

Legislative History for Connecticut Act

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CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
2009

VOL. 52
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5352-5682

rgd
SENATE

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June 1, 2009

SENATOR LOONEY:

Yes, Mr. President, thank you. Mr. President, calendar page 4, Calendar 412, Senate Bill 931. I would move to place that item on the consent calendar.

THE CHAIR:

Motion is on the floor to place Calendar 412 on the consent. Without objection, so ordered sir.

SENATOR LOONEY:

Yes, thank you, Mr. President. And Mr. President, also on calendar page 37, Calendar 358, Senate Bill 1078. Would move to place that item also on the consent calendar.

THE CHAIR:

Motion is to place Calendar 358 on consent. Without objection, so ordered, sir.

SENATOR LOONEY:

Yes and Mr. President, one additional item.

THE CHAIR:

Yes, sir.

SENATOR LOONEY:

Calendar page 38, Calendar 472, Senate Bill 1157. Would move to place that item also on the consent calendar.

THE CHAIR:

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Senate on the consent calendar. Will all Senators please return to the chamber. Immediate roll call has been ordered in the Senate on the consent calendar. Will all Senators please return to the chamber.

Mr. President the items placed on the first consent calendar begin on calendar page 4, Calendar Number 412, Senate Bill 931; calendar page 12, Calendar Number 643, Substitute for House Bill 6320; calendar page 32, Calendar Number 427, Senate Bill 826; calendar page 37 -- correction, calendar page 34, Calendar Number 502, Substitute for Senate Bill 1127;

Calendar page 37, Calendar Number 358, Senate Bill 1078; and calendar page 38, Calendar 472, Substitute for Senate Bill 1157.

Mr. President, that completes the items placed on the first consent calendar.

THE CHAIR:

We'll call for the consent calendar, the machine will be open.

THE CLERK:

The Senate is now voting by roll call on the consent calendar. Will all Senators please return to the chamber. The Senate is now voting by roll call on the consent calendar. Will all Senators please return

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to the chamber.

THE CHAIR:

Have all Senators voted? If all Senators have voted, please check your vote. The machine will be closed. The Clerk will call a tally.

THE CLERK:

Motion is on adoption of Consent Calendar Number 1.

Total Number Voting	36
Those voting Yea	36
Those voting Nay	0
Those absent and not voting	0

THE CHAIR:

Consent Calendar Number 1 passes. Senator Looney.

SENATOR LOONEY:

Yes, thank you, Mr. President. Would move for immediate transmittal to the House of Representatives of items acted upon today here in the Senate requiring additional action by the House.

THE CHAIR:

Without objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, if we

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HOUSE OF REPRESENTATIVES

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The House will come back to order. We will continue with the Call of the Calendar. Mr. Clerk, Calendar Number 713. Oh, hold on. Representative Olson.

REP. OLSON (46th):

Thank you, Mr. Speaker. I move for suspension of the rules for immediate consideration of Calendar Number 713.

DEPUTY SPEAKER GODFREY:

The question is on suspension to take up Calendar Number 713. Is there any objection? If not, Mr. Clerk, please call Calendar Number 713.

THE CLERK:

On Page 26, Calendar Number 713, Senate Bill Number 931 AN ACT CONCERNING THE SALES TAX LIABILITY OF ASPHALT MANUFACTURERS. Favorable Report of the Committee on Finance, Revenue and Bonding.

DEPUTY SPEAKER GODFREY:

The distinguished Chairman of the Finance, Revenue and Bonding Committee, Representative Cameron Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. Mr. Speaker, I move acceptance of the Joint Committee's Favorable Report

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and passage of the Bill in concurrence with the
Senate.

DEPUTY SPEAKER GODFREY:

The question is on acceptance and passage in
concurrence. Will you explain the Bill please, sir.

REP. STAPLES (96th):

Thank you, Mr. Speaker. Mr. Speaker, the Bill
before us corrects what is really a deficiency in the
statutes where a particular type of manufacturer does
not qualify for the sales and use tax exemption for
manufacturers, if the product that they manufacture
they also install.

In the case of asphalt manufacturing, there's one
manufacturer that does not qualify under the
interpretation by the Department of Revenue Services.
The Bill before us corrects that, and I urge my
colleagues to support it.

DEPUTY SPEAKER GODFREY:

Thank you, sir. Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. I rise in support of
this Bill. I think it's a good business Bill and it
should pass. Thank you.

DEPUTY SPEAKER GODFREY:

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HOUSE OF REPRESENTATIVES

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Will you remark further on the Bill? If not,
staff and guests please come to the Well of the House.
Members take your seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll
Call. Members to the Chamber.

The House is voting by Roll Call. Members to the
Chamber.

DEPUTY SPEAKER GODFREY:

Have all the Members voted? Have all the Members
voted? If so, the machine will be locked. The Clerk
will take a tally.

THE CLERK:

Senate Bill Number 931.

