September 21, 2015

State Tax Panel Committee
Room 2E, Legislative Office Building
Hartford, CT 06106

Re: Sales Tax Exemption for Environmental Consulting Services

Dear State Tax Panel Committee:

I am writing to you on behalf of the Environmental Professionals’ Organization of Connecticut (EPOC) regarding the existing sales tax exemption for environmental services in CT. Our association represents the interests of Licensed Environmental Professionals (LEPs) who are authorized under CT Section 22a-133v of the Connecticut General Statutes (CGS) to facilitate the remediation of environmentally contaminated sites in Connecticut. The CT Department of Energy and Environmental Protection (DEEP) administers the licensing program.

The CT Department of Revenue Services (DRS) in 2011 published a document which defines the types of environmental services that are subject to sales tax entitled, “Services Relating to Hazardous Waste and Other Contaminants of Air, Water and Soil” (posted on DRS website at: http://www.ct.gov/drs/lib/drs/legislativechanges/2011environmentallegislativechanges.pdf). This document states, “Environmental consulting services remain excluded from sales tax pursuant to Conn. Gen. Stat. § 12-407(a)(37)(J).” EPOC worked closely with the DRS to demonstrate the importance of this sales tax exemption to our state as it encourages the redevelopment of environmentally compromised properties.

As you likely are aware, in Connecticut, state remediation programs and standards are in place to help promote the cleanup and redevelopment of brownfields and other contaminated sites. To encourage development of brownfield sites, the state has established the Office of Brownfield Remediation and Development (OBRD) as part of the Connecticut Department of Economic and Community Development (DECD). OBRD’s mission is “to return brownfield sites across the state to productive re-use, including mixed-use, residential, commercial, industrial, retail, and open space uses. Redevelopment of brownfield properties can benefit communities in a variety of ways by removing blight, attracting private investment and new jobs to vacant or abandoned properties, and by remediating environmental contamination.” In addition, Governor Malloy has made brownfield redevelopment an important initiative and as recently as July 14, 2015 announced that the DECD will award $7 million to 12 brownfield redevelopment and assessment projects across the state, including $5.4 million to four remediation and redevelopment projects and $1.5 million to eight projects for assessment and investigation.

We strongly believe that maintaining the sales tax exempt status for environmental consulting services is in the best interests of the economic well being of CT as it provides some relief from the costly activities associated with brownfield redevelopment in our state. We ask you to maintain the sale tax exemption per the current definition of the DRS as described above.

Sincerely,

Seth Molofsky
Executive Director