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## OLR Bill Analysis

HB 6001

### *Emergency Certification*

## **AN ACT CONCERNING THE SUSPENSION OF CERTAIN GAS TAXES, THE EXTENSION OF FREE BUS SERVICE, BOTTLE DEPOSIT LABELS AND FUNDING FOR THE CONNECTICUT PREMIUM PAY PROGRAM AND ENERGY ASSISTANCE.**

### SUMMARY

#### § 1 — GAS TAX SUSPENSION AND REIMPOSITION

*Extends through December 31, 2022, the suspension of the 25-cent-per-gallon motor vehicle fuels tax on gasoline and gasohol; reimposes the tax at five cents per gallon beginning January 1, 2023, and increases it by five cents for each of the next three months until the 25-cent rate resumes beginning May 1, 2023; and continues to require retail fuel dealers to correspondingly reduce their sale prices based on the tax changes*

#### § 2 — ARPA ALLOCATION ADJUSTMENTS

*Reallocates \$40.8 million in FY 23 ARPA funds allocated to OPM for Invest Connecticut to (1) DOT for free bus service (\$10.8 million) and (2) DSS for the Home Heating Energy Assistance Supplemental Reserve (\$30 million)*

#### § 3 — PREMIUM PAY PROGRAM BENEFITS

*Adjusts the Premium Pay Program's benefit scale to reduce the payments to full-time eligible applicants with an income of \$50,000 or more; reduces the benefit for part-time eligible applicants from \$500 to 200; removes a requirement for benefits to be reduced if the program is underfunded*

#### § 4 — ESSENTIAL WORKERS COVID-19 PROGRAM FUNDS TRANSFER

*Makes any unspent funds from the Essential Worker COVID-19 Assistance Program available for the Premium Pay Program*

#### § 5 — RETIRED STATE EMPLOYEE HEALTH SERVICE FUNDS TRANSFER

*Reduces the FY 23 appropriation for retired state employees' health services costs by \$45 million and transfers it to the Connecticut Premium Pay account*

#### § 6 — LIMITS ON SUPPLEMENTAL LIHEAP FUNDS

*Requires DSS to spend Home Heating Energy Assistance Supplemental Reserve funds only to provide direct benefits under the state's LIHEAP plan when federal funds are exhausted*

#### § 7 — PURA FINES REVENUE DIRECTED TO LIHEAP AGENCIES

*Requires PURA, for FYs 23 and 24, to direct 95% of certain fines it collects to nonprofit agencies that provide low-income energy assistance programs; sets annual reporting requirements for the agencies and prohibits them from using more than 10% of the funds for administrative purposes*

**§§ 8 & 9 — BOTTLE BILL EXEMPTION**

*Exempts from the state's beverage container redemption law ("bottle bill") certain beverage containers (e.g., juice, tea, coffee, sports or energy drink) in a dealer's inventory as of December 31, 2022*

**SUMMARY**

This bill makes various changes concerning the motor vehicle fuels tax, Connecticut Premium Pay Program benefits and funding, free bus service and home heating assistance funding, and the state's beverage container redemption law. A section-by-section analysis follows.

EFFECTIVE DATE: Various, see below

**§ 1 — GAS TAX SUSPENSION AND REIMPOSITION**

*Extends through December 31, 2022, the suspension of the 25-cent-per-gallon motor vehicle fuels tax on gasoline and gasohol; reimposes the tax at five cents per gallon beginning January 1, 2023, and increases it by five cents for each of the next three months until the 25-cent rate resumes beginning May 1, 2023; and continues to require retail fuel dealers to correspondingly reduce their sale prices based on the tax changes*

Under current law and through November 30, 2022 (1) the 25-cent-per-gallon motor vehicle fuels tax on gasoline and gasohol is suspended and (2) retail fuel dealers must correspondingly reduce the per-gallon price of the gasoline and gasohol they sell by 25 cents. The bill extends this suspension and price reduction requirement another month, through December 31, 2022.

Beginning January 1, 2023, the bill reimposes the tax at a reduced rate of five cents per gallon and increases it by five cents for each of the next three months until the 25-cent rate resumes beginning May 1, 2023. Relatedly, the bill requires retailers to continue to reduce their gasoline and gasohol per-gallon sale prices during this period in proportion to the tax rate imposed as shown in Table 1.

