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MR. MAC DONNELL: (continued)
some of the specific suggestion they've made in actually cutting expenditures.

REP. STOLBERG: We are looking at every recommendation that comes in from any source.

MR. MAC DONNELL: I'm sure you gentlemen are.

REP. STOLBERG: Going into an election year, I can assure you I don't know of one legislator who would like to increase any tax, but we've got to constitutional balance the budget. Representative Roberti, a question?

REP. ROBERT: Yes, I'm just curious. I notice out of all the elimination of any exemptions, you seem to support the exemption of meals under a dollar. Excuse me. It seems to me that I don't see the logic behind supporting the elimination of the exemption on meals under a dollar which, obviously, would affect many senior citizens throughout the state. There are some 99 cent meals left for them and at the same time be against the gross earings of oil companies who are, obviously, in my mind, taking advantage of the public. I'm just wondering if you see the lack of--

MR. MAC DONNELL: Well, from everyone that we've spoken to in the surveys that we've made, the exemption is really, frankly, a nuisance for the businessman. And we do not think there are that many meals left for 99 cents for the average senior citizen. And I think as far as being taxed on the oil companies, I think as we pointed out, there is a constitutional question there and we do believe it's discriminatory.

SB653

REP. ROBERTI: Are oil companies member of SACIA. Are oil companies contributing members of SACIA?

MR. MAC DONNELL: There are some oil companies, yes, but they certainly don't constitute a substantial portion of our membership. I can assure you of that.

REP. STOLBERG: Any other questions from members of the Committee. I might point out that the Committee has very closely examined the constitutional question and while many legislators have other observations or reservations on the gross receipts tax, most of the constitutional questions have been raised from minority opinions of the United States Supreme Court rather than majority opinions. So the constitutional

REP. STOLBERG: (continued)
question is probably not in contention in the minds of the decision makers.

MR. MAC DONNELL: I think the other side of it, too, is that when you start billing this will ultimately be passed on to the consumer inasmuch as a gasoline tax would and that there is also some talk that oil companies are stating that if in fact they are taxed by particular states, those costs will be passed on to those states rather than spread across the country in terms of the oil companies.

REP. STOLBERG: Those are questions we're delving into now. Thank you.

MR. MAC DONNELL: Thank you for your time and consideration.

REP. STOLBERG: Mr. John Mitovich?

JOHN MITOVICH: Mr. Chairman, members of the Committee, the Finance, Revenue & Bonding Committee, I'm John Mitovich and I'm the President of the Southwestern Commerce and Industry Association and I appear this evening on behalf of our 500 members to support the request of two million dollars in bond authorization for the construction of a regional cultural center in Stamford, Connecticut. That proposal is outlined in House Bill 5496, An Act Concerning Authorization Of Bonds Of The State For The Purpose Of A Grant To Stamford For Construction Of The Stamford Center For The Arts.

Being fully aware of the fiscal condition of the state and the need for additional revenues to assure a balanced budget, I know that appearing before you tonight to request two million dollars for a Stamford Cultural Center kind of puts you back in the times of the French Revolution when they were having problems with poverty and so forth and Marie Antoinnette asked them to eat cake. Well, we understand that the difficulties of the state's fiscal condition but we come to you requesting support for this authorization not that we come to you empty handed; we come to you in the form of a partnership. As Mrs. Foreman, the Mayor's Aide indicated to you earlier on, the city of Stamford and the private sector have pledged a combined total of two million dollars to help fund--bring realization of this cultural center for the Center of the Arts to Stamford which would be a regional center. So it's not that

SCOTT HEMPLING: My name is Scott Hempling and I'm Research Director for the Connecticut Citizen Action Group and we're a member of the Citizen Labor Anti-Coalition and I just want to give you a few facts briefly about Senate Bill 653 and the 1.5 percent tax on the oil companies and will make the larger, technical presentation on the 26th. We have had some new facts since the subsequent report. First, on the constitutionality, some people made some comments about very briefly, like Senator Schneller's report, you should have received from us a report that contradicts a large part of what he said.

Basically, he's made two or three different points. One is that this tax economically protects companies in Connecticut from out of state companies because of no refineries are located in Connecticut. That exact issue has come up before on the state of Maryland which had a special law which prohibited a refinery from operating their own gasoline stations. Maryland had no refineries and the companies challenged that saying this was protecting in-state funds. The Supreme Court said that just because there happened to be no oil refineries in the state, doesn't mean that you're discriminating so that's the case that I didn't cite. That takes care of that problem.

The other major point and there's a problem with a gross receipts tax as opposed to a tax on profits because (inaudible) on a gross receipts tax doesn't do that. He cited a number of cases to suggest that gross revenue taxes are in trouble. In fact, all the cases that he cited actually had to do with gross revenue taxes in both cases, the Supreme Court actually upheld the gross revenue. Like the state of Washington has a gross revenue taxe since 1933 and each time that its been challenged all the cases for which Professor Snider cited with the exception of the 1975 case, have been upheld every time.

REP. STOLBERG: Are you an attorney?

MR. HEMPLING: No, I'm not, but this has been developed in consultation with attorneys and we have an attorney working on it. I'm not one myself.

REP. STOLBERG: Could you--one of the key things that we're wrestling with now is whether the tax could be essentially a profits tax utilizing gross receipts to formulate the tax liability of each of the companies and, therefore, that it

REP. STOLBERG: (continued)
would be a profits tax using gross receipts as a formulation would possibly prohibit the pass-through on regulated commodities. Now, we have both in-house, but I would also like your resources to see whether the wording of the legislation to be developed in that way so that we would have some impact in prohibiting a total pass-through on heating fuel which is of great concern to a number of individuals.

MR. HEMPLING: Right, I'm going to make some comments about that. We're also trying to look at redesigns that, in fact, make that possible. There's a situation that exists in the state of Iowa that is somewhat similar to what you're suggesting where they have an apportioned profits tax but they only use a single factor to apportion it and that is, gross receipts.

Now, I don't know what the affect of that tax is on prices in that state. We can see, but we are also looking at the designs. The point I simple wanted to make is there isn't any constitutional problems we can see with a gross revenues tax as opposed to a profits tax. And one last point that you might want to know, given that we can promise that there will be a constitutional challenge, the Connecticut courts have looked favorably in the recent past in the longer past on the state's ability to make classifications for tax purposes. In fact, very recently, when United Aluminating challenging the phasing of the property tax law in New Haven, the Supreme Court just on February 19, ruled to uphold the ability of the city to do that and cited some languages--some other cases that suggested that it interprets the state's ability to classify very broadly.

We don't think there still is the problem of the constitutionality. On the pass-through problem, we've actually heard conflicting testimony from the companies that we find interesting. On the one hand some of the companies have testified, in fact, just last Friday before the Energy Committee, that there would be no resistance on the part of consumers to higher prices that there would be nothing preventing the companies from an economic standpoint from raising the price in Connecticut. In a sense, that the company has complete power to do that--complete ability to do that. There have been other companies that have admitted, particularly this past Friday, that they would bear part of this tax and they didn't think the market would bear the entire tax. We're not really sure which it is.

REP. STOLBERG: Which companies indicated they would absorb part of the tax?

MR. HEMPLING: One was Chevron and one was Amoco and I'll have to look back and let you know. We can find that out tomorrow.

REP. STOLBERG: You say that offered that in testimony before the Energy Committee?

MR.HEMPLING: That is correct, on Friday.

REP. STOLBERG: Could you make a note to get that transcript as soon as it's printed.

MR. HEMPLING: We have not--we can get that back to you. In any event, there seems to be different interpretations on the part of the companies about how the market works but as we're looking and we're hoping that February 26, from our standpoint, which way it is but what I want to point out for now is that whichever way it is, the evidence suggested the tax in Connecticut still from an economic standpoint would be very small.

In a case where there were complete monopoly, if the companies had complete power to do whatever they wanted with the prices in Connecticut, actually most people's intuition is well, they can pass the tax right through, they have complete power. But any economists will say that a monopolist that pays the tax completely, absorbs the tax and the reason for that is simply is that they're already at a price or moving toward a price beyond which they'll lose more revenues from lost consumption than they would gain from a higher price and in that sense, because that monopolist fear, the full burden of the tax, you might notice in the controversial windfall profits tax at the federal level, there's never really been a discussion of pass through.

And the reason is because under decontrol the price will subsequently be set by cartel--by the OPEC countries and because the price will be at that maximum level, the tax would be fully absorbed. So if it turns out that there is a complete monopoly in the state, we're not suggesting there is one yet, we're looking at that. We don't think there will be a problem with the pass-through at all, it will be fully absorbed even though the day that most of this tax passes. Most of us are predicting that the economists will

MR. HEMPLING: (continued)
stand up and say, today we are raising our prices by four cents as in one or two other states that if the monopoly exists, there wouldn't be the pass-through.

REP. STOLBERG: Mr. Hempling, I'm not going to engage in a debate on that point now, but I'd love to take you and the economists on on that because I think both logic and examination of corporate decision making would suggest that what at least several of them have indicated to me is that they would pass it through on non-regulated commodities and I've no reason economically or otherwise to believe that they're kidding.

MR. HEMPLING: But what we're suggesting is that they enjoy monopoly power with the sale of those products then they can do that tax and one company is testifying that when this tax passes it can raise the price by four cents and not lose any customers. Are we to believe that they--in knowledge can raise the price of that. They're just not, and weigh it. But in any event, that's the way we believe the situation exists under monopoly. At this point, the last point I just wanted to get over quickly has to do with the threats to reduce operations in the state and we have some new facts on that that we want the Committee to be aware of and we'll have some more on the 26th.

One question that comes up is how big is the physical investment that the companies have in the state. Is there some sense that they could overnight disappear from the state. We understand from the Tax Department that they own property worth $250 million and state property that they're not going to leave behind. That's point one. The second important point is that a number of other states, in particular, Washington which has a gross revenues tax has had a concern about what level of activity has to take place in the state in order for that activity to be taxed. And in one important case, the only activity that went on with one employee in the state with millions of dollars of sales going on and that employe's only job was to contact the purchaser and see what kind of needs they had.