Total Number Voting	151
Necessary for Passage	76
Those voting Yea	151
Those voting Nay	0
Those absent and not voting	0

DEPUTY SPEAKER GODFREY:

It's unanimous. The Bill passes in concurrence.

The House will stand at ease.

(Chamber at ease.)

JOINT
STANDING
COMMITTEE
HEARINGS

FINANCE
REVENUE
AND
BONDING

PART 3
739-1104

2009

slm FINANCE, REVENUE AND
BONDING COMMITTEE

10:30 A.M.

reminder to everyone there's a three-minute time limit, and thereafter you may be subject to questions from members of the committee, but please try to keep your testimony within the three minutes.

Mr. Craig Timpson, followed by Maggie Adair and Tim Phelon.

Good morning.

CRAIG TIMPSON: Good morning. My name is Craig Timpson. I'm from Galasso Materials from East Granby, Connecticut. We're a stone quarry and blacktop manufacturer, and we also do installation of blacktop products.

I'm here today to speak in favor of Senate Bill 931, An Act Concerning the Sales Tax Liability of Asphalt Manufacturers. This bill really is a technical clarification, and it serves to level the playing field between asphalt manufacturers in the state of Connecticut. We are different from our competitors in merely one way, and that is we install a greater percentage of the products that we manufacture than our competitors do and, as such, the way the law currently reads, that voids any of our ability to obtain a manufacturers' use tax exemption on all a that manufacturing equipment that we buy.

This bill essentially corrects that and says that it separates the manufacturing process from the installation process, so no matter who the sale is made to, it would be a sale of a manufactured product, whether it goes in the back of my truck or the back of someone else's truck. We're asking for support on this bill today. We've explored a number of different

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alternatives through corporate restructuring or through working with the DRS, all of which seem to be cost prohibitive or the DRS can't make this change administratively. So we're -- that's why we're seeking your help today. And, again, it's simply to level the playing field between the competitors within the state.

REP. STAPLES: Thank you for your testimony. I think -- I think this bill makes sense, and that's one of the reasons we drafted it. We're trying to encourage manufacturing. We shouldn't be distinguishing between manufacturers based on the way they conduct their business. It's manufacturing we're encouraging, and that's what you do, so you ought to take advantage of this just like every other manufacturer.

So thanks for getting up here and testifying. Any questions from members of the committee? Yes, Representative Candelora.

REP. CANDELORA: Thank you, Mr. Chairman. I just had a brief question. Are you the only current manufacturer that has fallen under this type of ruling?

CRAIG TIMPSON: Yes, we are.

REP. CANDELORA: Okay, thank you.

REP. STAPLES: Any other questions or comments? Seeing none, thank you for your testimony. I appreciate that.

CRAIG TIMPSON: Thank you very much.

REP. STAPLES: Maggie Adair, followed by Tim Phelon

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Mr. Soros and Mr. Buffet, it shows their strong sense of patriotism.

REP. HENNESSEY: I would concur that the structure that allows this wealth to accumulate is based on that everybody basically pays their fair share, and I agree with you that there are people that are willing to give back to the society that they benefit from. Thank you.

REP. STAPLES: Thank you. Any further questions or comments?

Thank you, Brian.

BRIAN ANDERSON: Thanks.

REP. STAPLES: Ed Haberek, followed by Bonnie Stewart and then Tony Bialecki.

Ed Haberek here? If so, please raise your hand.

Okay, Bonnie Stewart? And then Tony Bialecki.

Welcome, Bonnie.

BONNIE STEWART: Thank you. Good morning Representative Staples and members of the finance committee. My name is Bonnie Stewart, and I'm with the Connecticut Business and Industry Association.

Today I've submitted testimony on several bills before the committee, but I would like to focus my comments on Senate Bill 931, An Act Concerning the Sales Tax Liability on Asphalt Manufacturers.

There's a situation that happens with a lot of

manufacturers in the state, not just -- not just asphalt manufacturers, where if they are required to install their product in addition to manufacturing it, they oftentimes lose their sales tax credit for the manufacturing process of their operation. And, therefore, we support this measure which clarifies the fact that if you manufacture a product, you should be able to receive that sales tax because it encourages manufacturing here in Connecticut.

We'd like to see this bill expanded, though, so it clarifies the situation not only for asphalt manufacturers but for other manufacturers in the state as well. I know that we have at least two manufacturers that also run into the same situation when it comes to installing their product; they then lose all of their manufacturing sales tax credit, and I'll give you two examples.

One exists for people that build cabinetry. We've got a number of people that make high-end cabinetry, but when they install it, because the carpenters don't want to because of the costs associated with nicking or scratching any of that cabinetry, they lose their sales tax credit. That really puts an unfair burden on them because the same manufacturer or another manufacturer that manufactures or fabricates that same product, because they don't install it, won't lose that sales tax credit, and that simply just doesn't make any sense.

We have the same problem with another one of our manufacturers who creates steel beams, and again, has to install it, and once they install it, they lose the manufacturing sales

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tax exemption.

