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## OLR Bill Analysis

### HB 6925

#### ***AN ACT EXEMPTING CHILDREN'S CLOTHING AND FOOTWEAR, PERSONAL PROTECTIVE EQUIPMENT AND JOB-RELATED AND PERSONNEL TRAINING SERVICES FROM THE SALES AND USE TAXES.***

#### **SUMMARY**

This bill exempts the following goods and services from sales and use tax:

1. children's clothing and footwear, classified as such according to recognized trade standards, for the express and exclusive use of children under age 10;
2. personal protective equipment (i.e., specialized clothing or equipment worn to protect against infectious disease, including protective clothing, shields, and barriers and protective equipment for the eyes, face, head, and extremities); and
3. all job-related or personnel training services, rather than only those provided by a higher education institution.

Under current Department of Revenue Services (DRS) regulations and guidance, job-related personnel training services provided to a company's employees are generally considered taxable business management consulting services when the training provider is hired and paid by the employer (Conn. Agencies Regs., § 12-407(2)(i)(j)-1(f); DRS PS 2000(4)). Current law exempts training provided by higher education institutions, and DRS guidance further specifies that training companies provide to employees that is indirectly related or unrelated to their jobs is exempt. Under the bill, all job-related or personnel training services are exempt from sales and use tax.

EFFECTIVE DATE: July 1, 2023, and applicable to sales occurring on

or after that date.

***Background Related Bill***

sSB 981 (§ 13), favorably reported by the Finance, Revenue and Bonding Committee, contains an identical provision expanding the exemption for job-related personnel training.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 51 Nay 0 (04/19/2023)