In other words, what the constitutional law is suggesting is that the companies would have to withdraw all their employees from the state--all the properties from the state and still conduct three billion dollars worth of sales after this tax. We just don't think that's realistic right now, so those are the consumer points we're making on leaving the state argument.

MR. HEMPLING: (continued)
We're also looking into how profitable their operations in the state are.

REP. STOLBERG: Thank you. Mr. Hampling, if by the 26th you could have--one question. Anticipating what they may or may not do is not a game that we enjoy playing with these companies in the state. If we can draft the law to cause the will of the legislature to come about and that is that be absorbed than hoping it be absorbed, I think we'd be much happier. Senator Ruggiero?

SEN. RUGGIERO: Scott, this morning, has your organization researched the question of what happens with the windfall profits tax on the federal level which means the gross receipts tax in the state of Connecticut? What happens to the money that the state of Connecticut will receive under the windfall profits tax and also because of the windfall proftis tax should we research the question as to whether the federal government might require the oil companies that if they're going to pass the tax through, that it be passed through strictly to Connecticut and I think Representative Stolberg said it better than I can.

And we're very concerned as to what we're doing is putting a sales tax on home heating fuel. And I can't really accept the argument that it's not going to be passed through so that it's going to be spread among the region and the nation because if I were a legislator in Arizona, in Florida, in some of those states that don't use home heating fuel but have the benefit of regulated gas prices, this is the first tax I'd look at because it would be no way that it could be passed through in the state. It would be passed through to those of us in Connecticut.

MR. HEMPLING: Well, I'll try to answer your first question first, about the connection between the federal windfall profits tax and the tax that.

SEN. RUGGIERO: I'm not looking for an answer tonight. I ask if you do have some research and I would appreciate that that response be done in writing.

MR. HEMPLING: Okay, we're looking into it.

REP. STOLBERG: I think notations on those items would be helpful.

MS. WINGATE: (Continued)
make decisions to locate or expand in Connecticut and create jobs. By increasing the corporate income tax to 11%, the highest in the Country, we will quickly learn that the reverse is also true.

All the hard won gains that have been fought for by this administration and this legislature will be lost. We are here to remind you that if you raise the sales tax and the gasoline tax, you are also raising business taxes. Those taxes will represent the real increases in business costs. But the corporation income tax is a highly visible business tax. An increase in that tax will be very real, as well as very symbolic. The state cannot claim it is doing everything it can to expand business and job opportunities and then boost the corporate income tax when the going gets rough.

In the past few years, the business taxes have been somewhat reduced, jobs have been increasing in Connecticut. Increased job opportunities are the major way to improve the quality of life here. Increased jobs provide income, that not only give people choices for their lives, but growing incomes provide the state with the revenues it needs to carry out its programs.

We hope the committee will also not be tempted to increase state taxes to pick up all the services that may be reduced by the Federal Government as it desperately attempts to balance the budget. Clearly, a large part of our inflation problem comes from an unbalanced federal budget, and in order to balance it, some programs will have to be cut.

We have supported the legislative effort to set some priorities for programs this year. It is difficult to do because every program has local supporters, but if continuing to provide every present service, plus some new ones, requires raising taxes that will clearly restrict the job opportunities of Connecticut citizens, then cutting expenditures is the better answer. Thank you.

REP. MILNER: Thank you. Any questions from panel members? Antonia Moran followed by David Newton.

ANTONIA MORAN: Mr. Milner, members of the Committee. My name is

MS. MORAN: (Continued)
Antonia Moran. I'm the State Co-ordinator with the American Association of University Professors which represents the Faculty at the Universty of Connecticut and at the state colleges, as well as the members of the various faculties in private institutions.

As the result of our responsibilty to represent the faculties of the University and the state colleges, we have looked at the State's budget this year quite closely. We are very distressed about the impact of the Governor's Budget Proposals on the State, particularly on those people who use the services of higher education and on the poor. It's our prediction, that if the budget, as proposed, is enacted, it will bear very heavily on those who are least able to pay to support this kind of difficulty.

We believe that the state needs to increase its revenue. However, as we look over the list of bills which you are considering tonight, we are very discouraged about these kinds of proposals. These kinds of proposals, like the budget itself, will impact the poorest and the least able to pay most heavily. We know that a revenue package is necessary for this year, and that there probably is nothing in the proposals before you which will really meet the needs of the state, but we urge you for the future to look at a program of tax reform. To look at a way of cutting sales tax, and reducing the reliance of the property tax, and raising state revenues in a way which is more compatable with people's abilities to pay for them. Thank you.

REP. MILNER: Any questions? Thank you. David Newton.

DAVID NEWTON: Members of the Committee. My name is David Newton. I'm the president of the Connecticut State College American Association of University Professors with 1,200 members.

This is a very distressing package of legislative bills that we have before us. There's very little that I can say concisely except that the retarded children are not being cared for properly, our people who have mental difficulties and go to our state hospitals are being turned out on the streets, our prisons have more prisoners than they're able to hold and fewer guards that are required to take care of them. Our other human services that we provide for the

MR. NEWTON: (Continued)
citizens of Connecticut are sorely stressed, and our citizens are hurting. I do not believe, therefore, that cutting the budget is a realistic answer to the problems that we face.

Of the people that we have in this room, I dare say that those who earn less than $15,000 are paying the highest effective rate of taxation in the State of Connecticut, and those who earn more are paying effectively less. We have it all absolutely backwards, and I regret that there is among the bills before us not one that would make a contribution toward rectifying the tax structure in the State of Connecticut.

I can only urge upon you a course of action in which you, yourselves, the legislators, join with us who are trying to educate the citizenry of the state to those people who are poorest, and pay the most taxes, will understand their predicament, and if they do, they'll support the restructuring of this tax system of the State of Connecticut which will result in better services for our people, more equitable taxation, and a better state for us all to live in. Thank you.

REP. MILNER: Thank you. Marilu Milstein, I believe it is, 1199, followed by David Melling. Yeah, it's hard to make out the spelling of the last name. Will you give your name again for the record please?

DAVID MELLING: Yes.

REP. MILNER: Your David?

DAVID MELLING: My name is David Melling, and I'm here representing the Connecticut Voice of Energy, a citizen's group which supports the continued availability of adequate, secure and economical energy supplies. We support reasoned legislation on energy matters, and for that reason, we oppose Senate Bill 653, proposing to levy a tax on the gross earnings of oil companies operating in Connecticut.

This bill, which purports to tax the gross earnings is written in such a way that it actually taxes the gross receipts. The supporters of this bill contend that this tax will not be passed on to the ultimate consumers of petroleum

MR. MURRAY: (continued)
issues of tax reform in our state. The proposed increases in the general sales tax and the proposed increase in the specific catagories such as cigarettes, motor fuel, meals exemptions and bakery goods is clearly unacceptable.

The increased revenues will come fairly from our members, from other working people, from low income families and senior citizens on fixed incomes. We are rapidly developing if we haven't already reached that point, Mr. Chairman, a class system of taxation in Connecticut. Where our wealthest citizens contribute the least to support the state government and the services that they too enjoy. Now, we come to the oil tax, because I think that the oil tax has to be viewed in the context of a basically unfair tax structure in the state of Connecticut. The new tax that's being proposed on the gross earnings of the major oil companies doing business in Connecticut SB 653, represents the only tax proposal before you which addresses the tax reform issue in the budget gaps in any progressive and thoughtful way.

The major oil firms have reached tremendous profits in the past few years, not only in Connecticut, but throughout most of the country. Much of that profit was made through the spendable earnings of Connecticut citizens. Oil tax is a mechanism to recover, but a modest amount of that profit into the coffers of the State of Connecticut to make up that budget gap. I would add that the Auto Workers, one of the founding organizations of the Connecticut Citizen Labor Coalition and we stand firmly behind the co-chairman's remarks, Mr. Keeper, I would point out Mr. Chairman, if I could the previously speaker was trying to give an economic lecture to the committee and I would hope that they would take an economic advise elsewhere.

Clearly the previous speaker doesn't understand that exchange in our society even under the present economic system is usually regulated by exchanging an equal amount of one unit for an equal amount of another. I don't understand where that fiction that he was trying to proffer to the committee came from. In addition, I would also remind the committee that regardless of the previous speaker's testimony, the whole issue of supply and demand in our society ceased to be relevent when you have a condition of monopoly production like you do with the oil companies. It's monopolized the product from

MR. MURRAY: (continued)
wellhead to pump. I would hope that they would seriously look to other sorces rather than the previous speakers economic lecture for an understanding of the economics of oil company production and profit.

The UAW has never been shy about advocating tax increases where these increases were both necessary and equitable. Our opposition to the sales tax proposals are based on this very premise as is our support for Senate Bill 653. You consider it to be fair and equitable and needed.

REP. STOLBERG: Hank, if you have a long written statement --

MR. MURRAY: No, I have last paragraph.

REP. STOLBERG: Okay.

MR. MURRAY: We are not arguing against the tax increase, rather we are arguing for more equitable distribution of the tax burden. We know that our state government will require more revenue to do the kind of work that serves the citizens of the State of Connecticut. But the state can only solve the budget crunch in periodic revenue shortfalls by dealing in a substitive way and a progressive way with the whole issue admittedly a tough issue of tax reform, comprehensive tax reform in the State of Connecticut.

REP. STOLBERG: Thank you Mr. Murray. Are there questions from
Belt 9 members of the committee? (gap in tape changing)

If you are convinced that indeed the entire amount of gross receipts tax would be passed through to the consumer largely on heating fuel, how would you analyze the progressivity of that measure.

