

House Republican Press Release

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A VIEW FROM THE INSIDE State Representative Ruth Fahrbach



**Legislature can, should do more for
gas tax relief**

State gas taxes will continue to increase because the majority that controls the legislature has refused to cap the price on which the gross receipts tax is imposed. In effect, Connecticut places a “tax on a tax” for fuel and other services that reap millions 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. on July 1, the price had shot up to \$3.56.

With the onset of the new fiscal year (July 1) gas 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.

The gross receipts tax was scheduled to increase on July 1 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.”

Since 2003, the state has received a windfall of revenue from the gross receipts tax. The actual amount received since then is \$400 million greater than the amount that was budgeted. Democrats had several chances during the regular session and the special session to provide meaningful relief at the pump; instead, they decided to “do nothing.”

A recent Quinnipiac University poll (July 1) showed that 51 percent of respondents said gasoline prices are their biggest worry, compared to retirement funds (10 percent), real estate values (8 percent), health care costs (14 percent), and food prices (12 percent). The poll also indicated that 60 percent of respondents said gasoline prices have created a financial hardship for their families.

Without question, the price of gasoline is impacted by a number of factors, many out of the purview of the General Assembly. However, we as a legislature can and should do all

we can to ensure our policies are not negatively impacting our constituents by unnecessarily increasing the cost of gasoline.

State Rep. Ruth Fahrbach represents the 61st District, including Suffield, and parts of Windsor and East Granby, in the General Assembly.