

Legislative History for Connecticut Act

SB 1237	PA 316	1797
<hr/>		
Senate - 3354-3368, 3447-3449, 4352, 4362-4363		(21)
House: 6368-6396		(29)
Fin: 244-245, 277-281, 282-286 326-329, 383-385, 469-473 476-480, 514, 520-521		(32)
		<hr/>
		Total - 82p

Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate
and House of Representatives Proceedings

Connecticut State Library

Compiled 2014

S-412

CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
1997

VOL. 40
PART 10
3192-3550

Page 11, 562.

Page 15, Calendar 207.

Page 15, Calendar 245.

And Page 23, Calendar 374.

THE CLERK:

Calendar Page 5, Calendar 432, File 698,
Substitute for SB1237 An Act Concerning Exemptions and
Exclusions From the Sales and Use Tax. Favorable
Report of the Committee on Finance, Revenue and
Bonding. The Clerk is in possession of amendments.

THE CHAIR:

Senator Looney.

SEN. LOONEY:

Thank you, Madam President. Madam President, I
move acceptance of the Joint Committee's Favorable
Report and passage of the bill.

THE CHAIR:

The question is on passage. Will you remark?

SEN. LOONEY:

Yes, thank you, Madam President. The file copy of
the bill to which a variety of amendments will be
offered provides for an exemption of the sales and use
tax first for services and tangible personal property
incorporated or used or consumed in the operation of
solid waste to energy facilities, goods and services

purchased by the state's tourism districts, and broadcast equipment used by television or radio stations and the first of those is estimated to be a \$150,000 annual item and \$100,000 on the second and \$250,000 on the third.

These are items that had been suggested to the Finance Committee as ways of spurring economic development or providing some greater equity or to avoid, as in the tourism district situation, a situation where the tax was not anticipated to be levied but there was some concern that it may be construed as being applicable when the intent had been not to have it so.

Madam President, at this point, I would yield to Senator Ciotto for purposes of an amendment.

THE CHAIR:

Senator Ciotto, do you accept the yield?

SEN. CIOTTO:

Yes I do. Thank you very much, Madam President.

The Clerk has LC07637 I believe.

THE CLERK:

LC07637 which will be designated Senate Amendment Schedule "A". It is offered by Senator Ciotto of the 9th District.

THE CHAIR:

Senator Ciotto.

SEN. CIOTTO:

Thank you. The amendment exempts any public safety services to a common interest community by a municipality contractor from the sales and use tax.

THE CHAIR:

Would you move adoption.

SEN. CIOTTO:

Pardon?

THE CHAIR:

Would you move adoption.

SEN. CIOTTO:

Move adoption. Yes, Madam President.

THE CHAIR:

The question is on adoption of Senate Amendment "A". Will you remark? Will you remark? If not, I'll try your minds. All those in favor indicate by saying "aye".

ASSEMBLY:

Aye.

THE CHAIR:

Opposed, "nay". Ayes have it. Senate "A" is adopted. Will you remark further on the bill as amended?

SEN. CIOTTO:

Madam President, I believe the Clerk has LC08864 in his presence.

THE CLERK:

LC08864.

SEN. CIOTTO:

8864.

THE CLERK:

Which shall be designated Senate Amendment
Schedule "B". It's offered by Senator Ciotto of the 9th District et al.

THE CHAIR:

Senator Ciotto.

SEN. CIOTTO:

Thank you very much, Madam President. What this bill does, it exempts diesel fuel sold exclusively for use in portable power assistant generators that are larger than 150 kilowatts. Madam President, there's a fiscal report. The amendment will result in an estimated revenue loss of \$3,000 from the motor vehicles fuel tax. And actually what it does, it's a lot of paper saving work for people that have generators of this type. They're used solely for this purpose, not for transportation or moving motor vehicles.

THE CHAIR:

Would you move adoption?

SEN. CIOTTO:

I move adoption. I'm learning, Madam President.

I move adoption of the amendment.

THE CHAIR:

The question is on adoption of Senate "B". Will you remark further? Will you remark further? If not, all those in favor indicate by saying "aye".

ASSEMBLY:

Aye.

THE CHAIR:

Opposed, "nay". Ayes have it. Senate "B" is adopted. Will you remark further on the bill as amended? Senator Looney.

SEN. LOONEY:

Thank you, Madam President. Madam President, this is a bill which contains a variety of generally modest exemptions. At this point I would yield to Senator Peters for purposes of an amendment.

THE CHAIR:

Senator Peters, do you accept the yield?

SEN. PETERS:

Yes, I do. Thank you very much, Madam President. Thank you, Senator Looney. I would ask the Clerk to call LC08854 please.

THE CLERK:

LCO8854 which will be designated Senate Amendment Schedule "C". It's offered by Senator Peters of the 20th District.

THE CHAIR:

Senator Peters.

SEN. PETERS:

Thank you, Madam President. I move the amendment and seek leave to summarize.

THE CHAIR:

The question is on adoption of Senate Amendment "C". Will you remark?

SEN. PETERS:

Thank you, Madam President. What this amendment does is exempt sales of personal property by nonprofit organizations at bazaars, fairs, picnics, and tag sales to the extent of five such events of a day's duration held during any calendar year and the effective date would be June 1st, and I would urge its adoption.

THE CHAIR:

The question is on adoption of Senate Amendment "C". Will you remark further? Senator Cook.

SEN. COOK:

Thank you very much, Madam President. I rise in support of this amendment. It will assist nonprofit

organizations that use the proceeds from such yard sales and other kinds of events that are enumerated here for the purposes that we set forth for their nonprofit purpose and I think that that is reason enough for us to be able to waive the sales tax on such fund raising events.

I wholeheartedly support it and appreciate Senator Peters bringing it out. Thank you.

THE CHAIR:

Thank you, Senator. Will you remark further? Will you remark further? If not, all those in favor indicate by saying "aye".

ASSEMBLY:

Aye.

THE CHAIR:

Opposed, "nay". Ayes have it. Senate "C" is adopted. Will you remark further on the bill? Senator Peters.

SEN. PETERS:

Thank you, Madam President. I would ask the Clerk to call LC09456.

THE CLERK:

LC09456 which will be designated Senate Amendment Schedule "D". It's offered by Senator Peters of the 20th District et al.

THE CHAIR:

Senator Peters.

SEN. PETERS:

Thank you, Madam President. I move adoption of the amendment and seek leave to summarize.

THE CHAIR:

The question is on adoption. Will you remark?

SEN. PETERS:

Thank you, Madam President. What this amendment does is requires the waste to energy facilities to certify to DRS that any savings from not having to pay sales tax on their purchases be reflected in the fees they charge to municipal customers. And I urge its adoption.

THE CHAIR:

The question is on adoption of Senate Amendment "D". Will you remark? Will you remark? If not, all those in favor indicate by saying "aye".

ASSEMBLY:

Aye.

THE CHAIR:

Opposed, "nay". Ayes have it. Senate "D" is adopted.

Will you remark further on the bill as amended?
Will you remark further? Senator Looney.

SEN. LOONEY:

Madam President.

THE CHAIR:

Senator Looney.

SEN. LOONEY:

Yes, thank you. This bill has been enhanced by amendments. I believe there are more to be offered. I would yield to Senator Guglielmo.

THE CHAIR:

Senator Guglielmo, do you accept the yield?

SEN. GUGLIELMO:

Yes, Madam President. Thank you very much. I'd like the Clerk to call LC08594 please.

THE CLERK:

LC08594 which will be designated Senate Amendment Schedule "E". It's offered by Senator Guglielmo of the 35th District.

THE CHAIR:

Senator Guglielmo, the amendment is in your possession.

SEN. GUGLIELMO:

Thank you, Madam President. I move adoption of the amendment and seek leave to summarize.

THE CHAIR:

The question is on adoption. Will you remark?

SEN. GUGLIELMO:

Yes, just briefly. What this does is exempts historical societies who sell small items from the sales tax that's similar to the exemption that we've given the hospital gift shops and most other nonprofits.

The loss of revenue to the State of Connecticut is less than \$100,000. It would relieve a significant burden on the small historical societies which are mostly volunteer and help them to avoid some of the accounting costs and problems.

And I want to thank Senator Looney for allowing me to bring this forward.

THE CHAIR:

Will you remark further on Senate Amendment "E"? Will you remark further? If not, all those in favor indicate by saying "aye".

ASSEMBLY:

Aye.

THE CHAIR:

Opposed, "nay". Ayes have it. Senate "E" is adopted.

Will you remark further on the bill as amended?
Senator Looney.

SEN. LOONEY:

Thank you. This bill gets perfected like a fine jewel with each passing amendment and I would yield to the Majority Leader who I believe has two amendments.

THE CHAIR:

Senator Jepsen.

SEN. JEPSSEN:

Thank you, Madam President. The Clerk will call LCO8418.

THE CLERK:

LCO8418. This will be designated Senate Amendment Schedule "F" offered by Senator Jepsen of the 27th District.

THE CHAIR:

Senator Jepsen.

SEN. JEPSSEN:

Thank you, Madam President. I move adoption and seek leave to summarize.

THE CHAIR:

The question is on adoption. Please remark.

SEN. JEPSSEN:

Thank you, Madam President. This is economic development tool for CDA to allow sales without charging sales tax for companies and would essentially allow them to provide limited economic incentives for companies moving in through not taxing sales tax on

purchases from CDA.

THE CHAIR:

The question is on adoption of Senate Amendment "F". Will you remark further? Will you remark further? If not, all those in favor indicate by saying "aye".

ASSEMBLY:

Aye.

THE CHAIR:

Opposed, "nay". Ayes have it. Senate "F" is adopted. Will you remark further? Senator Jepsen.

SEN. JEPSEN:

Thank you, Madam President. If the Clerk would please call LC06018.

THE CLERK:

LC06018 which will be designated Senate Amendment Schedule "G". It's offered by Senator Jepsen of the 27th District.

THE CHAIR:

Senator Jepsen.

SEN. JEPSEN:

Thank you, Madam President. I move adoption and seek leave to summarize.

THE CHAIR:

The question is on adoption. Will you remark?

SEN. JEPSEN:

I will. This clarifies what we believe is current law which is to make clear that servicing of web sites in worldwide web would be tax exempt.

THE CHAIR:

Will you remark further on Senate Amendment "G"? Will you remark further? If not, I'll try your minds. All those in favor indicate by saying "aye".

ASSEMBLY:

Aye.

THE CHAIR:

Opposed, "nay". Ayes have it. Senate "G" is adopted. Will you remark further on the bill as amended? Senator Looney, do you believe this is a fine tuned bill yet?

SEN. LOONEY:

It is apparently reaching a high level of perfection, Madam President and Senator Smith I believe has an amendment to polish the jewel even more.

THE CHAIR:

Senator Smith.

SEN. SMITH:

Thank you, Madam President. Would the Clerk call LCO8802.

THE CLERK:

LC08802 which will be designated Senate Amendment
Schedule "H". It's offered by Senator Smith of the
14th District.

THE CHAIR:

Senator Smith.

SEN. SMITH:

Thank you, Madam President. I would move adoption
of the amendment and seek leave to summarize.

THE CHAIR:

The question is on adoption. Will you remark?

SEN. SMITH:

Yes, Madam President. This amendment would just
change the exemption right now for off duty police
officers at construction sites expanded to off duty
police officers at any other sits as well and off duty
firefighters. I move its adoption.

THE CHAIR:

The question is on adoption. Will you remark?
Will you remark? If not, I'll try your minds. All
those in favor indicate by saying "aye".

ASSEMBLY:

Aye.

THE CHAIR:

Opposed, "nay". Ayes have it. Senate "H" is
adopted. Will you remark further on this bill as

amended?

SEN. LOONEY:

Madam President.

THE CLERK:

Senator Looney.

SEN. LOONEY:

Thank you, Madam President. Having run through a substantial portion of the alphabet, if there are no further amendments and objections, I would move this item to the Consent Calendar.