MR. MURRAY: Well, Mr. Chairman, I think you're trying to mix in some ways apples and oranges. Almost any taxing proposal that you make, whether it's at the state or federal level, I think, faces at least a small degree of uncertainty in the sense that you don't control the economic decisions of a major oil company on this particular issue. Clearly, if what we were doing is adding increased sales tax on home heating fuel oil for example, that's clearly a regressive measure. On the other hand, if what you're doing as in the

MR. MURRAY: (continued)
case of doing now with the federal government what we would discribe as wind fall profits or have some constable profits, it's not clear to me that if these profits are monies which are going to be invested elsewhere in such productive resources such as Gulf as Western, Paramount Pictures, or to buy a hotel or a string of casinos in Atlantic City, it seems to me that it's unclear to say whether or not the oil companies would be passing that through to consumers. It seems to me that depending on the way that the legislation is written, depending on the ability of the state to have an effort to monitor what is a proper profit and a proper amount of money to be charged for, let's say a gallon of home heating fuel, I'm not sure that would happen.

But I think that that requires some dilligence on the state government working with the Federal Department of Energy to contain what are obviously what are improper amounts of charging for home heating oil. And also, Mr. Chairman, I think that that issue seems to think that the oil companies just exist in the State of Connecticut. Clearly, if we were to demonstrate to the oil Companies in the State of Connecticut that we're unwilling to accept that high level of profit, the amount of money being gauged out of consumers in Connecticut, that's obviously going to be spread over their entire world-wide operations.

And I'm sure that they can absorb that amount of money without necessarily passing it on to Connecticut consumers.

REP. STOLBERG: Why is it obvious that that's going to be spread over their world-wide operation. If they choose to apply it here in Connecticut, how could that be prevented in the wording of the statute?

MR. MURRAY: Not being a legislator who deals with the wording and the construction of legislative statutes, that would be difficult for me to answer. I cannot believe an economic reality tells me that oil companies in the State of Connectuct do not operate in a vaccum. that their cost counting in their ledgers don't indicate when they've made a profit in any particular level of their operation just in the State of Connecticut or New England as a whole. Clearly the State of Connecticut under the current economic structure that we have and the federal government is not going to be able to

MR. MURRAY: (continued)
tell the oil companies outright. You cannot do this, say that you will pay a gross receipts on revenue. But it seems to me what we're talking about, Mr. Chairman, is beginning of a movement amount the citizens, not only in the State of Connecticut but elsewhere in the country to begin to fight back. Begin to say that citizenship is not, a previous speaker refered to rabble rousers, citizenship is not something which necessarily stops with voting and following the laws as written down, but has a lot to do with coming to hearings like this, with a lot of people packed in the gallery and saying that we want the State of Connecticut, we want the legislature and the General Assembly to take a hard look at what is clearly wind fall profits and gauging by the oil companies in the State of Connecticut.

I don't think that you can guarantee that, but it seems to me we're starting in an important legislative process by beginning to talk about it.

REP. STOLBERG: Let me just say that the intent of the Committee and I think the legislature, if we pass this bill, is to write it in a fashion so that the amount will not be passed through to particularly the heating fuel consumer and whatever staff support UAW and/or or other groups have that can suggest that wording is what we're still seeking in drafting the legislation.

MR. MURRAY: Well, Mr. Chairman, we'll be happy to work with you on that as we have in the past said that any comprehensive tax proposals -- we're more than happy to work with you and the committee.

REP. STOLBERG: I hope we can turn out this kind of a crowd for that comprehensive tax proposal next session. Could I repeat what the Chair has suggested a number of times and that is we have a speaker's list that includes approximately 200 individuals wishing to speak this evening and if we're going to give individuals an opportunity we're going to have to proceed. Mr. Peter Pierce of Exxon, to be followed by --

(Booing and Hissing)

Excuse me the Chair will not permit that kind of reaction. The Chair would suggest that if individuals cannot listen

REP. STOLBERG: (continued)
to each individual wishing to testify they should remove themselves from the building and if they do not choose to they will be removed from the building because the Committee wants to hear all testamonies from all individuals this evening. Mr. Price.

MR. PETER PIERCE: Mr. Chairman, my name is Peter Pierce, Exxon Retail Salesmanager for New England and New York State. I am a resident of the State of Connecticut. With me tonight is Michael Quinn also of Exxon. We have previously testified against the gross receipts tax on December 20, before the business tax sub-committee of the Committee on Finance, Revenue and Bonding. I'm here today to again express our opposition to Senate Bill 653 which would impose a tax on the gross receipts realized by certain refiners and distributors on the sale of petroleum products in Connecticut.

My testimony tonight will address three points. First, the bill is based on erronous impressions about oil company profitability. Proponents of the measure continue to make the false assumption that oil company profitability is unreasonably high and therefore, fair game for additional tax proposals. Secondly, the bill is anticonsumer. And more specifically anti-Connecticut. It will increase the cost of products sold by companies which are taxed. Cost which inevitablely must be borne by the consumer, in effect then the citizens of Connecticut will be placed in the position of funding this new tax and again my company in the role of tax collector.

And thirdly, there are economic implications and consequences which will result from the passage of this discrimatory tax which are not in the best interest of the state or its citizens. Governor Grasso and other proponents of this measure alledge that Connecticut consumers will somehow escape the burden of this tax. The tax will be exported to consumers in other states or that it will be absorbed by suppliers. I would hope that those that espouse this view are misinformed. Otherwise it would appear they are delibertly misleading the citizens of this state.

Like the cost of labor, material and operating capital, taxes are a cost of doing business which inevitably must and are borne by the consumer. Passage of this proposal will mean

MR. PIERCE: (continued)
higher prices for petroleum products for the Citizens of Connecticut. It is simply unrealistic to believe that oil companies or would absorb the tax or would pass the tax along nation wide. The tax proposed in Senate Bill 653 is simply a tax on the privledge of doing business in the State of Connecticut. And it would be grossly unfair to pass that kind of tax on to the citizens of other states.

Exxon, for example, will not within economic restraints of existing regulations endeavor to spread the burden of the proposed Connecticut gross receipts tax over consumers with products in other states. As you may already know for heating oil, asphault, diesel fuel, lubercants and greases used in manufacturing processes, and most other petroleum products, tax increases already may be passed on to the Connecticut consumer by increasing the price of these products when sould within the boundaries of the state.

For gasoline and propane, we understand that the Federal Department of Energy, DOE, is currently considering regulatory changes to prevent the inequities of spreading one state's tax levies to consumers in other states. Since the citizens of Connecticut then would ultimately have to pay the tax in the form of higher prices, in effect, they're the ones being asked to fund this new tax. I think the Hartford Courant has cut through the rhetoric surrounding the debate on this issue and has recognized the real impact of the tax. In a recent editorial on February 29, they observed "what the General Assembly has before it is yet another regressive sales tax which has the most impact on consumers least able to pay the additional tax costs that will be passed on to them."

Beyond the immediate consumer the impact of this legislation there are longer ranging economic implications and consequences which would result from the passage of this discriminatory tax. And it is discriminatory. No tax is levied on the gross receipt of the sale of products other than petroleum. Even though there have been sharp increases in many commodities. Many companies outside the petroleum industry earn a higher rate of return on invested capital, for shareholders, equities and oil companies, yet they are not being subjected to this tax. There is even discrimination within the oil company. While the bill lacks precise definitions, some companies

MR. PIERCE: (continued)
can clearly escape the role of tax collector. An example is a company which supplies Connecticut customers but completes the transaction and makes deliveries outside of the state boundaries--in New York Harbor, for instance. These sales would escape the proposed tax because they take place beyond the state's taxing jurisdiction. One result of enacting this proposal may be to encourage more sales in New York Harbor and other out of state locations.

This could result in a hardship on smaller distributors who might have to pay outside haulers to move the product back into the state of Connecticut. These added costs, of course, would ultimately be passed along to Connecticut consumers. To sum up, Exxon is opposed to Senate Bill 653 and other efforts to impose a gross receipts tax on the sale of petroleum products in the state of Connecticut.

It is based on erroneous impressions of oil company profitability, it is anti-Connecticut consumer, and it would result in adverse economic effects on the state and its citizens. Therefore, we respectfully urge that Senate Bill 653 be rejected by this Committee.

REP. STOLBERG: Thank you, Mr. Pierce. Are there questions from members of the Committee? Mr. Pierce, if you were in our shoes and needed a revenue source to raise some 50 million dollars and you were deleting this one, do you have any recommendations on other sources that could be substituted for it?

MR. PIERCE: No, sir. I have no specific recommendations for you but I think your Committee is, certainly, confronted and must consider as it levys or considers levying taxes. Does it want to move tax legislation forward that will be borne by the consumer or does it want to move tax legislation forward that may have a broader base.

REP. STOLBERG: Do you feel an increase in the corporation tax including your share of it would be passed on to the consumer?

MR. PIERCE: I am not a tax expert. An increase in our corporate income tax would be passed on to the consumer. In some form, eventually. Ultimately, taxes get built in to the cost of doing business but as a direct cost pass through, my guess is no.

REP. STOLBERG: Another question has been raised. A number of states have severance taxes including those applied to oil products or oil petroleum. Are those severance taxes passed through to the consumer or how are those absorbed?

MR. PIERCE: Severance taxes as I'm sure this Committee knows, are levied by a state for the privilege of taking a depleatable resourse out of the ground or out of that state. Severance taxes are built in to the cost of doing business--namely, the cost of the product and ultimately are spread over whereever that tax is built in to the ultimate price of a product. So the answer to your question is that severance taxes are for depleatable resource and not an exise or an add-on type of tax such as the gross receipts tax proposed here. But they are spread across the price or the cost of doing business throughout whatever geography a company elects to do business within.

REP. STOLBERG: Are there other questions from members of the Committee? Thank you, Mr. Pierce and Mr. Quinn. The next person to testify is Doreen Delbianco. Miss Delbianco? There are a number of others--are there any others wishing to testify against Senate Bill 653? Raise you hands if there are. If not, they're against 653, no? There are a number wishing to testify for 653 and because of the long other lists, I'm going to ask those individuals to try to summarize their remarks and confine their remarks to a minute. Miss Delbianco.

