



General Assembly

February Session, 2006

Bill No. 51

LCO No. 777

*00777 _____ *

Referred to Committee on Finance, Revenue and Bonding

Introduced by:

SEN. DELUCA, 32nd Dist.

REP. WARD, 86th Dist.

AN ACT CONCERNING TAX INCENTIVES FOR INDIVIDUALS AND BUSINESSES.

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

1 Section 1. Subsection (b) of section 12-214 of the 2006 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective July 1, 2006, and applicable to income years commencing*
4 *on or after January 1, 2006*):

5 (b) (1) With respect to income years commencing on or after January
6 1, 1989, and prior to January 1, 1992, any company subject to the tax
7 imposed in accordance with subsection (a) of this section shall pay, for
8 each such income year, an additional tax in an amount equal to twenty
9 per cent of the tax calculated under said subsection (a) for such income
10 year, without reduction of the tax so calculated by the amount of any
11 credit against such tax. The additional amount of tax determined
12 under this subsection for any income year shall constitute a part of the
13 tax imposed by the provisions of said subsection (a) and shall become
14 due and be paid, collected and enforced as provided in this chapter.

15 (2) With respect to income years commencing on or after January 1,
16 1992, and prior to January 1, 1993, any company subject to the tax
17 imposed in accordance with subsection (a) of this section shall pay, for
18 each such income year, an additional tax in an amount equal to ten per
19 cent of the tax calculated under said subsection (a) for such income
20 year, without reduction of the tax so calculated by the amount of any
21 credit against such tax. The additional amount of tax determined
22 under this subsection for any income year shall constitute a part of the
23 tax imposed by the provisions of said subsection (a) and shall become
24 due and be paid, collected and enforced as provided in this chapter.

25 (3) With respect to income years commencing on or after January 1,
26 2003, and prior to January 1, 2004, any company subject to the tax
27 imposed in accordance with subsection (a) of this section shall pay, for
28 each such income year, an additional tax in an amount equal to twenty
29 per cent of the tax calculated under said subsection (a) for such income
30 year, without reduction of the tax so calculated by the amount of any
31 credit against such tax. The additional amount of tax determined
32 under this subsection for any income year shall constitute a part of the
33 tax imposed by the provisions of said subsection (a) and shall become
34 due and be paid, collected and enforced as provided in this chapter.

35 (4) With respect to income years commencing on or after January 1,
36 2004, and prior to January 1, 2005, any company subject to the tax
37 imposed in accordance with subsection (a) of this section shall pay, for
38 each such income year, an additional tax in an amount equal to
39 twenty-five per cent of the tax calculated under said subsection (a) for
40 such income year, without reduction of the tax so calculated by the
41 amount of any credit against such tax, except that any company that
42 pays the minimum tax of two hundred fifty dollars under section 12-
43 219, as amended, or 12-223c for such income year shall not be subject
44 to the additional tax imposed by this subdivision. The additional
45 amount of tax determined under this subdivision for any income year
46 shall constitute a part of the tax imposed by the provisions of said
47 subsection (a) and shall become due and be paid, collected and

48 enforced as provided in this chapter.

49 (5) With respect to income years commencing on or after January 1,
50 2006, and prior to January 1, 2007, any company subject to the tax
51 imposed in accordance with subsection (a) of this section shall pay,
52 except when the tax so calculated is equal to two hundred fifty dollars,
53 for each such income year, an additional tax in an amount equal to
54 twenty per cent of the tax calculated under said subsection (a) for such
55 income year, without reduction of the tax so calculated by the amount
56 of any credit against such tax. The additional amount of tax
57 determined under this subsection for any income year shall constitute
58 a part of the tax imposed by the provisions of said subsection (a) and
59 shall become due and be paid, collected and enforced as provided in
60 this chapter.

