

House Republican Press Release

July 7, 2008
Press Office: 860-240-8700

REP. STRIPP: HIDDEN GAS TAXES SPIRAL UP



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, Rep. John Stripp of Weston 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.

Rep. Stripp said, “Unless we act, Connecticut motorists will keep on being hit with hidden-stealth tax hikes every time the price of oil goes up. That’s because the supermajority continues 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.”

The gross receipts tax was scheduled to increase July 1st 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,” Stripp said.

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