THE CHAIR:

Motion is to refer this item to the Consent Calendar. Without objection, so ordered.

THE CLERK:

On Calendar 7, Calendar 494, File 282 and 782, Substitute for HB6944 An Act Concerning the Regulation of Water Supply Wells and Springs, as amended by House Amendment Schedule "B" and "C" and "D". Favorable Report of the Committee on Insurance and Real Estate, Public Health, Planning and Development. When the bill was previously before the Chamber at our last session, LC09428 was called and designated Senate Amendment Schedule "A". It has not yet been adopted.

THE CHAIR:

Senator Bozek.

THE CLERK:

A roll call has been ordered in the Senate on the Second Consent Calendar. Will all Senators please return to the Chamber.

An immediate roll call has been ordered in the Senate on the Second Consent Calendar. Will all Senators please return to the Chamber.

Madam President, the Second Consent Calendar begins on Calendar Page 3. Calendar 212, SB30.

Calendar 261, SB1156.

Calendar Page 4, Calendar 394, Substitute for SB618.

Calendar Page 5, Calendar 432, Substitute for SB1237.

Calendar Page 7, Calendar 494, Substitute for HB6944.

Calendar Page 10, Calendar 547, Substitute for HB6947.

Calendar Page 14, Calendar 191, Substitute for SB1226.

Calendar Page 15, Calendar 221, Substitute for SB957.

Calendar 245, Substitute for SB1007.

Calendar Page 16, Calendar 267, Substitute for SB999.

Calendar Page 20, Calendar 433, Substitute for SB1266.

Calendar Page 25, Calendar 65, Substitute for SB900.

Calendar 104, SB10017. SB 1017

Madam President, that completes the Second Consent Calendar.

THE CHAIR:

Will the Clerk once again announce a roll call vote. The machine will be opened.

THE CLERK:

An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber.

An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber.

THE CHAIR:

If all members have voted, the machine will be locked. The Clerk please take a tally. The Clerk please announce the tally.

THE CLERK:

Motion is on adoption of Consent Calendar Number Two. Total number voting, 35; necessary for adoption 18. Those voting "yea", 35; those voting "nay", 0.

Those absent and not voting, 1.

THE CHAIR:

The Consent Calendar is adopted. Senator Jepsen.

SEN. JEPSEN:

Thank you, Madam President. We had another Go list for tonight, but rather than do that, I think we'll just do a session tomorrow. I was just joking.

(LAUGHTER) Thanks to all of your patience in doing the extra work tonight, we'll have a free weekend and expect to be in here, Senate Democratic Caucus at 10:00 o'clock on Monday morning with the expectation of going into session at noon or shortly thereafter.

THE CHAIR:

Thank you, Senator Jepsen. Senator Williams.

SEN. WILLIAMS:

Thank you, Madam President. There will be a meeting of the Judiciary Committee today, 15 minutes prior to the House session.

THE CHAIR:

Senator Gaffey.

SEN. GAFFEY:

Thank you, Madam President. The Education Committee will meet on Monday, one-half hour before whichever Chamber goes into session first.

THE CHAIR:

5/30 House Passed with House A

PUBLIC HEALTH

SHB NO. 5723 An Act Concerning the Transfer of Certain Land Under the control of the Department of Mental Health and Addiction Services to the Department of Environmental Protection.

5/30 House passed with House A

FINANCE, REVENUE & BONDING

SHB NO. 6771 An Act Concerning a College Savings Program.

5/30 House Passed with House A

INSURANCE AND REAL ESTATE

HB NO. 5874 An Act Concerning Insurance Discrimination Based on the Recreational Activities of Individuals.

5/30 House Passed with House A

GOVERNMENT ADMINISTRATION AND ELECTIONS

SHB NO. 6644 An Act Concerning the Board of

S-415

CONNECTICUT
GEN. ASSEMBLY
SENATE
PROCEEDINGS
1997

VOL. 40

PART 13

JUNE 5

JUNE 18

SPECIAL

SESSIONS

4251-4525

Calendar Page 15, Calendar 363, HB6585.

Calendar 557, Substitute for HB6735.

Calling off of the Agendas, beginning with Agenda
No. 3, HB6711. Substitute for HB6711.

Substitute for HB6735.

Substitute for HB6917.

Substitute for SB1237.

Substitute for SB, correction, just SB1017.

Off Senate Agenda No. 4, HB6652.

Substitute for SB418.

Substitute for SB494.

And Substitute for SB417.

Senate Agenda No. 7, Substitute for HB6707.

Madam President, I believe that completes the
Third Consent Calendar.

THE CHAIR:

Before we vote on that, there are some corrections
and questions, Mr. Clerk on Senate Agenda No. 3. I
believe the House Bill was 6734. Is that correct?

THE CLERK:

Correction. It should be Substitute for HB6734.

THE CHAIR:

Senator Bozek. Please use your microphone, Sir.

SEN. BOZEK:

On Page 8, 598.

THE CLERK:

One additional matter, Madam President, Calendar Page 8, Calendar 598, HB6266.

THE CHAIR:

Thank you, Sir. Are there any other corrections or additions? If not, would the Clerk once again announce a roll call vote. The machine is open.

THE CLERK:

An immediate roll call been ordered in the Senate.
Will all Senators please return to the Chamber.

An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber.

THE CHAIR:

Have all members voted? If so, the machine will be locked. The Clerk please take a tally.

THE CLERK:

On the adoption of Consent Calendar No. 3. Total number voting, 36; necessary for adoption 19. Those voting "yea", 36; those voting "nay", 0. Those absent and not voting, 0.

THE CHAIR:

The Consent Calendar is adopted.

Senator Peters.

SEN. PETERS:

H-775

CONNECTICUT
GEN. ASSEMBLY
HOUSE

PROCEEDINGS
1997

VOL. 40

PART 17

6122-6494

kmr

House of Representatives

Wednesday, June 4, 1997

than the Calendar?

CLERK:

No, just today's calendar.

SPEAKER RITTER:

Let's get it on, Calendar 695 please.

CLERK:

On page twenty-two, Calendar 695, substitute for SB1237. AN ACT CONCERNING EXEMPTIONS AND EXCLUSIONS FROM THE SALES AND USE TAX. As amended by amendment schedules "A", "B", "C", "D", "E", "F", "G", and "H." Favorable report of the Committee on Finance.

SPEAKER RITTER:

The honorable chair of the Finance Committee with a great caboose, Representative Schiessl you have the floor sir.

REP. SCHIESSL: (60th)

Good morning Mr. Speaker.

SPEAKER RITTER:

Good morning sir.

REP. SCHIESSL: (60th)

Thank you, I move acceptance of the Joint Committee's favorable report and passage of the bill.

SPEAKER RITTER:

Motion on acceptance and passage, please proceed.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. This bill is a collection of very minor exemptions and changes to the sales and use statute. Our sales and use tax study commission bill is on the Senate calendar. We're hoping it makes through to the Governor today, but in the mean time we are making some minor changes to the sales and use tax statutes.

Many of which were heard and studied by the Finance Committee, those are contained in the file copy. There are several amendments that were offered on the Senate floor. We are intending to adopt some and reject others. And with that Mr. Speaker, I would ask the Clerk to please call the amendment designated Senate amendment schedule "A" which has an LCO number of LCO 7637.

SPEAKER RITTER:

Clerk has LCO 7637 to be designated previously designated Senate "A" if he may call and Representative Schiessl would like to summarize.

CLERK:

LCO 7637, Senate "A" offered by Senator Ciotto, et al.

SPEAKER RITTER:

Representative.

REP. SCHIESSL: (60th)

kmr

House of Representatives

Wednesday, June 4, 1997

Thank you Mr. Speaker. I move to reject Senate "A."

SPEAKER RITTER:

Questions on rejection of Senate "A" will you remark further?

REP. SCHIESSL: (60th)

Yes, thank you Mr Speaker. Senate "A" exempts any public safety service to a common interest community or condominium by a municipality or a contractor. The revenue loss is indeterminant because it is so significant. And for that reason this is an issue that requires more study. I would urge rejection of Senate "A".

SPEAKER RITTER:

Will you remark further on the rejection?
Representative Belden.

REP. BELDEN: (113th)

Thank you Mr. Speaker. I rise to concur with the distinguished gentleman. It is impossible to determine what the revenue loss would be, except that we know it would be significant. And Mr. Speaker, rather than my rising up and down on all of the various Senate amendment. Let me just say for the benefit of my caucus, that I concur with the, what I assume will be the motions made by Representative Schiessl with regard

kmr

House of Representatives

Wednesday, June 4, 1997

to the Senate amendments. I will not speak unless we have a difference of opinion. So I would concur with the rejection of Senate "A" Mr. Speaker.

SPEAKER RITTER:

Thank you very much Representative Belden. Will you remark further? If not I'll try your minds all in favor signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER RITTER:

Opposed no. House "A" is rejected. Will you remark further on this bill?

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. And I do concur with the comments of my distinguished ranking member, Representative Belden, we have reached a consensus among all the chairs and ranking members of the Finance Revenue and Bonding Committee on these actions. So while we'll be amending and sending this bill back to the Senate, there is an expectation that the bill will in fact be taken up, hopefully by the end of our business today.

Mr. Speaker the Clerk has an amendment, Senate amendment--designated--Senate amendment schedule "B" LCO 8864 I would ask that amendment be called.

kmr

6

House of Representatives

Wednesday, June 4, 1997

SPEAKER RITTER:

Clerk has LCO 8864 designated Senate "B" if you may call Representative Schiessl would like to summarize.

CLERK:

LCO 8864, Senate "B" offered by Senator Ciotto, et al.

SPEAKER RITTER:

Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. I would move rejection of Senate amendment schedule "B".

SPEAKER RITTER:

Questions on rejection of Senate "B" do you want to amplify?

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. This amendment doesn't have anything to with the sales and use tax statute. We adopted it yesterday on a more appropriate vehicle relating the motor vehicle fuels tax, and so for that reason I would urge rejection of Senate amendment schedule "B".

SPEAKER RITTER:

Will you remark further on the rejection of Senate "B"? If not I'll try your minds, all those in favor

kmr

House of Representatives

Wednesday, June 4, 1997

signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER RITTER:

Opposed no, Senate "B" is adopted. Will you
remark further on this bill? Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. The Clerk has an amendment
designated Senate amendment schedule "C" LCO 8854, I
would ask that, that amendment be called.

SPEAKER RITTER:

The Clerk has LCO 8854 designated Senate "C" if
you may call and Representative Schiessl would like to
summarize.

CLERK:

LCO 8854, Senate "C" offered by Senator Peters, et
al.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker, I would move to adopt
Senate amendment schedule "C". The amendment exempts
sales of personal property by nonprofit organizations
at bazaars, fairs, picnics and tag sales to the extent
of five such events of a day's duration held during any
calendar year. It is an issue that is no stranger to
the committee. And it's fiscal impact would be less

kmr

House of Representatives

Wednesday, June 4, 1997

than \$100,000 per fiscal year, I would urge adoption.

SPEAKER RITTER:

Questions on the adoption of Senate "C" will you remark further? If not I'll try your minds.

Representative Belden, I apologize.

REP. BELDEN: (113th)

Mr. Speaker, a point of parliamentary inquiry. I think Senate "B" you might have slipped and indicated that it was accepted. At least that was the, just for the, it was rejected as I understand.

SPEAKER RITTER:

Okay, the Clerk, I can't remember what I said, it was only two minutes ago and I can't remember that far. The Clerk said I said it was rejected.

REP. BELDEN: (113th)

Neither could I Mr. Speaker, one of our members brought it to my attention.

SPEAKER RITTER:

Okay, for the record Senate "B" was rejected. And now we're on the adoption of Senate "C", Representative Prelli.

