

HB6842 (PA 794) 1971

Fin: 448 1

Hbe: 5191 1

Sen: 3402 (Consent) 1

3p.

**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 3.4%--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 \$1.50 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 sales tax. Bill 6342-- Is an attempt to forestall abuse of the "meals" exemption under the sales tax. We find that some establishments 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

**H-119**

**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
1971**

**VOL. 14  
PART 12  
5163-5554**

Monday, June 7, 1971

29

MR. AJELLO (118th):

On page 18, Calendar No. 1489, is ready.

THE SPEAKER:

The gentleman has called on page 18, Calendar No. 1489. Will the Clerk please call that item?

THE CLERK:

Page 18 of the Calendar, Calendar No. 1489, H. B. No. 6842, An Act Concerning the Taxation of Meals Under the Education, Welfare and Public Health Tax Act, File No. 1659.

MR. SPAIN (166th):

Mr. Speaker, I move acceptance of the committee's favorable report and passage of the bill.

THE SPEAKER:

Will you remark?

MR. SPAIN (166th):

Mr. Speaker, the purpose of this bill is to eliminate confusion as to the taxability of meals not consumed on the premises. This bill makes the sale of food for immediate consumption on or near the location of the retailer a taxable sale, even though the products are sold on a takeout or to-go order and are taken from the immediate premises of the retailer. I move passage of the bill.

THE SPEAKER:

Further remarks on the bill? If not, all those in favor indicate by saying aye. Opposed? The bill is PASSED.

MR. AJELLO (118th):

We now have a few items lined up that are ready to go and the first

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S-82  
CONNECTICUT  
GENERAL ASSEMBLY

SENATE

PROCEEDINGS  
1971

VOL. 14  
PART 7  
2874-3413

June 9, 1971

Page 73

File 1608; Cal. 1365, House Bill 5578, File 1444; Cal. 1366, House Bill 5697  
File 666; Cal. 1367, House Bill 5824, File 775; Cal. 1369, House Bill 6180,  
File 1580; Cal. 1371, House Bill 6687, File 1290; Cal. 1372, House Bill 6731  
File 1469; Cal. 1373, House Bill 6842, File 1659; Cal. 1375, House Bill 7031  
File 588; Cal. 1376, House Bill 7237, File 1629; Cal. 1377, House Bill 7493  
File 1623; Cal. 1379, House Bill 7907, File 1446; Cal. 1380, House Bill 7960;  
File 1306; Cal. 1381, House Bill 8093, File 1663; Cal. 1383, House Bill 8170  
File 1621; Cal. 1386, House Bill 9220, File 1635; Cal. 1387, House Bill 9252,  
File 1672; Cal. 1389, House Bill 5154, File 913; Cal. 1390, House Bill 5286,  
File 1271; Cal. 1392, House Bill 5661, File 919; Cal. 1394, House Bill 6380  
File 1386; Cal. 1395, House Bill 6908, File 1442; Cal. 1396, House Bill 6914  
File 1388; Cal. 1397, House Bill 7438, File 890; Cal. 1398, House Bill 7450  
File 1198; Cal. 1399, House Bill 7889, File 1441; Cal. 1296, House Bill 5036  
File 746; Cal. 1297, House Bill 5147, File 1437; Cal. 1298, House Bill 5157  
File 1466; Cal. 1299, House Bill 5216; File 744; Cal. 1300, House Bill 5219  
File 949; Cal. 1301, House Bill 5247, File 1429; Cal. 1303, House Bill 5561  
File 1431; Cal. 1304, House Bill 5577, File 1289; Cal. 1306, House Bill 5754  
File 1554; Cal. 1308, House Bill 5918, File 937; Cal. 1309, House Bill 5953  
File 1445; Cal. 1310, House Bill 5957, File 1563; Cal. 1311, House Bill 5958  
File 1299; Cal. 1312, House Bill 6123, File 1468; Cal. 1313, House Bill 6292  
File 1456; Cal. 1314, House Bill 6376, File 833; Cal. 1315, House Bill 6423  
File 1458; Cal. 1316, House Bill 6470, File 923; Cal. 1317, House Bill 6512  
File 1428; Cal. 1318, House Bill 6525, File 1475; Cal. 1319, House Bill 6547  
File 1266; Cal. 1320, House Bill 6606, File 933; Cal. 1321, House Bill 6837  
File 1353; Cal. 1322, House Bill 6682, File 1352; Cal. 1323, House Bill 6885  
File 1348; Cal. 1324, House Bill 6939, File 1330; Cal. 1325, House Bill 6963