61 [(6) With respect to income years commencing on or after January 1,
62 2007, and prior to January 1, 2008, any company subject to the tax
63 imposed in accordance with subsection (a) of this section shall pay,
64 except when the tax so calculated is equal to two hundred fifty dollars,
65 for each such income year, an additional tax in an amount equal to
66 fifteen per cent of the tax calculated under said subsection (a) for such
67 income year, without reduction of the tax so calculated by the amount
68 of any credit against such tax. The additional amount of tax
69 determined under this subsection for any income year shall constitute
70 a part of the tax imposed by the provisions of said subsection (a) and
71 shall become due and be paid, collected and enforced as provided in
72 this chapter.]

73 Sec. 2. Subsection (b) of section 12-219 of the 2006 supplement to the
74 general statutes is repealed and the following is substituted in lieu
75 thereof (*Effective July 1, 2006, and applicable to income years commencing*
76 *on or after January 1, 2006*):

77 (b) (1) With respect to income years commencing on or after January
78 1, 1989, and prior to January 1, 1992, the additional tax imposed on any
79 company and calculated in accordance with subsection (a) of this

80 section shall, for each such income year, except when the tax so
81 calculated is equal to two hundred fifty dollars, be increased by adding
82 thereto an amount equal to twenty per cent of the additional tax so
83 calculated for such income year, without reduction of the additional
84 tax so calculated by the amount of any credit against such tax. The
85 increased amount of tax payable by any company under this section,
86 as determined in accordance with this subsection, shall become due
87 and be paid, collected and enforced as provided in this chapter.

88 (2) With respect to income years commencing on or after January 1,
89 1992, and prior to January 1, 1993, the additional tax imposed on any
90 company and calculated in accordance with subsection (a) of this
91 section shall, for each such income year, except when the tax so
92 calculated is equal to two hundred fifty dollars, be increased by adding
93 thereto an amount equal to ten per cent of the additional tax so
94 calculated for such income year, without reduction of the tax so
95 calculated by the amount of any credit against such tax. The increased
96 amount of tax payable by any company under this section, as
97 determined in accordance with this subsection, shall become due and
98 be paid, collected and enforced as provided in this chapter.

99 (3) With respect to income years commencing on or after January 1,
100 2003, and prior to January 1, 2004, the additional tax imposed on any
101 company and calculated in accordance with subsection (a) of this
102 section shall, for each such income year, be increased by adding
103 thereto an amount equal to twenty per cent of the additional tax so
104 calculated for such income year, without reduction of the tax so
105 calculated by the amount of any credit against such tax. The increased
106 amount of tax payable by any company under this section, as
107 determined in accordance with this subsection, shall become due and
108 be paid, collected and enforced as provided in this chapter.

109 (4) With respect to income years commencing on or after January 1,
110 2004, and prior to January 1, 2005, the additional tax imposed on any
111 company and calculated in accordance with subsection (a) of this

112 section shall, for each such income year, be increased by adding
113 thereto an amount equal to twenty-five per cent of the additional tax so
114 calculated for such income year, without reduction of the tax so
115 calculated by the amount of any credit against such tax, except that
116 any company that pays the minimum tax of two hundred fifty dollars
117 under this section or section 12-223c for such income year shall not be
118 subject to such additional tax. The increased amount of tax payable by
119 any company under this subdivision, as determined in accordance
120 with this subsection, shall become due and be paid, collected and
121 enforced as provided in this chapter.

122 (5) With respect to income years commencing on or after January 1,
123 2006, and prior to January 1, 2007, the additional tax imposed on any
124 company and calculated in accordance with subsection (a) of this
125 section shall, for each such income year, except when the tax so
126 calculated is equal to two hundred fifty dollars, be increased by adding
127 thereto an amount equal to twenty per cent of the additional tax so
128 calculated for such income year, without reduction of the tax so
129 calculated by the amount of any credit against such tax. The increased
130 amount of tax payable by any company under this section, as
131 determined in accordance with this subsection, shall become due and
132 be paid, collected and enforced as provided in this chapter.

133 [(6) With respect to income years commencing on or after January 1,
134 2007, and prior to January 1, 2008, the additional tax imposed on any
135 company and calculated in accordance with subsection (a) of this
136 section shall, for each such income year, except when the tax so
137 calculated is equal to two hundred fifty dollars, be increased by adding
138 thereto an amount equal to fifteen per cent of the additional tax so
139 calculated for such income year, without reduction of the tax so
140 calculated by the amount of any credit against such tax. The increased
141 amount of tax payable by any company under this section, as
142 determined in accordance with this subsection, shall become due and
143 be paid, collected and enforced as provided in this chapter.]

