



Senate

General Assembly

File No. 601

January Session, 2015

Substitute Senate Bill No. 213

Senate, April 13, 2015

The Committee on Energy and Technology reported through SEN. DOYLE of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING A MUNICIPAL OPTION FOR PROPERTY TAX ABATEMENTS FOR PUBLIC SERVICE COMPANY INFRASTRUCTURE AND NATURAL GAS EXPANSION.

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

1 Section 1. (NEW) (*Effective October 1, 2015, and applicable to assessment*
2 *years commencing on or after October 1, 2015*) (a) As used in this section,
3 "public service company infrastructure" means transmission towers,
4 substations, switchyards, meters, metering equipment, poles, wires,
5 conduits or other fixtures under or over any public highway or street
6 for the provision of public service company service.

7 (b) Any municipality may, by vote of its legislative body or, in a
8 municipality where the legislative body is a town meeting, by vote of
9 the board of selectmen, abate up to one hundred per cent of the
10 property taxes due for any public service company infrastructure
11 installed or improved during the preceding tax year.

12 Sec. 2. (NEW) (*Effective July 1, 2015, and applicable to assessment years*

13 commencing on or after October 1, 2015) Any municipality may, by vote
 14 of its legislative body or, in a municipality where the legislative body
 15 is a town meeting, by vote of the board of selectmen, abate up to one
 16 hundred per cent of the property taxes due for any tax year, for not
 17 more than twenty-five tax years, with respect to personal property of
 18 any gas company, as defined in subsection (a) of section 16-1 of the
 19 general statutes, in order to facilitate natural gas expansion projects in
 20 such municipality. The gas company shall include the amount of such
 21 abatement when calculating the hurdle rate pursuant to section 16-
 22 19ww of the general statutes for gas expansion projects within such
 23 municipality.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015, and applicable to assessment years commencing on or after October 1, 2015</i>	New section
Sec. 2	<i>July 1, 2015, and applicable to assessment years commencing on or after October 1, 2015</i>	New section

ET Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 16 \$	FY 17 \$
Various Municipalities	Revenue Loss	Potential	Potential

Explanation

The bill allows municipalities to: 1) abate up to 100% of the property taxes due for any public service company infrastructure installed or improved in the previous year; and 2) abate up to 100% of property taxes due for personal property owned by a gas company for up to 25 years.

A municipality that chooses to do this would experience a revenue loss that would vary based on 1) the amount of taxes owed on such property; and 2) the amount of such taxes the municipality chose to abate.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in municipal grand lists and mill rates.

OLR Bill Analysis**sSB 213*****AN ACT CONCERNING A MUNICIPAL OPTION FOR PROPERTY TAX ABATEMENTS FOR PUBLIC SERVICE COMPANY INFRASTRUCTURE AND NATURAL GAS EXPANSION.*****SUMMARY:**

This bill allows municipalities, by a vote of their legislative bodies or, if the legislative body is a town meeting, their boards of selectmen, to abate certain utility company property taxes under two different circumstances. It allows a municipality to abate up to 100% of the property taxes due for public service (i.e., utility) company infrastructure installed or improved during the preceding tax year. Under the bill, such infrastructure is any transmission towers, substations, switchyards, meters, metering equipment, poles, wires, conduits, or other fixtures under or over a public road to provide utility company service.

The bill also allows municipalities to abate, for up to 25 tax years, up to 100% of a gas company's annual personal property taxes to facilitate natural gas expansion projects in the municipality. The gas company must include the abatement when calculating the hurdle rate for gas expansion projects within the municipality.

In general, when a gas company seeks to expand its distribution system, the "hurdle rate" refers to the amount of projected new distribution revenues needed over a 25-year period to pay for the expansion. If the expansion will not pay for itself in this period, the new customers served by the expansion must pay for the shortfall through an additional contribution-in-aid-of-construction (CIAC) charge. (Presumably, including a property tax abatement in a hurdle rate calculation will lower the hurdle rate and thus decrease (1) the likelihood that new customers must pay a CIAC or (2) the amount of

the CIAC, if applicable.)

EFFECTIVE DATE: The provision allowing (1) a tax abatement for utility company infrastructure is effective October 1, 2015 and applicable to assessment years starting on or after that date and (2) an abatement for gas company personal property is effective July 1, 2015 and applicable to assessment years starting October 1, 2015.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 23 Nay 0 (03/24/2015)