House of Representatives

General Assembly

File No. 457

February Session, 2010

Substitute House Bill No. 5506

House of Representatives, April 12, 2010

The Committee on Energy and Technology reported through REP. NARDELLO of the 89th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE TAXATION OF TELECOMMUNICATIONS COMPANY PROPERTY AND UTILITY DEPOSITS FOR BUSINESS CUSTOMERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 12-80a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) Any (1) taxpayer which, prior to January 1, 1990, was subject to tax under chapter 211 with respect to the rendering of telecommunications service and which, on or after January 1, 1990, is subject to tax under chapter 219 for rendering telecommunications service, and (2) other taxpayer that is subject to tax under chapter 219 for rendering telecommunications service and which has elected in the manner specified in this section to have personal property taxed as provided in this section, shall be required to submit to the Commissioner of Revenue Services and the Secretary of the Office of Policy and Management, not later than the thirtieth day of November

of each year during which it is subject to tax under chapter 219, a list of all personal property on a town-by-town basis that is owned by such taxpayer in this state on the first day of October of such year and that is used solely and exclusively for rendering telecommunications service, as defined in said chapter 219, including the location of each item of such property and the fair market value thereof, recognizing depreciation of such property to the maximum extent allowed for purposes of the corporation business tax in this state, as certified by the Commissioner of Revenue Services. **[**Each**]** Not later than the thirtieth day of November each year, each such taxpayer shall also submit said list to each municipality in which such taxpayer owns property, provided the list submitted to a municipality shall contain only the personal property owned by such taxpayer that is located in, or allocated pursuant to this subsection to, said municipality. If the records of a taxpayer subject to the requirements of this subsection do not contain the data necessary to develop the list as required without undue cost, the taxpayer may, for purposes of requirements under this subsection, petition the Commissioner of Revenue Services for approval of an alternate method of determining the value of the plant used solely and exclusively to render telecommunications services, but not including central office or switching equipment of that taxpayer, located in each town in the state. If the commissioner finds that the alternative method proposed results in a reasonable approximation of the value of the property of the taxpayer located in each town and used solely and exclusively for rendering telecommunications service, the commissioner shall notify the taxpayer that the proposed alternate method is acceptable and the taxpayer shall be permitted to use the alternate method in developing the list required under this subsection.

(b) (1) Not later than the first day of February immediately following the end of such tax year, the Secretary of the Office of Policy and Management shall determine, with respect to such company, a value for personal property equivalent to seventy per cent of the value of personal property included in the list of such property prepared and certified in accordance with subsection (a) of this section. The amount of tax applicable with respect to such personal property of any

taxpayer subject to the tax imposed under this section shall be determined by multiplying the value of personal property of such company, as determined under this subsection, by a mill rate of forty-seven mills. Said secretary shall, not later than the first day of March immediately following the end of such tax year, submit a tax bill to each company stating the amount of tax payable to each town in relation to the personal property of such taxpayer located in such town. Such tax shall be due and payable to the town in which such personal property is located not later than the first day of April immediately following. Any city or borough not consolidated with the town in which it is located and any town containing such a city or borough shall receive a portion of the tax due and payable to such town on the basis of the following ratio: The total taxes levied in the previous fiscal year by such town, city or borough shall be the numerator of the fraction. The total taxes levied by the town and all cities or boroughs located within such town shall be added together, and the sum shall be the denominator of the fraction. Any such city or borough may, by vote of its legislative body, direct the Secretary of the Office of Policy and Management to reallocate all or a portion of the share of such city or borough to the town in which it is located.

(2) The person responsible for the collection of taxes for each town, city or borough owed taxes under this subsection may, at such time as such tax becomes delinquent as provided in sections 12-146 and 12-169, subject such tax to interest at the rate of one and one-half per cent of such tax for each month or fraction thereof which elapses from the time when such tax becomes due and payable until the same is paid.