**Table 1: Motor Vehicle Fuels Tax Rates and Fuel Price Reductions Beginning January 1, 2023**

<i>Period</i>	<i>Tax Rate (cents per gallon)</i>	<i>Fuel Price Reduction (cents per gallon)</i>
January	5	20
February	10	15
March	15	10
April	20	5
May and thereafter	25	N/A

By law, the motor vehicle fuels tax is imposed on fuel distributors and applies to motor vehicle fuel used or sold in Connecticut. As with the current suspension, the bill's provisions do not affect the tax due on propane, natural gas, or diesel.

As under existing law, violations of the price reduction requirement are an unfair or deceptive trade practice under the Connecticut Unfair Trade Practices Act (CUTPA). Retailers may use the following as affirmative defenses against alleged violations of the requirement: (1) an increase in the wholesale price of fuel that occurs after the tax reduction, (2) an increase in any other tax imposed on the fuel that occurs after the tax reduction, or (3) any other bona fide business cost increase the retailer incurs and relied upon in making the decision to not reduce the price (CGS § 14-332a(c)(4)).

EFFECTIVE DATE: Upon passage

## **§ 2 — ARPA ALLOCATION ADJUSTMENTS**

*Reallocates \$40.8 million in FY 23 ARPA funds allocated to OPM for Invest Connecticut to (1) DOT for free bus service (\$10.8 million) and (2) DSS for the Home Heating Energy Assistance Supplemental Reserve (\$30 million)*

The bill adjusts federal American Rescue Plan Act (ARPA) funding allocations for FY 23 by reducing the allocation to the Office of Policy and Management (OPM) for Invest Connecticut by \$40.8 million and allocating these funds as follows:

1. \$10.8 million to the Department of Transportation (DOT) for free bus service (increasing the current allocation from \$8.1 million to \$18.9 million) and

2. \$30 million to the Department of Social Services (DSS) for the Home Heating Energy Assistance Supplemental Reserve (see § 6 below).

EFFECTIVE DATE: Upon passage

### § 3 — PREMIUM PAY PROGRAM BENEFITS

*Adjusts the Premium Pay Program's benefit scale to reduce the payments to full-time eligible applicants with an income of \$50,000 or more; reduces the benefit for part-time eligible applicants from \$500 to 200; removes a requirement for benefits to be reduced if the program is underfunded*

PA 22-118 created the Connecticut Premium Pay Program to recognize and compensate certain “essential workers” (i.e., those eligible for a vaccination in phase 1a or 1b of the CDC’s COVID vaccination program) who worked throughout the COVID-19 emergency by giving them a \$200 to \$1,000 payment, depending on their individual income. The bill adjusts the program’s benefit scale to reduce the payments to full-time eligible applicants with an income of at least \$50,000. Table 2 shows the income ranges and premium payments under PA 22-118 and the bill. The bill also reduces the payment for part-time eligible applicants (i.e., those who worked less than 30 hours per week) from \$500 to \$200.

**Table 2: Income Ranges and Premium Payments Under PA 22-118 and the Bill**

<i>Under PA 22-118</i>		<i>Under the Bill</i>	
<i>Income Range</i>	<i>Payment</i>	<i>Income Range</i>	<i>Payment</i>
Under \$100,000	\$1,000	Under \$50,000	\$1,000
\$100,000 - \$109,999	800	\$50,000 - <\$60,000	800
\$110,000 - \$119,999	600	\$60,000 - <\$70,000	750
\$120,000 - \$129,999	400	\$70,000 - <\$80,000	500
\$130,000 - \$149,999	200	\$80,000 - <\$90,000	250
		\$90,000 - <\$100,000	200
		\$100,000 - <\$150,000	100

The bill also (1) removes a requirement that the payments be reduced proportionally if the sum allocated to the program is not enough to fully fund all approved applicants and (2) specifies that the program must make payments to eligible applicants who applied by October 1, 2022

(the application deadline).

EFFECTIVE DATE: Upon passage and applicable to applications submitted on or after May 7, 2022, and before October 1, 2022.

