 such property;

1044 (II) Motor vehicle towing and road services, other than motor
1045 vehicle repair services;

1046 (JJ) Intrastate transportation services provided by livery services,
1047 including limousines, community cars or vans, with a driver. Intrastate
1048 transportation services shall not include transportation by taxicab,
1049 motor bus, ambulance or ambulette, scheduled public transportation,
1050 nonemergency medical transportation provided under the Medicaid
1051 program, paratransit services provided by agreement or arrangement
1052 with the state or any political subdivision of the state, dial-a-ride
1053 services or services provided in connection with funerals;

1054 (KK) Pet grooming and pet boarding services, except if such services
1055 are provided as an integral part of professional veterinary services,
1056 and pet obedience services;

1057 (LL) Services in connection with a cosmetic medical procedure. For
1058 purposes of this subparagraph, "cosmetic medical procedure" means
1059 any medical procedure performed on an individual that is directed at
1060 improving the individual's appearance and that does not meaningfully
1061 promote the proper function of the body or prevent or treat illness or
1062 disease. "Cosmetic medical procedure" includes, but is not limited to,
1063 cosmetic surgery, hair transplants, cosmetic injections, cosmetic soft
1064 tissue fillers, dermabrasion and chemical peel, laser hair removal, laser
1065 skin resurfacing, laser treatment of leg veins and sclerotherapy.
1066 "Cosmetic medical procedure" does not include reconstructive surgery.
1067 "Reconstructive surgery" includes any surgery performed on abnormal
1068 structures caused by or related to congenital defects, developmental

1069 abnormalities, trauma, infection, tumors or disease, including
1070 procedures to improve function or give a more normal appearance;

1071 (MM) Manicure services, pedicure services and all other nail
1072 services, regardless of where performed, including airbrushing, fills,
1073 full sets, nail sculpting, paraffin treatments and polishes;

1074 (NN) Spa services, regardless of where performed, including body
1075 waxing and wraps, peels, scrubs and facials; and

1076 (OO) Car wash services, including coin-operated car washes.

1077 (38) "Media payroll services company" means a retailer whose
1078 principal business activity is the management and payment of
1079 compensation, fringe benefits, workers' compensation, payroll taxes or
1080 assessments to individuals providing services to an eligible production
1081 company pursuant to section 12-217jj.

1082 (39) "Certified competitive video service" means video
1083 programming service provided through wireline facilities, a portion of
1084 which are located in the public right-of-way, without regard to
1085 delivery technology, including Internet protocol technology. "Certified
1086 competitive video service" does not include any video programming
1087 provided by a commercial mobile service provider, as defined in 47
1088 USC 332(d); any video programming provided as part of community
1089 antenna television service; any video programming provided as part
1090 of, and via, a service that enables users to access content, information,
1091 electronic mail or other services over the Internet.

1092 (40) "Directory assistance" means an ancillary service of providing
1093 telephone number information or address information.

1094 (41) "Vertical service" means an ancillary service that is offered in
1095 connection with one or more telecommunications services, offering
1096 advanced calling features that allow customers to identify callers and
1097 to manage multiple calls and call connections, including conference
1098 bridging services.

1099 (42) "Bed and breakfast establishment" means any private operator-
1100 occupied house, other than a hotel, [or] lodging house or short-term
1101 rental property, with twelve or fewer rooms in which persons are
1102 lodged for hire and a full morning meal is included in the rent.

1103 (43) "Short-term rental property" means any dwelling unit, other
1104 than a hotel, lodging house or bed and breakfast establishment, in
1105 which a guest is lodged for hire, with or without meals, pursuant to a
1106 short-term rental transaction. For the purposes of this subdivision,
1107 "dwelling unit", "guest" and "short-term rental transaction" have the
1108 same meanings as provided in section 1 of this act.

1109 (b) Wherever in this chapter reference is made to the sale of tangible
1110 personal property or services, it shall be construed to include sales
1111 described in subdivision (2) of subsection (a) of this section, except as
1112 may be specifically provided to the contrary.

1113 Sec. 9. Section 12-408 of the general statutes is repealed and the
1114 following is substituted in lieu thereof (*Effective July 1, 2019, and*
1115 *applicable to sales occurring on or after July 1, 2019*):

1116 (1) (A) For the privilege of making any sales, as defined in
1117 subdivision (2) of subsection (a) of section 12-407, as amended by this
1118 act, at retail, in this state for a consideration, a tax is hereby imposed
1119 on all retailers at the rate of six and thirty-five-hundredths per cent of
1120 the gross receipts of any retailer from the sale of all tangible personal
1121 property sold at retail or from the rendering of any services
1122 constituting a sale in accordance with subdivision (2) of subsection (a)
1123 of section 12-407, as amended by this act, except, in lieu of said rate of
1124 six and thirty-five-hundredths per cent, the rates provided in
1125 subparagraphs (B) to (H), inclusive, of this subdivision;

