Effective Dates of Tax Policy Changes in State Budget

Effective dates for new and updated tax policies in the Democrat Budget for Fiscal Years 2020-2021.
Information provided by the Office of Legislative Research.

Sales and Use Tax Changes

§	Provision	Effective Date
317 & 318	**Motor Vehicle Sales Tax Diversion:** Reduces diversion to the Special Transportation Fund in FYs 20 and 21	July 1, 2019
319-322	**Digital Goods:** Increases sales tax on digital goods from 1% to 6.35%	October 1, 2019, and applicable to sales occurring on or after that date
323 & 324	**Meals:** Increases sales on meals from 6.35% to 7.35%	October 1, 2019, and applicable to sales occurring on or after that date
323 & 324	**Dyed Diesel Fuel:** Decreases sales tax on dyed diesel fuel used for marine purposes from 6.35% to 2.99%	October 1, 2019, and applicable to sales occurring on or after that date
325 & 326	**Parking Services:** Extends sales tax to various motor vehicle parking services	January 1, 2020, and applicable to sales occurring on or after that date
325 & 326	**Dry Cleaning and Laundry:** Extends sales tax to dry cleaning and laundry services, excluding coin-operated services	January 1, 2020, and applicable to sales occurring on or after that date
325 & 326	**Interior Design:** Extends sales tax to interior design services, except business to business services	January 1, 2020, and applicable to sales occurring on or after that date
327 & 328	**Sales Tax Nexus:** Lowers threshold for sales tax economic nexus and broaden its application; lowers sales threshold for "click-through" nexus	July 1, 2019, and applicable to sales occurring on or after that date
329 & 330	**Short-Term Rentals:** Requires short-term rental facilitators to collect and remit occupancy tax on behalf of rental operators	October 1, 2019; conforming change to the definition of retailer is applicable to sales occurring on or after that date
331	**Certified Service Providers (CSP):** Requires the DRS commissioner to (1) develop a list of CSPs to facilitate sales tax collection and remittance, (2) develop a plan to implement the use of CSPs, and (3) report to the Finance Committee on the plan and legislation to implement it	Upon passage
390	**Safety Apparel:** Repeals sales tax exemption on safety apparel	January 1, 2020

Business Tax & Fee Changes

§	Provision	Effective Date
338 & 339	**Business Entity Tax:** Sunsets business entity tax	Upon passage (but applies beginning January 1, 2020)
340	**Capital Base Tax:** Phases out capital base tax over four years: 2.6 mills in 2021, 2.1 mills in 2022, 1.1 mills in 2023, and zero mills beginning in 2024	Upon passage
341-343	**Corporate Surcharge:** Extends corporate surcharge extension to 2019 and 2020 income years	Upon passage; surcharge is applicable to income years beginning on or after January 1, 2019
344-346	**Business Filing Fees:** Increases business filing fees from $20 to $80	July 1, 2019 (but applies beginning July 1, 2020)
349	**Tax Credit Cap:** Reduces from 70% to 50.01% the amount by which a company may reduce its tax liability using R&D & Urban Reinvestment Act (URA) credits	Upon passage, and applicable to income years beginning on or after January 1, 2019
376 & 387	**7/7 Program:** Repeals the 7/7 program	Upon passage and applicable to tax years beginning on or after Jan 1, 2019