**§ 4 — ESSENTIAL WORKERS COVID-19 PROGRAM FUNDS TRANSFER**

*Makes any unspent funds from the Essential Worker COVID-19 Assistance Program available for the Premium Pay Program*

The bill makes any unspent funds from the Essential Worker COVID-19 Assistance Program available for the Premium Pay Program. By law, the Essential Worker COVID-19 Assistance Program provides financial assistance for uncompensated leave, out-of-pocket medical expenses, and burial expenses to certain essential employees who could not work between March 10, 2020, and July 20, 2021, due to having COVID-19.

EFFECTIVE DATE: Upon passage

**§ 5 — RETIRED STATE EMPLOYEE HEALTH SERVICE FUNDS TRANSFER**

*Reduces the FY 23 appropriation for retired state employees' health services costs by \$45 million and transfers it to the Connecticut Premium Pay account*

The bill reduces the FY 23 appropriation to the State Comptroller for retired state employees' health services costs by \$45 million and transfers it to the Connecticut Premium Pay account that supports the Premium Pay Program.

EFFECTIVE DATE: Upon passage

**§ 6 — LIMITS ON SUPPLEMENTAL LIHEAP FUNDS**

*Requires DSS to spend Home Heating Energy Assistance Supplemental Reserve funds only to provide direct benefits under the state's LIHEAP plan when federal funds are exhausted*

The bill requires that the \$30 million allocated to the Department of Social Services for the Home Heating Energy Assistance Supplemental Reserve (see § 2) be spent only after all federal funds that the state received for home heating and utility assistance purposes have been exhausted. It requires the funds to be used only to support direct benefits for home heating or utility assistance for consumers eligible

under the federal FY 23 Low Income Home Energy Assistance (LIHEAP) Block Grant Allocation Plan approved by the Appropriations, Human Services, and Energy and Technology committees on August 29, 2022.

EFFECTIVE DATE: Upon passage

### **§ 7 — PURA FINES REVENUE DIRECTED TO LIHEAP AGENCIES**

*Requires PURA, for FYs 23 and 24, to direct 95% of certain fines it collects to nonprofit agencies that provide low-income energy assistance programs; sets annual reporting requirements for the agencies and prohibits them from using more than 10% of the funds for administrative purposes*

By law, entities regulated by the Public Utilities Regulatory Authority (PURA) are penalized with certain fines, restitution, or a combination of both if they violate the applicable laws and regulations for public service companies or PURA's orders. PURA may direct a portion of these fines to a nonprofit agency providing energy assistance programs (e.g., Operation Fuel). For FYs 23 and 24, the bill requires PURA to direct at least 95% of these fines to nonprofit agencies providing energy assistance programs.

The bill also requires any nonprofit agency that receives part of these fines, regardless of the fiscal year, to (1) administer the funds as directed by PURA and (2) submit an annual report to PURA at the end of each fiscal year. The report must detail how the funds were spent and be in a form set by PURA. The bill also prohibits an agency that receives this funding from using more than 10% of it for administrative purposes.

EFFECTIVE DATE: Upon passage

### **§§ 8 & 9 — BOTTLE BILL EXEMPTION**

*Exempts from the state's beverage container redemption law ("bottle bill") certain beverage containers (e.g., juice, tea, coffee, sports or energy drink) in a dealer's inventory as of December 31, 2022*

The bill exempts certain beverage containers in a dealer's (e.g., retailer) inventory as of December 31, 2022, from being subject to the state's beverage container redemption law ("bottle bill").

Under current law, beginning January 1, 2023, the following beverage

containers generally become subject to the bottle bill's provisions: hard cider, plant water or plant infused drink, juice or juice drink, tea, coffee, kombucha, sports or energy drink, and any beverages identified as one of these products with letters, words, or symbols on their labels. The bill exempts from the requirements these products' beverage containers that (1) are part of a dealer's inventory on December 31, 2022, and (2) do not have the law's required stamps or label showing that they have a refund value and are covered by the bottle bill.

The state's bottle bill requires a deposit to be charged on each beverage container at the time of purchase, which is then refunded to the consumer when they return the empty container to the retailer or a redemption center.

EFFECTIVE DATE: Upon passage, and a technical change is effective January 1, 2024.