144 Sec. 3. (NEW) (*Effective July 1, 2006, and applicable to income years*
145 *commencing on or after January 1, 2006*) (a) As used in this section:

146 (1) "Commissioner" means the Commissioner of Economic and
147 Community Development;

148 (2) "Relocation to Connecticut" or "relocation" means the taxpayer
149 creating the new job shall not have been conducting business in
150 Connecticut prior to the taxpayer's application to the commissioner for
151 an eligibility certificate under this section;

152 (3) "Income year" means, with respect to entities subject to the
153 insurance premiums tax under chapter 207 of the general statutes, the
154 corporation business tax under chapter 208 of the general statutes or
155 the utilities company tax under chapter 212 of the general statutes, the
156 income year as determined under each of said chapters, as the case
157 may be;

158 (4) "Taxpayer" means a person subject to tax under chapter 207, 208
159 or 212 of the general statutes who was not conducting business in
160 Connecticut prior to relocation to Connecticut;

161 (5) "New job" means a full-time job which (A) did not exist in this
162 state prior to a taxpayer's application to the commissioner for an
163 eligibility certificate under this section for a job creation credit, and (B)
164 is filled by a new employee;

165 (6) "New employee" means a person hired by the taxpayer to fill a
166 new full-time job. A new employee does not include a person who was
167 employed in Connecticut by a related person with respect to the
168 taxpayer during the prior twelve months;

169 (7) "Full-time job" means a job in which an employee is required to
170 work at least thirty-five or more hours per week. A full-time job does
171 not include a temporary or seasonal job;

172 (8) "Related person" means (A) a corporation, limited liability

173 company, partnership, association or trust controlled by the taxpayer,
174 (B) an individual, corporation, limited liability company, partnership,
175 association or trust that is in control of the taxpayer , (C) a corporation,
176 limited liability company, partnership, association or trust controlled
177 by an individual, corporation, limited liability company, partnership,
178 association or trust that is in control of the taxpayer, or (D) a member
179 of the same controlled group as the taxpayer; and

180 (9) "Control", with respect to a corporation, means ownership,
181 directly or indirectly, of stock possessing fifty per cent or more of the
182 total combined voting power of all classes of the stock of such
183 corporation entitled to vote. "Control", with respect to a trust, means
184 ownership, directly or indirectly, of fifty per cent or more of the
185 beneficial interest in the principal or income of such trust. The
186 ownership of stock in a corporation, of a capital or profits interest in a
187 partnership, limited liability company, or association or of a beneficial
188 interest in a trust shall be determined in accordance with the rules for
189 constructive ownership of stock provided in Section 267(c) of the
190 Internal Revenue Code of 1986, or any subsequent corresponding
191 internal revenue code of the United States, as from time to time
192 amended, other than paragraph (3) of said Section 267 (c).

193 (b) (1) There is established a jobs creation tax credit program
194 whereby a taxpayer who creates at least fifty new jobs pursuant to a
195 relocation to Connecticut may be allowed a credit against the tax
196 imposed under chapter 207, 208 or 212 of the general statutes, in an
197 amount up to twenty-five per cent of the income tax deducted and
198 withheld from the wages of new employees and paid over to the state
199 pursuant to chapter 229 of the general statutes.

200 (2) For each new employee, credits may be granted for five
201 successive years.

202 (3) The credit shall be claimed in the income year in which it is
203 earned. Any credits not used in a tax year shall expire.

204 (c) Any taxpayer planning to relocate to Connecticut and claim a
205 credit under the provisions of this section shall apply to the
206 commissioner in accordance with the provisions of this section. The
207 application shall be on a form provided by the commissioner, and shall
208 contain sufficient information concerning the nature of the relocation,
209 including a detailed description of the type of business, the number of
210 new jobs to be created, feasibility studies or business plans for the
211 relocation, projected state and local revenue that might derive as a
212 result of the relocation and other information necessary to demonstrate
213 the financial viability of the relocation and that there will be net
214 benefits to the economy of the municipality and the state. The
215 commissioner shall impose a fee for such application as the
216 commissioner deems appropriate.

