

Act Number	Session	Bill Number	Total Number of Committee Pages	Total Number of House Pages	Total Number of Senate Pages
PA 71-516		5991	1	2	1
<u>Committee Pages:</u> <ul style="list-style-type: none"> <i>Finance 448</i> 				<u>House Pages:</u> <ul style="list-style-type: none"> 4057-4058 	<u>Senate Pages:</u> <ul style="list-style-type: none"> 2819

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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
1971**

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3878-4343**

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Is the gentleman rising for the purpose of requesting the Clerk to recall Calendar No. 1159? Will the Clerk please recall Calendar No. 1159.

THE CLERK:

1159, H.B. No. 5991, an Act concerning the sales tax on flyable aircraft manufactured in this State.

MR. SPEAKER:

The gentleman from the 75th, for purposes of requesting suspension.

JAMES J. CLYNES:

Mr. Speaker, I request suspension of the rules for immediate consideration.

MR. SPEAKER:

The gentleman from the 27th. The question's on suspension of the rules for immediate consideration. Is there objection? Hearing none, the rules are suspended.

JAMES J. CLYNES:

Mr. Speaker, I move passage of the Committee's favorable report and passage of the Bill.

MR. SPEAKER:

The question's on acceptance and passage. Will you remark.

JAMES J. CLYNES:

Mr. Speaker, this Bill was put in by the Tax Department in an attempt to stop unintended use of exemption of flyaway aircraft. As exemption now stands, a dealer in aircraft can fly them into this State, if they're manufactured elsewhere, sell them here

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and be free of the sales tax. Mr. Speaker, this Bill would stop that practice. It's a good Bill, and it should pass. EFH

MR. SPEAKER:

Will you remark further on the Bill. If not, the question's on acceptance and passage. All those in favor will indicate by saying "aye". Opposed. The Bill is passed.

THE CLERK:

Calendar No. 1160, one-star, H.B. No. 5993, an Act concerning grant in lieu of taxes on property of the School Fund and the Agricultural College Fund.

JAMES J. CLYNES:

Mr. Speaker, I move suspension of the rules for consideration of this Bill.

MR. SPEAKER:

Question is on suspension for immediate consideration. Is there objection? Hearing none, the rules are suspended.

JAMES J. CLYNES:

Mr. Speaker, I move passage of the Bill in concurrence with the Joint Committee's favorable report.

MR. SPEAKER:

The question's on acceptance and passage. Will you remark.

JAMES J. CLYNES:

Mr. Speaker, this Bill just repeals the Section 1224 of the General Statutes, and when 1219A was established, 1224 should have been repealed. This is a grant in lieu of taxes on State taxes on State-owned property such as school properties and

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SENATE

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HOUSE BILL: 8441. File No. 1221; Substitute House Bill 9075. File No. 1228' Substitute House Bill 5027. File No. 1235; Substitute House Bill 5559; File No. 1527; House Bill 5991, File No. 1296. ;

SENATOR HOULEY:

Mr. President, with the consent of the Senate Majority Leader may we pass and retain Cal. 1044, File 1540?

SENATOR CALDWELL:

In agreement. I withdraw the motion to that effect.

THE CHAIR:

So ordered. It is understood.

SENATOR CALDWELL:

