

OFFICE OF FISCAL ANALYSIS

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EMERGENCY CERTIFICATION

HB-5501

AN ACT SUSPENDING CERTAIN GAS TAXES AND SALES AND USE TAXES ON CERTAIN CLOTHING AND ALLOCATING FUNDS FOR FREE PUBLIC BUS SERVICES.

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 22 \$ | FY 23 \$ |
|---|------------------------|-------------|----------|
| Department of Revenue Services | TF - Revenue Loss | 90 million | None |
| Department of Revenue Services | GF - Revenue Loss | 2.5 million | None |
| Department of Revenue Services | TF - Revenue Loss | 240,000 | None |
| Department of Revenue Services | MRSF - Revenue Loss | 240,000 | None |
| Consumer Protection, Dept.; Attorney General | GF - None | None | None |
| ARPA | FF - Allocation | 8.1 million | None |

Note: TF=Transportation Fund; GF=General Fund; MRSF=Municipal Revenue Sharing Fund; FF=Federal Funds

Municipal Impact: None

Explanation

The bill results in total revenue loss to the state of \$93 million and in an ARPA allocation of \$8.1 million, all in FY 22. Section-by-section impacts are described below.

Section 1 suspends the 25 cents per gallon gasoline/gasohol tax for the final three months of FY 22, resulting in a one-time revenue loss of \$90 million to the Special Transportation Fund.

Section 1 also requires retail dealers to reduce the per-gallon price of gasoline/gasohol sold in an amount equal to the amount of the reduction in the state tax. The bill makes any violation of this requirement an unfair or deceptive trade practice, subject to regulation by the state Department of Consumer Protection and, ultimately, the Office of the Attorney General. It is anticipated that any additional work required of these state agencies under this provision could be accommodated without requiring additional resources.

Section 2 results in a one-time revenue loss of \$3 million in FY 22 only by permitting a sales tax holiday on clothing and footwear under \$100 for one week in April.

The revenue loss is distributed amongst the following funds: \$2.5 million to the General Fund, \$240,000 to the Special Transportation Fund and \$240,000 to the Municipal Revenue Sharing Account.¹

Section 3 of the bill allocates \$8.1 million of ARPA funds to provide free bus public transportation services.

The Out Years

None

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does 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.

¹ Tax collections generated by the 6.35% general sales tax rate are distributed as follows: 5.35 percentage points (84.25% of collections) to the General Fund and 0.5 percentage points (7.87% of collections) to (1) the Special Transportation Fund and (2) Municipal Revenue Sharing Account each.