



Senate

General Assembly

File No. 588

February Session, 2016

Substitute Senate Bill No. 212

Senate, April 12, 2016

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT EXEMPTING CERTAIN PURCHASES BY WATER COMPANIES FROM THE SALES AND USE TAX.

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

1 Section 1. Section 12-412 of the 2016 supplement to the general
2 statutes, as amended by section 196 of public act 14-217, is amended by
3 adding subdivision (122) as follows (*Effective July 1, 2018, and applicable*
4 *to sales occurring on or after said date*):

5 (NEW) (122) Sales of and the storage, use or other consumption of
6 any personal property or any services to a water company, as defined
7 in section 16-1, for use in maintaining, operating, managing or
8 controlling any pond, lake, reservoir, stream, well or distributing plant
9 or system employed for the purpose of supplying water to fifty or
10 more consumers.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2018, and applicable to sales occurring on or after said date</i>	12-412
-----------	--	--------

ET *Joint Favorable C/R* FIN

FIN *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:

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$
Department of Revenue Services	GF - Revenue Loss	None	None
Resources of the Transportation Fund	TF - Revenue Loss	None	None
Policy & Mgmt., Off.	MRSA - Revenue Loss	None	None

Note: GF=General Fund; TF=Transportation Fund; MRSA=Municipal Revenue Sharing Account

Municipal Impact: None

Explanation

The bill results in an annualized revenue loss of \$4.0 million beginning in FY 19 by exempting from the sales tax any personal property or any services to a water company for maintenance and operation of water sources and systems for the purpose of supplying water to fifty or more consumers.

The bill would specifically result in an annualized revenue loss of: (1) \$3.4 million to the General Fund; (2) \$310,000 to the Special Transportation Fund and; (3) \$310,000 to the Municipal Revenue Sharing Account.¹

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$	FY 21 \$
Department of	GF - Revenue Loss	3.4 million	3.4 million	3.4 million

¹ PA 15-244, as amended by PA 15-5 JSS and PA 15-1 DSS, requires a monthly transfer of a portion of the sales tax generated into the Municipal Revenue Sharing Account and the Special Transportation Fund. The general sales and use tax rate, from which the diversion occurs, remains at 6.35%.

Revenue Services				
Resources of the Transportation Fund	TF - Revenue Loss	310,000	310,000	310,000
Policy & Mgmt., Off.	MRSA - Revenue Loss	310,000	310,000	310,000

Note: GF=General Fund; TF=Transportation Fund; MRSA=Municipal Revenue Sharing Account

Municipal Impact: None

The bill implements the sales tax exemption beginning on July 1, 2018. The revenue loss will therefore not occur until FY 19.

OLR Bill Analysis**sSB 212*****AN ACT EXEMPTING CERTAIN PURCHASES BY WATER COMPANIES FROM THE SALES AND USE TAX.*****SUMMARY:**

Starting July 1, 2018, this bill restores a sales and use tax exemption for goods or services purchased by a water company to maintain, operate, manage, or control a pond, lake, reservoir, stream, well, or distributing plant or system that supplies water to at least 50 customers. The original exemption was repealed by PA 15-244. Under the bill, "water companies" are those regulated by the Public Utilities Regulatory Authority (i.e., private, investor-owned companies).

EFFECTIVE DATE: July 1, 2018 and applicable to sales occurring on or after that date.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Change of Reference
Yea 24 Nay 0 (03/17/2016)

Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 44 Nay 0 (03/24/2016)