CAL. NO. 1045. File 1537; Sub. Senate Bill 1317; page 14, Cal No. 1060 File 1530; Substitute Senate Bill 480; page 17, Cal. 1084, File No. 1235. Substitute House Bill 5027; page 18, Cal. 1086, File No. 1257; Substitute House Bill 5559; Cal. No. 1087. File No. 1296; House Bill 5991; Cal. No. 1088; File No. 1298, House Bill 5993; Cal. No. 1089, File No. 1291; House Bill 6097.; Cal. No. 1090, File No. 1322; Substitute House Bill 6321 Cal. No. 1091, File No. 1304, House Bill 6432; page 19, Cal. No. 1092, File No. 1287; Substitute House Bill 6433; Cal. No. 1093, File No. 1317, Substitute House Bill 6436; Cal. No. 1094, File No. 1286, House Bill 6437; Cal. No. 1095; File No. 1318, House Bill 6438; Cal. No. 1096, File No. 1285, Substitute House Bill 6439; Cal. No. 1097. File No. 1324, House Bill 6441; Cal. No. 1098, File No. 1239, Substitute House Bill 6443; page 20, Cal. No. 1103; File No. 1283; Substitute House Bill 8286; page 21, Cal. No. 1108; File No. 1549, Substitute Senate Bill 1067; page 29, Cal. No. 111 Senate Bill 383; page 30, Cal. 179, Senate Bill 384; page 34, Cal. 605. File 868 House Bill 8764

**JOINT
STANDING
COMMITTEE
HEARINGS**

FINANCE

**PART 2
330-726**

1971

all figures are annual. Bill 5050--Based upon estimated wholesale sales of motor vehicles alone and deducting the 10% Federal Manufacturer's Excise Tax, the revenue loss would exceed \$2 million annually. Bill 5222-- There is no way of computing the revenue loss here, but this is another chipping away at the base of the sales tax. Bill 5223 and 7552-- These two bills seek to exempt farm implements and equipment from the sales tax and either, if enacted, will cause a revenue loss of \$1.8 million annually. Bill 5311-- To raise the meals exemption from \$1.00 to \$1.50 would cause a revenue loss of \$3.2 million (we already lost \$7 million from the \$1.00 exemption). Bill 5312-- The 1969 budget claimed a \$7.2 million revenue gain if the children's clothing exemption were reduced from 16 years to 10 years. If this is to be put back to 16 years as this bill seeks to do, then the revenue loss would be \$7.2 million. Bill 5610-- Statewide we have \$36 million of assessed value of boats at about 60% of market value (and many escape taxation entirely). Assuming an average trade-in value of 1/3, we come up with an annual revenue loss of \$1 million--at a minimum. Bill 6016-- The last figure of any firmness I had of the revenue loss involved in the exemption from the sales tax of "research experimental and developmental" material was \$3.2 million at the old sales tax rate of 3.5%--at the 5% sales tax rate the loss today would very likely run to \$7.2 million annually based on expenditures for these purposes of \$150 million annually. Bill 5937-- According to the latest census of Manufacturers which was done in 1967--4 years ago, \$145.7 million was spent by manufacturers in Connecticut on new plant and equipment. 5% of that would mean an annual revenue loss of \$22.8 million. Bills 5991, 6342, 6344, 6345 are all Tax Department bills and I hereby absolve the legislators whose names appear on them from any responsibility for their content. Bill 5991 -- This bill was put in by the Tax Department in an attempt to stop unintended use of the exemption of fly-away aircraft. As the exemption now stands, a dealer in used aircraft can fly them into this state and dispose of them here free of the salestax. Bill 6342-- Is an attempt to forestall abuse of the "meals" exemption under the sales tax. We find that some establishment are selling packaged meals costing over \$1.00 allowing their consumption on the premises, and charging no sales tax under the assertion that these meals come under the overall food exemption. Bill 6344 --This bill seeks to avoid another abuse of a sales tax exemption. Large companies spend millions of dollars on such items, let us say, as a distinctive letterhead where they commission to an artist to design it. It is the cost of the design that is intended to be exempt here, but these companies are exempting the entire print of the designed letterhead or whatever it may be. Bill 6345-- This bill is needed to help us to administer the sales tax law properly. All we want to do, you will note, is change the word "and" to "or" (at the bottom of the first page of the bill). The reason is that the word "and" causes taxpayers to contend that both conditions, (a) and (b), must be met before we can claim they are doing business in Connecticut, and we claim, and rightly so, that either condition will suffice. Bills 6560, 6979, 7636, and 7638-- All exempt senior citizens from the sales tax at ages 62, 65, and 70. One is