1126 (B) (i) At a rate of fifteen per cent with respect to each transfer of
1127 occupancy, from the total amount of rent received by a hotel or
1128 lodging house for the first period not exceeding thirty consecutive
1129 calendar days;

1130 (ii) At a rate of eleven per cent with respect to each transfer of
1131 occupancy, from the total amount of rent received by a bed and
1132 breakfast establishment for the first period not exceeding thirty
1133 consecutive calendar days;

1134 (iii) At a rate of five per cent with respect to each transfer of
1135 occupancy to a guest, as defined in section 1 of this act, from the total
1136 amount of rent received by a short-term rental operator, as defined in
1137 section 1 of this act, for the first period not exceeding thirty
1138 consecutive calendar days;

1139 (C) With respect to the sale of a motor vehicle to any individual who
1140 is a member of the armed forces of the United States and is on full-time
1141 active duty in Connecticut and who is considered, under 50 App USC
1142 574, a resident of another state, or to any such individual and the
1143 spouse thereof, at a rate of four and one-half per cent of the gross
1144 receipts of any retailer from such sales, provided such retailer requires
1145 and maintains a declaration by such individual, prescribed as to form
1146 by the commissioner and bearing notice to the effect that false
1147 statements made in such declaration are punishable, or other evidence,
1148 satisfactory to the commissioner, concerning the purchaser's state of
1149 residence under 50 App USC 574;

1150 (D) (i) With respect to the sales of computer and data processing
1151 services occurring on or after July 1, 2001, at the rate of one per cent,
1152 and (ii) with respect to sales of Internet access services, on and after
1153 July 1, 2001, such services shall be exempt from such tax;

1154 (E) (i) With respect to the sales of labor that is otherwise taxable
1155 under subparagraph (C) or (G) of subdivision (2) of subsection (a) of
1156 section 12-407, as amended by this act, on existing vessels and repair or
1157 maintenance services on vessels occurring on and after July 1, 1999,
1158 such services shall be exempt from such tax;

1159 (ii) With respect to the sale of a vessel, a motor for a vessel or a
1160 trailer used for transporting a vessel, at the rate of two and ninety-

1161 nine-hundredths per cent, except that the sale of a vessel shall be
1162 exempt from such tax if such vessel is docked in this state for sixty or
1163 fewer days in a calendar year;

1164 (F) With respect to patient care services for which payment is
1165 received by the hospital on or after July 1, 1999, and prior to July 1,
1166 2001, at the rate of five and three-fourths per cent and on and after July
1167 1, 2001, such services shall be exempt from such tax;

1168 (G) With respect to the rental or leasing of a passenger motor
1169 vehicle for a period of thirty consecutive calendar days or less, at a rate
1170 of nine and thirty-five-hundredths per cent;

1171 (H) With respect to the sale of (i) a motor vehicle for a sales price
1172 exceeding fifty thousand dollars, at a rate of seven and three-fourths
1173 per cent on the entire sales price, (ii) jewelry, whether real or imitation,
1174 for a sales price exceeding five thousand dollars, at a rate of seven and
1175 three-fourths per cent on the entire sales price, and (iii) an article of
1176 clothing or footwear intended to be worn on or about the human body,
1177 a handbag, luggage, umbrella, wallet or watch for a sales price
1178 exceeding one thousand dollars, at a rate of seven and three-fourths
1179 per cent on the entire sales price. For purposes of this subparagraph,
1180 "motor vehicle" has the meaning provided in section 14-1, but does not
1181 include a motor vehicle subject to the provisions of subparagraph (C)
1182 of this subdivision, a motor vehicle having a gross vehicle weight
1183 rating over twelve thousand five hundred pounds, or a motor vehicle
1184 having a gross vehicle weight rating of twelve thousand five hundred
1185 pounds or less that is not used for private passenger purposes, but is
1186 designed or used to transport merchandise, freight or persons in
1187 connection with any business enterprise and issued a commercial
1188 registration or more specific type of registration by the Department of
1189 Motor Vehicles;

1190 (I) The rate of tax imposed by this chapter shall be applicable to all
1191 retail sales upon the effective date of such rate, except that a new rate
1192 which represents an increase in the rate applicable to the sale shall not

1193 apply to any sales transaction wherein a binding sales contract without
1194 an escalator clause has been entered into prior to the effective date of
1195 the new rate and delivery is made within ninety days after the effective
1196 date of the new rate. For the purposes of payment of the tax imposed
1197 under this section, any retailer of services taxable under subdivision
1198 (37) of subsection (a) of section 12-407, as amended by this act, who
1199 computes taxable income, for purposes of taxation under the Internal
1200 Revenue Code of 1986, or any subsequent corresponding internal
1201 revenue code of the United States, as from time to time amended, on
1202 an accounting basis which recognizes only cash or other valuable
1203 consideration actually received as income and who is liable for such
1204 tax only due to the rendering of such services may make payments
1205 related to such tax for the period during which such income is
1206 received, without penalty or interest, without regard to when such
1207 service is rendered;