217 (d) The commissioner shall determine whether (1) the taxpayer
218 making the application is eligible for the tax credit, and (2) the
219 proposed relocation (A) is economically viable only with use of the tax
220 credit, and (B) would provide a net benefit to economic development
221 and employment opportunities in the state. The commissioner may
222 require the applicant to submit such additional information as may be
223 necessary to evaluate the application.

224 (e) (1) The commissioner, upon consideration of the application and
225 any additional information the commissioner requires concerning a
226 proposed relocation, may approve the credit application, in whole or
227 in part, if the commissioner concludes that the relocation is
228 economically viable only with the use of the tax credit and that the
229 revenue generated due to economic development and employment
230 opportunities created in the state exceeds the credit and any other
231 credits to be taken. If the commissioner disapproves an application, the
232 commissioner shall specifically identify the defects in the application
233 and specifically explain the reasons for the disapproval. The
234 commissioner shall render a decision on an application not later than
235 ninety days after the date of its receipt by the commissioner.

236 (2) The total amount of credits granted to all taxpayers shall not
237 exceed ten million dollars in any one fiscal year.

238 (3) A credit under this section may be granted to a taxpayer for not
239 more than five successive income years.

240 (4) The commissioner may combine approval of a credit application
241 with the exercise of any of the commissioner's other powers, including,
242 but not limited to, the provision of other forms of financial assistance.

243 (f) Upon approving a taxpayer's credit application, the
244 commissioner shall issue a credit allocation notice certifying that the
245 credits will be available to be claimed by the taxpayer if the taxpayer
246 otherwise meets the requirements of this section. No later than thirty
247 days after the close of the taxpayer's income year, the taxpayer shall
248 provide information to the commissioner regarding the number of new
249 jobs created for the year and the income tax deducted and withheld
250 from the wages of such new employees and paid over to the state for
251 such year. The commissioner shall issue a certificate of eligibility that
252 includes the taxpayer's name, the number of new jobs created, and the
253 amount of the credit certified for the year. The certificate shall be
254 issued by the commissioner sixty days after the close of the taxpayer's
255 income year or thirty days after the information is provided,
256 whichever comes first.

257 (g) The commissioner shall, upon request, provide a copy of the
258 certificate of eligibility issued under subsection (f) of this section to the
259 Commissioner of Revenue Services.

260 (h) (1) If (A) the number of new employees on account of which a
261 taxpayer claimed the credit allowed by this section decreases to less
262 than the number for which the commissioner issued an eligibility
263 certificate during any of the four years succeeding the first full income
264 year following the issuance of an eligibility certificate, and (B) those
265 employees are not replaced by other employees who have not been
266 shifted from an existing location of the taxpayer or a related person in

267 this state, the taxpayer shall be required to recapture a percentage of
268 the credit allowed under this section on its tax return, as determined
269 under the provisions of subdivision (2) of this subsection. The
270 commissioner shall provide notice of the required recapture amount to
271 both the taxpayer and the Commissioner of Revenue Services.

272 (2) If the taxpayer is required under the provisions of subdivision
273 (1) of this subsection to recapture a portion of the credit during (A) the
274 first of such four years, then ninety per cent of the credit allowed shall
275 be recaptured on the tax return required to be filed for such year, (B)
276 the second of such four years, then sixty-five per cent of the credit
277 allowed for the entire period of eligibility shall be recaptured on the
278 tax return required to be filed for such year, (C) the third of such four
279 years, then fifty per cent of the credit allowed for the entire period of
280 eligibility shall be recaptured on the tax return required to be filed for
281 such year, (D) the fourth of such four years, then thirty per cent of the
282 credit allowed for the entire period of eligibility shall be recaptured on
283 the tax return required to be filed for such year.

