



House of Representatives

General Assembly

File No. 714

January Session, 2023

House Bill No. 6925

House of Representatives, May 4, 2023

The Committee on Finance, Revenue and Bonding reported through REP. HORN of the 64th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT EXEMPTING CHILDREN'S CLOTHING AND FOOTWEAR, PERSONAL PROTECTIVE EQUIPMENT AND JOB-RELATED AND PERSONNEL TRAINING SERVICES 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 general statutes is amended by adding
2 subdivisions (127) and (128) as follows (*Effective July 1, 2023, and*
3 *applicable to sales occurring on or after July 1, 2023*):

4 (NEW) (127) Sales of articles of children's clothing and footwear,
5 classified as such in accordance with the recognized standards of the
6 trade, for the express and exclusive use of children who are less than ten
7 years of age.

8 (NEW) (128) Sales of personal protective equipment. As used in this
9 subdivision, "personal protective equipment" means specialized
10 clothing or equipment worn for protection against infectious disease,
11 including, but not limited to, protective equipment for the eyes, face,
12 head and extremities, protective clothing and protective shields and

13 barriers.

14 Sec. 2. Subparagraph (J) of subdivision (37) of section 12-407 of the
15 general statutes is repealed and the following is substituted in lieu
16 thereof (*Effective July 1, 2023, and applicable to sales occurring on or after*
17 *July 1, 2023*):

18 (J) Business analysis, management, management consulting and
19 public relations services, excluding (i) any environmental consulting
20 services, (ii) any job-related or personnel training services, [provided by
21 an institution of higher education licensed or accredited by the Board of
22 Regents for Higher Education or authorized by the Office of Higher
23 Education pursuant to sections 10a-35a and 10a-34, respectively, and] or
24 (iii) on and after January 1, 1994, any business analysis, management,
25 management consulting and public relations services when such
26 services are rendered in connection with an aircraft leased or owned by
27 a certificated air carrier or in connection with an aircraft [which] that has
28 a maximum certificated take-off weight of six thousand pounds or more;

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2023, and applicable to sales occurring on or after July 1, 2023</i>	12-412(127) and (128)
Sec. 2	<i>July 1, 2023, and applicable to sales occurring on or after July 1, 2023</i>	12-407(37)(J)

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 24 \$	FY 25 \$
Revenue Serv., Dept.	Various - Revenue Loss	See Below	See Below

Note: Various=Various

Municipal Impact: None

Explanation

The bill results in a total state revenue loss of \$13.5 million annually by exempting (1) children’s clothing and footwear, (2) personal protective equipment, and (3) personnel training services from the sales and use tax. The table below provides the annual revenue loss by good/service and by fund.¹

Revenue Impact of HB 6925

In Millions

Good/Service	General Fund	Special Transportation Fund	Municipal Revenue Sharing Account	Total
Children's Clothing and Footwear	(6.7)	(0.6)	(0.6)	(8.0)
Personal Protective Equipment	(1.7)	(0.2)	(0.2)	(2.0)
Personnel Training Services	(2.9)	(0.3)	(0.3)	(3.5)
Total Impact	(11.4)	(1.1)	(1.1)	(13.5)

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.

The Out Years

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

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)