



# OLR RESEARCH REPORT

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## SALES AND USE TAX EXEMPTIONS

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You asked for a list of goods and services exempt from the state sales and use tax.

The state imposes sales and use taxes on retail sales of tangible personal property and services. It imposes a 6.35% tax, with some exceptions, on the retail sales of tangible personal property purchased (1) in Connecticut (i.e., sales tax) or (2) outside Connecticut for use here (i.e., use tax). These taxes apply to any item of tangible personal property unless the law expressly exempts it. Table 1 lists the exempted items.

The state similarly imposes a 6.35% tax, with some exceptions, on services provided by companies doing business in the state, regardless of whether they are located here. Unlike the statutes imposing the sales and use tax on tangible personal property, those imposing the tax on services specify the types of services subject to the tax and, within each type, the ones exempted from it. Tables 2 and 3 list the services subject to and exempted from the tax, respectively.

There are exceptions to the 6.35% sales and use tax rate for certain goods and services. The rate is:

1. 7% on certain “luxury” motor vehicles, boats, jewelry, clothing, and footwear;

2. 4.5% on motor vehicles purchased by an active duty U.S. military member stationed in Connecticut;
3. 1% on computer and data processing services;
4. 15% on short-term stays in hotels and lodging houses; and
5. 9.35% on short-term car rentals.

**Table 1: Exemptions for Tangible Personal Property**

<b>EXEMPTION</b>	<b>STATUTORY CITATION</b>
<b>PUBLIC, NONPROFIT, AND CHARITABLE ENTITIES</b>	
Sales to federal, state, and municipal governments (including goods and services used in building the Hartford convention center, Rentschler Field, and Connecticut Center for Science and Exploration)	12-412 (1)
Sales to and by nonprofit charitable hospitals, nursing homes, rest homes, residential care homes	12-412 (5) (A)
Sales by nonprofit organizations on hospital premises	12-412 (5) (B)
Sales to certain acute care, for-profit hospitals	12-412 (5) (C)
Sales of goods and services to and by nonprofit organizations exempt from federal income tax	12-412 (8)
Municipal publications	12-412 (24)
Items sold by public libraries	12-412 (24)
Property sold at auction by a municipality	12-412 (24)
Library support groups book sales	12-412 (24)
Items sold for \$20 or less by charitable organizations and schools to support youth activities	12-412 (26)
Property and services used in developing, rehabilitating, renovating, repairing, and operating low- and moderate-income housing facilities	12-412 (29)
Items and services sold to senior centers	12-412 (35)
Items sold for \$100 or less by gift shops located in nursing, rest, residential care, or convalescent homes and adult day care centers, if the profits benefit patients or users	12-412 (56)
Items and services sold to the University of Connecticut Educational Properties, Inc. for the Connecticut Technology Park	12-412 (84)
Items or services sold to tourism districts	12-412 (93)
Goods sold by nonprofit organizations at five one-day events during a single year	12-412 (94)
Items sold by historical societies	12-412 (98)
<b>CONSUMER GOODS</b>	
Clothing and footwear under \$300 from the third Sunday in August to the following Saturday annually	12-407e
U.S. and Connecticut state flags	12-412 (23)
Rare and antique coins, foreign currency, gold and silver bullion traded according to their value as precious metals and costing more than \$1,000	12-412 (45)
Caskets used for burial or cremation	12-412 (55) (B)