REP. PRELLI: (63rd)

Thank you Mr. Speaker. Mr. Speaker in lines 24 that it says to the extent of five such events of a day's duration. Is that five per nonprofit, is that

kmr

9

House of Representatives

Wednesday, June 4, 1997

five for the state, is that? I'm sorry, let me, Mr. Speaker, through you to Representative Schiessl. On line 24, it says five such events of a day's duration. For legislative intent is that per nonprofit or is that across the state, what is the number of that? Through you Mr. Speaker.

SPEAKER RITTER:

Representative Schiessl.

REP. SCHIESSL: (60th)

Through you Mr. Speaker, it is for each organization. I believe the way it's drafted they could have one day events or five such one day events during any calendar year. Through you Mr. Speaker.

REP. PRELLI: (63rd)

Thank you Mr. Speaker, I thought it was important just to get the legislative intent. Because if you read it a different way it looks like there could be five across the state, and I was wondering how we were going to decide who got the five.

SPEAKER RITTER:

Representative Belden.

REP. BELDEN: (113th)

Thank you Mr. Speaker. Just a past further clarification of what the gentleman had indicated. It's five one day events or it could be one event of

House of Representatives

Wednesday, June 4, 1997

five days, and I just wanted to make sure that's in the record so that the DRS doesn't have any questions on that later on. A nonprofit is designated in this amendment could hold five one day events, and have it exempt from the sales tax of the sales that are made or it could be one event of up to five days duration or any combination thereof. Thank you Mr. Speaker.

SPEAKER RITTER:

Thank you sir, will you remark further on the adoption of Senate "C"? If not I'll try your minds, all in favor signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER RITTER:

Opposed no. Senate "C" is adopted by Representative Stillman. Will you remark further on this bill? Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. The Clerk has an amendment previously designated Senate amendment schedule "D" LCO 9456, I ask that the amendment be called.

SPEAKER RITTER:

Clerk does have LCO 9456 previously designated Senate "D" if you may call and Representative Schiessl would like to summarize.

House of Representatives

Wednesday, June 4, 1997

CLERK:

LCO 9456, Senate "D" offered by Senator Peters, et
al.

SPEAKER RITTER:

Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. I would urge rejection of Senate amendment schedule "D".

SPEAKER RITTER:

Questions on rejection of Senate "D" will you remark further?

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. This is not an exemption, it is a requirement that waste to energy facilities certify to the Department of Revenue Services that savings on sales tax are passed on to consumers. This is a good thought, unfortunately the Department of Revenue Services has indicated that they have great difficulty trying to look over this issue.

So I think it's an issue more appropriate for study during the interim and perhaps a hearing and proposed legislation in the next session. So at this time I would urge rejection of Senate amendment schedule "D."

SPEAKER RITTER:

House of Representatives

Wednesday, June 4, 1997

Motion on rejection of Senate "D" will you remark further? If not I'll try your minds, all in favor signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER RITTER:

Opposed no, Senate "D" is rejected. Will you remark further? Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. The Clerk has an amendment schedule "E" LCO 8594. I would ask that the amendment be called and I be allowed to summarize.

SPEAKER RITTER:

The Clerk has LCO 8594, designated Senate "E" if you may call and Representative Schiessl would like to summarize.

CLERK:

LCO 8594, Senate "E" offered by Senator Guglielmo.

SPEAKER RITTER:

Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. I would move to adopt Senate amendment schedule "E."

SPEAKER RITTER:

Questions on adoption, will you remark further

kmr

006379
13

House of Representatives

Wednesday, June 4, 1997

sir?

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. Senate amendment schedule "E" exempts the sale of tangible personal property by historical societies by the sales tax. This would have an impact of less than \$100,000 during the fiscal year and according to the office of fiscal analysis it is an issue that we have heard many years in the finance committee, and I believe its time may have come. So I would urge adoption.

SPEAKER RITTER:

I think it has come, but we'll see if it has. All in favor signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER RITTER:

Opposed no. It came by a little bit.
Representative the amendment is adopted.

Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. The Clerk has an amendment previously designated, actually designated Senate amendment schedule "F" LCO 8418. I would ask that the amendment be called and I be given permission to summarize.

kmr

House of Representatives

Wednesday, June 4, 1997

SPEAKER RITTER:

Clerk please call LCO 8418.

CLERK:

LCO 8418, Senate "F" offered by Senator Jepsen.

SPEAKER RITTER:

Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. I would move to adopt Senate amendment schedule "F."

SPEAKER RITTER:

Questions on adoption, will you remark further?

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. This amendment exempts the sale of personal property and services by the Connecticut Development Authority from the sales and use tax. This is an issue which is of great importance to the Department. It allows the CDA to sell or lease personal property without including the sales tax. I would provide the authority with the ability to further assist businesses and provide incentives for location or relocation into the state.

Revenue impact is minimal. I would urge adoption.

SPEAKER RITTER:

Will you remark further on the adoption of the Senate "F"? If not I'll try your minds, all in favor

kmr

House of Representatives

Wednesday, June 4, 1997

signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER RITTER:

Opposed no, Senate "F" is adopted, will you remark further Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. The Clerk has an amendment LCO, previously has as amended Senate amendment Schedule "G" LCO 6018, I ask the amendment be called and I be given permission to summarize.

SPEAKER RITTER:

Clerk has LCO 6018, if you may call and Representative Schiessl will summarize.

CLERK:

LCO 6018, Senate "G", offered by Senator Jepsen,
et al.

SPEAKER RITTER:

Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. I would move to adopt Senate amendment schedule "G."

SPEAKER RITTER:

Questions on adoption will you remark further?

REP. SCHIESSL: (60th)

kmr

House of Representatives

Wednesday, June 4, 1997

Thank you Mr. Speaker. Senate "G" excludes from computer and data processing services subject to the sales tax, services rendered in connection with the World Wide Web. This would preclude a revenue gain, so this is one of those situations where we're not taxing it now, it's a new activity and our expectation is that the revenue we gain we are not going to be experiencing is relatively modest.

Since this is a relatively new technology, and we're hoping that it gains a foot hold, particularly in the lower parts of the state where there are some signs of activity. I would urge adoption of Senate "G."

SPEAKER RITTER:

Questions on adoption, of "G" will you remark? If not I'll try your minds, all in favor signify say aye.

REPRESENTATIVES:

Aye.

SPEAKER RITTER:

Opposed no. Senate "G" is adopted.

Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. The Clerk has an amendment designated Senate amendment schedule "H" LCO 8802, I ask that the amendment be called and I be given permission to summarize.

kmr

17

House of Representatives

Wednesday, June 4, 1997

SPEAKER RITTER:

Clerk has LCO 8802 if you may call and Representative Schiessl will summarize.

CLERK:

LCO 8802, Senate "H" offered by Senator Smith, et al.

SPEAKER RITTER:

Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker, I move to adopt Senate amendment schedule "H."

SPEAKER RITTER:

Questions on adoption, will you remark further?

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. Senate "H" is no stranger to the finance committee. It expands the exemption of services provided by off duty police officers from just limited to construction sites as it is under current law, and adds the services of off duty fire fighters as well. Because there are some instances where these fire fighters are required in this context. So we're just simply expanding modestly on an existing exemption.

And as indicated by the OFA there is a minimal revenue impact expected from this alteration. So I

kmr

18

House of Representatives

Wednesday, June 4, 1997

move adoption.

SPEAKER RITTER:

Questions on adoption, will you remark further?

If not, I'll try your minds. All those in favor

signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER RITTER:

Opposed no, Representative Tulisano carries the

day. The amendment is adopted. Will you remark

further Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. That takes care of those Senate amendments. We'll now move to House amendments.

SPEAKER RITTER:

Get to the good side.

REP. SCHIESSL: (60th)

Mr. Speaker, the Clerk has an amendment, LCO 8319. I ask that the amendment be called and I be given permission to summarize.

SPEAKER RITTER:

The Clerk does have LCO 8319, designated House "A" if you may call Representative Schiessl would like to summarize.

CLERK:

House of Representatives

Wednesday, June 4, 1997

LCO 8319, House "A" offered by RepresentativesSchiessl and Belden.

SPEAKER RITTER:

Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker. This is actually a combination of three bills heard in the Finance Committee, reported favorably by the Finance Committee and are currently sitting on our House calendar. These are very modest changes to the sales and use tax statute. They relate to low and moderate income housing, leased employees--oh, I'm sorry, I misspoke that's not in there.

I includes leased employees, an audit related change regarding oxygen equipment sold to veterinarians and exempting sales, use, storage and replacement parts for aircraft with a certified take off weight of 6,000 pounds or more.

The combination of these three changes is expected to result in a revenue loss of \$102,000. Mr. Speaker at this time I would urge adoption of this amendment.

SPEAKER RITTER:

Questions on the adoption of House "A" will you remark further? If not I'll try your, Representative Mantilla.

kmr

20

House of Representatives

Wednesday, June 4, 1997

REP. MANTILLA: (4th)

Thank you Mr. Speaker. I reluctantly rise in opposition to this amendment. Not because, I think in its entirety it is a bad amendment. However, there is a portion here enclosed which I have been watching which I see has now been added to this amendment, and that is the one that is going to exempt aircraft and aircraft repair parts and services having a maximum certificated take off weight of 6000 pounds or more from sales and use taxes.

The only reason Mr. Speaker, for which I reluctantly rise to oppose certainly this part of the amendment. It's because although the numbers are very small for what the state of Connecticut would lose in money, in my mind it amounts to yet another example of what we call corporate welfare.

Now why would I pick on this particular piece when we vote on so many other taxes that we accept companies from. The reason why I'm very concerned about this one is because I believe that it directly benefits a major employer in the state of Connecticut which is right now involved in a labor dispute which affects many of my constituents where there are a number of janitors--75 to be exact--most of them people of color who have been targeted and have been very recently moved around

kmr

House of Representatives

Wednesday, June 4, 1997

shortly after they voted for a union, were cut in their hours in half. From 40 hours a week to 20 hours a week, and therefore, making them completely ineligible for benefits. For that reason Mr. Speaker, I also want to express the fact that those are not the only changes that they have suffered from. They've also had their wages cut to \$6.00 an hour.

So when we're looking at an entire class of people who work very hard to have their families survive and thrive, \$6.00 an hour for 20 hours a week, is tantamount to throwing them out on the street. And for that reason Mr. Speaker, I have to unfortunately oppose this amendment. Thank you Mr. Speaker.

SPEAKER RITTER:

Thank you madam. Will you remark further, I will try your minds. Representative Simmons.

REP. SIMMONS: (43rd)

I think we're going to say the same thing Mr. Speaker.

SPEAKER RITTER:

Why don't you do it for the both of you.

REP. SIMMONS: (43rd)

Our suits are different today, but our ideas continue to be the same. Thank you Mr. Speaker. Just briefly on the airport tax issue. I think members

kmr

House of Representatives

Wednesday, June 4, 1997

should know that there are substantial businesses in the state that are involved in the maintenance work of aircraft. And these aircraft are brought in from all around the world for maintenance.

These jobs in particular I'm thinking of at the Groton-New London Airport. These activities are responsible for literally hundreds of jobs. The problem is that if we lay heavy taxes on aircraft these jobs literally fly away. They literally fly away, they go to Westerly, Rhode Island which also has an airport, not far away, and they go to Westchester, New York and elsewhere.

And so as I indicated in my remarks on fuel, taxes on vessel fuel, if you tax a moveable item, the moveable item goes away. And with the moveable item going away, the jobs go away. So I don't consider this to be a corporate welfare type of thing. I consider this to be a good business issue and a good jobs issue. Thank you Mr. Speaker.

SPEAKER RITTER:

Thank you sir, let's get on with it.

Representative Samowitz.

REP. SAMOWITZ: (129th)

Thank you Mr. Speaker. I rise in support of keeping this amendment. I think Representative

kmr

006389
23

House of Representatives

Wednesday, June 4, 1997

Mantilla, if she would understand where this may come from, she may have a different point of view. This particular portion of the bill arose out of Commerce Committee. And in that committee we heard testimony that would indicate that if Connecticut would have this type of exemption in the sales tax, just on the repairs and replacements of aircraft as opposed to the manufacturing of aircraft. That there is industries that are now located in Westchester that do repair work on airplanes but would have an interest in moving to the Oxford Airport and maybe other airports throughout the state.