1208 (J) (i) For calendar quarters ending on or after September 30, 2019,
1209 the commissioner shall deposit into the regional planning incentive
1210 account, established pursuant to section 4-66k, six and seven-tenths
1211 per cent of the amounts received by the state from the tax imposed
1212 under [subparagraph (B)] subparagraphs (B)(i) and (B)(ii) of this
1213 subdivision and ten and seven-tenths per cent of the amounts received
1214 by the state from the tax imposed under subparagraph (G) of this
1215 subdivision;

1216 (ii) For calendar quarters ending on or after September 30, 2018, the
1217 commissioner shall deposit into the Tourism Fund established under
1218 section 10-395b ten per cent of the amounts received by the state from
1219 the tax imposed under [subparagraph (B)] subparagraphs (B)(i) and
1220 (B)(ii) of this subdivision;

1221 (K) For calendar months commencing on or after July 1, 2021, the
1222 commissioner shall deposit into the municipal revenue sharing
1223 account established pursuant to section 4-66l seven and nine-tenths per
1224 cent of the amounts received by the state from the tax imposed under
1225 subparagraph (A) of this subdivision; and

1226 (L) (i) For calendar months commencing on or after July 1, 2017, the
1227 commissioner shall deposit into the Special Transportation Fund
1228 established under section 13b-68 seven and nine-tenths per cent of the
1229 amounts received by the state from the tax imposed under
1230 subparagraph (A) of this subdivision;

1231 (ii) For calendar months commencing on or after July 1, 2018, but
1232 prior to July 1, 2019, the commissioner shall deposit into the Special
1233 Transportation Fund established under section 13b-68 eight per cent of
1234 the amounts received by the state from the tax imposed under
1235 subparagraphs (A) and (H) of this subdivision on the sale of a motor
1236 vehicle;

1237 (iii) For calendar months commencing on or after July 1, 2019, but
1238 prior to July 1, 2020, the commissioner shall deposit into the Special
1239 Transportation Fund established under section 13b-68 thirty-three per
1240 cent of the amounts received by the state from the tax imposed under
1241 subparagraphs (A) and (H) of this subdivision on the sale of a motor
1242 vehicle;

1243 (iv) For calendar months commencing on or after July 1, 2020, but
1244 prior to July 1, 2021, the commissioner shall deposit into the Special
1245 Transportation Fund established under section 13b-68 fifty-six per cent
1246 of the amounts received by the state from the tax imposed under
1247 subparagraphs (A) and (H) of this subdivision on the sale of a motor
1248 vehicle;

1249 (v) For calendar months commencing on or after July 1, 2021, but
1250 prior to July 1, 2022, the commissioner shall deposit into the Special
1251 Transportation Fund established under section 13b-68 seventy-five per
1252 cent of the amounts received by the state from the tax imposed under
1253 subparagraphs (A) and (H) of this subdivision on the sale of a motor
1254 vehicle; [and]

1255 (vi) For calendar months commencing on or after July 1, 2022, the
1256 commissioner shall deposit into the Special Transportation Fund

1257 established under section 13b-68 one hundred per cent of the amounts
1258 received by the state from the tax imposed under subparagraphs (A)
1259 and (H) of this subdivision on the sale of a motor vehicle; [.] and

1260 (vii) For calendar months commencing on or after July 1, 2019, the
1261 commissioner shall deposit into the Housing Trust Fund established
1262 under section 8-336o fifty per cent of the amounts received by the state
1263 from the tax imposed under subparagraph (B)(iii) of this subdivision.

1264 (2) (A) Reimbursement for the tax hereby imposed shall be collected
1265 by the retailer from the consumer and such tax reimbursement, termed
1266 "tax" in this and the following subsections, shall be paid by the
1267 consumer to the retailer and each retailer shall collect from the
1268 consumer the full amount of the tax imposed by this chapter or an
1269 amount equal as nearly as possible or practicable to the average
1270 equivalent thereof. Such tax shall be a debt from the consumer to the
1271 retailer, when so added to the original sales price, and shall be
1272 recoverable at law in the same manner as other debts except as
1273 provided in section 12-432a. The amount of tax reimbursement, when
1274 so collected, shall be deemed to be a special fund in trust for the state
1275 of Connecticut.

