



General Assembly

January Session, 2001

Raised Bill No. 1320

LCO No. 4167

Referred to Committee on Energy and Technology

Introduced by:
(ET)

**AN ACT CONCERNING THE EXEMPTION OF SALES TO SMALL
COMMERCIAL BUSINESSES FROM THE ENERGY TAX.**

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

1 Section 12-265 of the general statutes is repealed and the following
2 is substituted in lieu thereof:

3 (a) As used in this section (1) with regard to electric power, "sales
4 for resale" include (A) sales of electric power capacity, (B) power
5 output from such capacity, and (C) all transmission charges in
6 conjunction with such sales on or after May 17, 1982, and (2) "net
7 invoice price" means invoice price less trade discounts.

8 (b) (1) Each company and municipal utility included in section 12-
9 264, other than an electric distribution company, as defined in section
10 16-1, included in subsection (c) of section 12-264, shall be taxed at the
11 rate of five per cent upon the amount of gross earnings in each taxable
12 quarter from operations, except as set forth in subsection (c) or (d) of
13 this section and except that each company and municipal utility
14 manufacturing, selling or distributing gas or electricity to be used for
15 light, heat or power shall be taxed at the rate of four per cent upon the

16 amount of gross earnings in each taxable quarter allocable to
17 residential service, but deduction shall be made of gross earnings (A)
18 from all sales for resale of water, steam, gas and electricity to public
19 service corporations and municipal utilities, whether or not such
20 purchasers are Connecticut public service corporations or Connecticut
21 municipal utilities, and whether or not they are subject to the tax
22 imposed by this chapter, (B) from any federal BTU energy tax included
23 in adjustment clause and base-rate revenues, (C) from sales of
24 appliances using water, steam, gas or electricity by each such company
25 of the net invoice price plus transportation costs of such appliances,
26 (D) of electric and gas companies, as defined in section 16-1, from
27 energy conservation loan programs, (E) from all sales for resale of gas
28 to companies registered pursuant to section 16-258a, and (F) from all
29 sales of natural gas to a user or entity located outside the state.

30 (2) Gross earnings for any taxable quarter, for the purposes of
31 assessment and taxation, shall be as follows: (A) In the case of a
32 company or municipal utility carrying on business or operating
33 entirely within this state, the amount of gross earnings from
34 operations; (B) in the case of a company or municipal utility carrying
35 on business or operations a part of which is outside of this state, (i)
36 such portion of the amount of gross earnings from operations
37 determined under the provisions of section 12-264 as is represented by
38 the ratio of the number of miles of water or steam pipes, gas mains or
39 electric wires operated by such company or municipal utility within
40 this state on the first day and on the last day of the calendar year
41 immediately preceding to the total number of miles of water or steam
42 pipes, gas mains or electric wires operated by such company or
43 municipal utility on said dates; or (ii) in the case of a company
44 required to register pursuant to section 16-258a, such portion of the
45 amount of gross earnings from operations determined under the
46 provisions of section 12-264 as is represented by the ratio of the sales in
47 this state to end users during such quarter to the total sales
48 everywhere to end users during such quarter.

49 (c) The rate of tax on the sale, furnishing or distribution of electricity
50 or natural gas for use directly by a company engaged in a
51 manufacturing production process, in accordance with the Standard
52 Industrial Classification Manual, United States Office of Management
53 and Budget, 1987 edition, classifications 2000 to 3999, inclusive, or
54 Sector 31, 32 or 33 in the North American Industrial Classification
55 System United States manual, United States Office of Management and
56 Budget, 1997 edition, shall be four per cent with respect to calendar
57 quarters commencing on or after January 1, 1994, and prior to January
58 1, 1995, three per cent with respect to calendar quarters commencing
59 on or after January 1, 1995, and prior to January 1, 1996, and two per
60 cent with respect to calendar quarters commencing on or after January
61 1, 1996, and prior to January 1, 1997. The sale, furnishing or
62 distribution of electricity or natural gas for use by a company as
63 provided in this subsection shall not be subject to the provisions of this
64 chapter with respect to calendar quarters commencing on or after
65 January 1, 1997. Not later than thirty days after May 19, 1993, and
66 thirty days after the effective date of each rate decrease provided for in
67 this section, each electric and gas public service company, as defined in
68 section 16-1, which does not have a proposed rate amendment under
69 section 16-19 pending before the Department of Public Utility Control
70 at such time, shall request the department to reopen the proceeding
71 under section 16-19 on the company's most recent rate amendment,
72 solely for the purpose of decreasing the company's rates to reflect the
73 decreases required under this section. The department shall
74 immediately reopen such proceedings, solely for such purpose.

75 (d) The rate of tax on the sale, furnishing or distribution of steam for
76 use by a company, as described in subdivision (2) of subsection (a) of
77 section 12-264, shall be: (1) Four per cent with respect to calendar
78 quarters commencing on or after July 1, 1996, and prior to July 1, 1997;
79 (2) three per cent with respect to calendar quarters commencing on or
80 after July 1, 1997, and prior to July 1, 1998; (3) two per cent with
81 respect to calendar quarters commencing on or after July 1, 1998, and
82 prior to July 1, 1999; and (4) one per cent with respect to calendar

83 quarters commencing on or after July 1, 1999, and prior to July 1, 2000.
84 The sale, furnishing or distribution of steam as provided in this
85 subsection shall not be subject to the provisions of this chapter with
86 respect to calendar quarters commencing on or after July 1, 2000.

87 (e) On and after July 1, 2002, the provisions of this chapter do not
88 apply to sales to small commercial businesses. The Department of
89 Public Utility Control shall adopt regulations, in accordance with the
90 provisions of chapter 54, that define "small commercial businesses" to
91 which this exemption applies.

Statement of Purpose:

To exempt sales to certain small commercial businesses from the energy tax.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]