That was the intent of lowering the weight requirement so that these aircrafts can be repaired in this state and industry can grow in this state and it would bring new jobs. And for those reasons I think it was important. And it has nothing to do with those who manufacture aircrafts. And so, I would urge her reconsideration in view of this information. Thank you.

SPEAKER RITTER:

Are we ready to vote? We've got a lot of work to do. All in favor signify by saying aye.

REPRESENTATIVES:

Aye.

kmr

House of Representatives

Wednesday, June 4, 1997

SPEAKER RITTER:

Opposed no. House "A" is adopted, will you remark
further on this bill as amended? If not staff and
guests come to, Representative Powers.

REP. POWERS: (151st)

Very quickly Mr. Speaker. The Clerk has LCO 10220
could he please call and I be allowed to summarize?

SPEAKER RITTER:

Clerk has LCO 10220 he will call and you may
summarize.

CLERK:

LCO 10220, House "B" offered by Representative
Powers.

SPEAKER RITTER:

Representative Powers.

REP. POWERS: (151st)

Through you Mr. Speaker and I will be very brief.
We have a weird system, well one of many weird systems,
in our tax laws that we do not tax newspapers that are
delivered to our door, but we do tax the newspapers
that are small local bodagas and small newspaper
stores, and donut stores and those kinds of places that
have newspapers and they sell newspapers.

The people who sell papers at the railroad
stations go nuts when the trains pull in and they're

kmr

House of Representatives

Wednesday, June 4, 1997

trying to make change. Because as you know it's an odd number, it's six cents on the dollar. Through you Mr. Speaker, this amendment would simply make it match all the way across for all newspaper sales by not taxing the, our little local businesses who have to collect the tax. Through you Mr. Speaker. I move adoption.

SPEAKER RITTER:

Questions on adoption, will you remark further?
Representative Johnston.

REP. JOHNSTON: (51st)

Thank you Mr. Speaker. I rise in support of this amendment. As we know this bill has been put in many years, it is a proposed bill it's made it through the process seemingly toward the end. I know that it's going to be included in the task force study to look at it, but we really do have an inequitable situation where if you get a newspaper by subscription or if you buy it in box literally sitting outside of a convenience store there is no tax on that newspaper.

When you walk inside the store you have to pay that additional, with fifty cents tax three cents. Just as a completely inconsistent tax, I thank the Representative for putting forth this amendment. I think it's a good amendment and I think it clearly ought to pass this house. Through you Mr. Speaker,

House of Representatives

Wednesday, June 4, 1997

would the Representative who offered this amendment have a fiscal note? Through you Mr. Speaker.

SPEAKER RITTER:

Representative Powers.

REP. POWERS: (151st)

Through you Mr. Speaker, it is a revenue loss at the state level approximately \$2.4 million per year.

SPEAKER RITTER:

Representative Johnston you have the floor.

REP. JOHNSTON: (51st)

Through you Mr. Speaker, I thank Representative Powers for that note. And I realize that \$2.4 million is a substantial as we look at the budget, but I still think this is the right thing to do, that we ought not to tax people if they get it through the mail as a subscription, and tax them at the store, and I urge adoption.

SPEAKER RITTER:

Will you remark further? Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you, through you Mr. Speaker, I would urge rejection of House amendment schedule "B." Those of you who heard the fiscal note, it indicates an annualized revenue loss of \$2.4 million dollars. With all the actions taken by the Senate and those contained

kmr

27

House of Representatives

Wednesday, June 4, 1997

in House "A" the entire cost of the bill as currently amended is a revenue loss of \$702,000. That's making 7 or 8 or 9 adjustments in the statutes.

This issue is no stranger to us in the Finance Committee, and we fully intend to explore the inequities with regard to the application of the sales and use tax on the sale of newspapers over the interim and in the next session of the legislature. But this revenue loss far exceeds the intentions of the chairs and ranking members in trying to craft this minor adjustment bill.

And I can assure the proponents of the amendment that not only will we direct our attention to resolving these inequities, but we will also direct our attention in making sure that the revenue losses are modest and appropriate.

So at this time, and believe me at this time, I would urge rejection of House amendment schedule "B" based on the fiscal note. Thank you Mr. Speaker.

SPEAKER RITTER:

Thank you sir, will you remark further? If not
I'll try your minds. All in favor signify by saying
aye.

REPRESENTATIVES:

Aye.

kmr

006394
28

House of Representatives

Wednesday, June 4, 1997

SPEAKER RITTER:

Opposed no.

REPRESENTATIVES:

No.

SPEAKER RITTER:

The amendment fails. Will you remark further on this bill as amended? If not, staff and guests, oh Representative Belden.

REP. BELDEN: (113th)

Thank you Mr. Speaker. Very briefly, the bill before us now as amended has a couple of things in it that will create and keep jobs in Connecticut. It does away with taxing ourselves in a couple of areas. Our own agencies in what they do. And there are a few very insignificant changes that will allow our nonprofit to have their sales without having to add a sales tax to it.

There were of course many other proposals put before us of ways to exempt from the sales tax, such as the newspapers, and a number of others. They are quite costly. One of the Senate amendments was rejected for just that reason. But there was a bill passed earlier with regard to the sales tax exemption study that will occur over the interim, I hope we'll will be able to draft.

House of Representatives

Wednesday, June 4, 1997

Mr. Speaker, this bill before us now is a very conservative, essentially it solves a number of very small problems and I urge adoption.

SPEAKER RITTER:

It sounds like the Finance Committee did its work sir. With that, staff and guests come to the well of the House, the machine will be open.

CLERK:

The House of Representatives is voting by roll call, members to the Chamber. The House is voting by roll call, members to the Chamber please.

SPEAKER RITTER:

We just say to members as they come in and out, if there are times in the day that bills are going quickly the roll call machine will not be kept open very long at certain times, so. And I won't be very sensitive to people coming in asking to vote, after I've asked for the tally, so please, as much as possible try to stay near the Chamber or in the Chamber. The last day is a very different day for people who haven't been here before.

And if you want to make sure you cast your vote and everything, please stay in the Chamber. If all members have voted, the machine will be locked. Clerk please take and announce the tally.

kmr

House of Representatives

Wednesday, June 4, 1997

CLERK:

Senate Bill 1237 as amended by Senate schedules
"C", "E", "F", "G" and "H" and House amendment "A".

Total Number Voting	140
Necessary for Passage	71
Those voting Yea	140
Those voting Nay	0
Those absent and not voting	11

SPEAKER RITTER:

Bill passes. Clerk please call Calendar 433.

CLERK:

Page eight, Calendar 433, substitute for HB6734.

AN ACT POSTPONING THE REQUIREMENT OF A VISION SCREENING FOR MOTOR VEHICLE OPERATORS. Favorable report of the Committee on Appropriations.

SPEAKER RITTER:

The honorable chair of the Transportation Committee, Representative Cocco.

REP. COCCO: (127th)

Thank you Mr. Speaker. Mr. Speaker, I move acceptance of the Joint Committee's favorable report and passage of the bill.

SPEAKER RITTER:

Motion on acceptance and passage, please proceed madam.

JOINT
STANDING
COMMITTEE
HEARINGS

FINANCE,
REVENUE
AND
BONDING
PART 1
1-382

1997
INDEX

DOMINIC BUONOCORE: Good morning Senator Mooney, Looney, sorry. Representative Schiessl, and members of the Finance, Revenue and Bonding Committee. My name is Dominic Buonocore, I'm the First Selectman in the Town of Branford, and a member of the Bristol Resource Recovery Facility operating committee.

This operating committee was created as a public agency by special state statutes, and now helps fourteen towns and cities in Connecticut concerned with the environmental and cost effective disposal of municipal solid waste.

This operating committee represents approximately ten percent of the state's population. I'm testifying today in favor of SB1237, AN ACT CONCERNING EXEMPTIONS AND EXCLUSIONS FROM THE SALES AND USE TAX.

The operations of the Waste To Energy facility in Bristol, is controlled by a service agreement between the members of the committee, like Branford, and a private company, Ogden Martin Systems of Bristol, Inc., known as Ogden.

Under the terms of this service agreement, any sales and use tax paid by Ogden, in order to operate and administer the facility is a pass through cost to our group, and its member municipalities.

In effect, municipalities have been paying sales tax for goods and services. We are looking forward to working with the Finance, Revenue and Bonding Committee to fix this costly problem. Annually the fourteen towns and cities that comprise our group pay for \$150,000 of sales and use tax.

Section 5 of Raised Bill SB1237, would exempt these fourteen towns and cities from paying taxes on services or tangible personal properties incorporated into use or other consumed at the solid waste to energy facility.

Language adopted by Connecticut General Assembly in 1995, Section 12-412, Subsection 88, effectively provided this sales and use tax exemption for every

other waste to energy project operating in the state at that particular time.

On behalf of our group, and its 300,000 plus citizens, I would encourage you to act favorably on this legislation. Section 5, of Raised Bill SB1237, will provide relief to the fourteen member communities from what is already a costly service, and provide these towns and cities with a sales and use tax exemption that is currently provided to over 100 municipalities.

And all we're asking for is a level playing field. And I thank you for the opportunity to make the presentation. Any questions?

REP. SCHIESSL: Thank you, First Selectman Buonocore. Are there questions for this esteemed local official? Oh boy they're letting you off the hook. I thank you for your testimony. It's nice to see you again sir. How are biotech companies doing down there?

DOMINIC BUONOCORE: Doing great.

REP. SCHIESSL: Great, glad to hear it. Our next listed speaker is Barbara Petitjean from OPM, followed by Representative Jim Amann.

BARBARA PETITJEAN: Good morning Senator Looney, Representative Schiessl, and members of the committee. My name is Barbara Petitjean, I'm under secretary for intergovernmental policy at the Office of Policy and Management, and I'm before you this morning to speak on two bills, SB1234, and HB6950.

SB1234, is a technical bill which makes changes to eliminate obsolete grant programs and designated funds, and to provide some clean up for the Pequot grant statute. The amendment is based on changes recommended by the auditors of public account.

And in my testimony before you, I've provided a section by section description of the programs, and designated funds that are being repealed by the statute, and would be very happy to answer any

REP. O'NEILL: Okay, thank you.

REP. SCHIESSL: Thank you. Further questions of the Commissioner? Seeing none, I thank you for your testimony.

COMM. GENE GAVIN: Thank you very much.

REP. SCHIESSL: And the questions from the committee. We'll move now to the public portion of the hearing. Hope Etheridge, followed by Harry Shook.

HOPE ETHERIDGE: Mr. Chairman, members of the committee of Finance, Revenue and Bonding, my name is Hope Etheridge. I'm from WSSB-TV3, and I'm here representing the Connecticut Broadcasters Association, in expectation of your restoring the state sales tax exemption on the industry's equipment and components used in the production and transmission of our programming.

Broadcasters of Connecticut play a vital role in this state's economy, and in its future. It is important that Connecticut Broadcasters be able to compete with all of the new communication technologies that are rapidly coming into play.

New Jersey realized the importance of media equity, and inequity, when Governor Whitman signed a tax exemption law. Governor Whitman signed a tax exemption law last year and said that this law will give commercial broadcasters a similar exemption to the one already provided to their counterparts in the print media, and will help them purchase state-of-the-art equipment that they need to stay competitive.

Our neighbor and commonwealth of Massachusetts adopted a similar statute in 1995 so that it too would remain competitive in the market place. Connecticut broadcasters were once exempt from the state sales tax on equipment and components used in the production and transmission of programming.

But during a previous administration, that exemption was taken away. However, publishers and commercial printers in Connecticut continue to

enjoy that very same exemption. The original tax exemption was in PA82-444 in 1982, SB648, AN ACT PROVIDING EXEMPTION FROM SALES TAX FOR MATERIALS AND EQUIPMENT USED BY BROADCASTERS TO PRODUCE FINISHED PROGRAMS.

