



Testimony
Elizabeth Gara, Executive Director
Connecticut Water Works Association
Before the Finance, Revenue & Bonding Committee
February 24, 2017

The Connecticut Water Works Association (CWWA), a trade association of municipal, regional and private water companies, **supports SB-273 - AN ACT ELIMINATING THE SALES TAX PAID BY CUSTOMERS OF PRIVATE WATER COMPANIES**, which addresses tax inequities affecting customers of private water companies.

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 other additional costs 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. There are currently just over 100 towns that have all or part of their community served by a private water company that are affected by this additional sales tax burden. This affects nearly 300,000 water customers or approximately 900,000 people in legislative districts across the state.

In 1993, the legislature's Program Review & Investigations Committee conducted a study of water company regulation, including issues resulting in rate variability between private investor-owned utilities and municipal and regional water utilities. The study concluded that "In general, private water companies have additional costs that public suppliers do not. Private water companies pay local, state and federal taxes not paid by their municipal counterparts."

Private water companies are also subject to a number of legal and operational requirements that increase 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, such as permit and fee requirements of state agencies and local boards and commissions.

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 repealing the sales tax exemption for private water companies. As a result, the same service provided by vendors or contractors in the delivery of water are taxed if provided to a private company but exempt if provided to a municipality or regional water utility.

This creates administrative challenges and triggers additional costs on private water company customers. SB-273 seeks to remedy this inequity by restoring the sales tax exemption.

Thank you for your consideration.



Private Water Company Service Towns

Water service is provided by private water companies in all or part of the following communities.

Towns/Cities Served by Aquarion Water Company			
Beacon Falls	Granby	Newtown	Stamford
Bethel	Greenwich	Norfolk	Stonington
Bridgeport	Groton	North Canaan	Stratford
Brookfield	Kent	Norwalk	Suffield
Cornwall	Lebanon	Oxford	Torrington
Danbury	Litchfield	Redding	Trumbull
Darien	Mansfield	Ridgefield	Washington
East Derby	Marlborough	Salisbury	Weston
East Granby	Middlebury	Seymour	Westport
East Hampton	Monroe	Shelton	Wilton
Easton	New Canaan	Sherman	Wolcott
Fairfield	New Fairfield	Simsbury	Woodbury
Goshen	New Milford	Southbury	

Towns/Cities Served by Connecticut Water			
Ashford	Durham	Lebanon	South Windsor
Avon	East Granby	Madison	Stafford
Beacon Falls	East Haddam	Manchester	Stonington
Bethany	East Hampton	Mansfield	Suffield
Bolton	East Windsor	Marlborough	Thomaston
Brooklyn	Ellington	Middlebury	Thompson
Burlington	Enfield	Naugatuck	Tolland
Canton	Essex	Old Lyme	Vernon
Chester	Farmington	Old Saybrook	Voluntown
Clinton	Griswold	Plainfield	Waterbury
Colchester	Guilford	Plymouth	Westbrook
Columbia	Hebron	Portland	Willington
Coventry	Killingly	Prospect	Windsor Locks
Deep River	Killingworth	Somers	Woodstock



Towns/Cities Served by Torrington Water

The majority of the 9,700 customers are in Torrington

Remaining customers in the following towns:

New Hartford	Litchfield	Harwinton	Burlington
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Towns/Cities Served by Hazardville Water

The majority of the 7,200 customers are in Enfield

Remaining Customers: East Windsor, Somers

Towns/Cities Served by Jewett City Water

Jewett City	Lisbon
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Towns/Cities Served by Valley Water

The majority of the 6,600 customers are in Plainville

Remaining Customers : Farmington, Southington