



House of Representatives

General Assembly

File No. 10

February Session, 2016

Substitute House Bill No. 5137

House of Representatives, March 9, 2016

The Committee on Children reported through REP. URBAN of the 43rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT EXEMPTING DISPOSABLE OR REUSABLE DIAPERS FROM THE SALES TAX.

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

1 Section 1. Section 12-412 of the 2016 supplement to the general
2 statutes, as amended by section 196 of public act 14-217, is amended by
3 adding subdivision (122) as follows (*Effective October 1, 2016, and*
4 *applicable to sales occurring on and after said date*):

5 (NEW) (122) Sales of disposable or reusable diapers commonly used
6 by children.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2016, and applicable to sales occurring on and after said date</i>	12-412
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Statement of Legislative Commissioners:

In the introductory language, "2016 supplement to the" was inserted for accuracy.

KID *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$
Department of Revenue Services	GF - Revenue Loss	2.8 million	3.5 million
Department of Revenue Services	TF - Revenue Loss	190,000	330,000
Policy & Mgmt., Off.	MRSA - Revenue Loss	160,000	330,000

Note: GF=General Fund; TF=Transportation Fund; MRSA=Municipal Revenue Sharing Account

Municipal Impact: None

Explanation

The bill results in a revenue loss to the state of \$3.2 million in FY 17 and \$4.2 million annually thereafter by exempting sales of disposable or reusable children’s diapers from the sales and use tax.

The bill would specifically result in a revenue loss of: (1) \$2.8 million in FY 17 and \$3.5 million annually thereafter to the General Fund; (2) \$190,000 in FY 17 and \$330,000 annually thereafter to Special Transportation Fund and; (3) \$160,000 in FY 17 and \$330,000 annually thereafter to the Municipal Revenue Sharing Account.¹

The Out Years

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

¹ PA 15-244, as amended by PA 15-5 JSS and PA 15-1 DSS, requires a monthly transfer of a portion of the sales tax generated into the Municipal Revenue Sharing Account and the Special Transportation Fund. The general sales and use tax rate, from which the diversion occurs, remains at 6.35%.

OLR Bill Analysis

sHB 5137

AN ACT EXEMPTING DISPOSABLE OR REUSABLE DIAPERS FROM THE SALES TAX.

SUMMARY:

This bill exempts the sale of children’s disposable and reusable diapers from the sales and use taxes.

The law already exempts from the sales and use taxes adult diapers and disposable pads used by people who are incontinent (CGS § 12-412 (§ 53)).

EFFECTIVE DATE: October 1, 2016, and applicable to sales occurring on and after that date.

COMMITTEE ACTION

Committee on Children

Joint Favorable

Yea 8 Nay 3 (02/25/2016)