**Table 1 (continued)**

<b>EXEMPTION</b>	<b>STATUTORY CITATION</b>
Firearm safety devices	12-412 (101)
Bicycle helmets	12-412 (102)
Child car seats	12-412 (108)
College textbooks	12-412 (109)
Magazine subscriptions	12-412 (114) (A)
Newspapers	12-412 (B)
Residential weatherization products	12-412k
Compact fluorescent light bulbs	12-412k
<b>FOOD</b>	
Food products, meals, candy, confectionary, and nonalcoholic beverages sold in educational institutions and certain health and care facilities	12-412 (9)
Food products for human consumption	12-412 (13)
Meals sold through vending machines or honor boxes	12-412 (27)
Vending machine sales costing 50 cents or less	12-412 (27)
Home-delivered meals for the elderly, disabled and homebound	12-412 (46)
Items purchased with Food Stamps	12-412 (57)
Vegetable seeds	12-412 (96)
<b>BUSINESS PURCHASES</b>	
(1) Nonreturnable containers and returnable dairy product containers sold empty to those who put contents in them to sell together with the container, (2) containers sold with tax-exempt contents, and (3) returnable containers sold with the contents or resold for refilling	12-412 (14)
Materials, tools, and fuel sold to become part of items sold or used directly in (a) the fishing industry or (b) an industrial plant to make finished products for sale	12-412 (18)
Property used or consumed in waste treatment facilities and air pollution control facilities	12-412 (21) & (22)
Commodities traded on any contract market (e.g. agricultural commodities) and not converted to the purchaser's use	12-412 (30)
Printed material manufactured in Connecticut for out-of-state use	12-412 (31)
Machinery used in the manufacturing production process	12-412 (34)
Commercial fishing vessels and related machinery and equipment	12-412 (40)
Replacement parts for machinery sold to businesses located in enterprise zones	12-412 (43)
Filmed and taped television and radio programs that become component parts of films or tapes that will be broadcast to the public by television or radio or used for accredited medical training	12-412 (44) (A)
Film and video production and sound recording equipment that will become a component part of master tapes, records, or videotapes used for commercial entertainment, advertising, and educational purposes	12-412 (44)(B)
Equipment, including antennas, televisions and radio stations use to broadcast programs	12-412 (44) (C)
Lease or rental of films for display by a theater owner or operator	12-412 (50)

**Table 1 (continued)**

<b>EXEMPTION</b>	<b>STATUTORY CITATION</b>
Property used by funeral homes in burials and cremations (up to \$2,500 exemption per funeral)	12-412 (55) (A)
Items used in agricultural production by a farmer engaged in the business of farming	12-412 (63)
Equipment for producing or cleaning computer discs to maintain climate-controls necessary in the production and cleaning process	12-412 (64)
Molds, dies, patterns, and sand handling equipment bought and sold by metal casting foundries	12-412 (65)
Molds, dies, and patterns sold by pattern shops to metal casting foundries or their customers for use in foundries and items bought by pattern shops in connection with such sales	12-412 (66)
Commercial printing machinery, equipment, tools, materials, and supplies	12-412 (71)
Machinery, equipment, tools, materials, and supplies for producing typesetting, color separation, finished copy and similar products	12-412 (72)
Component parts for manufacturing machinery	12-412 (73)
Materials, tools, fuel, machinery, and equipment bought by an aircraft manufacturer that operates an aircraft manufacturing facility in the state	12-412 (78)
Machinery, equipment, tools, and materials used in optical lens fabrication	12-412 (81)
Machinery, equipment, tools, and machinery used in commercial photographic film and paper processing	12-412 (88)
Machinery, equipment, tools, materials, supplies, and fuel used directly in the biotechnology industry	12-412 (89)
Goods and services bought by a water company used to supply water to at least 50 customers	12-412 (90)
Safety apparel an employee wears at work	12-412 (91)
Items or services used to operate a Connecticut Resources Recovery Authority project	12-412 (92)
Items or services used to operate a solid waste-to-energy facility	12-412 (95)
Freight railroad machinery, equipment, and supplies	12-412 (103)
Calibration services for manufacturing production machinery, equipment, or instrumentation	12-412 104 (A)
Compliance practices and services associated with quality management and quality assurance standards created by the International Organization of Standards	12-412 (B)
Equipment bought by telecommunications or community antenna television companies used to provide high-speed telecommunications, high-speed data transmission,, or broadband internet services	12-412 (112)
Materials, tools, fuel, machinery, and equipment used in a fuel cell manufacturing facility	12-412 (113)
Solar energy electricity generating, water or space heating systems and geothermal resource systems and related equipment and installation services	12-412 (117) (A)
Machinery, equipment, tools, materials, supplies, and fuel used in the renewable and clean energy technology industries	12-412 (117) (B)