284 Sec. 4. Subdivision (1) of subsection (c) of section 12-264 of the 2006
285 supplement to the general statutes is repealed and the following is
286 substituted in lieu thereof (*Effective from passage and applicable to*
287 *quarterly periods commencing on or after July 1, 2006*):

288 (c) (1) Each electric distribution company, as defined in section 16-1,
289 as amended, providing electric transmission services, as defined in
290 said section 16-1, as amended, or electric distribution services, as
291 defined in said section 16-1, as amended, shall pay a quarterly tax
292 upon its gross earnings in each calendar quarter at the rate of (A)
293 [eight and one-half] six and three-eighths per cent of its gross earnings
294 from providing electric transmission services or electric distribution
295 services allocable to other than residential service, and (B) [six and
296 eight-tenths] five and one-tenths per cent of such gross earnings from
297 providing electric transmission services or electric distribution services
298 allocable to residential service.

299 Sec. 5. (NEW) (*Effective July 1, 2006, and applicable to income years*
300 *commencing on or after January 1, 2006*) (a) For the purposes of this
301 section:

302 (1) "Displaced worker" means any person employed in Connecticut
303 whose (A) position was terminated by his or her former employer as a
304 direct result of a business restructuring in which the positions of at
305 least ten persons employed in Connecticut by the former employer
306 were terminated, and (B) wages or salary for the first twelve months of
307 his or her new employment are at least seventy-five per cent of the
308 displaced worker's previous annual wages or salary. "Displaced
309 worker" shall not include any person whose former employer is, or
310 was at the time of termination of the position, a related person with
311 respect to the taxpayer;

312 (2) "Related person" means (A) a corporation, limited liability
313 company, partnership, association or trust controlled by the taxpayer,
314 (B) an individual, corporation, limited liability company, partnership,
315 association or trust that is in control of the taxpayer, (C) a corporation,
316 limited liability company, partnership, association or trust controlled
317 by an individual, corporation, limited liability company, partnership,
318 association or trust that is in control of the taxpayer, or (D) a member
319 of the same controlled group as the taxpayer;

320 (3) "Control", with respect to a corporation, means ownership,
321 directly or indirectly, of stock possessing fifty per cent or more of the
322 total combined voting power of all classes of the stock of such
323 corporation entitled to vote. "Control", with respect to a trust, means
324 ownership, directly or indirectly, of fifty per cent or more of the
325 beneficial interest in the principal or income of such trust. The
326 ownership of stock in a corporation, of a capital or profits interest in a
327 partnership, limited liability company, or association or of a beneficial
328 interest in a trust shall be determined in accordance with the rules for
329 constructive ownership of stock provided in Section 267 (c) of the
330 Internal Revenue Code of 1986, or any subsequent corresponding

331 internal revenue code of the United States, as from time to time
332 amended, other than paragraph (3) of said Section 267(c).

333 (b) There shall be allowed a credit against the insurance premiums
334 tax imposed under chapter 207 of the general statutes, the corporation
335 business tax imposed under chapter 208 of the general statutes, or the
336 utilities company tax imposed under chapter 212 of the general
337 statutes, as provided in subsections (c) and (d) of this section with
338 respect to each displaced worker hired by a taxpayer on or after
339 January 1, 2006.

340 (c) The amount of the credit shall be one thousand five hundred
341 dollars with respect to each displaced worker hired by a taxpayer on or
342 after January 1, 2006. The credit shall be allowed for the income year
343 during which such displaced worker first completes twelve full
344 months of full-time employment with the taxpayer.

345 (d) The amount of credit allowed any taxpayer under this section for
346 any income year shall not exceed the amount of tax due from such
347 taxpayer under chapter 207, 208 or 212 of the general statutes with
348 respect to such income year. The credit allowed under this section shall
349 be taken only once with respect to any displaced worker. No taxpayer
350 may claim the credit under this section and under section 12-217bb of
351 the general statutes, for the same displaced worker.

