

## Tax Exemptions for Certain Water Pollution Control Equipment

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### PURPOSE

The purpose of this Policy Statement is to describe the procedures for making purchases of water pollution control equipment exempt from sales and use taxes pursuant to Conn. Gen. Stat. §12-412(21). This Policy Statement also provides information about a municipal property tax exemption in Conn. Gen. Stat. §12-81(51) and explains the qualification process for such exemption.

This Policy Statement lists certain water pollution control equipment which has been designated as approved by the Commissioner of the Department of Environmental Protection for use, incorporation or consumption in water pollution control facilities. If an item of tangible personal property appears on the list contained in this Policy Statement, it is not necessary for a purchaser to obtain advance written approval from the Department of Environmental Protection (DEP) in order to qualify for the exemption from sales and use taxes on the purchase of such item or to qualify for the municipal property tax exemption.

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**EFFECTIVE DATE:** Effective for tax periods beginning on or after January 1, 1998.

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**STATUTORY AUTHORITY:** Conn. Gen. Stat. §§12-412(21) and 12-81(51).

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### BACKGROUND

An exemption from sales and use taxes is available under Conn. Gen. Stat. §12-412(21) for purchases of tangible personal property certified by DEP, which are acquired for incorporation into or used and consumed in the operation of facilities for the treatment of industrial waste before the discharge thereof into any waters of the state or into any sewerage system emptying into such waters, the primary purpose of which is the reduction, control or elimination of pollution of such waters. *Industrial waste* means any harmful thermal effect or

any liquid, gaseous or solid substance or combination thereof resulting from any process of industry, manufacture, trade or business, or from the development or recovery of any natural resource. This exemption applies **only** to purchases of tangible personal property, and is not available for purchases of taxable services.

An exemption from municipal property taxes is available under Conn. Gen. Stat. §12-81(51) for structures and equipment acquired for the treatment of industrial waste before the discharge thereof into any waters of the state or into any sewerage system emptying into such waters, the primary purpose of which is the reduction, control or elimination of pollution of such waters, that are certified as approved for such purpose by DEP.

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### REPEAL OF THE CORPORATION BUSINESS TAX CREDIT

Effective for income years beginning on or after January 1, 1998, the corporation business tax credit under Conn. Gen. Stat. §12-217d for certain expenses for treating industrial waste is repealed. Any corporation eligible for this tax credit may carry any remaining tax credit forward as the provisions of this section would have allowed prior to repeal. (1997 Conn. Pub. Acts 295, §§ 21 and 24)

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### PROCEDURES FOR QUALIFYING PURCHASES FOR SALES AND USE TAX EXEMPTION PURSUANT TO CONN. GEN. STAT. §12-412(21)

If an item of tangible personal property appears on the list of water pollution control equipment contained in this Policy Statement and is intended to be incorporated into or used and consumed in the operation of facilities in Connecticut for the treatment of industrial waste before the discharge thereof into any waters of the state or into any sewer system emptying into such waters, the primary purpose of which is the reduction, control or elimination of pollution of such waters, the purchaser need only present the retailer of such item with a copy of a properly

completed **CERT-124**, *Certificate for Purchases of Tangible Personal Property Incorporated Into or Consumed in Water Pollution Control Facilities*.

**NOTE: Persons using CERT-124 to make exempt purchases of tangible personal property (or for any other purpose specified in this Policy Statement) must be prepared to provide to the Department of Environmental Protection or the Department of Revenue Services, or both, on demand, a detailed list of all items purchased, and to prove that such items were used in facilities, the primary purpose of which was water pollution reduction, control or elimination, and not another purpose.**

In the event that an item of tangible personal property does not appear on the list in this Policy Statement, but the purchaser intends to use or consume it in the operation of facilities for the treatment of industrial waste before the discharge thereof into any waters of the state or into any sewerage system emptying into such waters, the purchaser must receive written approval from the Commissioner of the Department of Environmental Protection indicating that such item of tangible personal property is approved for use in a water pollution control facility. Such written approval must be attached to **CERT-124** and the procedures for use of that certificate should be followed once such written approval has been secured.