By adopting Section 4, Subsection 44a of Raised Bill SB1237, you'll restore the sales tax exemption to this industry. The CBA board of directors, and its members ask that the proposed amendment be adopted to place the Connecticut...

(gap in tape 1b - 2a)

HOPE ETHERIDGE: ...vision industry in the sales, same sales tax classification as the print media, and other advertising publications. Thank you.

REP. SCHIESSL: Thank you. Questions? Representative Robert T. Keeley, from the City of Bridgeport.

REP. KEELEY: Thank you Mr. Chair. Good afternoon, thank you for your testimony. Do you have any idea how much the state would be losing in tax receipts if we were to adopt your amendment?

HOPE ETHERIDGE: The CBA did a survey of its member stations, and have an estimate based on just one year's worth of capital expenditures by those members. If the, survey needs to be expanded to look at a multi-year sampling. But based on a one-year sampling, the industry spent approximately \$4 million in capital purchase, which at six percent would be about \$240,000 a year.

REP. KEELEY: Okay, \$240,000 a year?

HOPE ETHERIDGE: Based on the survey that was done. It's an estimate, yes.

REP. KEELEY: Do you propose a sunset, or do you think that we should just allow this to happen forever?

HOPE ETHERIDGE: I think the sales tax exemption should be in place, and just stay there to help keep the industry competitive.

REP. KEELEY: Really?

HOPE ETHERIDGE: Absolutely. We have to invest more and more in new technology to be competitive. And the sales tax exemption would certainly be a big help there.

REP. KEELEY: Would you, I'm not trying to put you on the spot okay. I just walked in. I'm the Chairman of Human Services, and on the other side of the ledger we, we're cutting people off their benefits. We're putting twenty-one month time limitations on, and six month time limitations on. And we're cutting back in welfare in this state.

However, in this committee, I call it corporate welfare. I think what we're doing is, running wild year after year, after year after year, with tax abatements, tax incentives, breaks in the tax code, and there's no real comprehensive tax planning, tax policy going on in this state.

And when I try to find out how much we're to lose, you're very up front. Because you came down with six percent of \$4 million is \$240,000. I can't find in our corporate community, others who are as up front as you to let us know how much they are benefitting financially, monetarily, year after year after year.

Many of whom don't want sunset provisions, and in the aggregate I think we lose. I think, I think we should hold our corporate world to the same standards as we're holding our less fortunate people.

And at some point in time, and that will direct us to our co-chairman, I think we need to rein in, not that we're to do away with tax abatements and tax incentives, but we should rein in, all the categorical tax abatements that get lobbied very effectively through this particular committee.

And maybe look at a simplification of how best to promote a better business climate so that you wouldn't have to come in here to try to keep up with the print media. And the mutual fund

companies wouldn't have to come in here to keep up with the banks. And those who are in the credit card industry business, it just seems to me that it's a proliferation of dumbness.

And we're very, very smart people, all of us in this room. And it just is not making sense for us to keep giving away the store when on the appropriations side of the budget, we are looking very strongly at every penny.

Once, once you get through this process, we never hear from certain corporations, and businesses, until they're looking for another break into the tax policy of the state. And that's a very strong weakness on our part.

So, and you're very deserving, obviously you need to stay competitive. But we're losing out to North Carolina, the sun belt. We're losing out because whatever we do here in Connecticut, we'll never compete with the south and the southwest.

So maybe we should take a real hard look at the fallacies of DRS and economic development in this state, and our own fallacies legislatively, and take the onus off of you to try to keep up with the Jones's because we're not keeping up with the Jones's. So that's my editorial. Thank you.

HOPE ETHERIDGE: If I may respond, sir. When we look at the competitive technology that we're facing, many of your Connecticut broadcast industries aren't moving. We're in the state, we're not going to move. So we need to stay competitive amongst our selves and the new technology that's emerging.

That's going to come into the state. And as you get more competitive, it's not just keeping up with the latest technology, but it's also bottom line competitive. And if you can stay competitive from a capital investment standpoint in your plant, you know, perhaps that's a thought that is offset, sales tax loss by the state, thereby extending that exemption might be offset by some of the pressure being taken off the operational competitiveness so that you don't have to go through downsizing.

Maybe even you expand your operations.

REP. KEELEY: Just, Mr. Chairman, one last...

REP. SCHIESSL: You have the floor.

REP. KEELEY: Thank you Mr. Chairman. No, I appreciate where you're going. I mean I'm not trying to put you on the spot. But in most cases government, I mean business comes to us and says, get off our backs.

Get off our backs and let us work in the free market. Except when it comes to money. Then they come running to us. And I own a business. But I can't afford to hire an effective lobbyist to get me through the legislature.

It would be a conflict of interest in my business anyway. I think we need to make a determination as to, if we're going to stay involved with our private business, then we go full blast. Maybe accelerate the decrease in the corporate rate, and certain other few ideas to make us more competitive.

But if business continues to come to say, stay out of us. Don't regulate, let us handle our own way. But then at the same time, they also want money, and forgiveness, and tax abatements. We, it's deregulate the hospitals, regulate the home health care industry, so on and so forth.

We need to come together and do some comprehensive tax policy in this state. And maybe you could join us, because you're a good example of how we, we must make some good decisions, but not hurt our businesses and corporations in the state at the same time. And that's all I have to say. Thank you Mr. Chairman.

REP. SCHIESSL: Thank you Representative. And I should direct your attention to two bills on this agenda of bills that are being heard today that I think take small steps in that direction. HB6959, establishing a sales and use tax study committee. And HB6980, AN ACT CONCERNING REFORM AND

SIMPLIFICATION OF CORPORATION BUSINESS TAX CREDITS, might move us in the direction of sanity as regards our use of, and enactment of tax credits and deductions in Connecticut law. And that's my editorial comment for the day. Further questions for Miss Etheridge, who's been kind enough to sit through all this. Representative Art O'Neill.

REP. O'NEILL: How many companies are members, how many companies are members of your organization?

HOPE ETHERIDGE: I don't have that figure with me sir.

REP. O'NEILL: Well, do you have a...

HOPE ETHERIDGE: But it's comprised of all of your major network broadcasters, and several radio stations within the state, of which there are, I believe, over a hundred.

REP. O'NEILL: Okay, and the \$240,000 would be spread out over a hundred or more companies that would be involved?

HOPE ETHERIDGE: I do not know how many of the members participated in the survey. But certainly based on that number, the biggest broadcasters of the members did participate. So, I would say that the bulk of that sales tax revenue is coming from the television side. And the bulk of that would be from your network affiliates.

REP. O'NEILL: Well, so you'd be looking at Channel 3, Channel 8, Channel 30, I know, Channel 61 I guess is a Fox network.

HOPE ETHERIDGE: And then all of your radio stations.

REP. O'NEILL: And I assume, gives results of Channel 20, and there's Channel 59, and I don't know if there are some other smaller people out there. So at least five or six rate television stations, and then quite a few radio stations.

And the other question I have is, are these come to your knowledge, are these companies profitable insofar as they have to pay a corporate income

taxes to the federal government?

HOPE ETHERIDGE: Television stations, the network affiliates are profitable, it's my understanding. The radio stations, as you know, there are many, many mergers going in, on in that industry right now. And there are many radio stations that are being gobbled up by bigger and bigger owners. And it's going to make it very, very difficult for the small independent radio stations to stay in business. They just won't be able to compete.

REP. O'NEILL: But what's going to make it more difficult for them to stay in business?

HOPE ETHERIDGE: Well, as your radio stations merge into larger and larger groups, the small independent radio station is not going to have the capital, and the expertise that your larger owners will have to stay competitive. And if their advertisers departed, that they're just going to go under eventually, if they don't get merged into somebody else.

REP. O'NEILL: Okay but that, what you're talking about though is, is an economic trend towards consolidation in the industry. That doesn't have anything really to do with the tax policy.

HOPE ETHERIDGE: No, but any relief that the broadcasters can have is certainly going to be a step in the right direction.

REP. O'NEILL: But the big gobble up, the big gobblers are going to benefit just as this tax credit's not going to be just for companies making a, having a certain number of employees, or certain number of watts of power, or you know, small companies. It's going to apply to everybody across the board.

HOPE ETHERIDGE: That's correct.

REP. O'NEILL: Because, I mean obviously if you have a \$240,000 savings total, part of that currently is represented as a tax deduction off of your federal income tax, corporate income tax if you're profitable enough to be able to pay that, or to be

required to pay that. So this would actually probably be a net smaller number. In other words they're going to pay it to the federal government as opposed to paying it to the state government part of that money.

So that, and it's going to be smaller than \$240,000. Am I, is there something missing from my analysis here?

HOPE ETHERIDGE: That sounds correct.

REP. O'NEILL: Okay. The other thing is that when you say competitive, I mean usually we think of it in terms of, if you, you know, we have to come up to a decision. I've got a company that's not in my district but nearby, and some people work there and they say, look you know most of the people in this industry have already moved to Texas and Florida, and California, because they're the climate, both tax and meteorological is better.

And for a lot economically it's better and so on. But if you have a license to have a television station such as WSFB has, you can't pick that up and move that to Texas can you?

HOPE ETHERIDGE: That's correct.

REP. O'NEILL: So you're kind of stuck here. I mean...

HOPE ETHERIDGE: We look at it as a privilege, not being stuck.

REP. O'NEILL: And if, when you're saying competitive now, who are you competing against? I mean when you say competitive, what are you competing for or against, and what do you mean by competitive?

HOPE ETHERIDGE: Well, I'll point out that not all broadcasters in the state are, as you say, stuck in the state because of the like this thing, you have a, you know, a network ESPN network. There's nothing to prevent them from moving out of the state.

REP. O'NEILL: Were they part of your survey, ESPN, with

all their satellite dishes and so forth?

HOPE ETHERIDGE: I do not know, based on confidentiality, who actually participated in that survey.

REP. O'NEILL: But they might have?

HOPE ETHERIDGE: They might have, yes. So there are some businesses within the industry that certainly could move out of state. But most of us are here, and we are competitive amongst ourselves. We're competitive for advertising dollars for all media.

And so, obviously, the more money that we can put into our operating end, you know, the better product we have, the more we can attract those advertising dollars. Not only from our other television and radio stations, but from print media, magazines.

REP. O'NEILL: Okay. So essentially what we're talking about is, somebody like ESPN, or somebody else who's in it for some reason is here located now, or might even contemplate locating here in the communication, who's in the television business but not really licensed to be here, would be somebody who might move or not move based on this.

And the other part of it is that in competition with New York or Massachusetts, when you're competing with WABC in New York versus WFSB in, or I guess whatever the new Channel 8 is, I guess. If they're, somebody's thinking about being on Channel 8 versus thinking about being on, one of the New York stations, this would give Channel 8 a little bit more of a, a few more dollars in their bottom line, is what we're talking about?

HOPE ETHERIDGE: It's a possibility, certainly.

REP. O'NEILL: Okay. Thank you.

REP. SCHIESSL: Thank you Representative O'Neill. Further questions? Seeing none, thank you for your testimony.

HOPE ETHERIDGE: Thank you.

REP. SCHIESSL: Our next listed speaker is Harry Shook, followed by Doug Parker.

HARRY SHOOK: Good morning Representative Schiessl, Senator Looney, members of the committee, I'm Harry Shook, Executive Director of the Connecticut Veterinary Medical Association. And I'm here to speak to you about HB6782, AN ACT CONCERNING THE EXEMPTION FROM SALES TAX FOR SALES OF OXYGEN.

Traditionally, Section 12, 412, Subsection 19, of the revenue statutes simply said that oxygen, blood, and any other items that are necessary for vital life support, would be exempt from taxation. Until 1994, when an auditor went into an oxygen supplier and said, oh you can't, you have to charge tax on oxygen for animals. It applies only to humans.

