



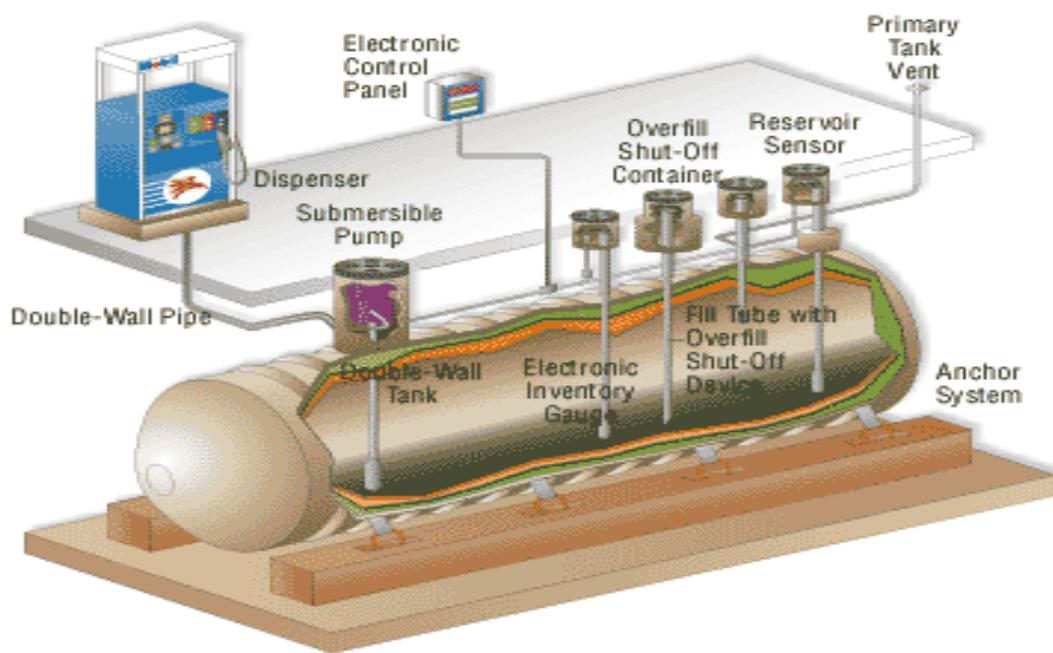
**GASOLINE & AUTOMOTIVE SERVICE
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*Our Members are responsible for selling over
60% of the gasoline sold annually in the State!*



**ENVIRONMENT COMMITTEE
PUBLIC HEARING House Bill-7247**

By Michael J. Fox, Executive Director

March 13, 2017

Senator Kennedy and Senator Minor, and members of the Environment Committee, my name is Michael Fox and I am the Executive Director of the Gasoline & Automotive Service Dealers of America, the trade Association representing Franchised gasoline retailers in Connecticut! We **oppose** House Bill 7442 ***AN ACT ESTABLISHING A CARBON PRICE FOR FOSSIL FUELS SOLD IN CONNECTICUT.***

The issue for our members, as well as the consumers in the State is we have been down this road before of increasing taxes and trying to accomplish something good for the environment. That tax before was the Gross Receipts Tax which was to be used for leaking underground storage tanks. While well intended and this tax did help in the beginning, the facts are undisputed that to date well over \$1.6 billion dollars of this tax has been diverted and not used for its intended purpose. In fact, Gov. Mallory has disbanded the all-volunteer members of the Connecticut Underground Clean-up Board but kept the tax in place and directed those funds to the General Fund.

According to the Department of Revenue Services, since 1990 the Connecticut Underground Petroleum Clean-Up Fund has received approximately \$192 million dollars, the Special Transportation Fund has received \$356 million dollars, leaving approximately \$585 million dollars in excess taxes charged to consumers and used for other than intended purposes. The future of this tax looks even worse as we move forward in terms of use of tax dollars for intended purposes!

Connecticut has a long-standing tradition of starting a tax with well-intended purposes only to see these funds spent on other issues and having nothing to do with the intended purpose. This must stop. In addition, a \$13.27 cents/gall tax on gasoline will cost CT motorists over \$211 million in the first year of the tax, growing thereafter, and this does not even apply the 8.81% gross receipts tax on top of that added cost. You remember that tax I just mention that was for underground tanks and now goes to the general fund. Also, when a tax increase to gasoline was tried before by the legislature, the results were less tax being collected as motorist just purchased gasoline in other States and by-passed Connecticut. Again, please look at history here and not make the same mistakes of the past.

Truckers who use diesel fuel will pay \$44 million dollars more in the first year of the tax, which will be passed on to consumers as increased prices on every product sold in the state. And again, as we have seen with Diesel Tax increases of the past, truckers will by-pass Diesel fuel purchases in our State and purchase in NY, Massachusetts or Rhode Island.

Total CO2 emissions in CT, according to latest figures from the Energy Information Administration are 35.1 million metric tons or 38.6 US tons. In year one of the tax, the total tax at \$15/ton will be \$579 million; and since the tax increases by \$5 per year forever, by year five it will be \$1.35 billion and by year ten it will be \$2.3 billion and so on, ad infinitum. The tax is a "feel good" tax that will not affect climate change. According to a U.S. News & World Report article, even if the U.S. completely stopped emitting all CO2, it would reduce world temperatures by only 0.08 degrees C by the year 2015. That is because China and India will dominate global carbon emissions for the next century, and there is little the U.S., let alone Connecticut, can do to affect this. ***Besides CT is already doing its job in reducing its carbon footprint. CTs carbon emissions of 35 million metric tons are actually a decrease of 18.4% from a decade earlier. We are already reducing our CO2 even without a carbon tax.***

Governor Malloy has complained that Connecticut is already one of the highest cost energy states in the country. This tax just "doubles down" on those costs to consumers and businesses, and will result in more people, capital and business fleeing the state.

Fuel dealers in New York will have a price advantage that will hurt local oil and propane dealers when they attempt to sell their untaxed fuel by crossing state lines to steal your customers (presumably this tax will only go into effect if both Massachusetts and Rhode Island adopt something similar, so no threat from them!).

This tax is regressive, and affects low-income residents disproportionately since they have less discretionary funds and lack opportunity to change their energy consumption. Approximately 320,000 households in Connecticut face "crushing financial burden" regarding their energy bills, according to Operation Fuel, all of them will be impacted by the tax, whether they heat

with oil, gas, electricity, or propane. Though the proposed legislation allows consumers to receive a partial rebate, low-income consumers will not likely receive back their full cost associated with the tax, and so many will be harmed by it. Regarding the rebate, all consumers will receive an equal share of 40% of the proceeds of the tax. That means you get the same amount, rich or poor. You get the same amount of rebate, whether you try to conserve energy or not. ***There is no incentive to save energy through the rebate program.*** Businesses will also receive a small, flat rebate, they are likely just to pass on the costs of the tax to their customers during the year, and then just pocket their rebate at the end when they get it.

When you look at the history of CT putting in a tax for one purpose and then the tax revenue generated does not go to that purpose, along with we have been here before by increasing gasoline taxes, we again see less tax revenue generated due to lost sales to surrounding States. When you look at the regressive affects to low-income residents and the rebate program does nothing to incentivize consumers and the most pressing fact that CT has already decreased CO2 by 18.4% with No Carbon Tax, one wonders why this bill was purposed, except of course the history of CT speaks volumes. ***That Tax is a feel good tax that will not be used for its intended purpose and just be directed to the general fund like history has shown us time and time again.***

Michael J. Fox
Executive Director
Gasoline & Automotive Service Dealers of America, Inc.