**Table 1 (continued)**

<b>EXEMPTION</b>	<b>STATUTORY CITATION</b>
Ice storage cooling systems and related equipment and services related to utility customer billed on time-of-use rates	12-412 (118)
Materials, tools, fuels, machinery, and equipment used in manufacturing that is not otherwise eligible for a sales tax exemption (50% of the gross receipts from such items)	12-412i
<b>MOTOR VEHICLES, AIRCRAFT, AND BOATS</b>	
Flyable aircraft	12-412 (20)
Property tax payments made under motor vehicle leases	12-412 (49)
Motor vehicles and boats purchased by out-of-state residents for registration outside the state	12-412 (60)
Commercial trucks, truck tractors, tractors, and semitrailers, and vehicles used in combination with them, that (a) have gross vehicle weight ratings over 26,000 pounds, and (b) are operated actively and exclusively to carry interstate freight for at least one year after purchase	12-412 (70)
Aircraft repair and replacement parts	12-412 (76)
Commercial motor vehicles and motor buses when, for at least one year after purchase, a minimum of 75% of their revenue comes from out-of-state or interstate trips	12-412 (82) & (83)
Aircraft with a maximum certificated takeoff weight of at least 6,000 pounds	12-412 (99)
<b>UTILITIES</b>	
Gas and electricity for residential use or for direct use in (1) agricultural production, (2) making a finished product for sale and (3) a manufacturing plant	12-412 (3) (A)
Water, steam, and telegraph delivered through mains, lines, pipes, or bottles	12-412 (3) (C)
Electricity (\$150 per month)	12-412 (3) (D)
Gas, water, steam or electricity used in furnishing these utilities to customers through mains, lines, and pipes	12-412 (3) (E)
Materials, tools, and fuel used directly to furnish (1) power to a manufacturing plant or (2) gas, water, steam, and electricity to consumers through mains, lines, or pipes	12-412 (18)
<b>FUEL</b>	
Motor vehicle fuel	12-412 (15)
Heating fuel for residential use or in a building where at least 75% of the fuel is for direct use in (1) agricultural production, (2) making a finished product for sale and (3) a manufacturing plant	12-412 (16)
Fuel used in certain high-occupancy commuter vehicles	12-412 (37)
Aviation fuel used exclusively and directly in experimental product testing	12-412 (59)
Aviation fuel used exclusively for aviation purposes	12-412 (75)
Marine fuel for vessels with displacements greater than 4,000 deadweight tons or primarily engaged in interstate commerce	12-412 (79)
Diesel fuel used exclusively for portable generators larger than 150 kilowatts	12-412 (107)
<b>MEDICAL GOODS AND AIDS FOR THE DISABLED</b>	
Prescription medicine, syringes, and needles	12-412 (4)

**Table 1 (continued)**

<b>EXEMPTION</b>	<b>STATUTORY CITATION</b>
Medical supplies and equipment (e.g., oxygen, blood plasma, prostheses, custom-made wigs and hairpieces, hearing and vision aids)	12-412 (19)
Closed-captioned television equipment used as a reading aid by visually impaired people and its repair and replacement parts	12-412 (19) (C)
Telephone equipment designed exclusively for the deaf or blind	12-412 (38)
Disposable pads for incontinency	12-412 (53)
Diabetes testing supplies and repair and replacement parts	12-412 (54)
Special equipment installed in a motor vehicle for physically disabled people	12-412 (80)
Eligible benefits under Medicare or Medicaid or the federal Civilian Health and Medical Program of the Uniformed Services	12-412 (87)

**Table 2: Taxable Services**

<b>SERVICE</b>	<b>STATUTORY CITATION</b>
<b>AGRICULTURAL</b>	
Landscaping and horticulture services	12-407 (a) (37) (V)
Pet grooming, boarding, and obedience services	12-407 (a) (37) (KK)
<b>BUSINESS</b>	
Credit information and reporting services	12-407 (a) (37) (B)
Employment agencies and agencies providing personnel services	12-407 (a) (37) (C)
Private investigation, protection, patrol work, watchman and armored car services	12-407 (a) (37) (D)
Painting and lettering services	12-407 (a) (37) (E)
Photographic studio services	12-407 (a) (37) (F)
Telephone answering services	12-407 (a) (37) (G)
Stenographic services	12-407 (a) (37) (H)
Business analysis, management, management consulting, and public relations services	12-407 (a) (37) (J)
Piped-in music provided to business or professional establishments	12-407 (a) (37) (K)
Lobbying or consulting services for representing a client's interests in relation to any governmental body	12-407 (a) (37) (R)
Sales agent services for selling tangible personal property	12-407 (a) (37) (S)
Locksmith services	12-407 (a) (37) (T)
Advertising and public relations services, including layout, art direction, graphic design, mechanical preparation, and production supervision	12-407 (a) (37) (U)
Window cleaning services	12-407 (a) (37) (W)
Maintenance services	12-407 (a) (37) (X)
Janitorial services	12-407 (a) (37) (Y)
Exterminating services	12-407 (a) (37) (Z)

