



General Assembly

January Session, 2013

Raised Bill No. 1095

LCO No. 4260



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT ELIMINATING THE INCREASE IN THE PETROLEUM PRODUCTS GROSS EARNINGS TAX.

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

1 Section 1. Section 12-587 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2013*):

3 (a) (1) As used in this chapter: (A) "Company" includes a
4 corporation, partnership, limited partnership, limited liability
5 company, limited liability partnership, association, individual or any
6 fiduciary thereof; (B) "quarterly period" means a period of three
7 calendar months commencing on the first day of January, April, July or
8 October and ending on the last day of March, June, September or
9 December, respectively; (C) except as provided in subdivision (2) of
10 this subsection, "gross earnings" means all consideration received from
11 the first sale within this state of a petroleum product; (D) "petroleum
12 products" means those products which contain or are made from
13 petroleum or a petroleum derivative; (E) "first sale of petroleum
14 products within this state" means the initial sale of a petroleum

15 product delivered to a location in this state; (F) "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 (G) "sale for exportation" means a sale of
19 petroleum products to a purchaser which itself exports such products.

20 (2) For purposes of this chapter, "gross earnings" means gross
21 earnings as defined in subdivision (1) of this subsection, except, with
22 respect to the first sale of gasoline or gasohol within this state, if the
23 consideration received from such first sale reflects a price of gasoline
24 or gasohol sold or used in this state in excess of three dollars per
25 gallon, gross earnings from such first sale shall be deemed to be three
26 dollars per gallon, and any consideration received that is derived from
27 that portion of the price of such gasoline or gasohol in excess of three
28 dollars per gallon shall be disregarded in the calculation of gross
29 earnings. Notwithstanding the provisions of this chapter, the
30 Commissioner of Revenue Services may suspend enforcement
31 activities with respect to this subdivision until all policies and
32 procedures necessary to implement the provision of this subdivision
33 are in place, but in no event shall such suspension extend beyond April
34 15, 2012.

35 (b) (1) Except as otherwise provided in subdivision (2) of this
36 subsection, any company which is engaged in the refining or
37 distribution, or both, of petroleum products and which distributes
38 such products in this state shall pay a quarterly tax on its gross
39 earnings derived from the first sale of petroleum products within this
40 state. Each company shall on or before the last day of the month next
41 succeeding each quarterly period render to the commissioner a return
42 on forms prescribed or furnished by the commissioner and signed by
43 the person performing the duties of treasurer or an authorized agent or
44 officer, including the amount of gross earnings derived from the first
45 sale of petroleum products within this state for the quarterly period
46 and such other facts as the commissioner may require for the purpose
47 of making any computation required by this chapter. Except as

48 otherwise provided in subdivision (3) of this subsection, the rate of tax
49 shall be (A) five per cent with respect to calendar quarters prior to July
50 1, 2005; (B) five and eight-tenths per cent with respect to calendar
51 quarters commencing on or after July 1, 2005, and prior to July 1, 2006;
52 (C) six and three-tenths per cent with respect to calendar quarters
53 commencing on or after July 1, 2006, and prior to July 1, 2007; and (D)
54 seven per cent with respect to calendar quarters commencing on or
55 after July 1, 2007. [, and prior to July 1, 2013; and (E) eight and one-
56 tenth per cent with respect to calendar quarters commencing on or
57 after July 1, 2013.]

58 (2) Gross earnings derived from the first sale of the following
59 petroleum products within this state shall be exempt from tax: (A) Any
60 petroleum products sold for exportation from this state for sale or use
61 outside this state; (B) the product designated by the American Society
62 for Testing and Materials as "Specification for Heating Oil D396-69",
63 commonly known as number 2 heating oil, to be used exclusively for
64 heating purposes or to be used in a commercial fishing vessel, which
65 vessel qualifies for an exemption pursuant to section 12-412; (C)
66 kerosene, commonly known as number 1 oil, to be used exclusively for
67 heating purposes, provided delivery is of both number 1 and number 2
68 oil, and via a truck with a metered delivery ticket to a residential
69 dwelling or to a centrally metered system serving a group of
70 residential dwellings; (D) the product identified as propane gas, to be
71 used exclusively for heating purposes; (E) bunker fuel oil, intermediate
72 fuel, marine diesel oil and marine gas oil to be used in any vessel
73 having a displacement exceeding four thousand dead weight tons; (F)
74 for any first sale occurring prior to July 1, 2008, propane gas to be used
75 as a fuel for a motor vehicle; (G) for any first sale occurring on or after
76 July 1, 2002, grade number 6 fuel oil, as defined in regulations adopted
77 pursuant to section 16a-22c, to be used exclusively by a company
78 which, in accordance with census data contained in the Standard
79 Industrial Classification Manual, United States Office of Management
80 and Budget, 1987 edition, is included in code classifications 2000 to