DOREEN DELBIANCO: Okay, good evening legislators. My name is Doreen Delbianco. I am speaking tonight on behalf of the Waterbury Citizen Action Group and Citizen Labor Energy Coalition and the seniors that you see standing up here in the balcony here tonight. I'm speaking now in favor of the gross receipts tax on the integrated oil companies doing business in Connecticut. We are commited to passing a non-regressive tax to make up the state's projected budget deficit. The oil tax is important to the people of the state. How else do you plan to make up for the 15 million dollar loss in the revenue.

REP. STOLBERG: Excuse me. Why don't you folks have your seats. We can see who you are from the badges and I hate to think you're going to stand up for much of the rest of the hearing. Go ahead.

MS. DELBIANCO: The oil companies are doing their best to make sure services are cut and the taxes are raised on low and middle income families. Those are essentially your only options if you follow the oil companies arguments and vote against the tax option in supported by most people of this state. The oil companies are getting desperate. I think it is wrong that oil companies' lobbyists can threaten us with increased prices and other forms of retaliation. I think it is wrong that their lobbyists can spend thousands of dollars to spread their influence and I also think it is wrong that oil companies here, their so-called experts, to manipulate facts, laws, and public opinion.

We don't have incredible resources of multi-billion dollar a year oil companies but people still know what is in their best interest. People from all over the state recognize the situation and fully support the tax. The oil companies have undertaken a massive selling job to convince people that they will suffer if this tax is passed but the oil companies have failed to manipulate public opinion. The Connecticut Citizen Action Group has collected over 30,000 signatures in support of this tax.

Despite all threats by the oil companies, we have spoken with 30,000 people who cannot be intimidated by oil company rhetoric. I hope this Legislature will not be intimidated as they continue to make idle threats. At a time when public sentiment is against tax increases, many people in Connecticut support this tax. The tremendous support for the oil tax takes the burden off of you, the Legislature. The people who put you in office support this tax.

Tonight I am representing another 17,000 signatures to match the 12,000 signatures already submitted before this Committee. They're broken down according to legislative districts. There are from the Greater Hartford Labor Council will give you those signatures. They are broken down into districts. I have 3,800 from Hartford county; 4,000 from New Haven county; 621 from New London county; 268 from Middlesex county; 413 from Litchfield county; 156 from Windham county; 7,303 from Fairfield county; and 1,512 from Tolland county. That is the full total of 18,171 signatures in support of this tax. I once again note that we have already collected over 13,000 signatures and have handed them in. Towns of Enfield, New Britain, Canton, Harwington, Winsted, Wallingford,

MS. DELBIANCO: (continued)
Hamden, Torrington, Watertown, and Tolland and among others were covered at that time. Connecticut CCAG will continue to muster support for this tax right up to when it is passed. In the next two weeks, our campaign will continue in Waterbury, New Haven, Greenwich, and Danbury--Granby and will take us into the towns of East Hampton, West Haven, and possibly Windham. The oil company tax revenues is the best way to relief the budget squeeze. We admit that this tax breaks new ground but it is the type of initiative that must be taken given the energy and fiscal problems faced by all New England states.

It is the time the oil companies begin paying their fair share. I thank you.

REP. STOLBERG: Thank you, Miss Delbiance. Could I ask the following people to come to the podium and try to confine their remarks to one minute each maximum. Mr. Bill Rudis followed by Jim Petano followed by Tom Jarvic followed by Jerry Martin. Mr. Rudis?

BILL RUDIS: Chairman Stolberg, members of the Finance Committee, my name is Bill Rudis, President of the Greater Hartford Labor Council, AFL-CIO. I have listened extensively this evening to not only the mood of those in the gallery but certainly the tension that is embraced by the oil companies when they continue to come forth and intimidate not only our legislators but the citizenry. I've got to tell you that I personally feel that Senate Bill 653 must have passage. I've got to also say that I feel personally that the oil companies have now expanded the definition of the term profit to impose a dictionary meaning inclusive of highway robbery.

I've got a few questions for those individuals from the oil companies and I'd certainly like to get some answers because as many times as we've tried to come in contact with them, they have refused us these answers and I'll be very brief and quick.

REP. STOLBERG: Mr. Rudis, if you would summarize your questions, they will be in the record and if they're good questions, we'll ask them to the oil companies.

MR. RUDIS: One, I'd like to ask the companies to prove that the states like Louisana and Mississippi which levy heavy severance taxes on the companies and Washington which imposes a gross revenue tax, the oil companies have increased prices in an amount equal to the cost of the tax. We believe that their threat of isolating Connecticut and passing the tax through is disproved by the evidence. Two, what are they planning to do with the $256 million worth of property they own in Connecticut if they threaten to remove their operations from this state and conduct their sales elsewhere.

Three, I would like to ask the legislators to ask the companies on our behalf and on behalf of the constituents of the state of Connecticut, ask the companies A. not to go to court to ask for a refund if they keep on insisting that they will pass through the tax or, B. promise not to try to pass the tax through while they challenge it in court. Thank you.

REP. STOLBERG: Thank you, Mr. Rudis. Mr. Jim Petano, please. Is Mr. Petano here? Followed by Mr. Tom Jarvis. Mr. Jarvis, could you take the next chair? Mr. Jerry Martin, if you could take the next chair.

JIM PETANO: Mr. Chairman, my name is Jim Petano, former labor leader, former President and now President of the Retirees Group of New Britain Machine and I'm also Vice-President of the Concerned Citizens for Better Government statewide and I think--and this is not a political speech. This is totally economic. It really hurts me in my pocketbook. It hurts all of us retirees; we cannot afford the oil discontrol that somebody gave us in Washington and we certainly would hope for a rollback. But I'm here to speak on 653. I think that when I heard my previous speaker here that they're going to pass it onto the consumer, how much profit do they really want, how much more can I afford to pay. I'm putting my thermometer down so are my members and I speak for all the retirees. We're old and we're cold and we need the heat more than the others. Now, I don't mind being gouged but for God's sake, how much can they gouge me.

There's one of my union members that moved to New Mexico and from what he tells me, all he does is go across the border 20 miles away and buys gasoline for 43 cents. I'm paying a dollar twenty some odd and I can't afford it. So thereby I don't believe that I can be threatened by these oil companies that are going to pass any more taxes on me and

MR. PETANO: (continued)
if you've read the papers, we retirees all resent this because we don't like a discontrol of what the Carter did or whoever did to us regardless. I've got to pay and we're demonstrating this at the ballot box. So again, it's not a political speech, it's an economic speech. You hit me in my pocketbook and thank the Lord even He was on our side this winter, that He gave us a mild winter so that we could weather the winter and so I will appeal to you, gentlemen, please consider 653 because they can afford it. We can't. Thank you.

REP. STOLBERG: Thank you. Mr. Tom Jarvis followed by Jerry Martin followed by Larry Burke. Could those people following up take the seats adjoining the microphone, please.

THOMAS JARVIS: My name is Thomas Jarvis. I'm representing myself. And I believe a question we must ask ourselves, a question to consider is why did we allow virtually from the beginning oil to be controlled by a few mendacious groups. How could we have allowed such vast and potentially dangerous elections of economic power. When I read of the distribution plan by some oil companies if the tax were levied, I was outraged. How did we as citizens get ourselves in a position where we were vulnerable to such threats and it seems to me that instead of backing down from the oil companies, this legislature should call their bluff, realizing that the state will be rallying behind them.

Any retreat now will cost us not only in lost state revenues, but in precedent, yes, precedent. Ask the oilmen about precedent. This Connecticut tax will be a bad one for them. This leads me to my final point. The key words here are accountability. These giants heat our homes, energize our businesses and fuel our cars. I would remind this Committee what has happened in the past each time their product has run short. With their energy resources, these companies are doing nothing less than supporting the U.S. industrial complex. But to whom are these multi-nationals legally accountable? Besides their stockholders and most noteably each other, I submit, no one. This must change. It seems incomprehensible that flying in the face of public interest these corporations are not under intense scrutiny. That is the major reason that I support this tax. I see it as a first step towards full public accountability of the oil companies. With our precarious

MR. JARVIS: (continued)
energy situation, we cannot tolerate the oil companies presupposing their omnipotence. Yet, at the same time, it would be naive and irresponsible to place all blame on these institutions. We, the public, as buyers must take our share too. The American consumer with his pedal to the metal and unneeded lights blazing away was seemingly blinded by his insatiable lust for more and did not want to see where his gross glutony was getting him. Only through conservation on a massive, unselfish scale can the consumer hope to salvage any kind of acceptable solution. But first and lastly I call upon the government to demonstrate the much needed leadership as to pass this tax that will be assigned to everyone of the state's concern about our precarious future. And I challenge the government to stand up to the oil companies and make them fully publicly accountable. Thank you.

REP. STOLBERG: Thank you. Mr. Jerry Martin followed by Larry Burke followed by Al Driscoll. Mr. Martin?

JERRY MARTIN: Thank you. A a homeowner in Hartford and as Chairperson for the Blue Hills Citizens Action Group, we the citizens, are outraged at the continuing escalating fuel costs that we have to pay in Hartford. We are burdened with high heating costs and also high fuel prices. And I'm here tonight to say that we can't take much more of this. We--when we cut fuel, fuel prices go up. When we turn back
t 11 the thermostate, they still continue (gap in tape) we want you to know that we support the gross receipts tax on oil companies with the Senate Bill 635 and to put back some money into the state.

This is not a resolution for the problem, but maybe that it will cut down on some of the profits taken out of Connecticut. Since the oil companies have done so little with so much, then maybe it's our turn to try. So maybe we can do better. I'd like to submit to you, Mr. Chairman, the constitutionality of the proposed oil company tax and someone will bring it up to you. Thank you.