Income Tax Changes

§	Provision	Effective Date
332 & 334	**Teacher Pensions:** Delays, by two years, the scheduled increase in the teacher pension income tax exemption from 25% to 50%	Upon passage; teacher pension provision is applicable to tax years beginning on or after January 1, 2019
333 & 334	**Pass-Through Entity Tax Credit:** Reduces the value of the pass-through entity tax credit to 87.5%, rather than 93.01%, of a member's share of taxes paid by the pass-through entity	Upon passage and applicable to taxable and income years beginning on or after January 1, 2019
335	**Property Tax Credit:** Extends, to the 2019 and 2020 tax years, the limits on eligibility for the property tax credit against the personal income tax	Upon passage
335 & 337	**Property Tax Credit for Conveyance Tax Paid:** Allows taxpayers who pay conveyance tax at the new 2.25% rate to calculate their property tax credit against the income tax based on the conveyance tax they paid	Upon passage (but applies to tax years beginning on or after January 1, 2021)
347	**Angel Investor Tax Credit:** Extends the angel investor tax credit program and increases the program caps	July 1, 2019, and applicable to income and tax years beginning on or after January 1, 2019
387	**STEM Tax Credit:** Repeals the tax credit for graduates in STEM fields	Upon passage and applicable to tax years beginning on or after January 1, 2019

Conveyance Tax Changes

§	Provision	Effective Date
335 & 337	***Conveyance Tax for Homes over $2.5 Million:*** Establishes a new marginal conveyance tax rate (2.25%)for sales of residential property in excess of $2.5 million	July 1, 2019 (but applies beginning July 1, 2020)
336	***Crumbling Foundation Exemption:*** Provides a conveyance tax exemption for certain property with crumbling foundations	July 1, 2019

Alcohol and Cigarette Taxes

§	Provision	Effective Date
351	***E-Cigarette Tax:*** Imposes a tax on e-cigarette products at a rate of (1) 40 cents per milliliter for pre-filled e-cigarette products and (2) 10% of the wholesale price for all other e-cigarette products	October 1, 2019, and applicable to sales occurring on or after that date
352 & 353	***Alcohol Tax Increase:*** Increases, by 10%, the excise tax on alcoholic beverages, except beer	October 1, 2019, and applicable to sales occurring on or after that date
352	***Craft Beer Tax Rate Decrease:*** Reduces, by 50%, the tax rate on beer for off-premises consumption that is sold on the premises covered by a manufacturer's permit at 50% the rate otherwise applicable to beer	October 1, 2019, and applicable to sales occurring on or after that date

Provider Taxes

§	Provision	Effective Date
356	***Hospital Tax:*** Eliminates a scheduled reduction in the hospital tax rates on inpatient and outpatient services by maintaining the rates at FY 19 levels but requiring the base year for calculating the tax to be adjusted each biennium; among other things, requires the DSS commissioner to issue refunds if he determines for any fiscal year that the effective hospital tax rate exceeds the rate permitted under federal law	Upon passage
357	***User Fee on Intermediate Care Facilities For Individuals With Intellectual Disabilities:*** Increases the user fee on ICF-IDs from $27.26 to $27.76	Upon passage

Other Tax and Fee Changes

§	Provision	Effective Date
354	***Admissions Tax:*** Reduces the admissions tax rate on certain venues in two steps: from 10% to 7.5% for sales occurring on or after July 1, 2019, and from 7.5% to 5% for sales occurring on or after July 1, 2020; reduces the admissions tax rate on events at Dunkin' Donuts Park in Hartford, from 10% to 5%, beginning July 1, 2019, and fully exempts such events from the tax beginning July 1, 2020	July 1, 2019, and applicable to sales made on or after July 1, 2019
355	***Plastic Bag Fee:*** Imposes a 10-cent fee on single-use plastic bags provided at the point of sale until June 30, 2021, and bans them beginning July 1, 2021	August 1, 2019
360	**Transportation Network Company Fee:** Increases, from 25 cents to 30 cents, the fee on each TNC ride	July 1, 2019
361	***Motor Vehicle Trade-in Fee:*** Increases the motor vehicle trade-in fee from $35 to $100	October 1, 2019, and applicable to transactions occurring on or after that date
368	***Fee Study:*** Requires OPM to study state fees and report recommended at least $50 million in increases by February 5, 2020	Upon passage
385	***Payroll Tax Information Return and Analysis:*** Requires DRS to develop and produce an information return form to collect data necessary to evaluate the implementation of an employer payroll tax beginning January 1, 2021	Upon passage