

***Finance, Revenue and Bonding Committee
JOINT FAVORABLE REPORT**

Bill No.: HB-7374

AN ACT CONCERNING THE CONNECTICUT AIRPORT AND AVIATION
ACCOUNT AND REDUCING THE RATE OF SALES AND USE TAXES ON

Title: DYED DIESEL FUEL USED FOR MARINE PURPOSES.

Vote Date: 5/1/2019

Vote Action: Joint Favorable

PH Date: 4/10/2019

File No.:

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SPONSORS OF BILL:

Finance, Revenue, and Bonding Committee

REASONS FOR BILL:

This bill reduces, from 6.35% to 2.99%, the sales and use tax rate applicable to dyed diesel fuel sold by marine fuel dock owners or operators exclusively for marine purposes.

The bill also modifies the process for disbursing funds from the Connecticut Airport and Aviation Account to the CAA. Current law requires DOT, with Office of Policy and Management (OPM) approval, to spend the account's resources for airport and aviation-related purposes. In practice, DOT, with approval from OPM, periodically transfers the funds to the CAA. Under the bill, money in the account must be transferred directly to a CAA-established account and used for airport and aviation-related purposes. The amount and frequency of the transfers must be mutually agreed upon by the CAA executive director and the revenue services commissioner.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Office of Policy Management, Secretary, Melissa McCaw](#)

Secretary McCaw offered testimony in opposition to this proposal. In regards to reducing the sales and use tax rate applicable to dyed diesel fuel Ms. McCaw pointed out that the Governor has made it 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. 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. Concerning the section of the bill that deals with the disbursing of funds from the CAA, Ms. McCaw states that 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.

NATURE AND SOURCES OF SUPPORT:

[Connecticut Airport Authority, Executive Director, Kevin Dillon](#)

On behalf of the Connecticut Airport Authority, Mr. Dillon testified that in previous years, funding to CAA has been delayed due to the number of agencies it must pass through prior to receiving grant monies. He points out that since the state is federally required to use the funding for aviation purposes, and since the CAA is the statewide regulatory body for aviation matters, this legislation would allow the CAA to directly receive funding from the account to cut down on unnecessary delays.

NATURE AND SOURCES OF OPPOSITION:

None provided.

**Reported by: Cassandra Gallion
Committee Clerk**

Date: 5/7/2019