REP. STOLBERG: Thank you very much. Mr. Larry Burke followed by Al Driscoll. Just have a couple more speakers in this section and then we'll move to segment three of the hearing and there are a page and a half of names for that.

LARRY BURKE: My name is Larry Burke and I'm from Meriden. I'm one of the leaders in our group, West Central Neighborhood Action Group of Meriden. In my neighborhood, I've talked to my neighbors all around me, about 400 families, and they're all in the same boat as I am. We can't afford any more increases in oil. We started paying for oil last year at 71 cents a gallon. Now we're paying 1.09. We're all industry people--we're all factory workers or retirees. We have a lot of children. In fact, our retirees have their pensions, their social security.

We just can't afford to let them keep passing on a tax to us. We want this bill. We want it so they cannot pass the taxes onto the people. We just can't do it. We've been having our thermostats down to 60 never mind 65 and we don't--we just can't swing it any more. We don't know where to turn. Because we own our homes or we rent in an area we can't get help but if you're on welfare, you get the help. The state pays the money for them but they're not raising the money for us. This bill has got to go through without letting the oil companies pass it onto us. We have to have this bill without being passed on. It's important. Without it, you've got neighborhoods that are going to be demolished. And if we want this in Connecticut, it's up to you people.

We want our state to be owned by the oil companie, that's what we're going to have if we don't pass this bill, but it cannot be passed on. Thank you.

REP. STOLBERG: That's exactly what we're attempting to wrestle with. Mr. Al Driscoll? And the final two speakers on this subject will be James, I believe we've already heard from Mr. Petano. Mr. Steven Skrebutenas from St. Vincetn DePaul.

AL DRISCOLL: My name is Al Driscoll and I'm a Co-Chair of the Connecticut Citizen Labor Energy Coalition. I think we've demonstrated widespread public support for this bill and there aren't many taxes that you can say that for. And although the pass-through argument has received a lot of attention, I think it's important to realize that the alternative higher sales tax is, of course, there's not even a question of a pass-through there. The consumer pays 100 percent of it. It's totally regressive and with that being the option, I think the possible pass-through argument on this bill really doesn't have much force. The oil companies

MR. DRISCOLL: (continued)
will be able to deduct on their income tax is concerned, the tax that they pay. So even invariably if they were even to pass all the costs through, the cost would still be less than that of a sales tax for purposes of impact on the consumer. If they thought they could pass this through so easily, I doubt they would oppose the tax with such vigor. If they felt it was a bad idea that would be a failure, they would probably sit by and let it be passed in the assurance that it would be repealed a year or two later. The state needs the money and I hope the Committee will not be moved in any way by the implied threats that, perhaps, the oil companies have stated in some of the hearings that supply may be curtailed or some other ways that the state might be punished for passing the tax.

The time for this tax is now. I think we've proved the case quite admirably and the Governor is in support of it. The public is in support of it and I hope this Committee will give it the opportunity to go out on the Floor to be supported by the General Assembly. Thank you.

REP. STOLBERG: Thank you very much, Al. Mr. Steven Skrebutenas. That's the way it appears here. Could you give us the spelling on your name as you identify yourself, please, sir?

STEVEN SKREBUTENAS: My name is Steven Skrebutenas. I represent the St. Vincent DePaul Society, a non-profit social agency for the Archdiocese of Hartford and the Waterbury Area Emergency Fuel Fund, a non-profit fuel bank for people who do not fit the federal and state guidelines. I'll keep my remarks short. In American, a poor family uses half the energy an upper middle class family consumes in a year and a third less than the average family. And the low income family pays for it all. According to a 1979 community service administration study, low income families are forced to allocate some 20 percent of their incomes to energy bills. The percentage is significantly higher in other parts of the country, however. They are spending four times as what the average family pays for its income for fuel, gas, electricity, and other energy bills. These averages, however, do not realize the real impact of high fuel costs of the poor and marginally employed. A New Englander living alone on SSI of $235 monthly who pays $100 for a rent and $120, that's 50 percent of income for 95 cent a gallon fuel oil is left with $15 a month to pay for food, clothing, medical expenses, transportation, and others. Energy prices have

MR. SKREBUTENAS: (continued)
skyrocketed through most of the 70's as did the cost of other goods and services essential to living. The CSA study, a national review of price and supply related problems of home heating sources used by low income people shows prices in the seven years between 1972 and 1979 ranging as follows: 147 percent increase in natural gas; a 291 percent increase for fuel oil; and the list goes on. As the price of gas and oil and electricity advanced, low income persons did not have the same opportunity to reduce usage in order to proportionately reduce costs as did middle income families.

Poor people predominately use energy for necessities according to the CSA study. When the poor people pay most of their incomes to energy related matters and the price of oil rising 291 percent over the last seven years, I would say that the oil companies are raping the poor and are bringing about a new form of racism. We're entering an era characterized by limited resources, restricted job markets, and declining revenues. This atmosphere, the poor and racial minorities are being asked--the heaviest burden of the new economic pressures. I'll be finished momentarily.

REP. STOLBERG: Okay, thank you.

MR. SKREBUTENAS: This new economic crisis has revealed an unresolved racism that deteriorates our social structure and resides in the hearts of many in the majority because it's less latent and subtle form of racism and in some respects is even more dangerous and harder to combat. There must be no turning back along the road of justice. No signs for the times gone by, times of privilege, no nostalgia for simple solutions. From one another, for we are the children of the age to come. The St. Vincent DePaul Society who are an emergency fuel bank of the Archdiocese of Hartford supports the bill to tax integrated oil companies doing business in the state of Connecticut. We urge you. The group that I support and represent urge you to pass this on. Thank you very much.

REP. STOLBERG: Thank you. That concludes section two. We have been joined by Representative John Morrison, our Chairman of the largest bill bonding subcommittee and Senator Audrey Beck, the Senate Chair of the Finance Committee has returned from an important Senate Caucus and at this time I'd like to turn the Chair over to Senator Beck.

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REP. MAZZA: Oh, I see. Thank you, Tom.

SB654

REP. ALLEN: Mr. Dubno, if the corporate income tax rate was increased from 10 to 11, to what extent if any would you think that might be counter-productive?

COMM. DUBNO: I really would like to beg that question, I think Commissioner Stockton did address your Committee last night and I have had a discussion with him. I think as a tax administrator, that's a difficult question for me to answer. And I really don't know what impact it would have on a corporation either coming in or going out.

I know based on the 10 percent because I do take part in some of the discussions when new industries being considered, consider coming into Connecticut, I think even at the 10 percent rate, we're still able to have a meaningful discussion and not entirely discourage the corporation.

One of the interesting things is that while 10 percent was extremely high several years ago, several states have kept up and increased the corporate rates. So we're not that out of, we're not that much out of step at a 10 percent rate as we were, let's say, three years ago.

REP. ALLEN: Thank you. I hope we'll never get out of step.

COMM. DUBNO: Thank you.

REP. ALLEN: Of course, there's one way we can get in step with the other states .

COMM. DUBNO: Thank you very much.

REP. STOLBERG: Tom, one or two more quick questions --

COMM. DUBNO: Yes, sir.

SB26 SB738 SB653

REP. STOLBERG: That I think are important. Two of the taxes that are before the Committee are that are fairly complex in some of their variations are the gross receipt tax on major oil companies and an unincorporated business tax of a straight fee or a gross receipts or a net profits tax. Do you feel that you Department has the mechanisms to deal not with the philosophy of those but with the mechanisms of collecting them?

COMM. DUBNO: Yes, absolutely. On the oil tax, we have discussed it at length and once you determine what the base is going to be and what the rate is going to be, we are ready to collect it and we don't anticipate any problems.

On the unincorporated tax, we are meeting tomorrow morning at 11 o'clock with fiscal analysis and OPM and I assure you as we leave that meeting, we will have one figure, one revenue impact figure for you. We're not that far away now, we've been working it on it all day. We've identified the businesses as you have requested and that report is either in your office right now or will be there first thing tomorrow morning.

But again, I don't think there are any great administrative problems in collecting the tax on unincorporated businesses.

REP. STOLBERG: So tomorrow, Revenue Services, OPM and Fiscal Analysis will meet --

COMM. DUBNO: At 11.

REP. STOLBERG: The different givens I presume you've been working with --

COMM. DUBNO: Yes.

REP. STOLBERG: Try to reconcile them and come up with a reconciled revenue estimate.

COMM. DUBNO: Yes. As you know, we weren't talking to each other as far as base and rate is concerned. They started with 60 million dollars, we started with 20. Our last estimate was 43. I think they are down to about 43, 45 so we're almost there now.

REP. STOLBERG: Okay, thank you very much.

COMM. DUBNO: Thank you very much and I would encourage you coming to New Haven more often.

HB 5873

t 3 SAL FAZZINO: Good evening, Rep. Stolberg and members of the Committee. My name is Sal Fazzino. I'm in the town engineering with North Haven, Connecticut. I'm a registered professional engineer and surveyor and I've been employed

MR. GAWRYCH: (continued)
cork out of the bottom. The project goes into the Quinnipiac River. Much more has to be done. We're acting on the recommendations of the Army Corps, private consultants, and all I can ask is that you look favorably upon this bill. Thank you.

REP. STOLBERG: Thank you very much. We'll now proceed to our public sign-up list and taking people in order -- again let me urge you to be brief and please do not -- Mr. Lee Wells. Mr. Wells will be followed by Joe Greenbacker, Al Gherke, Raymond Holmes and Anthony --

SB653

LEE WELLS: My name is Lee Wells. I'm a senior citizen. And it's past my bedtime, so my testimony will be brief because I want to get home and get to bed. I represent 25,000 senior citizens in the city of New Haven, about another 25,000 - 27,000 in greater New Haven, and in the state about 500,000 seniors. And I am addressing myself to what I call the package because across the board this package - proposition affects the senior in just about every way. I am particularly concerned about the oil companies and I do most definitely support a tax on the gross receipts from the oil companies.

