



Senate

General Assembly

File No. 875

January Session, 2025

Senate Bill No. 1456

Senate, May 12, 2025

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

AN ACT DEDICATING A PORTION OF THE MEALS TAX REVENUE TO ARTS, CULTURE AND TOURISM.

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

1 Section 1. Subdivision (1) of section 12-408 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July 1,*
3 *2025, and applicable to sales occurring on or after July 1, 2025*):

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

13 (B) (i) At a rate of fifteen per cent with respect to each transfer of

14 occupancy, from the total amount of rent received by a hotel or lodging
15 house for the first period not exceeding thirty consecutive calendar
16 days;

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

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

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

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

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

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

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

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

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

75 (I) With respect to the sale of meals, as defined in subdivision (13) of
76 section 12-412, sold by an eating establishment, caterer or grocery store;
77 and spirituous, malt or vinous liquors, soft drinks, sodas or beverages
78 such as are ordinarily dispensed at bars and soda fountains, or in

79 connection therewith; in addition to the tax imposed under
80 subparagraph (A) of this subdivision, at the rate of one per cent;

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

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

105 (ii) [For calendar quarters ending on or after September 30, 2018, the]
106 The commissioner shall deposit into the Tourism Fund established
107 under section 10-395b: (I) For calendar quarters ending on or after
108 September 30, 2018, ten per cent of the amounts received by the state
109 from the tax imposed under subparagraph (B) of this subdivision; and
110 (II) for calendar quarters ending on or after September 30, 2025, ten per
111 cent of the amounts received by the state from the tax imposed under

112 subparagraph (I) of this subdivision;

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

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

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

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

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

142 (iv) For calendar months commencing on or after July 1, 2020, but

143 prior to July 1, 2021, the commissioner shall deposit into the Special
144 Transportation Fund established under section 13b-68 twenty-five per
145 cent of the amounts received by the state from the tax imposed under
146 subparagraphs (A) and (H) of this subdivision on the sale of a motor
147 vehicle;

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

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

159 Sec. 2. Subdivision (1) of section 12-411 of the general statutes is
160 repealed and the following is substituted in lieu thereof (*Effective July 1,*
161 *2025, and applicable to sales occurring on or after July 1, 2025*):

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

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

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

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

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

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

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

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

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

217 (F) With respect to the acceptance or receipt in this state of patient
218 care services purchased from any retailer for consumption or use in this
219 state for which payment is received by the hospital on or after July 1,
220 1999, and prior to July 1, 2001, at the rate of five and three-fourths per
221 cent and on and after July 1, 2001, such services shall be exempt from
222 such tax;

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

226 (H) With respect to the acceptance or receipt in this state of (i) a motor
227 vehicle for a sales price exceeding fifty thousand dollars, at a rate of
228 seven and three-fourths per cent on the entire sales price, (ii) jewelry,
229 whether real or imitation, for a sales price exceeding five thousand
230 dollars, at a rate of seven and three-fourths per cent on the entire sales
231 price, and (iii) an article of clothing or footwear intended to be worn on
232 or about the human body, a handbag, luggage, umbrella, wallet or
233 watch for a sales price exceeding one thousand dollars, at a rate of seven
234 and three-fourths per cent on the entire sales price. For purposes of this
235 subparagraph, "motor vehicle" has the meaning provided in section 14-
236 1, but does not include a motor vehicle subject to the provisions of
237 subparagraph (C) of this subdivision, a motor vehicle having a gross
238 vehicle weight rating over twelve thousand five hundred pounds, or a
239 motor vehicle having a gross vehicle weight rating of twelve thousand

240 five hundred pounds or less that is not used for private passenger
241 purposes, but is designed or used to transport merchandise, freight or
242 persons in connection with any business enterprise and issued a
243 commercial registration or more specific type of registration by the
244 Department of Motor Vehicles;

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

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

259 (ii) [For calendar quarters ending on or after September 30, 2018, the]
260 The commissioner shall deposit into the Tourism Fund established
261 under section 10-395b: (I) For calendar quarters ending on or after
262 September 30, 2018, ten per cent of the amounts received by the state
263 from the tax imposed under subparagraph (B) of this subdivision; and
264 (II) for calendar quarters ending on or after September 30, 2025, ten per
265 cent of the amounts received by the state from the tax imposed under
266 subparagraph (I) of this subdivision;

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

273 ending June 30, 2023; and

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

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

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

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

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

301 (v) For calendar months commencing on or after July 1, 2021, but
302 prior to July 1, 2022, the commissioner shall deposit into the Special
303 Transportation Fund established under section 13b-68 seventy-five per

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

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

| | | |
|---|---|-----------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>July 1, 2025, and applicable to sales occurring on or after July 1, 2025</i> | 12-408(1) |
| Sec. 2 | <i>July 1, 2025, and applicable to sales occurring on or after July 1, 2025</i> | 12-411(1) |

CE Joint Favorable C/R

APP

APP Joint Favorable

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 26 \$ | FY 27 \$ |
|-------------------------------|------------------------|--------------|----------------|
| Resources of the Tourism Fund | Tourism - Revenue Gain | \$11 million | \$11.3 million |
| Resources of the General Fund | GF - Revenue Loss | \$11 million | \$11.3 million |

Note: Tourism=Tourism Fund; GF=General Fund

Municipal Impact: None

Explanation

The bill diverts 10% of the revenue from the 1% meals and beverage tax to the Tourism Fund beginning in FY 26. This results in an estimated revenue loss of \$11 million in FY 26 and \$11.3 million in FY 27 to the General Fund and a corresponding revenue gain of \$11 million in FY 26 and \$11.3 million in FY 27 to the Tourism Fund.

The Out Years

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

OLR Bill Analysis**SB 1456*****AN ACT DEDICATING A PORTION OF THE MEALS TAX REVENUE TO ARTS, CULTURE AND TOURISM.*****SUMMARY**

This bill diverts 10% of the revenue from the 1% meals and beverage tax to the Tourism Fund each quarter, starting with the quarter ending on September 30, 2025. Under current law, the Tourism Fund receives 10% of room occupancy tax revenue each quarter.

EFFECTIVE DATE: July 1, 2025, and applicable to sales occurring on or after that date.

BACKGROUND***1% Meals and Beverage Tax***

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

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

COMMITTEE ACTION

Commerce Committee

Joint Favorable Change of Reference - APP

Yea 20 Nay 0 (03/13/2025)

Appropriations Committee

Joint Favorable

Yea 44 Nay 10 (04/24/2025)