1276 (B) Whenever such tax, payable by the consumer (i) with respect to
1277 a charge account or credit sale occurring on or after July 1, 1984, is
1278 remitted by the retailer to the commissioner and such sale as an
1279 account receivable is determined to be worthless and is actually
1280 written off as uncollectible for federal income tax purposes, or (ii) to a
1281 retailer who computes taxable income, for purposes of taxation under
1282 the Internal Revenue Code of 1986, or any subsequent corresponding
1283 internal revenue code of the United States, as from time to time
1284 amended, on the cash basis method of accounting with respect to a sale
1285 occurring on or after July 1, 1989, is remitted by the retailer to the
1286 commissioner and such sale as an account receivable is determined to
1287 be worthless, the amount of such tax remitted may be credited against
1288 the tax due on the sales tax return filed by the retailer for the monthly
1289 or quarterly period, whichever is applicable, next following the period

1290 in which such amount is actually so written off, but in no event shall
1291 such credit be allowed later than three years following the date such
1292 tax is remitted, unless the credit relates to a period for which a waiver
1293 is given pursuant to subsection (g) of section 12-415. The commissioner
1294 shall, by regulations adopted in accordance with chapter 54, provide
1295 standards for proving any such claim for credit. If any account with
1296 respect to which such credit is allowed is thereafter collected by the
1297 retailer in whole or in part, the amount so collected shall be included
1298 in the sales tax return covering the period in which such collection
1299 occurs. The tax applicable in any such case shall be determined in
1300 accordance with the rate of sales tax in effect at the time of the original
1301 sale.

1302 (C) (i) Any person required to collect tax in accordance with this
1303 subsection who demonstrates to the satisfaction of the Commissioner
1304 of Revenue Services by July first of any year that, in any two quarterly
1305 periods as described in section 12-414, within the most recent four
1306 consecutive quarterly periods, such person was a materialman as such
1307 term is used in chapter 847, who has at least fifty per cent of such
1308 person's sales of building materials to contractors, subcontractors or
1309 repairmen for the improvement of real property, and is authorized by
1310 said chapter to file a mechanic's lien upon such real property and
1311 improvement shall, with respect to such sales made through the
1312 quarterly period ending the succeeding June thirtieth, collect tax due
1313 on such sales, and on sales to such contractors, subcontractors or
1314 repairmen of services described in subdivision (2) of subsection (a) of
1315 section 12-407, as amended by this act, with respect to such building
1316 materials, for such purpose and made during such July first through
1317 June thirtieth period, at the time and to the extent that such person
1318 receives the receipts from, or consideration for, such sales from such
1319 contractors, subcontractors or repairmen, provided if such person
1320 receives a portion of such receipts or consideration, such person shall
1321 collect the tax due on such portion at the time the portion is received.
1322 The taxes imposed by this chapter on such receipts and consideration
1323 shall be deemed imposed, solely for purposes of determining when

1324 such person is required to collect and pay over such taxes to the
1325 commissioner under section 12-414, when such person has received
1326 payment of such receipts or consideration in money, or money's worth,
1327 from such contractor, subcontractor or repairman. A contractor,
1328 subcontractor or repairman who purchases building materials or
1329 services from such person pursuant to this subparagraph shall, at the
1330 time such contractor, subcontractor or repairman pays any portion of
1331 the purchase price, pay to the person the tax due on the portion of the
1332 purchase price so paid.

1333 (ii) In the event that a materialman described in this subparagraph
1334 factors any portion of such materialman's receivables, such
1335 materialman shall be deemed to have received payment of such
1336 receipts or consideration in money or money's worth, from the
1337 contractor, subcontractor or repairman and shall be required to pay
1338 over tax on such sale with the next return due, with a credit against
1339 such tax for any tax already paid over with respect to such sale. Any
1340 such amount of tax paid over shall be on account of the tax required to
1341 be collected on the sale to which it relates and such materialman may
1342 take a credit against any tax paid by such contractor, subcontractor or
1343 repairman in the future on such sale, to ensure that tax paid over with
1344 respect to such sale does not exceed the amount of tax imposed on
1345 such sale as if the entire purchase price had been paid at the time of
1346 sale.

1347 (iii) A materialman described in this subparagraph who has not
1348 collected the tax due on the full purchase price for a sale described in
1349 this subparagraph from a contractor, subcontractor or repairman
1350 within one year from the date of such sale, shall pay over to the
1351 commissioner the tax due on any balance of such full purchase price
1352 with such materialman's return for the period which includes the date
1353 which is one year after the date of such sale.

1354 (iv) The commissioner may assess additional tax due with respect to
1355 a sale described in this subparagraph not later than three years from
1356 the date the tax is required to be paid over to the commissioner

1357 pursuant to this subparagraph, and in the case of a wilfully false or
 1358 fraudulent return with intent to evade the tax, or where no return has
 1359 been filed such taxpayer shall be subject to the provisions of section 12-
 1360 428.

1361 (D) In the case of a sale by a producer or wholesaler of newspapers
 1362 to a vendor who is not otherwise required to obtain a permit under
 1363 this chapter, such producer or wholesaler shall collect the sales tax on
 1364 such newspapers at the point of transfer to such vendor. Such tax shall
 1365 be based on the stated retail price of such newspapers. Such vendor
 1366 may add an amount to the price of the newspapers equal to the
 1367 amount paid as sales tax to the producer or wholesaler and such
 1368 vendor shall not be required to remit such amount to the state.

