



General Assembly

February Session, 2008

Raised Bill No. 5759

LCO No. 2358

02358 _____ GL_

Referred to Committee on General Law

Introduced by:
(GL)

AN ACT CONCERNING THE PETROLEUM GROSS RECEIPTS TAX.

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

1 Section 1. Section 12-587 of the 2008 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2008*):

4 (a) As used in this chapter: (1) "Company" includes a corporation,
5 partnership, limited partnership, limited liability company, limited
6 liability partnership, association, individual or any fiduciary thereof;
7 (2) "quarterly period" means a period of three calendar months
8 commencing on the first day of January, April, July or October and
9 ending on the last day of March, June, September or December,
10 respectively; (3) "gross earnings" means all consideration received
11 from the first sale within this state of a petroleum product; (4)
12 "petroleum products" means those products which contain or are
13 made from petroleum or a petroleum derivative; (5) "first sale of
14 petroleum products within this state" means the initial sale of a
15 petroleum product delivered to a location in this state; (6) "export" or
16 "exportation" means the conveyance of petroleum products from
17 within this state to a location outside this state for the purpose of sale

18 or use outside this state; and (7) "sale for exportation" means a sale of
19 petroleum products to a purchaser which itself exports such products.

20 (b) (1) Except as otherwise provided in subdivision (2) of this
21 subsection, any company which is engaged in the refining or
22 distribution, or both, of petroleum products and which distributes
23 such products in this state shall pay a quarterly tax on its gross
24 earnings derived from the first sale of petroleum products within this
25 state. Each company shall on or before the last day of the month next
26 succeeding each quarterly period render to the commissioner a return
27 on forms prescribed or furnished by the commissioner and signed by
28 the person performing the duties of treasurer or an authorized agent or
29 officer, including the amount of gross earnings derived from the first
30 sale of petroleum products within this state for the quarterly period
31 and such other facts as the commissioner may require for the purpose
32 of making any computation required by this chapter. Except as
33 otherwise provided in subdivision (3) of this subsection, the rate of tax
34 shall be [(A) five per cent with respect to calendar quarters prior to
35 July 1, 2005; (B) five and eight-tenths per cent with respect to calendar
36 quarters commencing on or after July 1, 2005, and prior to July 1, 2006;
37 (C) six and three-tenths per cent with respect to calendar quarters
38 commencing on or after July 1, 2006, and prior to July 1, 2007; (D)
39 seven per cent with respect to calendar quarters commencing on or
40 after July 1, 2007, and prior to July 1, 2008; (E) seven and one-half per
41 cent with respect to calendar quarters commencing on or after July 1,
42 2008, and prior to July 1, 2013; and (F) eight and one-tenth per cent
43 with respect to calendar quarters commencing on or after July 1, 2013]
44 twelve cents per gallon.

45 (2) Gross earnings derived from the first sale of the following
46 petroleum products within this state shall be exempt from tax: (A) Any
47 petroleum products sold for exportation from this state for sale or use
48 outside this state; (B) the product designated by the American Society
49 for Testing and Materials as "Specification for Heating Oil D396-69",
50 commonly known as number 2 heating oil, to be used exclusively for

51 heating purposes or to be used in a commercial fishing vessel, which
52 vessel qualifies for an exemption pursuant to section 12-412 of the 2008
53 supplement to the general statutes; (C) kerosene, commonly known as
54 number 1 oil, to be used exclusively for heating purposes, provided
55 delivery is of both number 1 and number 2 oil, and via a truck with a
56 metered delivery ticket to a residential dwelling or to a centrally
57 metered system serving a group of residential dwellings; (D) the
58 product identified as propane gas, to be used exclusively for heating
59 purposes; (E) bunker fuel oil, intermediate fuel, marine diesel oil and
60 marine gas oil to be used in any vessel having a displacement
61 exceeding four thousand dead weight tons; (F) for any first sale
62 occurring prior to July 1, 2008, propane gas to be used as a fuel for a
63 motor vehicle; (G) for any first sale occurring on or after July 1, 2002,
64 grade number 6 fuel oil, as defined in regulations adopted pursuant to
65 section 16a-22c, to be used exclusively by a company which, in
66 accordance with census data contained in the Standard Industrial
67 Classification Manual, United States Office of Management and
68 Budget, 1987 edition, is included in code classifications 2000 to 3999,
69 inclusive, or in Sector 31, 32 or 33 in the North American Industrial
70 Classification System United States Manual, United States Office of
71 Management and Budget, 1997 edition; (H) for any first sale occurring
72 on or after July 1, 2002, number 2 heating oil to be used exclusively in a
73 vessel primarily engaged in interstate commerce, which vessel
74 qualifies for an exemption under section 12-412 of the 2008 supplement
75 to the general statutes; (I) for any first sale occurring on or after July 1,
76 2000, paraffin or microcrystalline waxes; (J) for any first sale occurring
77 prior to July 1, 2008, petroleum products to be used as a fuel for a fuel
78 cell, as defined in subdivision (113) of section 12-412 of the 2008
79 supplement to the general statutes; (K) a commercial heating oil blend
80 containing not less than ten per cent of alternative fuels derived from
81 agricultural produce, food waste, waste vegetable oil or municipal
82 solid waste, including, but not limited to, biodiesel or low sulfur dyed
83 diesel fuel; or (L) for any first sale occurring on or after July 1, 2007,
84 diesel fuel other than diesel fuel to be used in an electric generating

85 facility to generate electricity.

