



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

25 Sigourney Street Ste 2
Hartford CT 06106-5032

SN 2011(11)

SPECIAL NOTICE

2011 Legislation Imposing an Electric Generation Tax

Purpose: This Special Notice describes the electric generation tax enacted during the 2011 session of the Connecticut General Assembly.

Effective Date: Effective for calendar quarters commencing on or after July 1, 2011 and prior to July 1, 2013.

Statutory Authority: 2011 Conn. Pub. Acts 6, §104; 2011 Conn. Pub. Acts 61, §45; 2011 Conn. Pub. Acts 233, §17.

Definitions: As used in this Special Notice:

- **Person** means any individual, partnership, company, limited liability company, public or private corporation, society, association, trustee, executor, administrator, or other fiduciary or custodian.
- **Person subject to tax** means a person providing electric generation services and uploading electricity generated at such person's electric generation facility in this state to the regional bulk power grid. For purposes of this special notice, person subject to the tax may also be referred to as the taxpayer.
- **Electric generation services** means electric energy, electric capacity, or generation-related services.
- **Electric generation facility** means a facility where a person subject to tax provides electric generation services.
- **Alternative energy system** means design systems, equipment or materials which utilize as their energy source solar, wind, water, or biomass energy in providing space heating or cooling, water heating, or generation of electricity, but shall not include wood burning stoves.

- **Resources recovery facility** means a facility utilizing processes aimed at reclaiming the material or energy from solid wastes.
 - **Customer-side distributed resources** means the generation of electricity from a unit with a rating of not more than 65 megawatts on the premises of a retail end user within the transmission and distribution system including, but not limited to, fuel cells, photovoltaic systems, or small wind turbines.
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Persons Subject to the Electric Generation

Tax: Each person subject to tax is required to pay the electric generation tax on a quarterly basis starting with the calendar quarter beginning on or after July 1, 2011. The electric generation tax shall not apply to any net kilowatt hours of electricity generated at an electric generation facility in this state exclusively through the use of fuel cells or an alternative energy system, generated at a resources recovery facility, or generated at customer-side distributed resources.

Computation of Electric Generation Tax

Liability: The electric generation tax due for a calendar quarter is the product of \$0.0025 multiplied by the net kilowatt hours of electricity generated by the taxpayer at its electric generation facility in Connecticut and uploaded to the regional bulk power grid. The net kilowatt hours of electricity generated by a taxpayer at its electric generation facility in Connecticut and uploaded to the regional bulk power grid will be calculated by summing the hourly amounts of net kilowatt hours reported by the taxpayer to the regional bulk power grid during the calendar quarter. The amount of net kilowatt hours of electricity generated by the taxpayer at its electric generation facility in Connecticut and uploaded to the regional bulk power grid for a calendar quarter cannot be less than zero.

Registration of Persons Subject to the Electric Generation Tax with the Department of Revenue Services: Every person subject to tax identified by the Department of Revenue Services (DRS), if not already assigned a Connecticut Tax Registration Number, will be assigned a Connecticut Tax Registration Number. If already assigned a Connecticut Tax Registration number, the taxpayer will use that number to electronically file its return.

Any person subject to tax that is not assigned a Connecticut Tax Registration Number must complete **Form REG-1, Business Tax Registration Application**, and Addendum E.

Due Date of Return and Payment: Payment of the electric generation tax along with **Form EGT-104, Electric Generation Tax Return**, are due on or before the last day of the month following the end of the calendar quarter. Every taxpayer is required to electronically file its Form EGT-104. In addition, all payments of electric generation tax must be made by electronic means.

Use the **Taxpayer Service Center (TSC)** at www.ct.gov/TSC to electronically file Form EGT-104 and pay the electric generation tax. There is no paper Form EGT-104.

Amended Returns: If a taxpayer understates or overstates the net kilowatt hours of electricity generated at its electric generation facility in Connecticut and uploaded to the regional bulk power grid, the taxpayer is required to file an amended Form EGT-104. The Amended Form EGT-104 must be filed using the *TSC*. If the return reports an underpayment, payment of additional electric generation tax must be made using the *TSC*.

Calculating Net Kilowatt Hours on an Entity Basis: If an entity operates multiple electric generation facilities in Connecticut then such entity shall calculate its total net kilowatt hours of electricity generated and uploaded to the regional

bulk power grid for all locations and shall file a single Form EGT-104. If multiple entities operate a single electric generation facility then each entity shall separately calculate its net kilowatt hours of electricity generated and uploaded to the regional bulk power grid and shall file a separate Form EGT-104.

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 DRS.

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

- **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only); **or**
- **860-297-5962** (from anywhere).

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

Paperless Filing/Payment Methods (fast, easy, free, and confidential):

Taxpayers must use the *TSC* to file Form EGT-104 and make electric generation tax payments online.

DRS E-Alerts Service: Get connected to the latest news from DRS. Receive notification by email of changes to legislation, policies, and procedures. **DRS E-Alerts** provide information for employer's withholding tax, News – Press Releases, and Top 100 Delinquency List. Visit the DRS website at www.ct.gov/DRS and select e-alerts from the left navigation bar.