**Table 2 (continued)**

<b>SERVICE</b>	<b>STATUTORY CITATION</b>
Business analysis, management, and managing consulting services performed by a business or its affiliate to a limited partnership where the business or affiliate (1) is compensated for the services other than through a share of partnership profits or an annual percentage of partnership capital or assets and (2) offers the services to others, including any other partnerships	12-407 (a) (37) (DD)
<b>COMPUTERS AND ELECTRONICS</b>	
Telecommunications services	12-407 (a) (L)
Computer and data processing services (taxed at 1%)	12-407 (a) (37) (A)
Cable and satellite television services	12-407 (a) (L) (i)
Prepaid telephone calling services	12-407 (a) (O)
Video programming services provided through wireline facilities, a portion of which are located in the public right-of-way, without regard to delivery technology	12-407 (a) (L) (ii)
<b>CONSTRUCTION AND REPAIR</b>	
Property management, repair, and renovation services to industrial, commercial and income-producing real property, including the voluntary evaluation, prevention, treatment, containment or removal of hazardous waste or air, water or soil contaminants	12-407 (a) (37) (I)
Radio and television repair	12-407 (a) (37) (O)
Furniture reupholstering and repair	12-407 (a) (37) (P)
Repair services to electrical or electronic devices, including, air-conditioning and refrigeration equipment	12-407 (a) (37) (Q)
Repair or maintenance services to tangible personal property and maintenance, repair or warranty contracts	12-407 (a) (37) (CC)
<b>MOTOR VEHICLES, AIRCRAFT, AND BOATS</b>	
Flight instruction and chartering services by a certificated air carrier	12-407 (a) (37) (L)
Motor vehicle repairs	12-407 (a) (37) (M)
Motor vehicle towing and road services	12-407 (a) (37) (II)
Non-metered parking in a lot with 30 or more spaces, including valet parking at airports	12-407 (a) (37) (N)
Intrastate transportation services provided by livery services with a driver, including limousines, community cars, and vans	12-407 (a) (37) (FF)
<b>PERSONAL</b>	
Swimming pool cleaning and maintenance services	12-407 (a) (37) (AA)
Miscellaneous personal services (e.g., debt counseling, escort, porter, scalp treatment, tanning salon, and tattoo parlor services)	12-407 (a) (37) (BB)
Health and athletic club services	12-407 (a) (37) (FF)
Yoga instruction provided at a yoga studio	12-407 (a) (37) (FF)
Cosmetic medical procedure services	12-407 (a) (37) (LL)
Manicure, pedicure, and all other nail services, regardless of where performed	12-407 (a) (37) (MM)
Spa services, regardless of where performed	12-407 (a) (37) (NN)
<b>STORAGE</b>	
Motor vehicle storage, including motor homes, campers, and camp trailers	12-407 (a) (37) (GG)

**Table 2 (continued)**

<b>SERVICE</b>	<b>STATUTORY CITATION</b>
Storage or mooring of any noncommercial vessel on land or in the water	12-407 (a) (M)
Storage of personal property by a person in the business of furnishing such space	12-407 (a) (P)
Packing and crating services	12-407 (a) (37) (HH)