So, in 1995, we approached the legislature and we had the words, four words, in use in animals or humans. Which seemed to solve the problem until last year when another auditor from DRS went in and said that the oxygen is exempt, but not the container.

And I applied through the auditors group at DRS. And I went through the legal group. And they said because the words of, in humans or animals, does not appear in the last sentence of the statute, that it only applies, the equipment portion only applies to humans.

So we would like to level this playing field off too. I'd be happy to answer any questions you might have.

REP. SCHIESSL: Thank you for your concise and accurate, and kind of embarrassing analysis of this issue to date. Are there questions for Mr. Shook? Seeing none, thank you for your testimony sir.

HARRY SHOOK: Thank you.

REP. SCHIESSL: Doug Parker is our next listed speaker,

REP. LANDINO: Thank you, but I would suggest to you that the price tag that you put on that with the addition of the Q-bridge and other issues that you talked about, is well in excess of a billion dollars.

BOB YARO: I suspect it depends on which option you choose, any of the options, that we really ought to be pursuing on the Q-bridge, yes it's a very large number. If we don't do it, you shut down the potential for growth in the economy.

When you have a state economy that's growing more slowly than all but about two or three states in the country, you know, that it would make sense to look at how you can create that capacity. You may have to spend a few bucks to make a few bucks.

REP. LANDINO: Thank you.

BOB YARO: Thank you.

REP. SCHIESSL: Thank you, further questions? Seeing none, we'll move on to our next speaker. Speaker number six on a list that has now grown to fifty-two, is Billy Ethier of the Home Builders, followed by Don Leavitt and Joe Ercolano.

BILL ETHIER: Thank you Mr. Chairman, members of the committee. My name is Bill Ethier, I'm the Executive Vice President and General Counsel of the Home Builders. And with me is Don Leavitt, we'll go together, who is one of our members.

And we're here to testify on two bills before you today, SB1237, and HB6959. And specifically on SB1237, which is AN ACT CONCERNING EXEMPTIONS AND EXCLUSIONS FROM THE SALES AND USE TAX.

The HB of Connecticut strongly supports the repeal of the seven taxable services on home remodeling. We call them the seven remodeling sins. Those are at lines 125 to 129 of the bill. And we also support repeal of the taxes causing confusion surrounding the services rendered to new construction.

And those appear at lines 377 to 380 of the bill, that's LCO57-34. And I'd like to state before I move on to specific comments about the bill, that we're not just another business group that's looking for another tax break.

As an organization, we supported the income tax. Because we saw that the sales tax was getting way out of hand. We also send now, the home improvement contractors section of our industry, up to a million dollars each and every year to the General Treasury, because of the way the home improvement guarantee fund is structured.

We have a proposal in front of the General Law Committee, and we've talked with the Appropriations Committee, but not taking that money back, but putting that money to better use, keeping it all within DCP.

We also supported a, in the Public Safety Committee, this session, a proposal to add an additional fee to our building permit fees that we pay to municipal departments despite the fact that our building permit fees are far in excess of what it takes to run the cost of most municipal building departments.

And that fee, again, would go to building official education. So we're not always out looking for just tax breaks. But in the issue addressed by bill SB1237, the residential construction industry is faced with the most arcane and difficult sales and use tax rules that are applied to any industry in the state.

CBIA has said as much in their educational courses when they promote education on sales and use tax issues for business groups. And if you look at the DRS guide book, they publish a guide book that is sixty pages long, just to guide the residential construction industry on how to apply the sales and use tax.

A lot of smart people in this room, I would challenge any of you to read this book. I've done it three times. And try to advise a home

improvement contractor on how to charge sales and use taxes. Incredibly arcane law. They're exceedingly difficult for most contractors to account for, and to collect. And repeal of these taxes is both pro-business and pro-consumer.

Another argument supporting repeal of these taxes is that they are virtually impossible for the state to enforce. And that puts legitimate contractors who try to work in imposing and collecting these taxes on their consumers, at a competitive disadvantages with all the illegitimate folks that are out there.

We've provided some written testimony on this bill as well as the other one, and as I said, following me is Don Leavitt, who is faced with these issues every day. And with the Chair's indulgence he'd like to say a few things too.

DON LEAVITT: I'm the tax chairman of the remodeler's council for the Home Builders Association of Hartford County. And also currently serve on the board of directors for the Home Builders Association.

And this tax has plagued us since 1991. It has our members greatly concerned as to how they even, if they're even doing it properly when they file. I'll give you a simple scenario. Many home remodeling jobs involve both new construction, garage or room addition, and work on an existing structure.

It is exceedingly difficult for a contractor to distinguish and allocate it's services as applied to the new construction, largely not non-taxable, and the existing structure, which is taxable. This creates many errors, and opportunity for abuse, placing legitimate contractors that try to comply with the law, at a competitive disadvantage with those who do not charge the tax, or worse, charge it but never pay it over to the state.

This system must be revised so that all industry members are playing on a level field. Thus, we strongly urge the legislature to repeal the sales

and use tax on these seven sins of home remodeling. Furthermore, we talked earlier about how taxes impact on the elderly, the disabled. This is not about taking away a tax. This is about taking away an unfair tax.

Which, in many cases puts an extra burden on people that are living on fixed incomes in this state. Or, people with disabilities who have to add ramps and what not to their homes, and are therefore taxed on these items. Thank you. Any questions, we'd be happy to address them.

SEN. LOONEY: Thank you. Questions from members of the committee? Yes, Representative Beals.

REP. BEALS: Thank you Mr. Chairman. Of the seven deadly sins, if we weren't able to take the tax off all of them, which would you say was the most important?

BILL ETHIER: In our industry, would be siding, roofing, probably painting.

REP. BEALS: I wondered specifically about roofing, in view of the fact that if you don't fix your roof you experience other damage to your house. It seemed as if that's really a necessity, and we traditionally have not put the sales tax on necessities.

BILL ETHIER: Exactly. And with the advent of the lead paint issues, and a lot of the ordinances...

REP. BEALS: True, yes.

BILL ETHIER: That the towns are now going after people for. The siding is a big issue too, because they're using it as a form of abatement, as opposed to scraping and painting.

REP. BEALS: Thank you.

SEN. LOONEY: Thank you Representative Beals. Other members of the committee? If not, thank you gentlemen.

JOINT
STANDING
COMMITTEE
HEARINGS

FINANCE,
REVENUE
AND
BONDING
PART 2
383-784

1997

REP. SCHIESSL: Next speaker, Kip Bergstrom, followed by Tom Swan, and then Joe Brennan.

KIP BERGSTROM: Good afternoon Chairman Schiessl, and Chairman Looney. I admire your endurance. My name is Kip Bergstrom, I'm the Legislative Policy Chair of the Connecticut Economic Development Association, and I'd like to comment on two bills, HN6980, AN ACT CONCERNING REFORM AND SIMPLIFICATION OF CORPORATION BUSINESS TAX CREDITS.

And SB1237, AN ACT CONCERNING EXEMPTIONS AND EXCLUSIONS FROM THE SALES AND USE TAX. If time permits I'll also make a couple of comments on HB6959, the sales tax study committee.

If you're not familiar with the Connecticut Economic Development Association, or CEDAS, we're composed of a hundred front line economic development professionals at the local, regional, and state level.

We're the people that actually recruit and retain businesses using the tax incentives that you create. If there's somebody in your home town that you rely on for advice on economic development issues, it's probably one of our members.

In terms of HB6980, we strongly support this effort to eliminate ineffective business tax credits and replace them with meaningful credits, targeted to human capital investment and fixed capital investment.

The brain power which has been created and attracted by Connecticut's industry clusters is our most precious asset, and one which we must cultivate in order to maintain our competitive advantage.

We believe this bill will reward companies who invest in the training of their workers, and in the tools which will make their workers more productive. And by doing that create the quality jobs that I think all of us are after.

We think this is actually a better way to address

157

kmg FINANCE, REVENUE & BONDING March 18, 1997

the issue of corporate responsibility and quality jobs than some of the bills which are currently before the Labor and Commerce Committees. This bill will also create a significant new incentive tool to attract training intensive companies to Connecticut, which are exactly the ones we want.

We need to be careful not to eliminate all current corporate tax credits. And I think you have done that. I know in the version of the bill last year, it eliminated Section 12-217e, which was the corporate tax credit on the Enterprise Zone Program, which was really the key tool in fifteen or sixteen cities and towns in the state to recruit and retain business.

I believe in this draft that piece is not eliminated, unless the numbering system of the bills has changed. There's a couple of other little cautions. You have to realize that most of the businesses in Connecticut do not pay corporate income tax.

They're closely held companies who expense all their income to the principal, deliberately not to pay state or federal taxes. The individual pays the taxes. So none of these incentives really address that type of company.

And to do, to get to that kind of company you have to, if you want to create an incentive for them to invest in training, you have to do it by some other mechanism. And we have previously submitted to the committee, and I have attached it with the highlights of my testimony, a bill that would address that issue.

And just one last point, and I'll forego my comments on SB1237. There is a question in my mind as to whether the incentives you provided in this new bill are in fact rich enough. The bill that we provided does it a little differently.

We do 100% of incremental training against 50% of incremental tax, and it's discretionary. You ultimately do five percent of training against 100% of all tax, and it's an entitlement. I don't know,

I think our bill is both richer, and more revenue positive. Yours is less of an incentive, but perhaps revenue negative. And I'd just throw out that caution to you. Anyway, I'll stop there.

REP. SCHIESSL: Thank you. Questions, comments from the committee? Seeing none, I appreciate your written testimony Mr. Bergstrom. Thank you for your testimony. Next speaker, Tom Swan of CCAG, followed by Joe Brennan of CBIA.

TOM SWAN: There's a great tandem.

REP. SCHIESSL: Like Schiessl and Nickerson, a match made in heaven.

TOM SWAN: Good afternoon, my name is Tom Swan and I'm the Executive Director of the Connecticut Citizen Action Group. I'm here today in opposition of SB1182, AN ACT CONCERNING THE PHASE DOWN OF THE CORPORATION BUSINESS TAX RATE.

CCAG is shocked and appalled that we are even considering giving tax breaks to irresponsible, large, profitable corporations. How can anyone think that Northeast Utilities deserves a further tax break when they have placed public safety, and the entire economy of the State of Connecticut at risk through their mis-management and intimidation of workers.

How can we even begin to justify another tax break for Aetna, while cutting funds for children's immunizations? This is a large, profitable corporation, that is laying off hundreds of our family members and neighbors.

Spending hundreds of thousands of dollars to defeat basic consumer protections and managed care plans that they have agreed to in other states. And approved a deal that allowed one individual to pocket upwards of a billion dollars and a corporate jet.

This committee should be revisiting the efficacy of the data processing tax cut Aetna received, not awarding them additional cuts. Do we really



HOME BUILDERS ASSOCIATION OF CONNECTICUT, INC.
 609 FARMINGTON AVENUE, SUITE 102, HARTFORD, CONNECTICUT 06105
 860/232-1905 • Fax 860/232-3102
<http://www.constructioncorner.com/hbac>

September 22

March 18, 1997

To: Senator Martin M. Looney, Co-Chairman
 Representative Carl J. Schiessl, Co-Chairman
 Members of the Finance, Revenue and Bonding Committee

From: William H. Ethier, Executive Vice President & General Counsel

Re: Raised Bill No. 1237, AAC Exemptions From The Sales And Use Tax

The HBA of Connecticut is a professional trade association with eight hundred fifty (850) member firms statewide, representing approximately 44,000 employees. Our members are residential and commercial builders, land developers, remodelers, general contractors, subcontractors, suppliers and those businesses and professionals that provide services to this diverse industry. We created and administer the Connecticut Developers Council, a professional forum for real estate developers across the state. Our local chapters in Connecticut have established local Remodelers' Councils that are affiliated with the National Remodelers' Council of the National Association of Home Builders.

