



# House of Representatives

General Assembly

**File No. 714**

*January Session, 2007*

Substitute House Bill No. 7380

*House of Representatives, May 2, 2007*

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT REPEALING THE SALES AND USE TAX ON MANAGEMENT SERVICES TRAINING AND REQUIRING A STUDY OF THE EFFECT OF REPEALING THE SALES AND USE TAX ON TRUCK PARTS AND REPAIRS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subparagraph (J) of subdivision (37) of subsection (a) of  
2 section 12-407 of the general statutes is repealed and the following is  
3 substituted in lieu thereof (*Effective October 1, 2007*):

4 (J) Business analysis, management, management consulting and  
5 public relations services, excluding (i) any environmental consulting  
6 services, (ii) any training services provided by an institution of higher  
7 education licensed or accredited by the Board of Governors of Higher  
8 Education pursuant to section 10a-34, [and] (iii) on and after January 1,  
9 1994, any business analysis, management, management consulting and  
10 public relations services when such services are rendered in connection  
11 with an aircraft leased or owned by a certificated air carrier or in

12 connection with an aircraft which has a maximum certificated take-off  
13 weight of six thousand pounds or more, and (iv) any training in  
14 management services.

15 Sec. 2. (Effective July 1, 2007) (a) For purposes of this section,  
16 "commercial truck" shall mean a commercial truck, truck tractor,  
17 tractor or semitrailer or vehicle used in combination therewith, as  
18 described in subdivision (70) of section 12-412 of the general statutes.

19 (b) The Commissioner of Revenue Services shall conduct a study of  
20 the effects of repealing the sales and use tax on repairs to, and parts  
21 for, commercial trucks. Such study shall analyze the impact of such tax  
22 on the revenues of the state and on the commercial trucking industry,  
23 and shall consider the advantages and disadvantages, to the state and  
24 to such industry, of repealing such tax.

25 (c) Not later than February 1, 2008, said commissioner shall, in  
26 accordance with the provisions of section 11-4a of the general statutes,  
27 report the results of such study to the joint standing committee of the  
28 General Assembly having cognizance of matters relating to finance,  
29 revenue and bonding.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2007	12-407(a)(37)(J)
Sec. 2	July 1, 2007	New section

**FIN** Joint Favorable Subst.

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Department of Revenue Services	GF - Revenue Loss	2 to 3 million	2 to 3 million

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill is expected to result in a revenue loss from the sales and use tax to the General Fund of between \$2 and \$3 million per year beginning in FY 08.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sHB 7380*****AN ACT REPEALING THE SALES AND USE TAX ON MANAGEMENT SERVICES TRAINING AND REQUIRING A STUDY OF THE EFFECT OF REPEALING THE SALES AND USE TAX ON TRUCK PARTS AND REPAIRS.*****SUMMARY:**

This bill exempts all management services training from the 6% sales and use tax. Under current law, only training services provided by higher education institutions licensed or accredited by the Board of Governors of Higher Education are tax-exempt.

The bill also requires the revenue services commissioner to study the impact of repealing the sales and use tax on commercial truck parts and repairs, including the effect of repeal on state revenue and on the commercial trucking industry and the advantages and disadvantages for the state and the industry. The study applies to commercial trucks, truck tractors, tractors and semitrailers, and vehicles used in combination with them that (1) have gross vehicle weight ratings over 26,000 pounds and (2) are used exclusively to haul interstate freight for one year after being purchased.

The commissioner must report the study's results to the Finance, Revenue and Bonding Committee by February 1, 2008.

EFFECTIVE DATE: October 1, 2007 for the management training services exemption and July 1, 2007 for the study.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 50 Nay 2 (04/16/2007)