In looking over the situation, it would seem to me that all segments of our populations have been taxed and taxed to the limit. The one organization that seems best able to meet a tax at this time is the big oil company. Incredible as it may seem, we're told from figures provided to us that the increase profits over the past year amounted to close to 700%. And yet in the fact of that, the oil companies paid a decreased tax of $100,000. $100,000 less tax on profits of 700%. This is an incredible situation that has to be righted. The senior citizens, of course, will be affected by this in many ways. Across the board the sales tax will be harder on the senior because he lives on a fixed income. Some things that are very, very aggravating are the contemplated increased tax on yields that cost less than $1. It's true that the seniors are just taking the hot meals program, but in this area about 2,500 of the 50,000 elders in the area. So consequently it isn't beginning to do the job. Not many of these seniors have to lead out. A sales tax on a restaurant bill of less than $1 would be a hardship to the seniors.

MR. WELLS: (continued)
And so it goes right across the board. I can stand here and tell you that this is an incredible situation, that it is a situation that is disturbing, that really and truly it's a frustrating situation. Because as I look about the seniors in this area and in the state, and more recently I joined the National Council of Senior Citizens in Washington, despite the barriers of the seniors at that level. And I must say that there seems to be no end to it. We are told by Mr. Carter that there will be no cut back on social security. But this is, you know, only half the picture. If we don't receive some kind of increase to meet the inflation, then it will be a cut back - it will be a decrease. And so it goes.

My purpose in being here today and this evening is to register a complaint on the part of the senior citizens to this entire tax package. And I think that other ways and means can be found to cut back and to save. The best way that I can see and the people best able to meet the tax package are the oil companies and I heartily endorse that tax. Thank you.

REP. ABERCROMBIE: Are there any questions? We have one question.

REP. SMOKO: It's not so much a question as it is a comment on your assessment of the gross earnings tax on oil companies. The problem we are wrestling with now - and it constantly amazes me because we've had a great deal of testimony, most of it in favor of this proposal - most of it from senior citizens groups and basically middle-income individuals. The problem we have with it is the very overt threat being levied by many individuals in the oil industry that they are going to simply shift that additional tax burden onto residential or oil consumers throughout the state, and what that could equate to would be a 2¢, 3¢, or 4¢ increase per gallon in home heating fuel. Now we are wrestling with the problem of trying to preclude that possibility, but I don't want it misunderstood as to exactly what the measure is. We're not talking about a windfall profits tax - we are talking about a gross earnings tax, and there is the potential and possibility that it could be shifted on. And I just wanted to make that clear and for anybody else that might be commenting on this bill later on.

MR. WELLS: I'm aware of that threat by the oil companies. But I believe also that this is an idle threat. I don't think

MR. WELLS: (continued)
that they will carry it through and I think we can address ourselves to it in a more meaningful way.

REP. ABERCROMBIE: Are there any other questions? Thank you. Because of a scheduling problem I'm going to call Senator Skowronsky now for testimony on this one particular bill.

HB5495 SB528

SEN. SKOWRONSKY: Thank you very much, Mr. Chairman. I appreciate your consideration. I'd like to comment briefly on two bills that are before the Committee. I understand that they were inadvertently left off the published list. There are two - bond authorizations for flood control projects in Hamden. My name is Senator Gene Skowronsky, I'm from Derby and I represent the 17th district. The two bond bills I wish to support are a bond authorization in the amount of $300,000 for Fairview Avenue, Hamden, and a bond authorization for $300,000 for the Farm flood control project of Hamden.

Both of these bills were approved by the Environment Committee and are before your Committee for your final consideration. The Fairview Avenue bill would finish off the state funding for a flood control project that is in its final stages. All of the design work has been done, the town of Hamden is about to hire an engineer to draw up the final plans and specifications, and they're literally ready to go with the project. It has the full support of the town of Hamden, the $300,000 would make up the state's share of the program which is roughly 1/2 of the total cost of the project, roughly $1,100,000. Last year your Committee approved $250,000 for this project. If you approve $300,000 this year, this will make up 50% of the total cost of the project.

On Farm Brook, we're asking for $300,000. This was a state/federal flood control project that was completed some years ago. Unfortunately there are some defects in the project - there needs to be a - the brook has to be rechanneled behind the dam and some channeling work done in front of the dam. The DEP supports both of these bills, acknowledge that with respect to Farm Brook is an error in design and if you will help us out with these two bills they'll solve two very serious flooding problems in Hamden which affected a large number of families. Thank you very much.

MR. CURRY: (continued)
area use. Right now we have a residents hall with no meeting room, no activity rooms, no laundry rooms, no vending machine rooms; and secondly, the size of the rooms in the dormitory are not adequate. So I am here tonight to ask the support not only on behalf of the college administration, but also for the perspective students and their parents who are desiring on-campus living accommodations. Thank you very much.

REP. STOLBERG: Thank you, Dean Curry. Are there questions? Thank you again. The next person to testify is Stephen Karp.

STEPHEN KARP: Thank you Mr. Chairman and members of the Committee, my name is Stephen Karp. I guess I'm in the minority here, I'm not representing any particular businesss or interest or professional organization and I'd rather just give you a quick--I'm somewhat concerned about the tax structure. I'd like to testify in favor of bill SB653.

I feel it's time we begin to seriously look at corporate responsibility in this country and he who really can't afford to pay any taxes. As I run through the list of various taxes we're being presented with, it's quite clear that most of these taxes are going to be affecting poor people, affecting working class people the most. At the same time while we're facing a statewide oil profits, already large corporate profits, and big corporations are clearly not paying what we say is their fair share.

I myself have paying what I consider my share of taxes. I'm a professional, I guess I just get by. I feel that government should provide certain things if I'm going to pay taxes at the same time, the corporate structure also should also be receiving social services throughout the state and they should also be paying their fair share. We've heard quite a bit of this, that's what the oil companies have been telling us, that they will pass through the profits. I really feel this is pretty much a scare tactic that is used to keep this Committee from giving a favorable report and also keeping the legislature from passing this bill. You have other states such as Alaska, Louisiana, where they're producing oil and, of course, they are, the residents, are not paying particularly more, per gallon of heating oil. I feel also that normally the big oil companies has been absorbing tax but also distributing most of it, the remainder of the costs throughout the country. So actually it's not worldwide, it's actually

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MR. KARP: (continued)
right here. We're having (inaudible) additional little cost in terms of the past week. I've also heard arguments that (inaudible) and once again I say that's kind of -- somewhat again, we're faceing a scare tactics by big oil companies to keep this bill from getting through. It's quite clear that there's a lot of profit to be made even with the tax. One point five percent, is really very minimal. I feel that we're hear facing a similar kind of sales tax possibly increase for working people, poor people.

When we talk about 1.5 we're saying, I feel, is very, very small. Also, we're facing a very tight budget. It's quite clear that the federal government is going to be cutting back and the state, obviously, has to come up with some revenue somewhere. But I must just quickly reiterate that I feel it's time for corporate responsibility; it's time for us to turn to the corporations and say it's time for you to pay your share. Thank you very much for your time. Are there any questions?

REP. STOLBERG: Thank you, Mr. Karp. Does the Committee have any questions? Thank you. We had significant testimony on this bill last night in Hartford also.

MR. KARP: That's very encouraging. Thank you.

REP. STOLBERG: Mr. R. J. Graham?

SB528

ROLAND GRAHAM: Mr. Chairman, the Committee, my name is Roland Graham. I live at 33 Hare Lane in Hamden. I've lived at this past address for the past 25 years. The west branch where the Farm Brook runs along the back of my property. For nearly 20 years, this was a peaceful brook. The brook is approximately six feet wide and one foot deep. The brook during a storm would rise to nearly full level, occasionally, a foot over the bank. As soon as the rain stopped, it went back into its bank. However, somebody decided we better have flood controls for the town, the state, and U.S. government officials got together and decided what had to be done to keep from having floods in this area.

They condemned a lot of property including private homesights and acres of choice farmland. These government officials proceeded to construct two dams in 1975. One dam on the east side of the Farm Brook and one on the west branch. They

REP. STOLBERG: (continued)
does have to retain control of the hearing. It cannot lose control to anyone else or else the whole public purpose of the public may be lost. But thank you for your testimony. You're not on the microphone. Can we do that afterwards because we would like to let the other--some other people, Mrs. Gorgaglione. I'll give you one comment. I'm going to let you make it. I want you to make it

MRS. GORGAGLIONE: I just want to say that if your Committee is insensitive to the needs of the people (inaudible). This is supposed to be a hearing for the general public and (inaudible). You're violating our rights (inaudible).

REP. STOLBERG: Well, I think you've had your opportunity to have your say. Thank you. Mr. Russell Heck, please.

RUSSELL HECK: I am Russell Heck from Willimantic, Connecticut. Mr. Chairman and Committee members, I am opposed to the bill 729 which is an act concerning corporation business taxes. Officially, to bill 563. (inaudible) but these two bills, one is the 653 is going to put a tax on oil companies, increase it. These people are giving only a lot of rhetoric so that their (inaudible) 50 percent profit (inaudible) aren't being brought out in the air such as we have a very high rate of money they would have to put back in to the ground to get oil to come out (inaudible) affected heavily by inflation and yet have been providing the wage scales are one of the highest in the country to employees and we also require amounts of exploration fees.

(inaudible) which is the independent 80 percent of the exploratory and drilling in this country and supplies about 60 percent of the oil. The big major oil companies such as Standard and Exxon and the big ones, most of their profits come from OPEC countries and -- which is exempt from taxes so they have profits and taxes on the profits don't really affect them. It affects most of the wildcaters and independents.

