

February 24, 2017

To: Finance Committee

Re: SB-273 – An Act Eliminating the Sales Tax Paid by Customers of Private Water Companies

Thank you for the opportunity to comment on issues relating to Act SB-273. Hazardville Water Company (HWC) and Jewett City Water Company (JCWC) are privately owned public water utilities servicing approximately 7,300 customers in Enfield and Somers for HWC and approximately 1,870 customers in Griswold and Lisbon for JCWC.

The imposition of the sales tax on purchases of private water companies imposes an unfair burden on the customers and communities served by the private water companies. Taxes and the cost of doing business including requirements to comply with certain local, state and federal requirements, that do not apply to municipal and regional water companies, incurred by private water companies are reflected in customer rates, creating disparities between the rates paid by private water customers and customers of municipalities or regional water utilities.

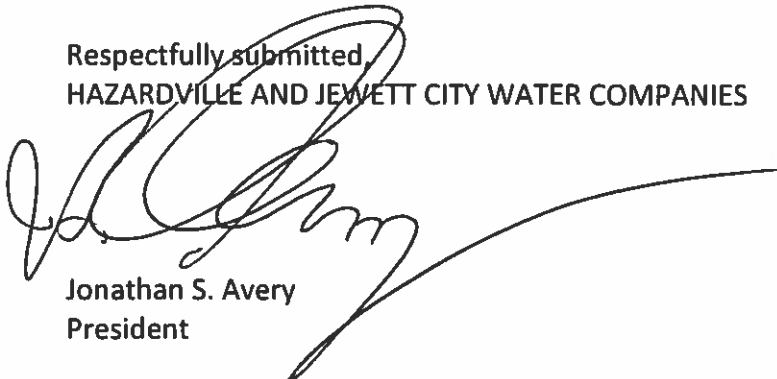
This also creates administrative challenges and triggers additional costs on private water company customers to comply with this new CT sales tax regulation.

To help address the disparity and reduce the burden placed on customers of private water companies, in 1994 the legislature exempted private water companies from the sales tax on goods and service they purchase.

In the final days of the 2015 legislative session, a provision was added to the budget implementer to repeal the sales tax exemption for private water companies. Currently, the same service provided by vendors or contractors in the delivery of water are taxed if provided to a private water company but exempt if provided to a municipality or regional water utility.

SB-273 seeks to remedy this inequity by restoring the sales tax exemption.

Respectfully submitted,
HAZARDVILLE AND JEWETT CITY WATER COMPANIES



Jonathan S. Avery
President