

2019 Legislative Summary

State tax legislation passed during the 2019 Regular Session that affects the current year included the following provisions:

- **Tobacco 21.** The legal age for purchasing cigarettes, tobacco products, and vaping products has been raised to 21. Starting October 1, 2019, there is a new tax on vaping products: 40¢ per milliliter for closed products, like Juul, and 10% of the wholesale price on the “juice” and vaporizer for open products. The cigarette dealer annual licensing fee also increases to \$200 on October 1, 2019.
- **Plastic bag fee.** Beginning on August 1, 2019, retailers are required to charge 10¢ for each single-use plastic bag provided at checkout. These plastic bags will be banned on June 30, 2021.
- **Sales tax changes.** The economic nexus threshold for requiring remote sellers to collect and remit sales tax will be reduced on July 1, 2019, to \$100,000 of sales and 200 or more transactions. On October 1, 2019, the rate on digital goods will increase to 6.35%, the rate on meals will increase by 1%, and the marine dock dyed diesel rate will be reduced to 2.99%. On January 1, 2020, safety apparel, metered and other previously exempt parking, dry cleaning and laundry (other than coin operated) will be taxable. On that date interior design services for individuals will also become taxable.
- **Short-term rental facilitators.** As of October 1, 2019, facilitators of short term home rentals will be required to collect and remit the room occupancy tax on behalf of the operators renting their homes.
- **Admissions tax changes.** The tax for several venues has been reduced as of July 1, 2019. Events at Dunkin’ Donuts Parks will be taxable at 5% and events at the XL Center, Dillon Stadium, Webster Bank Arena, Harbor Yard Amphitheater, Dodd Stadium, and Oakdale Theatre will be taxable at 7.5%. The 7.5% rate will also apply to minor league baseball games at New Britain Stadium and non-sporting events at Rentschler Field. There will be additional reductions next year.
- **Real estate conveyance tax.** Beginning on July 1, 2019, there is a new exemption from the real estate conveyance tax for certain homes with crumbling foundations.
- **Transportation network company fee.** The per ride fee for rides with transportation network companies increases from 25¢ to 30¢ on July 1, 2019.
- **Alcoholic beverages.** For all alcoholic beverages other than beer, there is a rate increase of 10% for sales on or after October 1, 2019. Because of the rate increase, alcoholic beverage retailers will need to pay a floor tax by November 15, 2019, based on their inventory as of October 1, 2019.
- **Craft breweries.** On October 1, 2019, the alcoholic beverages tax on beer sold to-go at craft breweries will be reduced by 50%, and starting January 1, 2020, the exemption for beer served at a brewery taproom will be limited to the first 15 barrels a year.

- **Angel investor credit expanded.** The Connecticut Innovations angel investor tax credit program has been extended through June 30, 2024, and effective starting in the current tax year, the annual cap on the angel investor credit has been increased from \$250,000 to \$500,000.
- **Pass-through entity tax changes.** The pass-through entity tax credit claimed by individuals and corporations has been reduced to 87.5%.
- **Corporation business tax changes.** The 10% surcharge is extended for two more years. The research and development, research and experimental expenditures, and urban and industrial site reinvestment tax credits are now limited to 50.01% of the company's tax liability.
- **Income tax changes.** For two more years, the income tax exemption for teacher's retirement payments remains at 25%, and the property tax credit remains available only to Connecticut residents who attain the age of 65 before the end of the year or who validly claim one or more dependents on their federal income tax return.
- **Payroll tax.** DRS is required to participate in the study of a payroll tax. The report is due on January 15, 2020.

NOTE: This communication is for general information purposes and is not to be considered complete or authoritative. Additional information will be included when applicable bills are signed.