**Table 3: Service Exemptions**

<b>SERVICE</b>	<b>STATUTORY CITATION</b>
<b>AGRICULTURAL</b>	
Landscaping, horticulture, window cleaning or maintenance services for people receiving Social Security total disability benefits	12-412 (85)
Pet grooming and boarding services provided as an integral part of professional veterinary services	12-407 (a) (37) (KK)
<b>BUSINESS</b>	
Professional, insurance, and personal service transactions involving sales as inconsequential elements for which no separate charges are made	12-412 (11)
Personnel, management, and research services when both the seller and the recipient are participating in a joint venture for research and new product development	12-412 (58)
Services between parent companies and wholly-owned subsidiaries	12-412 (62)
Services used to develop, build, rehabilitate, renovate, or repair low- and moderate-income housing located in designated areas and allocated certain federal tax credits	12-412 (100)
"Call before you dig" services	12-412 (106)
Boat brokerage services	12-412 (116)
Private investigation, protection, patrol work, watchman, and armored car services performed by off-duty police officers and firefighters	12-407 (a) (37) (D) (i)
Coin and currency protection, patrol, and armored services provided by one financial services company to another	12-407 (a) (37) (D) (ii)
Website creation, development hosting, and maintenance	12-407 (a) (37) (A)
Environmental consulting services to businesses	12-407 (a) (37) (J) (i)
Training services provided by colleges and universities licensed and accredited by the Board of Governors of Higher Education	12-407 (a) (37) (J) (ii)
Business analysis, management, consulting, and public relations services rendered in connection with an aircraft that (a) is leased or owned by a certified commercial air carrier or (b) has a maximum certificated take-off weight of at least 6,000 pounds	12-407 (a) (37) (J) (iii)
Consignment services for someone selling (1) works of art or (2) clothing and footwear	12-407 (a) (37) (S)

**Table 3 (continued)**

<b>SERVICE</b>	<b>STATUTORY CITATION</b>
Advertising services related to the development of media or cooperate direct mail advertising	12-407 (a) (37) (U)
Services by one affiliate to another when participating in a community economic development program established under § 8-240k	12-412 (86)
<b>COMPUTER AND ELECTRONICS</b>	
Internet access services	12-408 (1) (C) (ii)
Certain computer and data processing services rendered under certain specified circumstances and during specified time periods	12-412 (74)
<b>CONSTRUCTION AND REPAIR</b>	
Property management, electrical, plumbing, painting and other maintenance services to (a) owner-occupied residential property containing up to 3 dwelling units and (2) housing facilities for low- and moderate-income families operated by a nonprofit housing organization	12-407 (a) (37) (I)
<b>MEDICAL</b>	
Services used to determine the probable health consequences of consuming or using a product or substance	12-412 (41)
Reconstructive surgery	12-407 (a) (37) (LL)
Patient care services	12-408 (1) (E); 12-411 (1) (E)
<b>MOTOR VEHICLES, AIRCRAFT, AND BOATS</b>	
Motor vehicle driving services performed out-of-state	12-412 (36)
Aircraft repair services	12-412 (77)
Metered parking	12-407 (a) (37) (N)
Non-metered parking in seasonal lots with 30 or more spaces provided by a (1) federal, state or municipal entity; (2) nonprofit charitable hospital, nursing home, rest home, residential care home, or certain acute-care for-profit hospitals; or (3) nonprofit organization exempt from federal income tax	12-407 (a) (37) (N) (i)
Non-metered motor vehicle parking in an employer-operated lot owned or leased for a minimum of 10 years and operated for the exclusive use of its employees	12-407 (a) (37) (N) (ii)
Space in state-owned or operated and municipally-operated railroad parking facilities located in areas not meeting federal Clean Air standards for ozone	12-407 (a) (37) (N) (iii)
Boat repair and maintenance services	12-408 (1) (D); 12-411 (1) (C)
Dry or wet storage or mooring of a boat from November 1 through April 30	12-407 (2) (M)
Intrastate transportation by taxicab, motor bus, ambulance, scheduled public transportation, Medicaid nonemergency medical transportation, paratransit services provided under an agreement with the state or any political subdivision, dial-a-ride services, and services provided in connection with funerals	12-407 (a) (37) (JJ)
<b>PERSONAL</b>	
Massage services by a licensed massage therapist	12-407 (a) (37) (BB) (i)

**Table 3 (continued)**

<b>SERVICE</b>	<b>STATUTORY CITATION</b>
Electrology services by a licensed electrologist	12-407 (a) (37) (BB) (ii)
Health and athletic club services included in fees subject to dues tax	12-407 (a) (37) (FF) (i)
Health and athletic club services provided by a municipally or nonprofit organization	12-407 (a) (37) (FF) (ii)
Shoe repair	12-412 (105)

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