



STATE OF CONNECTICUT

DEPARTMENT OF REVENUE SERVICES

SN 2004(7)

25 Sigourney Street
Hartford CT 06106-5032

SPECIAL NOTICE

2004 Legislation Affecting the Utility Company Gross Earnings Tax

Purpose: This Special Notice describes 2004 legislation affecting the utility company gross earnings tax liability of electric distribution companies, gas companies, and gas registrants.

Effective Date: As indicated below.

Statutory Authority: Conn. Gen. Stat. §12-264(a), as amended by 2004 Conn. Pub. Acts 180, §6, and 2004 Conn. Pub. Acts 231, §4; Conn. Gen. Stat. §12-264(c)(2), as amended by 2004 Conn. Pub. Acts 180, §5, and Conn. Gen. Stat. §12-265(c), as amended by 2004 Conn. Pub. Acts 180, §7.

Definitions: As used in this Special Notice:

- **Competitive transition assessment** means the competitive transition assessment, as defined in Conn. Gen. Stat. §16-245e(a)(2);
- **Transition property** means transition property, as defined in Conn. Gen. Stat. §16-245e(a)(13);
- **Electric distribution company** means an electric distribution company, as defined in Conn. Gen. Stat. §16-1;
- **Electric generation services** means electric generation services, as defined in Conn. Gen. Stat. §16-1;
- **Gas company** means a gas company, as defined in Conn. Gen. Stat. §16-1;
- **Gas registrant** means a gas registrant, as defined in Conn. Gen. Stat. §16-1; **and**
- **Manufacturing production process** means a manufacturing production process, as described in Conn. Gen. Stat. §12-265(c)(1).

Electric Distribution Companies: Effective June 1, 2004, no component of the competitive transition assessment that is collected by an electric distribution company under Conn. Gen. Stat. §16-245g and that constitutes transition property to which the electric distribution company has no right, title, or interest

under Conn. Gen. Stat. §16-245h(a) is includible in the company's taxable gross earnings from providing electric transmission services or electric distribution services. (Conn. Gen. Stat. §12-264(c)(2), as amended by 2004 Conn. Pub. Acts 180, §5)

Gas Companies: Effective for calendar quarters beginning on or after July 1, 2004, and before July 1, 2008, a gas company's income from the sale of natural gas or propane as motor vehicle fuel is not includible in the gas company's taxable gross earnings from operations. This provision does not apply to gas registrants. (Conn. Gen. Stat. §12-264(a), as amended by 2004 Conn. Pub. Acts 231, §4)

Gas Registrants: Effective May 1, 2003, a gas registrant's income from the sale of natural gas, for use in the production of electricity, to a combined cycle facility (in existence as of June 1, 2004) comprised of three gas turbines providing electric generation services with a total capacity of 775 megawatts, is not includible in the gas registrant's taxable gross earnings from operations. This provision does not apply to gas companies. (Conn. Gen. Stat. §12-264(a), as amended by 2004 Conn. Pub. Acts 180, §6)

Gas Companies and Gas Registrants: Effective June 1, 2004, the taxable gross earnings of a gas company or a gas registrant do not include earnings from the sale, furnishing, or distribution of natural gas for use as a fuel in the operation of a cogeneration facility if the cogeneration facility is:

- Providing electricity or steam to a company engaged in a manufacturing production process; **and**
- The cogeneration facility is located entirely on the premises owned or controlled by the company engaged in the manufacturing production process.

The applicability of this provision does not depend on whether the cogeneration facility is owned or operated by the company engaged in the manufacturing production process. (Conn. Gen. Stat. §12-265(c)(2), as amended by 2004 Conn. Pub. Acts 180, §7)

Effect on Other Documents: None affected.

Effect of This Document: A Special Notice announces a new policy or practice in response to changes in State or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by the Department of Revenue Services (DRS).

For Further Information: Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (in-state), or
- **860-297-5962** (from anywhere)

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

Forms and Publications: Forms and publications are available anytime by:

- **Internet:** Preview and download forms and publications from the DRS Web site at www.ct.gov/DRS
 - **DRS TAX-FAX:** Call **860-297-5698** from the handset attached to your fax machine and select from the menu. Only forms (not publications) are available through TAX-FAX.
 - **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (in-state) and select **Option 2** from a touch-tone phone.
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Paperless Filing Methods (fast, easy, free, and confidential):

- **For business returns:** Use *Fast-File* to file sales and use taxes, business use tax, room occupancy tax, estimated corporation tax, business entity tax, or withholding tax returns over the Internet. Visit the DRS Web site at www.ct.gov/DRS and click on *File/Register OnLine*.
- **For resident income tax returns:** Use *WebFile* to file personal income tax returns over the Internet. Visit the DRS Web site at www.ct.gov/DRS and click on *File/Register OnLine*.