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**PROCEDURES FOR QUALIFYING STRUCTURES AND EQUIPMENT FOR MUNICIPAL PROPERTY TAX RELIEF PURSUANT TO CONN. GEN. STAT. §12-81(51)**

The Commissioner of Revenue Services does not directly administer Conn. Gen. Stat. §12-81(51), which is a municipal property tax statute allowing an exemption from property tax for certain water pollution control equipment. However, in order to facilitate the procedures for qualifying equipment for such an exemption, **CERT-124**, when properly completed, serves as the certification of approval by the Commissioner of the Department of Environmental Protection as required by Conn. Gen. Stat. §12-81(51) that such equipment has the primary purpose of reducing, controlling or eliminating water pollution.

**NOTE: Persons using CERT-124 to receive a municipal property tax exemption for purchases of certain water pollution control equipment must provide the item number and description listed in this publication to the assessor of the municipality in which the water pollution control equipment or structure is**

**located. This information must be included on the Declaration of Personal Property to qualify the item for exemption from municipal property tax.**

In the event that the equipment purchased does not appear on the list in this Policy Statement, but the purchaser intends to use or consume it in the operation of facilities for the treatment of industrial waste before the discharge thereof into any waters of the state or into any sewerage system emptying into such waters, the purchaser must attach to **CERT-124** written approval from the Commissioner of the Department of Environmental Protection indicating that such equipment is approved for use in a water pollution control facility.

In order to qualify for the exemption, the taxpayer should file a copy of **CERT-124** with the assessor of the municipality in which the water pollution control equipment or structure is located, on or before the first day of November in such assessment year. Any inquiries regarding that exemption should be addressed to the municipal assessor.

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**LIST OF WATER POLLUTION CONTROL EQUIPMENT AND CONSUMABLES DESIGNATED AS APPROVED FOR USE, CONSUMPTION OR INCORPORATION IN WATER POLLUTION CONTROL FACILITIES**

1. Activated Carbon Filters
2. Air Stripping/Off Gas Treatment Systems
3. Ammonia Removal Systems
4. Bag and Strainer Filters
5. Biological Wastewater Treatment Systems (Activated Sludge, Trickling Filters, RBCs, etc.)
6. Chemical Feed and Storage Tanks
7. Color Removal Systems for Waste Water
8. Cyanide Destruction Systems
9. Dechlorination Chemicals (sulfur dioxide, sodium sulfite, etc.)
10. Dechlorination Equipment
11. Defoamers
12. Diffusers
13. Disinfection Chemicals (chlorine, bromine, ozone, etc.)
14. Disinfection Systems (e.g., oxidation, ultra-violet)
15. Dissolved Air Flotation Systems
16. Electrolytic Recovery Systems
17. Equalization Tanks
18. Evaporators

19. Flow Meters and Recorders
20. Gravity Clarifiers
21. Grit Separators
22. Heat Exchangers
23. Hexavalent Chromium Reduction Systems
24. Ion Exchange Equipment and Materials
25. Liquid Level Sensing Devices and Alarms
26. Membrane Filtration Systems
27. Metals Precipitation Systems
28. Mixers and Agitators
29. Neutralization Tanks and Systems
30. Oil/Water Separators
31. Oily Waste Demulsification Chemicals (sulfuric acid, calcium chloride, etc.)
32. Oily Waste Demulsification Systems
33. ORP Meters
34. Oxidizing Agents (calcium hypochlorite, chlorine gas, etc.)
35. pH Adjustment Chemicals (lime, caustic, acid, etc.)
36. pH Adjustment Systems
37. pH Meters and Recorders
38. Phase Separation Systems
39. Phosphorous Removal Equipment and Chemicals
40. Recycling Systems for Non-Contact Cooling Water
41. Reducing Agents (sodium metabisulfate, sulfur dioxide, ferrous sulfate, etc.)
42. Reverse Osmosis Systems for Waste Water Reuse or Discharge
43. Sand and Multimedia Filters
44. Settling and Flocculating Agents (alum, lime, ferric chloride, polymers, etc.)
45. Settling Tanks and Sedimentation Basins
46. Sludge Collection and Conveyance Systems
47. Sludge Dewatering Devices and Conditioning Chemicals
48. Sludge Handling and Storage Facilities Used Solely for Sludge (tanks, pumps, agitators, etc.)
49. Sludge Incinerators and Composting Facilities
50. Sludge Stabilization and Conditioning Systems (anaerobic digestion, heat treatment, etc.)
51. Spill Control Equipment and Structures including only: Underground Seepage Protection, Cathodic Protection of Underground Tanks, Leak Detection Equipment, Liquid Level Sensing Devices, Automatic Solenoid Valves, Alarms, Collision Protection, Diversionary Structures, Dikes, Berms, Retention Basins and Slick Booms

52. Temperature Meters and Recorders
53. Wastewater Analysis Equipment
54. Wastewater Collection and Conveyance Systems for process wastewater\* and blowdown from heating and cooling equipment, where minor inputs of sanitary sewage are understood to be present and acceptable.

