

# SN 2000(13)

## 2000 Legislation Affecting the Utility Company Gross Earnings Tax

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**PURPOSE:** This Special Notice summarizes the 2000 legislation affecting the utility company gross earnings tax.

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**EFFECTIVE DATE:** Calendar quarters beginning on or after July 1, 2000.

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**STATUTORY AUTHORITY:** Conn. Gen. Stat. §12-264, as amended by 2000 Conn. Pub. Acts 174, §§27 and 56, and 1996 Conn. Pub. Acts 205, §1; Conn. Gen. Stat. §12-265, as amended by 2000 Conn. Pub. Acts 174, §28, and 1996 Conn. Pub. Acts 205, §2.

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**REVISED TAX RETURNS:** **Form UCT-212, *Municipal Utilities, Gas Marketers, and Local Gas Distribution Companies Gross Earnings Tax Return***, and **Form UCT-212 EDC, *Electric Distribution Companies Gross Earnings Tax Return*** have been revised. Use only the revised returns for periods ending on or after October 31, 2000.

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**TRANSMITTING GAS TO UNREGISTERED GAS MARKETERS PROHIBITED:** No person or municipality that is chartered or authorized by the State of Connecticut to transmit or sell gas within a franchise area may transmit gas for a gas marketer selling gas to an end user or users located in Connecticut unless the gas marketer is registered with the Department of Revenue Services (DRS) for the utility company gross earnings tax ("registered gas marketer"). This does not apply to the transmission of gas for a gas marketer that is:

- A gas company, as defined in Conn. Gen. Stat. §16-1.

- A municipal gas utility established under chapter 101 of the Connecticut General Statutes.
- A gas utility owned, leased, maintained, operated, managed or controlled by any local government under any Connecticut general statute, public or special act.
- A gas pipeline or gas transmission company that is subject to the corporation business tax.

A gas marketer may register with DRS by filing **Form REG-1, *Application for Tax Registration Number***. (The form may be downloaded from the DRS web site.) Registered gas marketers are required to file **Form UCT-212, *Municipal Electric Companies, Gas Marketers and Municipal Gas Utilities — Gross Earnings Tax Return***, each calendar quarter on or before the last day of the month following the end of the quarter.

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**PUBLICATION OF REGISTERED GAS MARKETERS:** To ensure that local gas distribution companies and municipal gas utilities do not transmit gas for an unregistered gas marketer, DRS will make public the names and addresses of each registered gas marketer in an Announcement. The Announcement will be published annually and updated quarterly.

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**GROSS EARNINGS FROM MANUFACTURING, SELLING OR DISTRIBUTING STEAM EXEMPTION:** Gross earnings are exempt from the utility company gross earnings tax on or after July 1, 2000 if:

- The company manufactures, sells or distributes steam, and
- The steam is used for heat or power.

See Conn. Gen. Stat. §§12-264 and 12-265, as amended by 1996 Conn. Pub. Acts 205, §§1 and 2.

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**MANUFACTURING PRODUCTION PROCESS:**

The gross earnings of an electric distribution company from providing electric transmission services or electric distribution services, for use directly by companies engaged in a manufacturing production process, are not subject to the utility company gross earnings tax.

The gross earnings of a local gas distribution company or municipal gas utility from selling, furnishing or distributing natural gas for use directly by companies engaged in a manufacturing production process are not subject to the utility company gross earnings tax.

A manufacturing production process is any process described in:

- Sector 31, 32 or 33 in the *North American Industrial Classification System United States Manual*, United States Office of Management and Budget, 1997 edition.
- Classifications 2000 to 3999, inclusive, in the *Standard Industrial Classification Manual*, United States Office of Management and Budget, 1987 edition.

Formerly, the law referred to the *Standard Industrial Classification Manual* only.

See Conn. Gen. Stat. §12-265(c), as amended by 2000 Conn. Pub. Acts 174, §28.

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**EFFECT ON OTHER DOCUMENTS:** AN 99(3), *Connecticut Registration Requirements for Gas Marketers*, is obsolete and may not be relied upon on or after July 1, 2000.

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Issued 09/01/00

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**EFFECT OF THIS DOCUMENT:** A Special Notice is a document that 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 the DRS informal interpretation of Connecticut tax law and may be referred to for general guidance by taxpayers or tax practitioners.

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**FOR FURTHER INFORMATION:** Please call the DRS during business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday:

- **1-800-382-9463** (toll-free within Connecticut), or
- **860-297-5962** (from anywhere).

**TTY, TDD, and Text Telephone users only** may transmit inquiries 24 hours a day by calling 860-297-4911.

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**FORMS AND PUBLICATIONS:** Forms and publications are available all day, seven days a week:

- **Internet:** preview and download forms and publications from the DRS Web site: [www.drs.state.ct.us](http://www.drs.state.ct.us)
- **DRS TAX-FAX:** call **860-297-5698** from the handset attached to your fax machine and select from the menu
- **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (toll-free within Connecticut) and select **Option 2** from a touch-tone phone