



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

SN 2001(9)

25 Sigourney Street
Hartford CT 06106-5032

SPECIAL NOTICE

2001 Sales and Use Tax and Admissions and Dues Tax Legislation

Purpose: This Special Notice summarizes 2001 legislation affecting sales and use taxes and the admissions and dues tax. It also covers laws enacted before 2001 that take effect in 2001.

Effective Date: Effective dates are noted below.

Statutory Authority: 2001 Conn. Pub. Acts 6 (June Spec. Sess.) and previous legislation cited below.

Sales and Use Taxes

Effective April 1, 2000

Parking services. The tax imposed on parking services in Conn. Gen. Stat. §12-407(2)(i)(N) does not include the sale of space in a railroad parking facility owned or operated by the state in a municipality located within a severe nonattainment area for ozone under federal law, retroactive to April 1, 2000. (2001 Conn. Pub. Acts 6, §1 (June Spec. Sess.))

Effective July 1, 2001

Patient care services. The tax imposed on patient care services by hospitals in Conn. Gen. Stat. §12-407(2)(i)(FF) is suspended through June 30, 2003. (2001 Conn. Pub. Acts 6, §§1 - 3 (June Spec. Sess.))

Fuel cell manufacturing. Materials, tools, fuel, machinery, and equipment sold to and used or consumed by a fuel cell manufacturing facility in Connecticut are exempt. A "fuel cell" is a device that produces electricity directly from hydrogen or hydrocarbon fuel through a noncombustive electrochemical process. "Machinery and equipment" and "fuel cell manufacturing facility" are specifically defined for purposes of this exemption. (2001 Conn. Pub. Acts 6, §18 (June Spec. Sess.))

Clean alternative fuel exemptions. The exemptions in Conn. Gen. Stat. §12-412(67), (68), and (69) are extended to sales prior to July 1, 2002: new motor vehicles powered by clean alternative fuel; equipment for converting vehicles to the use of clean alternative fuel or to dual use of clean alternative fuel and any other

fuel; and equipment incorporated into or used in a compressed natural gas filling station or electric recharging station for vehicles powered by clean alternative fuel. "Clean alternative fuel" means natural gas or electricity and propane in certain vehicles. (2001 Conn. Pub. Acts 6, §22 (June Spec. Sess.))

Nonresident contractor bond due dates. In Conn. Gen. Stat. §12-430(7), the time is increased from 30 to 90 days after commencement of the contract for a person dealing with a nonresident contractor to obtain a bond certificate from the Department of Revenue Services (DRS) or to deduct and pay over to DRS 5% of amounts payable to these contractors (or 2% in the case of direct payment permit holders). If the contract is to be completed in less than 90 days, the time limit is no later than 45 days after the commencement of the contract.

(2001 Conn. Pub. Acts 6, §45 (June Spec. Sess.))

Caskets for burial or cremation. Conn. Gen. Stat. §12-412(55) is expanded to make caskets used for burial or cremation fully exempt. (This exemption is in addition to the \$2,500 exemption for tangible personal property used in burial or cremation.) (2000 Conn. Pub. Acts 170, §4 and 2001 Conn. Pub. Acts 6, §61 (June Spec. Sess.))

Certain medical equipment. Conn. Gen. Stat. §12-412(19) is expanded to include closed circuit television equipment used as reading aids by visually impaired persons, support hose specially designed to aid in the circulation of blood when the hose are purchased by persons with medical need for them, and canes. (2000 Conn. Pub. Acts 170, § 1)

Smoking cessation products. Conn. Gen. Stat. §12-412(111) exempts sales of gum, inhalants, patches, or similar products designed to aid in smoking cessation. (2000 Conn. Pub. Acts 170, §5)

Data transmission equipment. Conn. Gen. Stat. §12-412(112) exempts sales to a telecommunications company or a community antenna television company of equipment used to provide telecommunications, high-speed data transmission, or broad-band Internet

services capable of transmitting information at not less than 200 kilobits per second in at least one direction.

(2000 Conn. Pub. Acts 170, § 5)

Internet access services. The tax on Internet access services is reduced from 2% to 0%, and is eliminated.

(2000 Conn. Pub. Acts 170, §7 and 2001 Conn. Pub. Acts 6, §65 (June Spec. Sess.))

Computer and data processing services. Continuing the phaseout of the tax on computer and data processing services imposed in Conn. Gen. Stat. §12-407(2)(i)(A), the rate on all such services except Internet access services (see above) is reduced from 2% to 1%.

(1995 Conn. Pub. Acts 160, §39)

Renovation and repair services to residential property. Concluding the phaseout of the tax on residential paving, painting or staining, wallpapering, roofing, siding, and exterior sheet metal imposed in Conn. Gen. Stat. §12-407(2)(i)(BB), the tax is reduced from 2% to 0% and is eliminated. The tax on renovation services to industrial, commercial, or income-producing real property remains at 6%.

(1999 Conn. Pub. Acts 173, §§13 and 15)

Effective October 1, 2001

Indian tribes. Conn. Gen. Stat. §12-412(62) is expanded to exempt sales of services between federally-recognized Indian tribes and business entities in which they own a controlling interest, as defined in the statute, and between affiliated entities in which a tribe owns a controlling interest.

(2001 Conn. Pub. Acts 6, §30 (June Spec. Sess.))

Effective August 2, 2002

Cellular mobile telephone service. To conform with federal law, cellular mobile telephone service will be taxable in Connecticut if the street address where the customer's cellular usage primarily occurs is in Connecticut regardless of where calls originate, terminate, or pass through. The company that contracts with the customer to provide cellular service is responsible for obtaining and maintaining a record of each customer's place of primary use.

(2001 Conn. Pub. Acts 6, §71 (June Spec. Sess.))

Effective July 1, 2003

Use tax credit for direct payment permit holder. The special use tax credit in Conn. Gen. Stat. §12-413b for a direct payment permit holder selected by the Commissioner of Higher Education will be increased from \$2 million to \$4 million against certain

expenditures by the direct payment permit holder in connection with electronic commerce instruction.

(2001 Conn. Pub. Acts 6, §19 (June Spec. Sess.))

Admissions and Dues Tax

Effective July 1, 2001

Motion picture shows. The admissions tax rate on motion picture shows is reduced from 8% to 6%. (Motion picture show admission charges of not more than \$5 are fully exempt.)

(2000 Conn. Pub. Acts 170, §16)

Effect on Other Documents: None affected.

Effect of This Document: A Special Notice is a document that announces a new policy or practice in response to changes in State or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by DRS and may be referred to for general guidance by taxpayers or tax practitioners.

For Further Information: Please call DRS during business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday:

- **1-800-382-9463** (toll-free within Connecticut), or
- **860-297-5962** (from anywhere)

TTY, TDD, and Text Telephone users only may transmit inquiries 24 hours a day by calling 860-297-4911.

Forms and Publications: Forms and publications are available all day, seven days a week:

- **Internet:** Preview and download forms and publications from the DRS Web site: www.drs.state.ct.us
 - **DRS TAX-FAX:** Call **860-297-5698** from the handset attached to your fax machine and select from the menu.
 - **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (toll-free within Connecticut) and select **Option 2** from a touch-tone phone.
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