352 Sec. 6. (NEW) (*Effective from passage and applicable to income years*
353 *commencing on or after January 1, 2006*) (a) For the purposes of this
354 section:

355 (1) "Commissioner" means the Commissioner of Revenue Services;

356 (2) "CCCT" means the Connecticut Commission on Culture and
357 Tourism;

358 (3) "Motion picture" means a feature-length film, a video, including
359 a music video, a television series consisting of not more than twenty-
360 seven episodes in a season, or a commercial, each of which is made, in

361 whole or in part, in Connecticut, and each of which is intended for
362 theatrical or television viewing for a national audience, or as a
363 television pilot. "Motion picture" does not include a production
364 featuring news, current events, weather and financial market reports,
365 talk show, game show, sporting events, awards show or other gala
366 event, a production whose sole purpose is fundraising, a long-form
367 production that primarily markets a product or service, or a
368 production containing obscene material or performances;

369 (4) "Motion picture production company" means a company
370 engaged in the business of producing one or more motion pictures;

371 (5) "Connecticut production expenses or costs" means production
372 expenses or costs that are clearly and demonstrably incurred in
373 Connecticut;

374 (6) "Production expenses or costs" means preproduction, production
375 and postproduction expenditures directly incurred in the production
376 of a motion picture. "Production expenses or costs" includes (A) wages
377 and salaries paid to individuals employed in the production of the
378 motion picture, but shall not include wages or salaries in excess of one
379 million dollars paid to any one or more individuals in the production
380 of the motion picture; (B) the costs of set construction and operation,
381 editing and related services, photography, sound synchronization,
382 lighting, wardrobe, make-up and accessories; (C) film processing,
383 transfer, sound mixing, special and visual effects; (D) music; (E)
384 location fees and the cost of purchase or rental of facilities and
385 equipment; or (F) any other production expense as may be determined
386 by the commission to be an eligible production expense or cost.
387 "Production expenses or costs" does not include costs incurred in
388 marketing or advertising a motion picture or any amounts paid to
389 persons or businesses as a result of their participation in profits from
390 the exploitation of the motion picture.

391 (b) Except as otherwise provided in subsection (d), (e) or (f) of this
392 section, a motion picture production company shall be allowed a credit

393 against the tax imposed under chapter 208 of the general statutes for
394 Connecticut production expenses or costs, when the Connecticut
395 production expenses or costs for such motion picture are at least two
396 hundred fifty thousand dollars. The credit shall be equal to twenty-five
397 per cent of the Connecticut production expenses or costs incurred by
398 the motion picture production company during the production of the
399 motion picture, as shown on the motion picture tax credit certificate
400 issued to the motion picture production company by CCCT. The credit
401 shall be allowed only for the income year during which the motion
402 picture production tax credit certificate is issued to the motion picture
403 company by CCCT.

404 (c) (1) A motion picture production company shall apply to CCCT
405 for an eligibility certificate not later than ninety days after the first
406 Connecticut production expenses or costs are incurred in the
407 production of a motion picture, and shall provide with such
408 application such information as CCCT may require to determine the
409 company's eligibility to claim a credit under this section.

410 (2) Not later than ninety days after the last production expenses or
411 costs are incurred in the production of a motion picture, a motion
412 picture production company shall apply to CCCT for a motion picture
413 production tax credit certificate, and shall provide with such
414 application such information as CCCT may require pertaining to the
415 amount of the company's Connecticut production expenses or costs. If
416 CCCT determines that the company is eligible to be issued a motion
417 picture production tax credit certificate, CCCT shall enter on the
418 certificate the amount of Connecticut production expenses or costs that
419 has been established to the satisfaction of CCCT and the amount of the
420 company's credit under this section. CCCT shall provide a copy of
421 such certificate to the commissioner, upon request.

422 (d) The amount of the tax credit allowed under this section in
423 connection with any one motion picture production shall not exceed
424 five million dollars.

425 (e) The amount of the tax credit allowed under this section in an
426 income year shall not exceed the amount of tax due from the motion
427 picture production company under this chapter with respect to such
428 income year.

