



General Assembly

February Session, 2006

Raised Bill No. 585

LCO No. 2646



Referred to Committee on **TRANSPORTATION**

Introduced by:
(TRA)

AN ACT CONCERNING THE DIESEL FUEL TAX.

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

1 Section 1. Subdivision (2) of subsection (a) of section 12-458 of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective July 1, 2006*):

4 (2) On said date and coincident with the filing of such return each
5 distributor shall pay to the commissioner for the account of the
6 purchaser or consumer a tax (A) on each gallon of such fuels sold or
7 used in this state during the preceding calendar month of twenty-six
8 cents on and after January 1, 1992, twenty-eight cents on and after
9 January 1, 1993, twenty-nine cents on and after July 1, 1993, thirty cents
10 on and after January 1, 1994, thirty-one cents on and after July 1, 1994,
11 thirty-two cents on and after January 1, 1995, thirty-three cents on and
12 after July 1, 1995, thirty-four cents on and after October 1, 1995, thirty-
13 five cents on and after January 1, 1996, thirty-six cents on and after
14 April 1, 1996, thirty-seven cents on and after July 1, 1996, thirty-eight
15 cents on and after October 1, 1996, thirty-nine cents on and after
16 January 1, 1997, thirty-six cents on and after July 1, 1997, thirty-two
17 cents on and after July 1, 1998, and twenty-five cents on and after July

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18 1, 2000; and (B) in lieu of said taxes, each distributor shall pay a tax on
 19 each gallon of gasohol, as defined in section 14-1, as amended, sold or
 20 used in this state during such preceding calendar month, of twenty-
 21 five cents on and after January 1, 1992, twenty-seven cents on and after
 22 January 1, 1993, twenty-eight cents on and after July 1, 1993, twenty-
 23 nine cents on and after January 1, 1994, thirty cents on and after July 1,
 24 1994, thirty-one cents on and after January 1, 1995, thirty-two cents on
 25 and after July 1, 1995, thirty-three cents on and after October 1, 1995,
 26 thirty-four cents on and after January 1, 1996, thirty-five cents on and
 27 after April 1, 1996, thirty-six cents on and after July 1, 1996, thirty-
 28 seven cents on and after October 1, 1996, thirty-eight cents on and after
 29 January 1, 1997, thirty-five cents on and after July 1, 1997, thirty-one
 30 cents on and after July 1, 1998, and twenty-four cents on and after July
 31 1, 2000, and twenty-five cents on and after July 1, 2004; and (C) in lieu
 32 of such [rate,] tax, (i) on each gallon of [diesel fuel,] propane or natural
 33 gas sold or used in this state during such preceding calendar month, of
 34 eighteen cents on and after September 1, 1991, and twenty-six cents on
 35 and after August 1, 2002, and (ii) on each gallon of diesel fuel sold or
 36 used in this state during such preceding calendar month, of eighteen
 37 cents on and after September 1, 1991, and twenty-six cents on and after
 38 August 1, 2002, and thirty-two and one-half cents on and after October
 39 1, 2005.

40 Sec. 2. Subdivision (2) of subsection (b) of section 12-587 of the 2006
 41 supplement to the general statutes is repealed and the following is
 42 substituted in lieu thereof (*Effective July 1, 2006*):

43 (2) Gross earnings derived from the first sale of the following
 44 petroleum products within this state shall be exempt from tax: (A) Any
 45 petroleum products sold for exportation from this state for sale or use
 46 outside this state; (B) the product designated by the American Society
 47 for Testing and Materials as "Specification for Heating Oil D396-69",
 48 commonly known as number 2 heating oil, to be used exclusively for
 49 heating purposes or to be used in a commercial fishing vessel, which
 50 vessel qualifies for an exemption pursuant to section 12-412, as

51 amended; (C) kerosene, commonly known as number 1 oil, to be used
52 exclusively for heating purposes, provided delivery is of both number
53 1 and number 2 oil, and via a truck with a metered delivery ticket to a
54 residential dwelling or to a centrally metered system serving a group
55 of residential dwellings; (D) the product identified as propane gas, to
56 be used exclusively for heating purposes; (E) bunker fuel oil,
57 intermediate fuel, marine diesel oil and marine gas oil to be used in
58 any vessel having a displacement exceeding four thousand dead
59 weight tons; (F) for any first sale occurring prior to July 1, 2008,
60 propane gas to be used as a fuel for a motor vehicle; (G) for any first
61 sale occurring on or after July 1, 2002, grade number 6 fuel oil, as
62 defined in regulations adopted pursuant to section 16a-22c, to be used
63 exclusively by a company which, in accordance with census data
64 contained in the Standard Industrial Classification Manual, United
65 States Office of Management and Budget, 1987 edition, is included in
66 code classifications 2000 to 3999, inclusive, or in Sector 31, 32 or 33 in
67 the North American Industrial Classification System United States
68 Manual, United States Office of Management and Budget, 1997 edition;
69 (H) for any first sale occurring on or after July 1, 2002, number 2
70 heating oil to be used exclusively in a vessel primarily engaged in
71 interstate commerce, which vessel qualifies for an exemption under
72 section 12-412, as amended; (I) for any first sale occurring on or after
73 July 1, 2000, paraffin or microcrystalline waxes; [or] (J) for any first sale
74 occurring prior to July 1, 2008, petroleum products to be used as a fuel
75 for a fuel cell, as defined in subdivision (113) of section 12-412, as
76 amended; or (K) for any first sale occurring on or after October 1, 2005,
77 diesel fuel to be used in vehicles, as defined in subsection (a) of section
78 14-1 of the 2006 supplement to the general statutes.

