

**TESTIMONY PRESENTED TO THE FINANCE, REVENUE AND BONDING  
COMMITTEE  
APRIL 10, 2019**

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Testimony Opposing House Bill No. 7374

AN ACT CONCERNING THE CONNECTICUT AIRPORT AND AVIATION ACCOUNT AND  
REDUCING THE RATE OF SALES AND USE TAXES ON DYED DIESEL FUEL USED FOR  
MARINE PURPOSES.

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Senator Fonfara, Representative Rojas and distinguished members of the Finance, Revenue and Bonding Committee, thank you for the opportunity to offer testimony on House Bill No. 7374, An Act Concerning the Connecticut Airport and Aviation Account and Reducing the Rates of Sales and Use Taxes on Dyed Diesel Fuel Used for Marine Purposes.

Section 1 of this bill seeks to remove the Office of Policy and Management and the Department of Transportation from approving any expenses from the Connecticut Airport and Aviation Account. Instead, funds within the account will be directly transferred to the Connecticut Airport Authority (CAA), who will have the sole control over how those funds will be used.

Section 672 of Public Act 17-2, JSS created the Connecticut airport and aviation account in order to adhere to an FAA ruling that requires any taxes on aviation fuel must be used for aviation purposes. Previously such revenue was deposited into the Special Transportation Fund where OPM had historical oversight of overall Transportation Fund revenues and expenditures, including a small appropriation for the Connecticut Airport Authority (CAA). OPM oversight of this transfer is consistent with prior practice when the CAA received the small appropriation from the STF in lieu of the new aviation account revenue.

We understand that the process for disbursing funds from this account may have been cumbersome from the CAA's perspective. Given the breadth of purposes for which these funds may be used - some outside CAA's purview - there is coordination and oversight required among OPM, DRS and DOT for the disbursement of these taxpayer funds. OPM will work with the affected agencies on evaluating the issues related to the timeframe for disbursements.

Sections 2 and 3 of this bill seeks to reduce the Sales and Use Tax on Dyed Diesel fuel from 6.35% to 2.99%. The Governor's February 20, 2019 budget proposal made clear that this administration is not interested in picking winners and losers through tax policy. We cannot continue the practice of unfairly benefiting one group at the detriment of another, no matter the fiscal impact.

I respectfully request that the committee oppose this bill. I would like to again thank the committee for the opportunity to present this testimony.