429 (f) No tax credit shall be allowed under this section to a motion
430 picture production company that (1) is more than twenty-five per cent
431 owned, affiliated, or controlled, by any company or person which is in
432 default on a loan made by the state of Connecticut or a loan
433 guaranteed by the state of Connecticut, or (2) owes taxes, including
434 penalties and interest related thereto, to this state and a period in
435 excess of thirty days has elapsed following the date on which such
436 taxes were due and such taxes are not the subject of a timely filed
437 administrative appeal to the commissioner or of a timely filed appeal
438 pending before any court of competent jurisdiction.

439 (g) The commissioner, in consultation with CCCT, may adopt
440 regulations, in accordance with the provisions of chapter 54 of the
441 general statutes, as may be necessary for the administration of this
442 section.

443 Sec. 7. Subdivision (1) of subsection (b) of section 12-265 of the
444 general statutes is repealed and the following is substituted in lieu
445 thereof (*Effective from passage and applicable to quarterly periods*
446 *commencing on or after July 1, 2006*):

447 (b) (1) Each company and municipal utility included in section 12-
448 264, as amended, other than an electric distribution company, as
449 defined in section 16-1, as amended, included in subsection (c) of
450 section 12-264, as amended, shall be taxed at the rate of [five] three and
451 three-quarters per cent upon the amount of gross earnings in each
452 taxable quarter from operations, except as set forth in subsection (c) or
453 (d) of this section and except that each company and municipal utility
454 manufacturing, selling or distributing gas or electricity to be used for
455 light, heat or power shall be taxed at the rate of [four] three per cent
456 upon the amount of gross earnings in each taxable quarter allocable to

457 residential service, but deduction shall be made of gross earnings (A)
458 from all sales for resale of water, steam, gas and electricity to public
459 service corporations and municipal utilities, whether or not such
460 purchasers are Connecticut public service corporations or Connecticut
461 municipal utilities, and whether or not they are subject to the tax
462 imposed by this chapter, (B) from any federal BTU energy tax included
463 in adjustment clause and base-rate revenues, (C) from sales of
464 appliances using water, steam, gas or electricity by each such company
465 of the net invoice price plus transportation costs of such appliances,
466 (D) of electric and gas companies, as defined in section 16-1, as
467 amended, from energy conservation loan programs, (E) from all sales
468 for resale of gas to companies registered pursuant to section 16-258a,
469 and (F) from all sales of natural gas to a user or entity located outside
470 the state.

471 Sec. 8. Section 4 of public act 05-2 of the October special session is
472 repealed and the following is substituted in lieu thereof (*Effective from*
473 *passage*):

474 (a) For purposes of this section, "residential weatherization
475 products" means programmable thermostats, window film, caulking,
476 window and door weather strips, insulation, water heater blankets,
477 water heaters that meet the federal Energy Star standard, natural gas
478 furnaces that meet the federal Energy Star standard, windows that
479 meet the federal Energy Star standard, and oil furnaces that are not
480 less than eighty-five per cent efficient.

481 (b) Notwithstanding the provisions of the general statutes, from
482 November 25, 2005, to [April 1, 2006] June 30, 2006, the provisions of
483 chapter 219 of the general statutes shall not apply to sales of any
484 residential weatherization products.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2006, and applicable to income years commencing on or after January 1, 2006</i>	12-214(b)
Sec. 2	<i>July 1, 2006, and applicable to income years commencing on or after January 1, 2006</i>	12-219(b)
Sec. 3	<i>July 1, 2006, and applicable to income years commencing on or after January 1, 2006</i>	New section
Sec. 4	<i>from passage and applicable to quarterly periods commencing on or after July 1, 2006</i>	12-264(c)(1)
Sec. 5	<i>July 1, 2006, and applicable to income years commencing on or after January 1, 2006</i>	New section
Sec. 6	<i>from passage and applicable to income years commencing on or after January 1, 2006</i>	New section
Sec. 7	<i>from passage and applicable to quarterly periods commencing on or after July 1, 2006</i>	12-265(b)(1)
Sec. 8	<i>from passage</i>	PA 05-2 of the October Sp. Sess., Sec. 4

Statement of Purpose:

To implement the Governor's budget recommendations.

[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.]