79 Sec. 3. Section 13b-61a of the 2006 supplement to the general statutes
80 is repealed and the following is substituted in lieu thereof (*Effective July*
81 *1, 2006*):

82 (a) Notwithstanding the provisions of section 13b-61, as amended:
83 (1) For calendar quarters ending on or after September 30, 1998, and

84 prior to September 30, 1999, the Commissioner of Revenue Services
 85 shall deposit into the Special Transportation Fund established under
 86 section 13b-68 five million dollars of the amount of funds received by
 87 the state from the tax imposed under section 12-587, as amended by
 88 this act, on the gross earnings from the sales of petroleum products
 89 attributable to sales of motor vehicle fuel; (2) for calendar quarters
 90 ending September 30, 1999, and prior to September 30, 2000, the
 91 commissioner shall deposit into the Special Transportation Fund nine
 92 million dollars of the amount of such funds received by the state from
 93 the tax imposed under said section 12-587 on the gross earnings from
 94 the sales of petroleum products attributable to sales of motor vehicle
 95 fuel; (3) for calendar quarters ending September 30, 2000, and prior to
 96 September 30, 2002, the commissioner shall deposit into the Special
 97 Transportation Fund eleven million five hundred thousand dollars of
 98 the amount of such funds received by the state from the tax imposed
 99 under said section 12-587, on the gross earnings from the sales of
 100 petroleum products attributable to sales of motor vehicle fuel; (4) for
 101 the calendar quarters ending September 30, 2002, and prior to
 102 September 30, 2003, the commissioner shall deposit into the Special
 103 Transportation Fund, five million dollars of the amount of such funds
 104 received by the state from the tax imposed under said section 12-587
 105 on the gross earnings from the sales of petroleum products attributable
 106 to sales of motor vehicle fuel; (5) for the calendar quarter ending
 107 September 30, 2003, and each calendar quarter thereafter, the
 108 commissioner shall deposit into the Special Transportation Fund, five
 109 million two hundred fifty thousand dollars of the amount of such
 110 funds received by the state from the tax imposed under said section 12-
 111 587 on the gross earnings from the sales of petroleum products
 112 attributable to sales of motor vehicle fuel; (6) for the calendar quarters
 113 ending September 30, 2005, and prior to September 30, 2006, the
 114 commissioner shall deposit into the Special Transportation Fund [ten]
 115 one million [eight] six hundred [and seventy-five] thousand dollars; [of
 116 the amount of such funds received by the state from the tax imposed
 117 under said section 12-587 on the gross earnings from the sales of

118 petroleum products attributable to sales of motor vehicle fuel;] and (7)
 119 for the calendar quarters ending September 30, 2006, and [prior to
 120 September 30, 2007] each calendar quarter thereafter, the commissioner
 121 shall deposit into the Special Transportation Fund [fifteen million two]
 122 four hundred [fifty] thousand dollars of the amount of such funds
 123 received by the state from the tax imposed under said section 12-587
 124 on the gross earnings from the sales of petroleum products attributable
 125 to sales of motor vehicle fuel.]; (8) for the calendar quarters ending
 126 September 30, 2007, and prior to September 30, 2008, the commissioner
 127 shall deposit into the Special Transportation Fund twenty-one million
 128 dollars of the amount of such funds received by the state from the tax
 129 imposed under said section 12-587 on the gross earnings from the sales
 130 of petroleum products attributable to sales of motor vehicle fuel; (9) for
 131 the calendar quarters ending September 30, 2008, and prior to
 132 September 30, 2013, the commissioner shall deposit into the Special
 133 Transportation Fund twenty-five million two hundred twenty-five
 134 thousand dollars of the amount of such funds received by the state
 135 from the tax imposed under said section 12-587 on the gross earnings
 136 from the sales of petroleum products attributable to sales of motor
 137 vehicle fuel; and (10) for the calendar quarters ending on and after
 138 September 30, 2013, the commissioner shall deposit into the Special
 139 Transportation Fund twenty-nine million eight hundred fifty thousand
 140 dollars of the amount of such funds received by the state from the tax
 141 imposed under said section 12-587 on the gross earnings from the sales
 142 of petroleum products attributable to sales of motor vehicle fuel.]

143 (b) If in any calendar quarter receipts from the tax imposed under
 144 section 12-587, as amended by this act, are less than the total of (1) the
 145 amount required to be transferred pursuant to the Special
 146 Transportation Fund pursuant to subsection (a) of this section, and (2)
 147 any other transfers required by law, the commissioner shall certify to
 148 the Treasurer the amount of such shortfall. Upon receipt of such
 149 certification the Treasurer shall forthwith transfer an amount equal to
 150 such shortfall from the resources of the General Fund into the Special
 151 Transportation Fund.

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

Section 1	<u>July 1, 2006</u>	12-458(a)(2)
Sec. 2	<u>July 1, 2006</u>	12-587(b)(2)
Sec. 3	<u>July 1, 2006</u>	13b-61a

Statement of Purpose:

To exempt diesel fuel purchased in the state from the gross earnings tax.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]