I (inaudible) the cost of energy and--will be passed on to the consumer ultimately. We all know that. It doesn't take to much economics to find that out. the answer is to deregulate them; don't tax them any more; reduce the taxes you have on them (inaudible) let them go independent like they've been doing and receive something like 2,000 wildcaters now. There used to be about 20,000 two years ago, but we should have (inaudible) like that in another direction again, (inaudible) 20,000 to 30,000 independent but (inaudible) taxation. (inaudible) I'm plugging into the

MR. HECK: (continued)
Gulf Oil and (inaudible) we shouldn't be taxing these people at all. We should be increasing (inaudible) increasing -- encouraging and help to the system instead of regulating and taxing them to death. Another thing (inaudible) which we should have done and we don't want to get in competition with . Hope solve the problem of (inaudible) a monopoly. Another one is that 749 which is the corporation business tax. Without companies, the corporations, in this state, you wouldn't have a state left. This (inaudible) pays the tax bills in this country.

We work for these companies and I can't go without a paycheck unless I've got a company to go to and if they're being taxed to death and (inaudible) there is not more (inaudible) help rebuild and appreciate the equipment and expenses (inaudible) and I've got to be on welfare. And on welfare, you're going to pay out more money. The company is going to fold up and go south somewheres or overseas (inaudible) and more people on the bill and you're (inaudible) than you've got right now.

So I totally disagree with any taxes on business which (inaudible). That's taxes. That's government, you know. You've got a lot of bureaucracy that really is unconstitutional. And let's check it out. (inaudible) abide by the United States Constitution everybody took an oath to go by it (inaudible) the United State Constitution, (inaudible) with the government again and the United States Constitution (inaudible). So I'm opposed to these bills and recommend that we stick to the United States Constitution which is (inaudible) and I'll conclude my speech with it.

REP. STOLBERG: Thank you, Mr. Heck. The next is Doris Solinsky which is on 730. I think the bill people have left. Aaron Homstein? (blank in tape)

ROLAND BIXLER: Almost disastrous to look to that increase of ten or 11 percent of the corporations tax simply because people would be perceived by those people who make the decisions about going to low keyed expansions, new plants, which need employment and taxes for public services to go beyond the present ten percent. Thank you for your time.

SB654

REP. STOLBERG: One question, I think you're probably correct on the perception. In terms of the reality, however, could you offer us an estimate either from personal experience for general

MR. O'CONNOR: (continued)
you offset that with the knowledge rise and not only labor and material costs but concrete and steel. It seems to me that there's a lot of feasible things to look at something less than one percent and it's a willing risk to take in such a venture. So if we're going to see something of this vein, I guess we have to take the risk.

REP. STOLBERG: Thank you. Mr. Warren Gould?

WARREN GOULD: Thank you very much for your patience and your indulgence and your dedication in the preceeding event that happened earlier, I think, which was handled very well. I think there is a misstatement. Actually even though its congressional, I feel that people in the state of Connecticut are frustrated on all levels and they're expressing it in many, many different ways.

My name is Warren Gould and I'm here to speak particularly on bill number 653, which is an act imposing a tax on the oil companies of one and one half percent for the sales in the state of Connecticut. I am not saying that I feel that this bill would solve our problems. I feel this bill is only making a very small statement that the oil companies in the United States have been in many, many ways ripping the people off and creating such confusion and frustration in our society.

TAX, REFORM

I would be very much in favor of a roll-back in prices on a federal level and also very much in favor of again freezing the price and stop the millionaire salaries of the big oil companies. I feel that also as I was sitting here and when I first came in this evening I wasn't planning on speaking actually, because, I had another meeting. But I looked around the room I saw that mostly business people sitting down here which is I'm a small businessman myself. It disturbs me a little bit that we're not able to get to something wrong. We're not able to get the concerned citizens who are specifically concerned. It is a shame that around the state, even though I am very happy that this is happening here tonight, I feel that there needs to be some structure set up within our city governments and maybe this can be reasoned out with discussion in the future where we are able to pass the message of what's going on in the state government directly to the people in a much more constructive manner and much more organized manner where we can be able to mobolize people. I found that

MR. GOULD: (continued)
I was in the restaurant business for nine and a half years and most of the restaurants that I was involved with had cabarets and your average restaurant only has three performers so that's normally all they have. So this just about eliminates, from what I could see, I don't know completely on the state level in the areas where I worked that when I look with this, I'm assuming. I don't want to speak against some restaurant people. There are some small restaurants that are suffering today and I know that very clearly.

But when I look at this, I realize that the only people, most people are going to restaurants today are people that have a fairly large income. So, what I'm trying to say here is that let's start taxing those who have more of a larger income and somehow take this and put it somewhere else. I don't know the bill extremely bill, so I can't really say I'm standing for or against it but it's sort of a confusion for me.

But I'm strongly in favor of bill 653 and I would mobilize at any time to help to support any tax reform in the future. Thank you very much.

REP. STOLBERG: Let me just pass on to you as we pass on to others, I find myself in the strange position of probably being a progressive member of the legislature as there is, in being the one that has the greatest hesitancy about this bill mainly because the companies have said they're going to pass it on to heating fuel. A lot of other people don't believe them and I believe them. And if they do, then it becomes even more regressive than most of the rest of our other taxes.

I've been struggling for months trying to get wording that word prevent them from passing it through. We haven't got that wording perfected yet. It's a very difficult task and I find that the community groups around the state that are pressing for this bill may be in the end unless we can draft it in a way we haven't found yet be calling for a tax on themselves that will result in the heating fuel bills going up three or four cents a gallon. And that's of great concern to me.

MR. GOULD: Well, it makes a statement also for the deregulation of oil in the first.

REP. STOLBERG: This statement is an important one, even for that reason alone when you have to.

MR. GOULD: Thank you

SB653 777

I COME TO SPEAK IN FAVOR OF THE PROPOSED 1.5% TAX ON THE GROSS RECEIPTS FROM THE OPERATIONS OF THE MAJOR OIL COMPANIES IN CONN. THIS TAX, WHICH WOULD RAISE IN EXCESS OF 40 MILLION IN REVENUES, WOULD BE JUST A MINOR ATTEMPT TO EXACT SOME FAIR PORTION OF REVENUE FROM THE OIL COMPANIES. COMPANIES WHICH HAVE REPORTED PROFITS OF INCREDIBLE PROPORTIONS IN THE LAST YEAR. THE CITIZENS OF CONN., AND IN FACT, THE CITIZENS OF THE ENTIRE COUNTRY, HAVE FALLEN VICTEM TO THE UNCONSCIONABLE PROFITEERING OF THE MAJOR OIL COMPANIES. WE HAVE BEEN LED DOWN THE GARDEN PATH AND INTO THE SLAUGHTER HOUSE BY THE UNRELENTLESS DEMANDS OF THE OIL COMPANIES TO KEEP THEIR PROFIT MARGINS UP. THE TIME HAS COME FOR US TO BEGIN TO REACT WITH SOME MONITARY DEMANDS OF OUR OWN. THIS TAX WOULD BE JUST A PROVERBIAL DROP IN THE BUCKET FOR THEM, IT WOULD, HOWEVER, PROVIDE SOME NEEDED ASSISTANCE FOR OUR CURRENT FINANCIAL SITUATION.

TAXES, REVENUE

IN TERMS OF THE OTHER TAXES WHICH ARE BEFORE YOU, WE FIND THAT THE MAJOR PROPOSALS ARE, IN FACT, EXPANSIONS OF THE SAME KINDS OF TAXES WHICH HAVE HELPED TO MAKE CONN. ONE OF THE MOST REGRESSIVE STATES IN THIS COUNTRY, WITH RESPECT TO ITS TAX BASE.

EFFORTS TO INCREASE THE SALES TAX AND RAISE THE TAX ON GASOLINE AND CIGARETTES, AND TAXING MEALS UNDER A DOLLAR, ARE DESIGNED TO FURTHER BURDEN THOSE IN THE STSTE WHO CAN LEAST AFFORD TO PAY: THE MIDDLE CLASS AND THE WORKING POOR.

MR. LONG: (continued)
urge that the Committee give a Joint Favorable Report to that bill.

REP. MORRISON: It's long overdue, that's all I can say. Any questions from the committee? If not, thank you. Mr. Edward Maum Sheeny.

HB6028

EDWARD SHEENY: Rep. Morrison, my name is Edward Sheehy. I'm a practicing attorney in Bridgeport. I'm a graduate of the University of Connecticut School of Law, Class of 1967, and I am President of the University of Connecticut Law School Alumni Assocition, which represents some 3,300 members more than 85% of whom practice law in the State of Connecticut.

The Board of Directors and Officers of the Alumni Association have voted to recommend that the General Assembly approve the $2.75 million bonding request for renovation of the Hartford Seminary as the new home for the Law School.

Dean Blumberg has given you this morning the position paper of the Law School, explaining in some detail the reasons for the costs for these renovations. However, many of you may not be aware of the number of University of Connecticut Law School graduates and its predecessor, the Hartford College of Law, who have distinguished themselves not only in the legal profession, but also in public service to our local, state and Federal governments.

Two alumni are presently serving as Associate Justices of the Supreme Court of Connecticut. One, as you know, has served as Governor of this state and presently serves as a Judge of the United States Court of Appeals. Another serves as United States District Judge. At least three graduates have served as members of the United States Congress. More than a score have served and are serving as Judges of the Superior Court of the State of Connecticut. Fourteen alumni presently serve as your colleagues in the General Assembly.

Many have served and are serving local governments as town attorneys and members of various boards and commissions. The Law School perhaps enjoys the best reputation of any of the graduate schools at the University of Connecticut.

CONNECTICUT CITIZEN/LABOR ENERGY COALITION
130 Washington Street, P.O. Box G, Hartford, Connecticut 06106
Telephone (203) 527-7191

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TESTIMONY OF THE CONNECTICUT CITIZEN/LABOR COALITION
ON THE CONSTITUTIONALITY OF ITS PROPOSED OIL COMPANIES
TAX

SB653

The major oil companies have demonstrated in a number of ways their ability to confuse and mislead the public in their efforts to kill this tax. A prominent example of this is the Connecticut Petroleum Council's hiring of Lester Snyder at $70 an hour to write a legal brief which, I'm afraid, has a number of misleading arguments. I'd like to give you a few examples. First, let me make clear that I am not an attorney. The information I'm going to give you was compiled by the Coalition staff with the aid of a number of legal experts.