\*As defined in Conn. Agencies Regs. §22a-430-3. THIS DEFINITION DOES NOT INCLUDE STORMWATER.

**NOTE: The above list includes equipment and chemicals that may be used for purposes other than water pollution control. Equipment and chemicals that are used in the normal course of business for purposes other than water pollution control are not eligible for tax relief. Taxpayers may apply for the sales and use tax and municipal property tax exemptions under the statutory provisions listed in this Policy Statement only for items purchased for the primary purpose of the reduction, control or elimination of water pollution.**

#### **HOW TO OBTAIN WRITTEN APPROVAL FOR WATER POLLUTION CONTROL EQUIPMENT NOT LISTED IN THIS POLICY STATEMENT**

Call the Permitting, Enforcement and Remediation Division of DEP's Water Management Bureau at 860-424-3848.

**Mail written requests to:**

**Permitting, Enforcement and Remediation  
Division  
Bureau of Water Management  
Connecticut Department of Environmental  
Protection  
79 Elm Street  
Hartford CT 06106-5127**

#### **EFFECT ON OTHER DOCUMENTS**

This document modifies and supersedes **PS 96(8)**, *Tax Credits and Exemptions for Certain Water Pollution Control Equipment*.

## EFFECT OF THIS DOCUMENT

A Policy Statement is a document that explains in depth a current Department policy or practice affecting the liability of taxpayers.

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## FOR FURTHER INFORMATION

Please call the Department of Revenue Services during business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday:

- **1-800-382-9463** (toll-free from 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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PS 99(3)  
Sales and use taxes  
Corporation Business Tax  
Issued 6/28/99

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

## **Certificate for Purchases of Tangible Personal Property Incorporated Into or Consumed in Water Pollution Control Facilities**

**Conn. Gen. Stat. §§12-412(21) and 12-81(51)**

**General Purpose:** This certificate is to be used by the purchaser to claim exemption from sales and use taxes under Conn. Gen. Stat. §12-412(21). The exemption is for purchases of tangible personal property acquired for incorporation into or used and consumed in the operation of facilities for the treatment of industrial waste before the discharge thereof into any waters of the state or into any sewerage system emptying into such waters, the primary purpose of which is the reduction, control or elimination of water pollution, certified as approved for such purpose by the Commissioner of the Department of Environmental Protection. The Commissioner may certify to a portion of the tangible personal property acquired for incorporation into such facilities to the extent that such portion has as its primary purpose the reduction, control or elimination of water pollution.

This certificate may also be used to certify that for purposes of the municipal property tax exemption under Conn. Gen. Stat. §12-81(51), the tangible personal property has been approved for incorporation into or used and consumed in the operation of water pollution abatement facilities. For information on either of these provisions, see **Policy Statement 99(3)**.

**Repeal of the Corporation Business Tax Credit:** Effective for income years beginning on or after January 1, 1998, the corporation business tax credit under Conn. Gen. Stat. §12-217d for certain expenses for treating industrial waste is repealed. Any corporation eligible for this tax credit may carry any remaining tax credit forward as the provisions of this section would have allowed prior to repeal. (1997 Conn. Pub. Acts 295, §§ 21 and 24)

**Purchases of Items Not Listed in PS 99(3):** The purchaser must obtain and attach to this certificate written approval from the Commissioner of the Department of Environmental Protection indicating that an item of tangible personal property is approved for use in a water pollution control facility. For information on how to obtain written approval from the Department of Environmental Protection (DEP), see **PS 99(3)**.

**Instructions for the Purchaser:** This certificate is to be issued and signed by an owner or officer of a business that purchases tangible personal property to be incorporated into or consumed in the operation of facilities for the treatment of industrial waste before the discharge thereof into any waters of the state or into any sewerage system emptying into such waters, the primary purpose of which is the reduction, control or elimination of water pollution, certified as approved for such purpose by the Commissioner of the Department of Environmental Protection. In order for the purchaser to qualify for the exemption from sales and use taxes under Conn. Gen. Stat. §12-412(21), the purchaser must present this certificate to the retailer at the time of purchase of the qualifying tangible personal property.

