



General Assembly

February Session, 2004

Raised Bill No. 376

LCO No. 1305

01305_____ET_

Referred to Committee on Energy and Technology

Introduced by:
(ET)

***AN ACT CONCERNING COGENERATION FACILITIES AND THE
MANUFACTURER'S EXEMPTION FROM THE GROSS EARNINGS TAX
ON SALES OF NATURAL GAS.***

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

1 Section 1. Subsection (c) of section 12-265 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (c) (1) The rate of tax on the sale, furnishing or distribution of
5 electricity or natural gas for use directly by a company engaged in a
6 manufacturing production process, in accordance with the Standard
7 Industrial Classification Manual, United States Office of Management
8 and Budget, 1987 edition, classifications 2000 to 3999, inclusive, or
9 Sector 31, 32 or 33 in the North American Industrial Classification
10 System United States Manual, United States Office of Management and
11 Budget, 1997 edition, shall be four per cent with respect to calendar
12 quarters commencing on or after January 1, 1994, and prior to January
13 1, 1995, three per cent with respect to calendar quarters commencing
14 on or after January 1, 1995, and prior to January 1, 1996, and two per
15 cent with respect to calendar quarters commencing on or after January

16 1, 1996, and prior to January 1, 1997. The sale, furnishing or
17 distribution of electricity or natural gas for use by a company as
18 provided in this subsection shall not be subject to the provisions of this
19 chapter with respect to calendar quarters commencing on or after
20 January 1, 1997. Not later than thirty days after May 19, 1993, and
21 thirty days after the effective date of each rate decrease provided for in
22 this section, each electric and gas public service company, as defined in
23 section 16-1, as amended, which does not have a proposed rate
24 amendment under section 16-19 pending before the Department of
25 Public Utility Control at such time, shall request the department to
26 reopen the proceeding under section 16-19 on the company's most
27 recent rate amendment, solely for the purpose of decreasing the
28 company's rates to reflect the decreases required under this section.
29 The department shall immediately reopen such proceedings, solely for
30 such purpose.

31 (2) For purposes of this subsection, natural gas consumed as fuel in
32 the operation of a cogeneration facility providing electricity or steam to
33 a company engaged in a process described in subdivision (1) of this
34 subsection is deemed to be used directly by such company where such
35 cogeneration facility is located entirely on the premises owned or
36 controlled by such company, regardless of whether the cogeneration
37 facility is owned or operated by the company or a third party.

This act shall take effect as follows:	
Section 1	<i>from passage</i>

Statement of Purpose:

To clarify that natural gas consumed by a cogeneration facility operated for the benefit of a company engaged in a manufacturing production process, which cogeneration facility is operated on the site of the manufacturing company, qualifies for an exemption from the gross earnings tax, regardless of whether the cogeneration facility is owned or operated by the company or a third party.

[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.]