86 (3) The rate of tax on gross earnings derived from the first sale of
87 grade number 6 fuel oil, as defined in regulations adopted pursuant to
88 section 16a-22c, to be used exclusively by a company which, in
89 accordance with census data contained in the Standard Industrial
90 Classification Manual, United States Office of Management and
91 Budget, 1987 edition, is included in code classifications 2000 to 3999,
92 inclusive, or in Sector 31, 32 or 33 in the North American Industrial
93 Classification System United States Manual, United States Office of
94 Management and Budget, 1997 edition, or number 2 heating oil used
95 exclusively in a vessel primarily engaged in interstate commerce,
96 which vessel qualifies for an exemption under section 12-412 of the
97 2008 supplement to the general statutes shall be: (A) Four per cent with
98 respect to calendar quarters commencing on or after July 1, 1998, and
99 prior to July 1, 1999; (B) three per cent with respect to calendar
100 quarters commencing on or after July 1, 1999, and prior to July 1, 2000;
101 (C) two per cent with respect to calendar quarters commencing on or
102 after July 1, 2000, and prior to July 1, 2001; and (D) one per cent with
103 respect to calendar quarters commencing on or after July 1, 2001, and
104 prior to July 1, 2002.

105 (c) (1) Any company which imports or causes to be imported into
106 this state petroleum products for sale, use or consumption in this state,
107 other than a company subject to and having paid the tax on such
108 company's gross earnings from first sales of petroleum products
109 within this state, which earnings include gross earnings attributable to
110 such imported or caused to be imported petroleum products, in
111 accordance with subsection (b) of this section, shall pay a quarterly tax
112 on the consideration given or contracted to be given for such
113 petroleum product if the consideration given or contracted to be given
114 for all such deliveries during the quarterly period for which such tax is
115 to be paid exceeds three thousand dollars. Except as otherwise
116 provided in subdivision (3) of this subsection, the rate of tax shall be
117 (A) five per cent with respect to calendar quarters commencing prior to

118 July 1, 2005; (B) five and eight-tenths per cent with respect to calendar
119 quarters commencing on or after July 1, 2005, and prior to July 1, 2006;
120 (C) six and three-tenths per cent with respect to calendar quarters
121 commencing on or after July 1, 2006, and prior to July 1, 2007; (D)
122 seven per cent with respect to calendar quarters commencing on or
123 after July 1, 2007, and prior to July 1, 2008; (E) seven and one-half per
124 cent with respect to calendar quarters commencing on or after July 1,
125 2008, and prior to July 1, 2013; and (F) eight and one-tenth per cent
126 with respect to calendar quarters commencing on or after July 1, 2013.
127 Fuel in the fuel supply tanks of a motor vehicle, which fuel tanks are
128 directly connected to the engine, shall not be considered a delivery for
129 the purposes of this subsection.

130 (2) Consideration given or contracted to be given for petroleum
131 products, gross earnings from the first sale of which are exempt from
132 tax under subdivision (2) of subsection (b) of this section, shall be
133 exempt from tax.

134 (3) The rate of tax on consideration given or contracted to be given
135 for grade number 6 fuel oil, as defined in regulations adopted
136 pursuant to section 16a-22c, to be used exclusively by a company
137 which, in accordance with census data contained in the Standard
138 Industrial Classification Manual, United States Office of Management
139 and Budget, 1987 edition, is included in code classifications 2000 to
140 3999, inclusive, or in Sector 31, 32 or 33 in the North American
141 Industrial Classification System United States Manual, United States
142 Office of Management and Budget, 1997 edition, or number 2 heating
143 oil used exclusively in a vessel primarily engaged in interstate
144 commerce, which vessel qualifies for an exemption under section 12-
145 412 of the 2008 supplement to the general statutes shall be: (A) Four
146 per cent with respect to calendar quarters commencing on or after July
147 1, 1998, and prior to July 1, 1999; (B) three per cent with respect to
148 calendar quarters commencing on or after July 1, 1999, and prior to
149 July 1, 2000; (C) two per cent with respect to calendar quarters
150 commencing on or after July 1, 2000, and prior to July 1, 2001; and (D)

151 one per cent with respect to calendar quarters commencing on or after
152 July 1, 2001, and prior to July 1, 2002.

153 (d) The amount of tax reported to be due on such return shall be
154 due and payable on or before the last day of the month next
155 succeeding the quarterly period. The tax imposed under the provisions
156 of this chapter shall be in addition to any other tax imposed by this
157 state on such company.

158 (e) For the purposes of this chapter, the gross earnings of any
159 producer or refiner of petroleum products operating a service station
160 along the highways or interstate highways within the state pursuant to
161 a contract with the Department of Transportation or operating a
162 service station which is used as a training or test marketing center
163 under the provisions of subsection (b) of section 14-344d, shall be
164 calculated by multiplying the volume of petroleum products delivered
165 by any producer or refiner to any such station by such producer's or
166 refiner's dealer tank wagon price or dealer wholesale price in the area
167 of the service station.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2008</i>	12-587

Statement of Purpose:

To change the rate of the gross receipts tax on petroleum products from a percentage rate to a fixed rate of twelve cents per gallon.

[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.]