



# STATE OF CONNECTICUT

## DEPARTMENT OF REVENUE SERVICES

### RULING NO. 2014-1

#### SALES AND USE TAXES UTILITY EXEMPTION (GENERAL) PROPANE USED IN HOME GENERATORS

#### FACTS:

A homeowner is purchasing a standby generator for his home, which he plans to fuel with propane from a tank to be installed on his property that will only supply the generator.

#### ISSUES:

Whether the sale of propane gas to be used to operate a standby generator at a residential dwelling is subject to sales and use taxes.

#### RULINGS:

The sale of propane gas to be used to operate a generator at a residential dwelling is exempt from sales and use taxes.

#### DISCUSSION:

Sales of tangible personal property, including sales of propane gas, are generally subject to Connecticut Sales and Use Taxes. See Conn. Gen. Stat. §12-407. However, sales of propane gas for use in any residential dwelling are exempted by the provisions of Conn. Gen. Stat. § 12-412(3)(A), which states in relevant part as follows:

The sale, furnishing or service of gas, including bottled gas, and electricity when delivered to consumers through mains, lines, pipes or bottles for use (i) in any residential dwelling . . . .  
Bottled gas as used in this subsection means L.P. (propane) gas.

See also **Policy Statement 94(3.2)**, *Gas and Electricity Purchased for Residential Use or for Use in Agricultural Production, in the Fabrication of Finished Products to Be Sold, or in an Industrial Manufacturing Plant*.

Unlike the exemption for fuel used for heating purposes, which is set forth in Conn. Gen. Stat. § 12-412(16), the exemption for gas in Conn. Gen. Stat. § 12-412(3)(A) does not specify that the gas must be used for a specific purpose at a residential dwelling in order to be eligible for exemption. Thus, gas sold for use at a residential dwelling may be purchased exempt from sales and use tax, regardless of its use.

**OFFICE OF COUNSEL**  
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