The HBA of Connecticut strongly supports the provisions in Raised Bill No. 1237 that repeal 1) the seven taxable services of home remodeling (lines 125 - 129, LCO # 5734) and 2) the taxes causing confusion surrounding services rendered to new construction (lines 377 - 380, LCO # 5734).

The construction industry is faced with the most arcane and difficult sales and use tax rules that are applied to any industry in Connecticut. These taxes are exceedingly difficult for most contractors to account for and collect. The repeal of these taxes is both pro business and pro consumer. They would eliminate much of the fraud and many of the errors that surround sales and use taxes in the construction industry, which arise from their complexity.

With some 30,000 home improvement contractors in the state, only half of which are registered with the Department of Consumer Protection and many of which do not have a sales tax number with the Department of Revenue Services, **it is virtually impossible for the state to enforce the sales and use tax laws in the construction industry.** These taxes force the state to spend resources in a chase the state can never win and their repeal would probably result in a net gain for the state.

Lines 125 - 129 of Raised Bill No. 1237 will eliminate the sales & use tax for the seven taxable services provided by the home improvement contractor industry to owner-occupied residential dwellings (i.e., paving, painting, staining, wallpapering, roofing, siding and exterior sheet metal work). New construction is largely exempt (but see below) and

Finance Committee
Support For Raised Bill No. 1237
March 18, 1997, Page 2

no other remodeling service on residential property is taxable. However, many home remodeling jobs involve both new construction (e.g., a garage or room addition) and work on the existing structure. **It is exceedingly difficult for a contractor to distinguish and allocate its services as applied to the new construction (largely non taxable) and the existing structure (seven services are taxable). This creates many errors and opportunity for abuse, placing legitimate contractors that try to comply with the law at a competitive disadvantage with those who do not charge the tax or, worse, charge it but never pay it over to the state. The system must be revised so that all industry members are playing on a level field.**

Thus, we strongly urge the legislature to repeal the sales and use tax on these seven sins of home remodeling.

Lines 377- 380 will make all services provided to new construction exempt from the sales & use tax. **Most services provided to new construction projects are exempt from the sales and use tax. However, other services are taxable even if provided to new construction.** These taxable services include, but are not limited to, landscaping, carpet cleaning, house washing, locksmith services, maintenance and janitorial services and snow plowing and removal. Confusion exists when, for example, a new home is cleaned prior to a final walk through and transfer of a property to the buyer. How does one allocate the portion of services on which a tax is supposed to be charged? **To clarify this area, all services, without exception, that are provided to a new construction project prior to transfer of the property to the buyer should be exempt from the sales and use tax.**

Thus, we strongly urge the legislature to adopt these changes in the sales and use tax for new construction. Adopting the repeal of both the home improvement and new construction sales and use taxes will further obviate the need for the Department of Revenue Services' 60 page "guidebook" on the sales and use tax for the construction industry.

Finally, we note that there are additional concerns in the sales and use tax area facing the construction industry, such as the use of resale certificates. These more complicated concerns should be left to a task force to study, a task force that would be created by Raised Bill No. 6959, which we also support. However, **there is no reason to delay adoption of the specific repeals of the home improvement and new construction sales and use taxes contained in Raised Bill 1237.**

Thank you for your consideration of these comments on this very important issue.

BOARD OF DIRECTORS
1997

OFFICERS

President
Janet K. Girard, CPC
Retail Executives, Inc.
295 Bic Drive
Milford, CT 06460
Tel: 203-877-9293
Fax: 203-877-9593

1st Vice President
Mitchell Z. Schneir, CPC
Sullivan & Cogliano
408 Highland Ave. Bldg. A Suite 5
Cheshire, CT 06410
Tel: 203-250-2358
Fax: 203-250-6790

Treasurer
Harold Buxbaum, CPC
Buxbaum/Rink Consulting
One Bradley Road, Suite 206
P.O. Box 3989
Woodbridge, CT 06525
Tel: 203-389-5949
Fax: 203-397-0615

Secretary
Beth Schneider, CPC
Hobson Associates
293 Spring Street
Southington, CT 06489
Tel: 860-621-3651
Fax: 860-621-3657

REGIONAL VICE PRESIDENTS

North Central Regional V.P.
Greg Stryker
J. Morrissey & Co.
50 Columbus Blvd.
Hartford, CT 06106
Tel: 860-246-9000
Fax: 860-246-6051

South Central Regional V.P.
Carol McInnis
C.A. McInnis & Associates, Inc.
203 Broad Street, Suite 7
Milford, CT 06460
Tel: 203-876-7110
Fax: 203-783-1230

South West Regional V.P.
Rita Thibault
Landmark Personnel, Inc.
6 Landmark Square
Stamford, CT 06901
Tel: 203-359-5638
Fax: 203-969-2527

COMMITTEE CHAIRPERSONS

Certification
Sharrie Rink, CPC
Buxbaum/Rink Consulting
One Bradley Road, Suite 206
P.O. Box 3988
Woodbridge, CT 06525
Tel: 203-389-5949
Fax: 203-397-0615

Education
Richard Stewart, CPC
RJS Associates
10 Columbus Boulevard
Hartford, CT 06106
Tel: 860-278-5840
Fax: 860-522-8313

Information Technology Chair
Shaun Kelly, CPC
EDP Staffing Services, Inc.
CityPlace, 31st Floor
Hartford, CT 06103
Tel: 860-249-7230
Fax: 860-630-5299

Government Affairs
John Reeve, CPC
RJS Associates
10 Columbus Boulevard
Hartford, CT 06103
Tel: 860-278-5840
Fax: 860-522-8313

Ethics
Jeanette Petroski, CPC
Employment Opportunities
57 North Street
Danbury, CT 06810
Tel: 203-797-2653
Fax: 203-797-2657

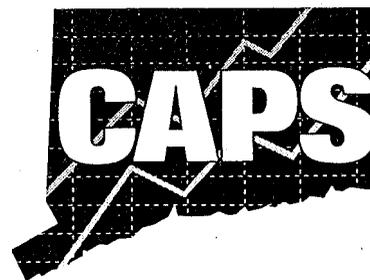
Marketing Services
Peter Fritsch, CPC
Management Search of Hartford, Inc.
50 Founders Plaza, Suite 304
East Hartford, CT 06108
Tel: 860-289-1581
Fax: 860-291-8495

Membership
Michael Salvagno
The Cambridge Group, Ltd.
1175 Post Road East
Westport, CT 06880
Tel: 203-226-4243
Fax: 203-226-3856

Public Information
Debra Metzger, CPC
Resource Solutions
63 Saunders Lane
Ridgely, CT 06877
Tel: 203-438-0259
Fax: 203-438-0398

Vendor Services
Robert Bartone
Advance Synergy, LLC
P.O. Box 584
Cheshire, CT 06410
Tel: 203-272-7725
Fax: 203-272-7739

PAST PRESIDENT
Nancy L. Olson, CPC
NLO Associates
Waverly Professional Park
365 Highland Ave., Suite 101
Cheshire, CT 06410
Tel: 203-250-2355
Fax: 203-250-2361



**Connecticut
Association of
Personnel
Services, Inc.**

TESTIMONY IN SUPPORT OF SENATE BILL 1237, AN ACT CONCERNING EXEMPTIONS AND EXCLUSIONS FROM THE SALES AND USE TAX

Members of the Joint Committee on Finance, Revenue and Bonding, good afternoon. I'm John Reeve, CPC, the Government Affairs Chairperson for the Connecticut Association of Personnel Services.

Section one of S.B. 1237 "An Act Concerning Exemptions and Exclusions from the Sales and Use Tax", if passed, would be beneficial to Connecticut companies and therefore Connecticut.

When a company establishes its annual personnel budget, six percent goes to State taxes on anyone contracted or placed permanently by a personnel agency. If this tax did not exist, companies could employ more people.

According to my information, the only other state that taxes the personnel industry to such an extent is West Virginia. The four or so other states that have a sales tax on the personnel industry are much narrower in their scope of taxation. For instance, on contract placements, Pennsylvania only taxes the profit whereas, in Connecticut, we charge sales tax on profit, FICA, FUTA, SUI and even labor which dramatically inflates cost.

Eliminating this tax would level the playing field for Connecticut personnel agencies nationally and internationally by making our fees more competitive, and more importantly lower hiring costs for Connecticut companies. It would also benefit our candidates, the Connecticut men and women who are looking for employment via our services, by placing them on equal footing with candidates represented by agencies outside of Connecticut.

For more information please contact our lobbyists, Mark Arthur and Amy Snider at (860) 243-3977.

Page 1 of 4
Appendix 4



**BRISTOL RESOURCE RECOVERY FACILITY
 OPERATING COMMITTEE**

43 Enterprise Drive
 Bristol, Connecticut 06010

(860) 585-0419
 (860) 225-9811
 FAX (860) 585-9875

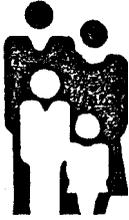
Jonathan S. Bilmes, P.E.
 Executive Director

Testimony of the
Bristol Resource Recovery Facility Operating Committee
to the Finance, Revenue and Bonding Committee
March 18, 1997
Raised Bill No. 1237
An Act Concerning Exemptions and Exclusions From the Sales and Use Tax

Good morning Senator Looney, Representative Schiessl and members of the Finance, Revenue and Bonding. My name is Dominic Buonocore, and I am the First Selectman from Branford, a member of the Bristol Resource Recovery Facility Operating Committee. This operating committee was created as a public agency by special state statute and now helps 14 towns and cities in Connecticut concerned with the environmental and cost-effective disposal of municipal solid waste. This operating committee represents approximately 10% of the State's population. Among other things, the operating committee oversees a regional waste to energy facility in Bristol.

I am testifying today on Raised Bill No. 1237, An Act Concerning Exemptions and Exclusions From the Sales and Use Tax.

The operation of the waste to energy facility in Bristol is controlled by a Service Agreement between the member communities like Branford and a private company, Ogden Martin Systems of Bristol, Inc. (Ogden). Under the terms of this Service Agreement, any Sales and Use Tax paid by Ogden in order to operate and administer the facility is a Pass Through Cost to the BRRFOC and its member municipalities. In effect, municipalities have been paying sales tax for goods and services. We are looking forward to working with the Finance Revenue and Bonding Committee to fix this costly problem.



**BRISTOL RESOURCE RECOVERY FACILITY
OPERATING COMMITTEE**

43 Enterprise Drive
Bristol, Connecticut 06010

(860) 585-0419
(860) 225-9811
FAX (860) 585-9875

Jonathan S. Bilmes, P.E.
Executive Director

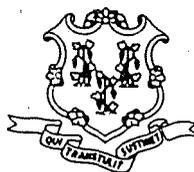
Testimony, March 18, 1997

RB 1237, page two

Finance, Revenue and Bonding Committee

Annually, the 14 towns and cities that comprise the BRRFOC pay about \$150,000 of Sales and Use Tax. Section 5 of Raised Bill No. 1237 would exempt these 14 towns and cities from paying taxes on services or tangible personal property incorporated into, used or otherwise consumed at the solid waste to energy facility. Language adopted by the Connecticut General Assembly in 1995 (Section 12-412, subsection (88)) effectively provided this sales and use tax exemption to every other waste to energy project operating in the state at that time.

On behalf of the BRRFOC and its 300,000 + citizens, I would encourage you to act favorably on this legislation. Section 5 of Raised Bill 1237 will provide relief to the 14 member communities from what is already a costly service and provide these 14 towns and cities with a Sales and Use Tax exemption that is currently provided to over 100 municipalities participating in other waste to energy projects in the State. Thank you for your consideration..



