



General Assembly

Amendment

January Session, 2007

LCO No. 8416

HB0718208416HDO

Offered by:

REP. NARDELLO, 89th Dist.
REP. MEGNA, 97th Dist.
REP. MUSHINSKY, 85th Dist.
REP. MIOLI, 136th Dist.
REP. MCCLUSKEY, 20th Dist.
REP. ZALASKI, 81st Dist.
REP. DREW, 132nd Dist.

REP. ORANGE, 48th Dist.
REP. TERCYAK, 26th Dist.
REP. TALLARITA, 58th Dist.
REP. HAMM, 34th Dist.
REP. ABERCROMBIE, 83rd Dist.
REP. MERRILL, 54th Dist.
REP. HENNESSY, 127th Dist.

To: Subst. House Bill No. 7182

File No. 706

Cal. No. 547

"AN ACT CONCERNING CERTIFIED COMPETITIVE VIDEO SERVICE."

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. (NEW) (*Effective from passage and applicable to profits*
4 *generated on or after January 1, 2007*) (a) For the income years
5 commencing January 1, 2007, January 1, 2008, and January 1, 2009,
6 each company that owns an electric generating unit located in the state
7 that uses uranium or coal as a fuel source, including any affiliates or
8 subsidiaries of such company, whether those affiliates or subsidiaries
9 are located within the state or outside the state, shall pay a quarterly
10 tax of fifty per cent upon windfall profits, as described in subsections

11 (b) and (c) of this section, from the generation, manufacture, sale or
12 other disposition of the electricity output, capacity payments or other
13 rights to payment based on electricity operations of such electric
14 generating unit located in the state.

15 (b) Windfall profits of a company shall include all net electric
16 revenue received by the electric generation unit described in
17 subsection (a) of this section, including, but not limited to, net revenue
18 from the generation, manufacture, sale or other disposition of the
19 electricity output, capacity payments and other net revenue in excess
20 of twenty per cent return on the company's equity in the unit, as
21 classified by the Federal Energy Regulatory Commission according to
22 the uniform systems of accounts prescribed in 18 CFR Part 101,
23 accounted for as if the company owning such an electric generating
24 unit located in the state and any of its affiliates or subsidiaries
25 maintained their books and records according to such uniform system
26 of accounts, for operations within the taxable quarter.

27 (c) (1) Revenue from the generation, manufacture, sale or other
28 disposition of the electricity output and electric capacity and other
29 revenue from the electricity operations of an electric generating unit
30 described in subsection (a) of this section that is received by any
31 affiliate or subsidiary of a company that owns such electric generating
32 unit, whether or not such affiliate or subsidiary is located in the state,
33 shall be attributed to the revenue of the company that owns the electric
34 generating unit located in the state as if other disposition of electricity
35 or rights to electricity by such affiliate or such revenue was received
36 directly by such company.

37 (2) In calculating earnings subject to the windfall profits tax,
38 revenue from such company and such affiliates or subsidiaries
39 attributed to an electric generating unit described in subsection (a) of
40 this section located in the state shall be reduced by the reasonable
41 operating expenses of such company and affiliate or subsidiary
42 properly allocated to the electric generating unit and is to be
43 determined as if the affiliate or subsidiary were subject to the uniform

44 system of accounts prescribed by the Federal Energy Regulatory
45 Commission in 18 CFR Part 101 for regulated entities.

46 (d) Each company that owns an electric generating unit located in
47 the state as described in subsection (a) of this section shall, on or before
48 the last day of January, April, July and October of each year, render to
49 the Commissioner of Revenue Services a return on forms prescribed or
50 furnished by the commissioner and signed by its treasurer or the
51 person performing the duties of treasurer, or by an authorized agent or
52 officer, specifying (1) the name and location of such company or
53 affiliate or subsidiary of such company, (2) the amount of all revenue
54 derived from the generation, manufacture, sale or other disposition of
55 the electricity output, capacity payments and other rights to payment
56 based on electricity operations of such electric generating unit received
57 by such company or any of its affiliates or subsidiaries and the amount
58 of reasonable operating expenses for the quarter ending on the last day
59 of the preceding month, (3) the return on equity from the generation,
60 manufacture, sale or other disposition of electricity or rights to
61 electricity, (4) the earnings in excess of a twenty per cent return on
62 equity from the generation, manufacture or sale of electricity or the
63 rights to electricity, (5) the tax due to the state on the windfall profits,
64 and (6) the percentage of their electric output that is being used to
65 meet the power requirements of customers under standard service or
66 supplier of last resort service.

67 (e) Each such company shall pay a quarterly tax upon its windfall
68 profits in each calendar quarter at the rate of fifty per cent.

69 (f) The tax imposed by this chapter is due and payable to the
70 Commissioner of Revenue Services quarterly on or before the last day
71 of the month next succeeding each calendar quarter.

72 Sec. 502. (NEW) (*Effective from passage*) (a) There is established an
73 account to be known as the "electricity ratepayers relief account" which
74 shall be a separate, nonlapsing account of the General Fund. The
75 proceeds of the tax imposed pursuant to section 501 of this act shall be

76 deposited into the account. Investment earnings credited to the assets
77 of the account shall become part of the assets of the account. Any
78 balance remaining in said account at the end of any fiscal year shall be
79 carried forward in said account for the fiscal year next succeeding.

80 (b) The Department of Public Utility Control shall conduct a
81 contested case proceeding in accordance with the provisions of chapter
82 54 of the general statutes to disburse funds from the electricity
83 ratepayers relief account in a manner to directly reduce electricity
84 ratepayers' electric bills.

85 Sec. 503. (New) (*Effective from passage*) The tax imposed pursuant to
86 section 501 of this act and the related reporting requirements shall not
87 apply to electric generation units that are selling at least fifty per cent
88 of their electric output to an electric distribution company in this state
89 to meet the power requirements of customers under standard service
90 or supplier of last resort service."