



General Assembly

February Session, 2006

**Committee Bill No. 5402**

LCO No. 2194

\*02194HB05402TRA\*

Referred to Committee on Transportation

Introduced by:  
(TRA)

***AN ACT CONCERNING THE PETROLEUM GROSS EARNINGS TAX.***

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

1 Section 1. Subsection (b) of section 12-587 of the 2006 supplement to  
2 the general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective from passage and applicable to taxable years commencing*  
4 *on or after January 1, 2006*):

5 (b) (1) Except as otherwise provided in subdivision (2) of this  
6 subsection, any company which is engaged in the refining or  
7 distribution, or both, of petroleum products and which distributes  
8 such products in this state shall pay a quarterly tax on its gross  
9 earnings derived from the first sale of petroleum products within this  
10 state. Each company shall on or before the last day of the month next  
11 succeeding each quarterly period render to the commissioner a return  
12 on forms prescribed or furnished by the commissioner and signed by  
13 the person performing the duties of treasurer or an authorized agent or  
14 officer, including the amount of gross earnings derived from the first  
15 sale of petroleum products within this state for the quarterly period  
16 and such other facts as the commissioner may require for the purpose  
17 of making any computation required by this chapter. Except as

18 otherwise provided in subdivision (3) of this subsection, the rate of tax  
19 shall be [(A) five per cent with respect to calendar quarters prior to  
20 July 1, 2005; (B) five and eight-tenths per cent with respect to calendar  
21 quarters commencing on or after July 1, 2005, and prior to July 1, 2006;  
22 (C) six and three-tenths per cent with respect to calendar quarters  
23 commencing on or after July 1, 2006, and prior to July 1, 2007; (D)  
24 seven per cent with respect to calendar quarters commencing on or  
25 after July 1, 2007, and prior to July 1, 2008; (E) seven and one-half per  
26 cent with respect to calendar quarters commencing on or after July 1,  
27 2008, and prior to July 1, 2013; and (F) eight and one-tenth per cent  
28 with respect to calendar quarters commencing on or after July 1, 2013]  
29 seven cents per gallon of fuel.

30 (2) Gross earnings derived from the first sale of the following  
31 petroleum products within this state shall be exempt from tax: (A) Any  
32 petroleum products sold for exportation from this state for sale or use  
33 outside this state; (B) the product designated by the American Society  
34 for Testing and Materials as "Specification for Heating Oil D396-69",  
35 commonly known as number 2 heating oil, to be used exclusively for  
36 heating purposes or to be used in a commercial fishing vessel, which  
37 vessel qualifies for an exemption pursuant to section 12-412, as  
38 amended; (C) kerosene, commonly known as number 1 oil, to be used  
39 exclusively for heating purposes, provided delivery is of both number  
40 1 and number 2 oil, and via a truck with a metered delivery ticket to a  
41 residential dwelling or to a centrally metered system serving a group  
42 of residential dwellings; (D) the product identified as propane gas, to  
43 be used exclusively for heating purposes; (E) bunker fuel oil,  
44 intermediate fuel, marine diesel oil and marine gas oil to be used in  
45 any vessel having a displacement exceeding four thousand dead  
46 weight tons; (F) for any first sale occurring prior to July 1, 2008,  
47 propane gas to be used as a fuel for a motor vehicle; (G) for any first  
48 sale occurring on or after July 1, 2002, grade number 6 fuel oil, as  
49 defined in regulations adopted pursuant to section 16a-22c, to be used  
50 exclusively by a company which, in accordance with census data

51 contained in the Standard Industrial Classification Manual, United  
52 States Office of Management and Budget, 1987 edition, is included in  
53 code classifications 2000 to 3999, inclusive, or in Sector 31, 32 or 33 in  
54 the North American Industrial Classification System United States  
55 Manual, United States Office of Management and Budget, 1997 edition;  
56 (H) for any first sale occurring on or after July 1, 2002, number 2  
57 heating oil to be used exclusively in a vessel primarily engaged in  
58 interstate commerce, which vessel qualifies for an exemption under  
59 section 12-412, as amended; (I) for any first sale occurring on or after  
60 July 1, 2000, paraffin or microcrystalline waxes; or (J) for any first sale  
61 occurring prior to July 1, 2008, petroleum products to be used as a fuel  
62 for a fuel cell, as defined in subdivision (113) of section 12-412, as  
63 amended.

64 (3) The rate of tax on gross earnings derived from the first sale of  
65 grade number 6 fuel oil, as defined in regulations adopted pursuant to  
66 section 16a-22c, to be used exclusively by a company which, in  
67 accordance with census data contained in the Standard Industrial  
68 Classification Manual, United States Office of Management and  
69 Budget, 1987 edition, is included in code classifications 2000 to 3999,  
70 inclusive, or in Sector 31, 32 or 33 in the North American Industrial  
71 Classification System United States Manual, United States Office of  
72 Management and Budget, 1997 edition, or number 2 heating oil used  
73 exclusively in a vessel primarily engaged in interstate commerce,  
74 which vessel qualifies for an exemption under section 12-412, as  
75 amended, shall be [ (A) Four per cent with respect to calendar quarters  
76 commencing on or after July 1, 1998, and prior to July 1, 1999; (B) three  
77 per cent with respect to calendar quarters commencing on or after July  
78 1, 1999, and prior to July 1, 2000; (C) two per cent with respect to  
79 calendar quarters commencing on or after July 1, 2000, and prior to  
80 July 1, 2001; and (D) one per cent with respect to calendar quarters  
81 commencing on or after July 1, 2001, and prior to July 1, 2002] seven  
82 cents per gallon of fuel.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2006</i>	12-587(b)

**Statement of Purpose:**

To reduce fuel and energy costs for consumers.

*[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.]*

Co-Sponsors: REP. WILBER, 63rd Dist.; REP. ESPOSITO, 116th Dist.

H.B. 5402