State of Connecticut
HOUSE OF REPRESENTATIVES
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE LEWIS J. WALLACE
ONE HUNDRED NINTH DISTRICT

110 HAYESTOWN ROAD
DANBURY, CONNECTICUT 06811
TELEPHONES
HOME: (203) 791-8240
CAPITOL: (860) 240-8585
TOLL FREE: 1-800-842-8267

March 18, 1997

Senator Martin M. Looney
Representative Carl J. Schiessl
Finance, Revenue and Bonding Committee, Room 3700
Legislative Office Building
Hartford, Connecticut 06106-1591

Dear Senator Looney, Representative Schiessl, and Committee Members:

I ask that you please incorporate language from PHB 5356, AAC the Exemption of Textbooks from Sales Tax; into Committee Bill 1237, AAC Exemption and Exclusions from the Sales and Use Tax. PHB 5356 would exempt textbooks sold at high school and college book stores from the state sales tax.

High school and college students spend hundreds of dollars each semester on required texts, texts necessary for them to continue their education and become learners and earners. Exempting these texts from the state sales tax highlights our goal of being a state that supports education. Exempting these texts from the state sales tax provides direct, targeted, tax relief to these students and parents who are investing in education. Exempting these texts from the state sales tax removes a barrier to the education of the citizens of Connecticut. The Office of Fiscal Analysis estimates that this exemption would reduce state tax revenues by approximately \$3 million annually. I believe that this small revenue reduction would be a major investment in supporting students furthering their education in Connecticut.

Thank you for your consideration of this proposal. Please contact me if I can provide any additional information.

Sincerely,

A handwritten signature in cursive script that reads "Lewis J. Wallace, Jr." with a stylized flourish at the end.

Lewis J. Wallace, Jr.
State Representative

AXE THE TAX ON TEXT BOOK SALES

STATE REPRESENTATIVE LEWIS J. WALLACE, JR.
 (109th DISTRICT, DANBURY)
 PROPOSED HOUSE BILL No. 5356,
 AN ACT CONCERNING THE EXEMPTION OF TEXTBOOKS
 FROM SALES TAX.

(To reduce the cost of education directly to the consumer.)

*Please show your support for this bill by signing below.

NAME (PLEASE PRINT)	ADDRESS	PHONE NUMBER
Scott Fernandez	376 A Ichabod Rd.	(203) 262-1326
THOM ULASZ	63 GRAND ST. Danb.	775-8516
MATT MEYER	59 Blackberry Dr. Brewster NY	(914) 279-9575
Michael Luker	18 Little Fox Run Shelton Ct.	(203) 929-6941
Deirdre McShea	6 Bari Drive Newtown CT	(203) 426-3451
Cate Wright	6 GRASSCUT, Danbury, CT	(203) 837-9926
Allison Moraske	88 Sherwood Pl, Greenwich, CT	(203) 661-4325
Sarah Brinckerhoff	116 Walnut St Naugatuck, CT, 06770	(203) 729-1984
SARA MCGRATH	15 Cowley Ave. Bethel, CT 06801	203-748-2223
Melissa Hattenbach	6 Terrace Pl. Apt. 3 Danbury, Ct. 06810	203-748-3199
Jennifer Cavaleri	Grasso Hall 303, WCSU, Danby.	203-837-9911
Ebonice Carter	Newbury Hall 310, WCSU, Danby.	(203) 837-9738
Douglas Nelson	" Harvest Hill rd, Danby,	(203) 837-9516
SHGLBY LUCZAK	NEWBURY HALL # 422 WCSU	(203) 837-9788
Kym JENSKIY	Newbury Hall 316 WCSU Danby	837-9764
Aderine Islami	3 Biddle Ridge Rd. Danbury, CT 06811	746-4271
Michele Palampro	47 Humbert Rd Danbury Ct	797-1825
Lillian Rember	Newbury Hall 315, WCSU, Danby 06811	837-9762
*Please send to Representative Lewis J. Wallace, Jr. Legislative Office Building, Room 4000 Capitol Avenue Hartford, CT 06106		
Dolores Rodriguez	730 Baldwin St. Wthby Ct.	

AXE THE TAX ON TEXT BOOK SALES

STATE REPRESENTATIVE LEWIS J. WALLACE, JR.
 (109th DISTRICT, DANBURY)
 PROPOSED HOUSE BILL No. 5356,
 AN ACT CONCERNING THE EXEMPTION OF TEXTBOOKS
 FROM SALES TAX.

(To reduce the cost of education directly to the consumer.)

*Please show your support for this bill by signing below.

NAME (PLEASE PRINT)	ADDRESS	PHONE NUMBER
Stacey Zimmerman	76 Fleetwood Ave Bethel	798-7972
Chris Rice	363 Wilbur Rd. East Ridgefield	438-5527
Mike Donnelly	11 Lakecrest Dr Danbury	740-9723
Matthew Demario		206 125
Scott Haeftel	14 Whittsey Bethel	744-3963
Karyn Patasuis	Grosso Hall Km #303	837-9911
Melissa Palmer	24 Highways Ave. Old Greenwich	651-2377
Robin Liberty	8 Grand St. Bethel, CT	748-8491
Cate Unitties	Grosso Hall Danbury, CT	837-9926
MELISSA CYR	13 Lincoln Rd Newtown CT	
Robert Babcock	28 Rose Lane Unit 42 Danbury, CT	792-8425
Jason Smith	18 Woodcreek Rd New Fairfield CT	746-4987
Corrado Azzollin	12 Flora St. NF, CT	746-3569
Michael Bonacci	12 North St Danbury CT	794-9390
Kim Swift	95 Sand Pit Rd Danbury CT	
Chris Olivo	31 Neer Springs Rd Bethel CT	938-3962

*Please send to Representative Lewis J. Wallace, Jr.
 Legislative Office Building, Room 4000
 Capitol Avenue
 Hartford, CT 06106

AXE THE TAX ON TEXT BOOK SALES

STATE REPRESENTATIVE LEWIS J. WALLACE, JR.
(109th DISTRICT, DANBURY)
PROPOSED HOUSE BILL No. 5356,
AN ACT CONCERNING THE EXEMPTION OF TEXTBOOKS
FROM SALES TAX.

(To reduce the cost of education directly to the consumer.)

*Please show your support for this bill by signing below.

NAME (PLEASE PRINT)	ADDRESS	PHONE NUMBER
Keisha Matthews	Fairfield Hall	837-9452
Danielle Havas	Newbury Hall	837-9459
Melanie Hess	3 Cab Spring Dr. New Fairfield CT 06812	746-4610
Jason Prescott	10 John's Rd, Brookfield, CT	775-1472
Sandrine Albuquerque	56 Chestnut St P.O. Box 343 Newtown CT.	792-8502
Lina Taylor		426-7966
Arcon LeVigne	1 Taunton Lk Rd. Newtown Ct. 06470	426-8599
Melissa Thompson	27 Jeremiah Rd Sandy Hook, CT 06482	426-4607
Bryan Raymond	15 Shut Rd, Newtown, CT. 06470	270-9519
Jed Weinstein	P.O. Box 343 Newtown, CT 06470-0343	426-9966

*Please send to Representative Lewis J. Wallace, Jr.
Legislative Office Building, Room 4000
Capitol Avenue
Hartford, CT 06106

AXE THE TAX ON TEXT BOOK SALES

STATE REPRESENTATIVE LEWIS J. WALLACE, JR.
 (109th DISTRICT, DANBURY)
 PROPOSED HOUSE BILL No. 5356,
 AN ACT CONCERNING THE EXEMPTION OF TEXTBOOKS
 FROM SALES TAX.

(To reduce the cost of education directly to the consumer.)

*Please show your support for this bill by signing below.

NAME (PLEASE PRINT)	ADDRESS	PHONE NUMBER
Mary Lou M. Riccio	118 Sugar St Newtown, CT 06470	(203) 426-3786
Diane M. Thompson	27 Jeremiah, Newtown, CT 06482	(203) 426-4607
DAVID WEINSTEIN	229 Bacon Pond Rd #153 WOODBURY, CT	(203) 263-5307
Morgan Tuttle	21 Surrey Drive Brookfield, CT	(203) 775-5898
Kate Kitterman	22 Sherman St. Sandy Hook, Ct.	(203) 426-8332
Joan Suiderski	50 Hilltop Ave Shelton CT	283-9136
Immy Frances Macey	36 Swamp Rd Newtown CT	270 8584
Garrett Crehan	181 Main St. Ridgefield Ct.	431-67
Lon Hubert	7 Fir Dr DANBURY CT	06811
Natacha Joseph	181 White street Danbury CT	06810

*Please send to Representative Lewis J. Wallace, Jr.
 Legislative Office Building, Room 4000
 Capitol Avenue
 Hartford, CT 06106



HOME BUILDERS ASSOCIATION OF CONNECTICUT, INC.
609 FARMINGTON AVENUE, SUITE 102, HARTFORD, CONNECTICUT 06105
860/232-1905 • Fax 860/232-3102
<http://www.constructioncorner.com/hbac>

March 18, 1997

To: Senator Martin M. Looney, Co-Chairman
Representative Carl J. Schiessl, Co-Chairman
Members of the Finance, Revenue and Bonding Committee

From: William H. Ethier, Executive Vice President & General Counsel

Re: Raised Bill No. 6959, An Act Establishing A Sales And Use Tax Study
Committee

The HBA of Connecticut is a professional trade association with eight hundred fifty (850) member firms statewide, representing approximately 44,000 employees. Our members are residential and commercial builders, land developers, remodelers, general contractors, subcontractors, suppliers and those businesses and professionals that provide services to this diverse industry. We created and administer the Connecticut Developers Council, a professional forum for real estate developers across the state. Our local chapters in Connecticut have established local Remodelers' Councils that are affiliated with the National Remodelers' Council of the National Association of Home Builders.

The HBA of Connecticut supports Raised Bill No. 6959 and the establishment of a study committee to review issues related to the sales and use tax. As we stated in our written testimony on Raised Bill No. 1237, also before you today, there are significant issues concerning the sales and use tax as it specifically affects the construction industry in Connecticut. While the construction industry related issues addressed in bill 1237 should be adopted without delay or further study, the study committee should address the more complicated issues surrounding the sales and use tax. We also urge the leadership to appoint a representative of the construction industry to the study committee.

Accordingly, we urge you to vote favorably on Raised Bill No. 6959.

Thank you for your consideration of our views on this important issue.

25

Highlights of Testimony

Christopher L. Bergstrom
Legislative Policy Chair
Connecticut Economic Development Association

Re:

H. B. No. 6980**AN ACT CONCERNING REFORM AND SIMPLIFICATION OF
CORPORATION BUSINESS TAX CREDITS**H. B. No. 1237**AN ACT CONCERNING EXEMPTIONS AND EXCLUSIONS FROM THE
SALES AND USE TAX**Background on CEDAS

- 100 front line economic development professionals at the local, regional and state level
- we recruit and retain businesses using the tax incentives which you create

Comments on H. B. No. 6980

- strongly support this effort to eliminate ineffective business tax credits and replace them with meaningful credits targeted to "human capital investment" and "fixed capital investment"
- the brain power which has been created and attracted by Connecticut's industry clusters is our most precious economic asset; one which must be cultivated in order to maintain our competitive advantage
- this bill will reward companies who invest in the training of their workers and in the tools which will make their workers more productive
- this bill is a better way to address the issue of "corporate responsibility" and "quality jobs" than some of the bills which are currently before the Labor and Commerce Committees
- this bill will also create a significant new incentive tool to attract training-intensive companies to Connecticut

Comment on H. B. No. 6980, cont.

- need to be careful not to eliminate all current corporate tax credits, such as the corporate tax credits in the Enterprise Zone program, which have proven to be very effective tools for business recruitment and retention
- need to complement corporate tax incentives with a training incentive based on payroll taxes for the many closely held companies in Connecticut who do not have corporate income tax exposure (see Attachment A)
- is the proposed incentive rich enough to induce incremental private investment in training?

Comments on H. B. No. 1237

- suggest addition of sales and use tax exemption on personal property purchased by the Connecticut Development Authority and leased to a company (see Attachment B)
- this would give CDA an incentive tool for major recruitment projects identical to that now used by New York's industrial development authorities