



House of Representatives

General Assembly

File No. 547

February Session, 2022

House Bill No. 5401

House of Representatives, April 20, 2022

The Committee on Finance, Revenue and Bonding reported through REP. SCANLON of the 98th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT EXEMPTING COVID-19 AT-HOME TEST KITS FROM THE SALES AND USE TAXES.

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

1 Section 1. Section 12-412 of the 2022 supplement to the general
2 statutes is amended by adding subdivision (126) as follows (*Effective July*
3 *1, 2022, and applicable to sales occurring on or after July 1, 2022*):

4 (NEW) (126) Sales of and the storage, use or other consumption of
5 COVID-19 at-home test kits. As used in this subdivision, "COVID-19"
6 has the same meaning as provided in section 4a-57e.

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

Section 1	<i>July 1, 2022, and applicable to sales occurring on or after July 1, 2022</i>	12-412
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FIN Joint Favorable

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 23 \$	FY 24 \$
Revenue Serv., Dept.	Various - Revenue Loss	Up to \$2 million	Up to \$2 million

Note: Various=Various

Municipal Impact: None

Explanation

The bill results in an estimated revenue loss of up to \$ 2 million to the state by exempting COVID-19 at-home test kits from the sales and use tax. By fund, the revenue loss is anticipated to be \$1.7 million to the General Fund and \$200,000 each to the Special Transportation Fund and the Municipal Revenue Sharing Account.¹

The annual revenue loss may increase or decrease based upon the status of and the response to COVID-19, including but not limited to potential future surges in cases; testing requirements for work, school, or travel; and availability of free testing.

The Out Years

The annualized ongoing revenue loss identified above will continue into the future subject to the level of demand for at-home test kits.

¹ By statute, 0.5 percentage points of the 6.35% rate (or 7.87% of collections) is deposited into the Special Transportation Fund and Municipal Revenue Sharing Account each. The remaining 5.35% percentage points (or 84.25%) is deposited into the General Fund.

OLR Bill Analysis**HB 5401*****AN ACT EXEMPTING COVID-19 AT-HOME TEST KITS FROM THE SALES AND USE TAXES.*****SUMMARY**

This bill exempts COVID-19 at-home test kits from the sales and use tax. Under current law, these kits are taxable except when sold to a tax-exempt entity (e.g., the state, municipalities, hospitals, or charitable nonprofits).

EFFECTIVE DATE: July 1, 2022, and applicable to sales occurring on or after that date.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 51 Nay 0 (04/06/2022)