1369 (3) For the purpose of adding and collecting the tax imposed by this
 1370 chapter, or an amount equal as nearly as possible or practicable to the
 1371 average equivalent thereof, by the retailer from the consumer the
 1372 following bracket system shall be in force and effect as follows:

T1	Amount of Sale	Amount of Tax
T2	\$0.00 to \$0.07 inclusive	No Tax
T3	.08 to .23 inclusive	1 cent
T4	.24 to .39 inclusive	2 cents
T5	.40 to .55 inclusive	3 cents
T6	.56 to .70 inclusive	4 cents
T7	.71 to .86 inclusive	5 cents
T8	.87 to 1.02 inclusive	6 cents
T9	1.03 to 1.18 inclusive	7 cents

1373 On all sales above \$1.18, the tax shall be computed at the rate of six
 1374 and thirty-five-hundredths per cent.

1375 (4) No retailer shall advertise or hold out or state to the public or to
 1376 any consumer, directly or indirectly, that the tax or any part thereof
 1377 will be assumed or absorbed by the retailer or that it will not be added

1378 to the sales price of the property sold or that, if added, it or any part
1379 thereof will be refunded. Under the provisions of this section,
1380 however, a retailer may advertise the sale of tangible personal
1381 property by any of the following methods: By stating the sales price
1382 alone without reference to the tax; by stating separately the sales price
1383 and the amount of tax to be collected thereon; by stating the sales price
1384 "plus tax" or "exclusive of tax" or by stating a sales price which
1385 includes the tax, together with the words "tax included" or "tax incl.";
1386 provided the retailer in the case of all such sales shall maintain his
1387 records to show separately the actual price of such sales and the
1388 amount of the tax paid thereon; and provided such retailer, if
1389 requested, shall furnish the consumer with a sales slip or other like
1390 evidence of the sale, showing the tax separately computed thereon.
1391 Any person violating any provision of this subsection shall be fined
1392 five hundred dollars for each offense.

1393 (5) No retailer shall exhibit or display on his premises any notice,
1394 sign or other advertising matter tending to mislead the public in
1395 connection with the imposition or collection of the tax. The
1396 Commissioner of Revenue Services may approve a form of notice for
1397 the purpose of explaining the operation of the tax.

1398 (6) The Commissioner of Revenue Services shall adopt regulations,
1399 in accordance with chapter 54, establishing a procedure for
1400 determination of qualifications with respect to the reduced rate of sales
1401 tax in the case of certain sales of motor vehicles to members of the
1402 armed forces as provided in subsection (1) of this section.

1403 (7) For purposes of the tax imposed by this chapter, with respect to
1404 toll telephone service paid by inserting coins in coin-operated
1405 telephones, the tax shall be computed to the nearest multiple of five
1406 cents, except if the tax is midway between multiples of five cents, the
1407 next higher multiple shall apply.

1408 Sec. 10. Section 12-411 of the general statutes is repealed and the
1409 following is substituted in lieu thereof (*Effective July 1, 2019, and*

1410 *applicable to sales occurring on or after July 1, 2019):*

1411 (1) (A) An excise tax is hereby imposed on the storage, acceptance,
1412 consumption or any other use in this state of tangible personal
1413 property purchased from any retailer for storage, acceptance,
1414 consumption or any other use in this state, the acceptance or receipt of
1415 any services constituting a sale in accordance with subdivision (2) of
1416 subsection (a) of section 12-407, as amended by this act, purchased
1417 from any retailer for consumption or use in this state, or the storage,
1418 acceptance, consumption or any other use in this state of tangible
1419 personal property which has been manufactured, fabricated,
1420 assembled or processed from materials by a person, either within or
1421 without this state, for storage, acceptance, consumption or any other
1422 use by such person in this state, to be measured by the sales price of
1423 materials, at the rate of six and thirty-five-hundredths per cent of the
1424 sales price of such property or services, except, in lieu of said rate of six
1425 and thirty-five-hundredths per cent;

1426 (B) (i) At a rate of fifteen per cent of the rent paid to a hotel or
1427 lodging house for the first period not exceeding thirty consecutive
1428 calendar days;

1429 (ii) At a rate of eleven per cent of the rent paid to a bed and
1430 breakfast establishment for the first period not exceeding thirty
1431 consecutive calendar days;

1432 (iii) At a rate of five per cent of the rent paid to a short-term rental
1433 operator, as defined in section 1 of this act, for the first period not
1434 exceeding thirty consecutive calendar days;

1435 (C) With respect to the storage, acceptance, consumption or use in
1436 this state of a motor vehicle purchased from any retailer for storage,
1437 acceptance, consumption or use in this state by any individual who is a
1438 member of the armed forces of the United States and is on full-time
1439 active duty in Connecticut and who is considered, under 50 App USC
1440 574, a resident of another state, or to any such individual and the

