

## House Republican Press Release

July 1, 2008  
Press Office: 860-240-8700

### HIDDEN GAS TAXES SPIRAL UP UNDER DEMOCRATS



#### ***NO RELIEF IN NEW FISCAL YEAR***

HARTFORD - State gas taxes will continue to increase because Democrats have refused to cap the price at which the gross receipts tax kicks in, House and Senate Republicans said today, the start of the new fiscal year.

In effect, Connecticut places a “tax on a tax” for fuel and other services that reap million from consumers without them fully understanding how the tax system works. The windfall gross receipts tax is estimated to produce an additional \$148 million more than budgeted this fiscal year. ***When the legislature convened Feb. 6 the wholesale price of gas was \$2.24 per gallon, but at 10 a.m. today, July 1, the price had shot up to \$3.56.***

With the onset of the new fiscal year that was supposed to keep gas taxes in check, the taxes levied at the pump continue to climb as the wholesale price increases, a trend that would have stopped had the Republican alternative fuel relief plan been adopted.

“Don’t buy the public relations scam that the Democrats voted to provide real relief for Connecticut motorists, they really didn’t. It’s July 1 and the state gas taxes are still going up,” **House Republican Leader Lawrence F. Cafero Jr.**, of Norwalk said. “Until we cap the gross receipts tax on wholesale prices, motorists will continue to be pay a windfall to the state of Connecticut.”

**Senate Republican Leader John McKinney** of Fairfield said, “Unless the legislature acts, Connecticut motorists will continue to be hit with hidden tax hikes every time the price of oil goes up. That’s because Democratic legislators continue to reject a Republican proposal that would cut and cap the gross receipts tax. Our proposal will provide a needed measure of tax relief to Connecticut residents without jeopardizing any of the landmark transportation initiatives passed in recent years.”

Cafero and McKinney both noted that the June 11 special session was simply recessed and not formally ended and Republicans challenged the Democrats to resume work and cap the gross receipts tax.

The gross receipts tax was scheduled to increase today from 7 to 7.5 percent but that was scuttled when the legislature voted June 11 to delay the hike. But the effective rate of the gross receipts tax actually already is 7.5 percent because the state places a “tax upon the tax,” Republicans said.

“It is a hidden tax built into the system that wholesalers pass on to retailers who pass it on to consumers,” Cafero said. Since the end of the regular legislative session May 7, states fuel taxes have increased by four cents per gallon.