So we are very supportive of this measure but would like to see it clarified for all manufacturers in the state; that if they install the product, they don't automatically lose it. If they manufacture the product, they're entitled to that sales tax exemption for the portion of their business that is the manufacturing side of the equation.

That's all I have to say. Any questions?

REP. STAPLES: Thank you. Any questions?

I don't see any. Thank you, Bonnie.

BONNIE STEWART: Thank you.

REP. STAPLES: Tony Bialecki.

TONY BIALECKI: Good morning. My name is Tony Bialecki, the deputy director of economic development from the City of New Haven, and I'm here to testify on Senate Bill Number 996, An Act Establishing the Connecticut Emergency Economic Investment Commission. The City of New Haven, as we understand the bill, it would create a new commission which would prioritize infrastructure projects throughout the state --

REP. STAPLES: Thank you, Tony. It was a very quick three minutes. Go right ahead. The timer needs to be reset, but go ahead.

TONY BIALECKI: As we understand the bill, it would establish the commission, which would prioritize infrastructure projects that are, quote, ready to go, or as we've been hearing,



My name is Craig Timpson. I am the Financial Manager for Galasso Materials LLC of East Granby CT. We own and operate a stone quarry and three blacktop plants on an 800 acre site and we are the town's second largest taxpayer.

With our 160 person union workforce, we manufacture stone and blacktop, as well as provide installation, or paving services to our customers (the single largest of which is the State of Connecticut.)

I am here today to speak in favor of Senate Bill 931 An Act Concerning the Sales Tax Liability of Asphalt Manufacturers.

The purpose of this bill is to simply clarify the sales tax liability of asphalt manufacturers irregardless of who installs the finished product. This bill **does not** represent a tax windfall for all blacktop companies, again, its intent is to merely level the playing field between competitors within the industry.

What is problem Senate Bill 931 is fixing?

Without this clarification two companies, buying and using identical machinery and manufacturing identical products are treated differently under the tax code simply based on who installs the end product. If your employees don't install more than 50% of your product, you get a manufacturers' use tax exemption, if your employees do install 50% or more, there is no tax exemption.

What would Galasso's easiest fix be to deal with this problem in the absence of SB 931? We could layoff 90 union workers and 6 management executives as we cease our installation activities. Clearly this is not the solution that we, or anyone in the state, would want to pursue. In light of the current economic times, these high paying jobs are important to our state's economy. Unfortunately, Galasso Materials simply cannot continue to compete on an uneven playing field with all of the other blacktop manufacturers in the state which is why I am here, speaking on behalf of Galasso Materials, and in favor of SB931.

I thank you very much for your time and your consideration of this important bill.

CBIA

Connecticut Business & Industry Association

**TESTIMONY
BONNIE STEWART
CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION
BEFORE THE
FINANCE, REVENUE AND BONDING COMMITTEE
LEGISLATIVE OFFICE BUILDING
MONDAY, MARCH 2, 2009**

My name is Bonnie Stewart and I am vice president and counsel for the Connecticut Business & Industry Association (CBIA). CBIA represents approximately 10,000 businesses throughout Connecticut, the vast majority of which are small companies employing less than 50 people.

I would like to comment on several bills before the Finance Committee today. These measures include:

- SB-931, An Act Concerning The Sales Tax Liability Of Asphalt Manufacturers
- SB-935, An Act Concerning a Property Tax Exemption for Machinery and Equipment in Mobile Manufacturing Operations
- SB-997, An Act Concerning A Municipal Option To Delay Revaluations
- HB-6557, An Act Concerning The Income Tax And The Estate Tax
- HB-6561, An Act Concerning Municipal Revenue Diversification

Bonnie Stewart, CBIA

SB-931

CBIA supports with modifications SB-931, An Act Concerning the Sales Tax Liability of Asphalt Manufacturers. This measure clarifies the sales tax liability of asphalt manufacturers who not only manufacture, but also install the asphalt sold directly to property owners. CBIA would like SB-931 modified to clarify the situation for all manufacturers, not just asphalt manufacturers. That way it will be clear that a company who manufactures or fabricates a product, such as cabinets or steel beams, is eligible for the manufacturers' sales tax exemption regardless of whether they install the product.

Currently a number of manufacturers and fabricators not only create a product, but they also install it. This is common with certain types of manufacturers because of the products they produce. For example, asphalt manufacturers need to get their product to its final destination and installed quickly, otherwise the asphalt will harden and won't be usable. High-end cabinetry is another product that fabricators often must install themselves as carpenters don't want to be liable for replacing the product should it get nicked or scratched. The fact that a manufacturer or fabricator installs their own product should not make them ineligible for the sales tax exemption that other manufacturers who don't install their products are entitled to.

We urge you clarify that all manufacturers and fabricators, regardless of whether they install their product, are eligible for the manufacturers' sales tax exemption.

Please amend SB-931 as requested and support the amended bill.