1441 spouse of such individual at a rate of four and one-half per cent of the
1442 sales price of such vehicle, provided such retailer requires and
1443 maintains a declaration by such individual, prescribed as to form by
1444 the commissioner and bearing notice to the effect that false statements
1445 made in such declaration are punishable, or other evidence,
1446 satisfactory to the commissioner, concerning the purchaser's state of
1447 residence under 50 App USC 574;

1448 (D) (i) With respect to the acceptance or receipt in this state of labor
1449 that is otherwise taxable under subparagraph (C) or (G) of subdivision
1450 (2) of subsection (a) of section 12-407, as amended by this act, on
1451 existing vessels and repair or maintenance services on vessels
1452 occurring on and after July 1, 1999, such services shall be exempt from
1453 such tax;

1454 (ii) (I) With respect to the storage, acceptance or other use of a vessel
1455 in this state, at the rate of two and ninety-nine-hundredths per cent,
1456 except that such storage, acceptance or other use shall be exempt from
1457 such tax if such vessel is docked in this state for sixty or fewer days in
1458 a calendar year;

1459 (II) With respect to the storage, acceptance or other use of a motor
1460 for a vessel or a trailer used for transporting a vessel in this state, at the
1461 rate of two and ninety-nine-hundredths per cent;

1462 (E) (i) With respect to the acceptance or receipt in this state of
1463 computer and data processing services purchased from any retailer for
1464 consumption or use in this state occurring on or after July 1, 2001, at
1465 the rate of one per cent of such services, and (ii) with respect to the
1466 acceptance or receipt in this state of Internet access services, on and
1467 after July 1, 2001, such services shall be exempt from such tax;

1468 (F) With respect to the acceptance or receipt in this state of patient
1469 care services purchased from any retailer for consumption or use in
1470 this state for which payment is received by the hospital on or after July
1471 1, 1999, and prior to July 1, 2001, at the rate of five and three-fourths

1472 per cent and on and after July 1, 2001, such services shall be exempt
1473 from such tax;

1474 (G) With respect to the rental or leasing of a passenger motor
1475 vehicle for a period of thirty consecutive calendar days or less, at a rate
1476 of nine and thirty-five-hundredths per cent;

1477 (H) With respect to the acceptance or receipt in this state of (i) a
1478 motor vehicle for a sales price exceeding fifty thousand dollars, at a
1479 rate of seven and three-fourths per cent on the entire sales price, (ii)
1480 jewelry, whether real or imitation, for a sales price exceeding five
1481 thousand dollars, at a rate of seven and three-fourths per cent on the
1482 entire sales price, and (iii) an article of clothing or footwear intended to
1483 be worn on or about the human body, a handbag, luggage, umbrella,
1484 wallet or watch for a sales price exceeding one thousand dollars, at a
1485 rate of seven and three-fourths per cent on the entire sales price. For
1486 purposes of this subparagraph, "motor vehicle" has the meaning
1487 provided in section 14-1, but does not include a motor vehicle subject
1488 to the provisions of subparagraph (C) of this subdivision, a motor
1489 vehicle having a gross vehicle weight rating over twelve thousand five
1490 hundred pounds, or a motor vehicle having a gross vehicle weight
1491 rating of twelve thousand five hundred pounds or less that is not used
1492 for private passenger purposes, but is designed or used to transport
1493 merchandise, freight or persons in connection with any business
1494 enterprise and issued a commercial registration or more specific type
1495 of registration by the Department of Motor Vehicles;

1496 (I) (i) For calendar quarters ending on or after September 30, 2019,
1497 the commissioner shall deposit into the regional planning incentive
1498 account, established pursuant to section 4-66k, six and seven-tenths
1499 per cent of the amounts received by the state from the tax imposed
1500 under [subparagraph (B)] subparagraphs (B)(i) and (B)(ii) of this
1501 subdivision and ten and seven-tenths per cent of the amounts received
1502 by the state from the tax imposed under subparagraph (G) of this
1503 subdivision;

1504 (ii) For calendar quarters ending on or after September 30, 2018, the
1505 commissioner shall deposit into the Tourism Fund established under
1506 section 10-395b ten per cent of the amounts received by the state from
1507 the tax imposed under [subparagraph (B)] subparagraphs (B)(i) and
1508 (B)(ii) of this subdivision;

1509 (J) For calendar months commencing on or after July 1, 2021, the
1510 commissioner shall deposit into said municipal revenue sharing
1511 account seven and nine-tenths per cent of the amounts received by the
1512 state from the tax imposed under subparagraph (A) of this
1513 subdivision; and

1514 (K) (i) For calendar months commencing on or after July 1, 2017, the
1515 commissioner shall deposit into said Special Transportation Fund
1516 seven and nine-tenths per cent of the amounts received by the state
1517 from the tax imposed under subparagraph (A) of this subdivision;