(c) With respect to tangible personal property included in the list of such property submitted to the Secretary of the Office of Policy and Management as provided in subsection (a) of this section, any taxpayer subject to the tax imposed under this section for any tax year shall not be subject to property tax in any town applicable to such personal property for the assessment year in such town commencing on the first day of October immediately preceding the date on which the tax determined with respect to such property in accordance with this

82 section becomes due and payable.

83 (d) Any taxpayer that, on or after January 1, 1990, is subject to tax
84 under chapter 219 for rendering telecommunications service but that,
85 prior to January 1, 1990, was not subject to tax under chapter 211 for
86 rendering telecommunications service may elect to have personal
87 property taxed in the manner specified in this section. Such election
88 shall be made in writing and filed with the Secretary of the Office of
89 Policy and Management and a copy thereof shall be filed with the
90 assessor of each town in which personal property affected by such
91 election is located. Such election, once filed with the secretary, shall be
92 irrevocable and shall, if filed on or before the date that is two months
93 prior to the start of the assessment year, be effective for such
94 assessment year and for all succeeding assessment years, otherwise to
95 be effective for the next succeeding assessment year and all succeeding
96 assessment years.

97 (e) For assessment years commencing on or after October 1, 1997,
98 the provisions of this section, including informational reporting
99 requirements imposed on owners, shall also apply, to the extent
100 provided in section 12-80b, to property that is used both to render
101 telecommunications service subject to tax under chapter 219 and to
102 render community antenna television service subject to tax under
103 chapter 219 and that is required, under subsection (a) of section 12-80b,
104 to be taxed as provided in this section.

105 (f) Any municipality may examine the Office of Policy and
106 Management's or the Department of Revenue Services' audit of a
107 taxpayer's submission pursuant to subsection (a) of this section.

108 Sec. 2. (*Effective from passage*) The Department of Public Utility
109 Control shall initiate a docket to examine the collection of deposits by
110 public service companies, other than telephone companies, from any
111 customer or prospective customer other than a residential customer or
112 prospective residential customer. Such examination shall include, but
113 not be limited to, consideration of (1) a maximum deposit amount that
114 public service companies may collect from any customer or

prospective customer other than a residential customer or prospective residential customer, (2) criteria to determine creditworthiness of customers, (3) criteria for when the public service company shall return the deposit plus interest, and (4) provisions for collecting deposits from customers moving from one location to another within the service area of the same company. On or before January 1, 2011, the department shall report the results of such docket to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*July 1, 2010*	12-80a
Sec. 2	*from passage*	New section

ET *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill results in no fiscal impact. It requires the Department of Public Utility Control to begin a proceeding regarding telephone companies and security deposits. The DPUC currently opens approximately 380 proceedings each year.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis
sHB 5506

AN ACT CONCERNING THE TAXATION OF TELECOMMUNICATIONS COMPANY PROPERTY AND UTILITY DEPOSITS FOR BUSINESS CUSTOMERS.

SUMMARY:

This bill requires the Department of Public Utility Control (DPUC) to begin a proceeding to examine the collection of security deposits by utilities, other than telephone companies, from existing and prospective non-residential customers. (The telephone companies are AT&T, which serves most of the state and Verizon, which serves part of Greenwich.) The proceeding must address (1) the maximum deposit utilities may collect from such customers, (2) criteria to determine a customer's creditworthiness and when the utility must return the deposit plus interest, and (3) provisions for collecting deposits for customers moving within a utility's service territory. The bill requires DPUC to report, by January 1, 2011, the results of this proceeding to the Energy and Technology Committee.

By law, certain telecommunications companies must submit a town-by-town list of their personal property used for telecommunications purposes to the Office of Policy and Management and the Department of Revenue Services by November 30th annually. Companies must submit the information regarding the property in each town to that town. The bill requires that the companies to submit this information to the towns by November 30th.

EFFECTIVE DATE: Upon passage except for the property list provision, which takes effect July 1, 2010.

BACKGROUND

Related Bill

sHB 5255, favorably reported by the Planning and Development Committee, establishes a statutory depreciation schedule for property tax purposes for certain utility property.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute
Yea 21 Nay 0 (03/24/2010)