In order to obtain the municipal property tax exemption under Conn. Gen. Stat. §12-81(51) which may be available for qualifying structures or equipment, the taxpayer must file a properly completed copy of this certificate with the assessor of the municipality in which the structures or equipment are located, after confirming that municipality's procedures for qualifying for such exemption.

**Instructions for the Seller:** Acceptance of this certificate, when properly completed, shall relieve the seller from the burden of proving that the sale of tangible personal property is not subject to sales and use taxes when such tangible personal property will be used or consumed in the operation of facilities for the treatment of industrial waste before the discharge thereof into any waters of the state or into any sewerage system emptying into such waters, the primary purpose of which is the reduction, control or elimination of water pollution, and is certified as approved for such purpose by the Commissioner of the Department of Environmental Protection.

The certificate is valid only if taken in good faith from a person who is an owner or officer of a business that will use tangible personal property being purchased as provided in Conn. Gen. Stat. §12-412(21). For example, the good faith of the seller will be questioned if such seller has knowledge of facts that give rise to a reasonable inference that the purchaser will not use the tangible personal property for water pollution abatement or that the tangible personal property cannot be used for such purpose, or that the tangible personal property has not been approved by DEP. This certificate together with proof that the tangible personal property is approved for use or consumption in water pollution abatement, and bills or invoices to the purchaser, must be maintained by the seller for a period of at least six years from the date on which the items were purchased. The bills, invoices or records covering purchases made under this certificate must be appropriately marked to indicate that an exempt purchase has occurred. The words **Exempt Under CERT-124** will satisfy the requirement.

This certificate may be used for individual exempt purchases, in which event the box marked **Certificate for One Purchase Only** must be checked. This certificate may also be used for a continuing line of exempt purchases, in which event the box marked **Blanket Certificate** must be checked. A blanket certificate shall remain in effect for a three-year period, unless a written revocation is made by the purchaser prior to the expiration of the period.

**For Further Information:** Call Taxpayer Services at 1-800-382-9463 (toll-free from within Connecticut) or 860-297-5962 (anywhere). TTY, TDD and Text Telephone users **only** may transmit inquiries 24 hours a day by calling 860-297-4911.

**CONTINUED ON REVERSE**

NAME OF PURCHASER	ADDRESS	CT TAX REGISTRATION NUMBER (If NONE, explain below)	FEDERAL EMPLOYER ID NUMBER
NAME OF SELLER	ADDRESS	CT TAX REGISTRATION NUMBER (If NONE, explain below)	FEDERAL EMPLOYER ID NUMBER

CHECK ONE BOX:

Blanket Certificate

Certificate for One Purchase Only

CHECK APPLICABLE BOX(ES):

Water Pollution Equipment

Supplies/Consumables

ITEMIZED DESCRIPTION OF ITEMS PURCHASED (FOR MUNICIPAL PROPERTY TAX EXEMPTION INCLUDE DATE ACQUIRED, DATE INSTALLED AND PURCHASE PRICE. THESE ITEMS MUST ALSO BE INCLUDED ON THE *DECLARATION OF PERSONAL PROPERTY*):

### DECLARATION BY PURCHASER

The item(s) described above are tangible personal property to be used or consumed by a business in the operation of facilities for the treatment of industrial waste before the discharge thereof into any waters of the state or into any sewerage system emptying into such waters, the primary purpose of which is the reduction, control or elimination of water pollution, certified as approved for such purpose by the Commissioner of the Department of Environmental Protection.

In accordance with Conn. Gen. Stat. §12-412(21), the purchase of these item(s) is exempt from sales and use taxes.

In accordance with Conn. Gen. Stat. §12-81(51), these items may be exempt from municipal property tax. Describe the items above and include on the *Declaration of Personal Property*.

I declare under penalty of false statement that I have examined this Certificate and, to the best of my knowledge and belief, it is true, complete and correct. (The penalty for false statement is imprisonment not to exceed one year or a fine not to exceed two thousand dollars, or both.)

\_\_\_\_\_  
Name of purchasing business

BY: \_\_\_\_\_  
Authorized signature of owner or officer                      Title                      Date