1518 (ii) For calendar months commencing on or after July 1, 2018, but
1519 prior to July 1, 2019, the commissioner shall deposit into the Special
1520 Transportation Fund established under section 13b-68 eight per cent of
1521 the amounts received by the state from the tax imposed under
1522 subparagraphs (A) and (H) of this subdivision on the acceptance or
1523 receipt in this state of a motor vehicle;

1524 (iii) For calendar months commencing on or after July 1, 2019, but
1525 prior to July 1, 2020, the commissioner shall deposit into the Special
1526 Transportation Fund established under section 13b-68 thirty-three per
1527 cent of the amounts received by the state from the tax imposed under
1528 subparagraphs (A) and (H) of this subdivision on the acceptance or
1529 receipt in this state of a motor vehicle;

1530 (iv) For calendar months commencing on or after July 1, 2020, but
1531 prior to July 1, 2021, the commissioner shall deposit into the Special
1532 Transportation Fund established under section 13b-68 fifty-six per cent
1533 of the amounts received by the state from the tax imposed under
1534 subparagraphs (A) and (H) of this subdivision on the acceptance or

1535 receipt in this state of a motor vehicle;

1536 (v) For calendar months commencing on or after July 1, 2021, but
1537 prior to July 1, 2022, the commissioner shall deposit into the Special
1538 Transportation Fund established under section 13b-68 seventy-five per
1539 cent of the amounts received by the state from the tax imposed under
1540 subparagraphs (A) and (H) of this subdivision on the acceptance or
1541 receipt in this state of a motor vehicle; [and]

1542 (vi) For calendar months commencing on or after July 1, 2022, the
1543 commissioner shall deposit into the Special Transportation Fund
1544 established under section 13b-68 one hundred per cent of the amounts
1545 received by the state from the tax imposed under subparagraphs (A)
1546 and (H) of this subdivision on the acceptance or receipt in this state of
1547 a motor vehicle; [.] and

1548 (vii) For calendar months commencing on or after July 1, 2019, the
1549 commissioner shall deposit into the Housing Trust Fund established
1550 under section 8-3360 fifty per cent of the amounts received by the state
1551 from the tax imposed under subparagraph (B)(iii) of this subdivision.

1552 (2) Every person storing, accepting, consuming or otherwise using
1553 in this state services or tangible personal property purchased from a
1554 retailer for storage, acceptance, consumption or any other use in this
1555 state and every person storing, accepting, consuming or otherwise
1556 using in this state tangible personal property which has been
1557 manufactured, fabricated, assembled or processed from materials
1558 purchased from a retailer by such person, either within or without this
1559 state, for storage, acceptance, consumption or any other use by such
1560 person in this state is liable for the tax. Such person's liability is not
1561 extinguished until the tax has been paid to this state, except that a
1562 receipt from a retailer engaged in business in this state or from a
1563 retailer who is authorized by the commissioner, under such
1564 regulations as the commissioner may prescribe, to collect the tax and
1565 who is, for the purposes of this chapter relating to the use tax,
1566 regarded as a retailer engaged in business in this state, given to the

1567 purchaser pursuant to subdivision (3) of this section is sufficient to
1568 relieve the purchaser from further liability for the tax to which the
1569 receipt refers.

1570 (3) Every retailer engaged in business in this state and making sales
1571 of services or of tangible personal property for storage, acceptance,
1572 consumption or any other use in this state, not exempted under this
1573 chapter, shall, at the time of making a sale or, if the storage,
1574 acceptance, consumption or other use is not then taxable hereunder, at
1575 the time the storage, acceptance, consumption or use becomes taxable,
1576 collect the use tax from the purchaser and give to the purchaser a
1577 receipt therefor in the manner and form prescribed by the
1578 commissioner. For the purpose of uniformity of tax collection by the
1579 retailer the tax brackets set forth in subdivision (3) of section 12-408, as
1580 amended by this act, pertaining to the sales tax shall be employed in
1581 the computation of the tax imposed by this section.

1582 (4) The tax required to be collected by the retailer constitutes a debt
1583 owed to the retailer by the person purchasing tangible personal
1584 property or services from such retailer. The amount of tax, when so
1585 collected, shall be deemed to be a special fund in trust for the state of
1586 Connecticut.

1587 (5) The provisions of subdivision (4) of section 12-408, as amended
1588 by this act, pertaining to the sales tax shall apply with equal force to
1589 the use tax.

1590 (6) The tax required to be collected by the retailer from the
1591 purchaser shall be displayed separately from the list price, the price
1592 advertised in the premises, the marked price, or other price on the
1593 sales check or other proof of sales.

1594 (7) Any person violating the provisions of subdivision (3), (5) or (6)
1595 of this section shall be fined five hundred dollars for each offense.

1596 (8) Every retailer selling services or tangible personal property for
1597 storage, acceptance, consumption or any other use in this state shall

1598 register with the commissioner and give the name and address of all
1599 agents operating in this state, the location of all distribution or sales
1600 houses or offices or other places of business in this state and such other
1601 information as the commissioner may require.

