

House Republican Press Release

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Klarides: 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, said Deputy House Republican Leader Themis Klarides (R-114) who joined House and Senate Republicans this week calling for a special session to address rising gas taxes.

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 by 10 a.m. 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.

“It’s a complete sham to sell what was done as a cut to the gas tax,” said Klarides. “A scheduled increase of one half of a percentage point was prevented, which is good, but the tax on gas is still going up along with the price of gas. Unless the legislature does the right thing and caps the gross receipts tax on gasoline, Connecticut motorists won’t be getting any relief at the pumps.”

Klarides 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 is already 7.5 percent because the state places a “tax upon the tax,” Republicans said.

“This tax is hidden, and built into the system that wholesalers pass right along to the retailers, and then to the consumer,” Klarides added. She also noted that since the legislature adjourned in May 7th, gasoline prices have increased an average 4 cents per gallon.