81 3999, inclusive, or in Sector 31, 32 or 33 in the North American
82 Industrial Classification System United States Manual, United States
83 Office of Management and Budget, 1997 edition; (H) for any first sale
84 occurring on or after July 1, 2002, number 2 heating oil to be used
85 exclusively in a vessel primarily engaged in interstate commerce,
86 which vessel qualifies for an exemption under section 12-412; (I) for
87 any first sale occurring on or after July 1, 2000, paraffin or
88 microcrystalline waxes; (J) for any first sale occurring prior to July 1,
89 2008, petroleum products to be used as a fuel for a fuel cell, as defined
90 in subdivision (113) of section 12-412; (K) a commercial heating oil
91 blend containing not less than ten per cent of alternative fuels derived
92 from agricultural produce, food waste, waste vegetable oil or
93 municipal solid waste, including, but not limited to, biodiesel or low
94 sulfur dyed diesel fuel; or (L) for any first sale occurring on or after
95 July 1, 2007, diesel fuel other than diesel fuel to be used in an electric
96 generating facility to generate electricity.

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

114 July 1, 2001, and prior to July 1, 2002.

115 (c) (1) Any company which imports or causes to be imported into
116 this state petroleum products for sale, use or consumption in this state,
117 other than a company subject to and having paid the tax on such
118 company's gross earnings from first sales of petroleum products
119 within this state, which earnings include gross earnings attributable to
120 such imported or caused to be imported petroleum products, in
121 accordance with subsection (b) of this section, shall pay a quarterly tax
122 on the consideration given or contracted to be given for such
123 petroleum product if the consideration given or contracted to be given
124 for all such deliveries during the quarterly period for which such tax is
125 to be paid exceeds three thousand dollars. Except as otherwise
126 provided in subdivision (3) of this subsection, the rate of tax shall be
127 (A) five per cent with respect to calendar quarters commencing prior to
128 July 1, 2005; (B) five and eight-tenths per cent with respect to calendar
129 quarters commencing on or after July 1, 2005, and prior to July 1, 2006;
130 (C) six and three-tenths per cent with respect to calendar quarters
131 commencing on or after July 1, 2006, and prior to July 1, 2007; and (D)
132 seven per cent with respect to calendar quarters commencing on or
133 after July 1, 2007. [, and prior to July 1, 2013; and (E) eight and one-
134 tenth per cent with respect to calendar quarters commencing on or
135 after July 1, 2013. Fuel in the fuel supply tanks of a motor vehicle,
136 which fuel tanks are directly connected to the engine, shall not be
137 considered a delivery for the purposes of this subsection.]

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

142 (3) The rate of tax on consideration given or contracted to be given
143 for grade number 6 fuel oil, as defined in regulations adopted
144 pursuant to section 16a-22c, to be used exclusively by a company
145 which, in accordance with census data contained in the Standard

146 Industrial Classification Manual, United States Office of Management
147 and Budget, 1987 edition, is included in code classifications 2000 to
148 3999, inclusive, or in Sector 31, 32 or 33 in the North American
149 Industrial Classification System United States Manual, United States
150 Office of Management and Budget, 1997 edition, or number 2 heating
151 oil used exclusively in a vessel primarily engaged in interstate
152 commerce, which vessel qualifies for an exemption under section 12-
153 412 shall be: (A) Four per cent with respect to calendar quarters
154 commencing on or after July 1, 1998, and prior to July 1, 1999; (B) three
155 per cent with respect to calendar quarters commencing on or after July
156 1, 1999, and prior to July 1, 2000; (C) two per cent with respect to
157 calendar quarters commencing on or after July 1, 2000, and prior to
158 July 1, 2001; and (D) one per cent with respect to calendar quarters
159 commencing on or after July 1, 2001, and prior to July 1, 2002.

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

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

<p>This act shall take effect as follows and shall amend the following sections:</p>
--

Section 1	<i>July 1, 2013</i>	12-587
-----------	---------------------	--------

Statement of Purpose:

To eliminate the increase in the petroleum products gross earnings tax scheduled to take effect on July 1, 2013.

[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.]