1602 (9) For the purpose of the proper administration of this chapter and
1603 to prevent evasion of the use tax and the duty to collect the use tax, it
1604 shall be presumed that services or tangible personal property sold by
1605 any person for delivery in this state is sold for storage, acceptance,
1606 consumption or other use in this state until the contrary is established.
1607 The burden of proving the contrary is upon the person who makes the
1608 sale unless such person takes from the purchaser a certificate to the
1609 effect that the services or property is purchased for resale.

1610 (10) The certificate relieves the person selling the services or
1611 property from the burden of proof only if taken in good faith from a
1612 person who is engaged in the business of selling services or tangible
1613 personal property and who holds the permit provided for by section
1614 12-409 and who, at the time of purchasing the services or tangible
1615 personal property, intends to sell it in the regular course of business or
1616 is unable to ascertain at the time of purchase whether the service or
1617 property will be sold or will be used for some other purpose.

1618 (11) The certificate shall be signed by and bear the name and
1619 address of the purchaser, shall indicate the number of the permit
1620 issued to the purchaser and shall indicate the general character of the
1621 service or tangible personal property sold by the purchaser in the
1622 regular course of business. The certificate shall be substantially in such
1623 form as the commissioner may prescribe.

1624 (12) (A) If a purchaser who gives a certificate makes any storage or
1625 use of the service or property other than retention, demonstration or
1626 display while holding it for sale in the regular course of business, the
1627 storage or use is taxable as of the time the service or property is first so
1628 stored or used.

1629 (B) Notwithstanding the provisions of subparagraph (A) of this
1630 subdivision, any storage or use by a certificated air carrier of an aircraft
1631 for purposes other than retention, demonstration or display while
1632 holding it for sale in the regular course of business shall not be deemed
1633 a taxable storage or use by such carrier as of the time the aircraft is first
1634 stored or used by such carrier, irrespective of the classification of such
1635 aircraft on the balance sheet of such carrier for accounting and tax
1636 purposes.

1637 (13) It shall be presumed that tangible personal property shipped or
1638 brought to this state by the purchaser was purchased from a retailer
1639 for storage, use or other consumption in this state.

1640 (14) (A) For the purpose of the proper administration of this chapter
1641 and to prevent evasion of the use tax, a purchase of any service
1642 described in subdivision (37) of subsection (a) of section 12-407, as
1643 amended by this act, shall be considered a purchase for resale only if
1644 the service to be resold is an integral, inseparable component part of a
1645 service described in said subdivision that is to be subsequently sold by
1646 the purchaser to an ultimate consumer. The purchaser of the service
1647 for resale shall maintain, in such form as the commissioner requires,
1648 records that substantiate: (i) From whom the service was purchased
1649 and to whom the service was sold; (ii) the purchase price of the service;
1650 and (iii) the nature of the service to demonstrate that the service was
1651 an integral, inseparable component part of a service described in
1652 subdivision (37) of subsection (a) of section 12-407, as amended by this
1653 act, that was subsequently sold to a consumer.

1654 (B) Notwithstanding the provisions of subparagraph (A) of this
1655 subdivision, no purchase of a service described in subdivision (37) of
1656 subsection (a) of section 12-407, as amended by this act, by a purchaser
1657 shall be considered a purchase for resale if such service is to be
1658 subsequently sold by the purchaser to an ultimate consumer that is
1659 affiliated with the purchaser in the manner described in subparagraph
1660 (A) of subdivision (62) of section 12-412.

1661 (15) For the purpose of the proper administration of this chapter
 1662 and to prevent evasion of the use tax, no purchase of any service by a
 1663 purchaser shall be considered a purchase for resale if such service is to
 1664 be subsequently sold by the purchaser, without change, to an ultimate
 1665 consumer that is affiliated with the purchaser in the manner described
 1666 in subparagraph (A) of subdivision (62) of section 12-412.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2019</i>	New section
Sec. 2	<i>July 1, 2019</i>	New section
Sec. 3	<i>July 1, 2019</i>	New section
Sec. 4	<i>July 1, 2019</i>	New section
Sec. 5	<i>July 1, 2019</i>	New section
Sec. 6	<i>July 1, 2019</i>	New section
Sec. 7	<i>July 1, 2019</i>	New section
Sec. 8	<i>July 1, 2019, and applicable to sales occurring on or after July 1, 2019</i>	12-407
Sec. 9	<i>July 1, 2019, and applicable to sales occurring on or after July 1, 2019</i>	12-408
Sec. 10	<i>July 1, 2019, and applicable to sales occurring on or after July 1, 2019</i>	12-411

Statement of Legislative Commissioners:

In Section 2(a)(2) and (a)(3)(A), "or renewal" was added for clarity and consistency; and in Section 5, "each" was substituted for "all" and "policy" was substituted for "policies" for consistency, and "such term is" was deleted to eliminate redundant language.

INS *Joint Favorable Subst.*