First, Professor Snyder attempted to show that the courts had cast some kind of "constitutional cloud" over gross revenues taxes in general, on the grounds that they allegedly failed to apportion properly a multistate company's total income to the taxing state. Citing cases from a basic textbook by Jerome and Walter Hellerstein called State and Local Taxation, Professor Snyder points out that the General Motors v. Washington in 1969 decision upheld the state of Washington's

gross revenues tax by only a 5-4 margin, in which a dissenting opinion, in the Professor's words, "may well represent the majority opinion on today's Supreme Court." What he neglected to mention is that in a recent prominent case--the Standard Pressed Steel case of 1975--a majority in favor of the Washington tax remained. This case is in the same textbook from which Professor Snyder drew much of his brief, and only a few pages before the discussions that he quotes in his memo.

To obscure the gross revenues issue further, the brief admits that such taxes have been upheld in a few cases--but, and I quote--"where the tax is levied on a non-discriminatory basis on more than one type of business." The question of the constitutionality of a gross revenues tax per se has nothing to do with how broad-based the tax is.

Professor Snyder also wrote that the Court has "cast a constitutional cloud" on the use of a single-factor sales formula in state corporation income tax law, and he cites the General Motors v. District of Columbia case of 1965. This is simply not true. A careful reading of this case shows that the Court ruled against the formula simply because it violated the District of Columbia's own statutes. In fact, the Court went out of its way to state that it was not casting any constitutional cloud when it wrote, "we do not mean to take any position on the constitutionality of a state income tax based on the sales factor." And, people with more familiarity with this area of the law know well that the U.S. Supreme Court explicitly ruled in favor of Iowa's single-factor apportionment formula based on sales in the 1978 case of Moorman Manufacturing Co. v. Bair. Unfortunately, the Moorman decision, overriding a lower court decision, arrived after the Hellerstein text was published.

What else? Professor Snyder cites a list of cases where the Court invalidated various state taxes. Unfortunately, none of these taxes bears close enough resemblance to our proposed tax to allow for clear comparisons.

Finally, the Professor raises the far-fetched possibility that our tax violates the Constitution's ban on state taxation of imports since much of the petroleum product we use in Connecticut originates abroad. Does that mean we must no longer pay sales taxes on our Sony tape recorders and our Volkswagens? We are not taxing imports--just the revenues of Mobil, Exxon, Texaco and the other U.S. domestic refiners that distribute in Connecticut.

This is a complex issue, and we think that the last thing this committee needs is any effort by the oil companies to make matters more confusing.

I am submitting to you, if you have not received it already, a treatment of these major constitutional issues. Briefly, we think there is no problem on this front. Precedents abound for state taxation of multistate businesses, gross revenues taxes, as well as special treatment of oil companies. We hope this memo will put your concerns to rest.

Thank you for your time.

JOINT
STANDING
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1980

MR. WALTERS: (continued)

Electric Department, a municipally owned and operated electric utility. I'm speaking on behalf of our electric customers in Wallingford and Northford in support of Committee Bill 5820.

The existing proposed gross earnings tax on electric utilities is based on gross earnings, of course. The cost of the electric utility operations is composed approximately 70% to 75% on fuel costs. We've just heard the impact that fuel, the rapidly escalating cost of oil has resulted in this gross earnings tax rising approximately 20% each year for the past two years and we estimate it will rise at least 30% this present year. Dollar impact on Wallingford Electric residential customers is in the order of $2.00 to $3.00 per customer per year. Obviously, it's a great deal more for commercial and industrial operations. This is an added burden to customers already pressured by rising energy costs. In its present form it results in an excess collection beyond the expectations of the state tax department.

If Senate Bill 112 or Senate Bill 653 which is before the Finance Revenue and Bonding Committee is enacted, it will result in a double impact upon our customers. First paying tax to the oil companies and then a 5% tax as this oil is used to generate electricity. The bill 5820, proposes a change in the basis of electric utility taxes. Changing the unit sales rather than gross earnings. This would still provide a solid basis for the state tax revenue which is clearly needed. The state would be assured of its budgeted income. The utility customers would be protected from major increases resulting from escalating fuel costs.

It's my understanding that in considering a percentage tax on gasoline, the legislature has already voiced an opinion that the percentage tax is not the right way to go. That the unit sales tax is much more fair. Certainly at a time when our customers are being faced with rising energy costs in every aspect, gas, oil, electricity, a change in the form of the tax that would still protect the state for the earnings they need and allow both the state and electric utilities to properly budget and not be faced with these 20% increases in cost strictly through the mechanics of the gross earnings tax. Thank you.

SEN. PRETE: Thank you, Mr. Walters. Ron Cretaro, is it? We will not hear Ron. David DeWolfe. Al Dirscoll.

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CONNECTICUT

GEN. ASSEMBLY

HOUSE

PROCEEDINGS

1980

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PART 6

1672-1903

DEPUTY SPEAKER FRANKEL:

Referred to the Committee on Appropriations.

SPEAKER ABATE:

Will the House please come to order. Would all the members please be seated. Is there business on the Clerk's desk?

CLERK:

Calendar page 38, Calendar No. 410, File 477, Substitute for Senate Bill No. 653. AN ACT CONCERNING STATE REVENUE FOR THE FISCAL YEAR COMMENCING July 1, 1980. As amended by Senate Amendment Schedules "A", "B", "C" and "G".

Favorable Report of the Committee on Finance, Revenue and Bonding.

REP. STOLBERG: (93rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Irving Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, I move acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the Senate.

SPEAKER ABATE:

The question is on acceptance of the Joint Committee's

Favorable Report and passage of the bill in concurrence with the Senate. Will you remark, sir?

REP. STOLBERG: (93rd)

Yes, Mr. Speaker. This is the Revenue Bill that pays for the appropriations package which passed this House yesterday. Mr. Speaker and members of the Assembly, I don't think any member of this Chamber could stand before you and say that it is a pleasure to bring out any bill that increases taxes.

While it is not a pleasure, this year it is a necessity. Mr. Speaker, the bill before us reflects not so much our choice but the condition of the people of Connecticut, the needs required by our citizens, the condition of the national economy and, indeed, the international economy.

Not in recent times has the American economy been so unpredictable. Not in recent times have we faced spiraling inflation putting pressure on our citizens and on State services. Not in recent times have we faced the pressures of providing for State employees, for education, for social services and for a wide range of State services that meet the needs of our people.

Mr. Speaker, I would like to especially commend the Appropriations Committee for the work that it has done in recent months. Since last Fall, we have worked with the members of the Appropriations Committee and were sensitive to the challenges that they faced in trying to pare the budget down in

the face of pressures on GTB and other areas, to increase it. We have worked together and are prepared today to bring the budget into balance.

Mr. Speaker, this package is not my first choice. It's not the first choice of anyone in this Chamber, I suspect. But it is probably the one choice that stands a chance of passing this Chamber and putting into balance our budget. In order for us to consider this package at this time, Mr. Speaker, I would like to move suspension for immediate consideration of the bill.

SPEAKER ABATE:

The question is on a suspension of the rules for immediate consideration of the matter. Is there objection? Hearing none, it is so ordered. You may proceed, sir.

REP. STOLBERG: (93rd)

Mr. Speaker, the bill before us has a number of components, and I will be commenting on them as we offer the Senate Amendments which I will be offering shortly. Let me say that the pressures on the economy of the State of Connecticut are multiple at this time. We hear today that the nation is now sliding into the long-awaited recession. It will have impact. It will have impact on our sales tax, our corporation tax and many of the other revenue sources for the State of Connecticut.

Federal Revenue Sharing and Federal Grants are clearly a

question mark facing us. Decisions may be made in Washington which will impact on our State Budget more even than our action today. Mr. Speaker, it's a very difficult task that lies ahead of this Chamber in the next minutes and perhaps hours. It's a task that is mandated by our action yesterday in putting forth an appropriations package. And I'm sure that this Assembly will accept the responsibility and provide the revenue package to balance that appropriations package.

Mr. Speaker, I understand there are amendments to be offered in addition to the four Senate amendments, so at this time I will be seated and will allow for the presentation of House amendments.

SPEAKER ABATE:

Will you remark further on this bill?

REP. GLICKSON: (137th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Andrew Glickson.

REP. GLICKSON: (137th)

The Clerk has an amendment designated LCO No. 2997. Could the Clerk please call the amendment.

SPEAKER ABATE:

The Clerk has in his possession an amendment, LCO No. 2997, designated House Amendment Schedule "A". The Clerk please call the amendment.

CLERK:

LCO No. 2997, offered by Rep. Glickson of the 137th District and others.

SPEAKER ABATE:

Is the gentleman seeking leave of this Chamber to summarize the amendment in lieu of Clerk's reading?

REP. GLICKSON: (137th)

Yes, please, Mr. Speaker.

SPEAKER ABATE:

Is there objection? Hearing none, you may proceed with summarization. Rep. Glickson.

REP. GLICKSON: (137th)

Thank you, Mr. Speaker. This is a complete substitute revenue package based on a personal income tax. I think I will outline briefly the various features of the amendment, and after that I will comment on it.

The amendments affects reductions in several of our existing taxes. It calls for a reduction in the sales and use tax from seven percent to five percent. It calls for a reduction in the business services tax from three and a half percent to two and a half percent. It provides for a reduction in the corporation/business tax from ten percent to nine percent. It calls for the elimination of the separate sliding one percent to nine percent capital gains and dividends tax. And finally, on

the expenditure side, if you will, it calls for an acceleration of the phase-in of the guaranteed tax base funding to provide an additional $45 million of it -- to be available for local property tax relief in fiscal 1981.

This requires revenue -- additional revenue of $587 million, which the bill provides, first by applying the now 5 percent sales tax to cigarettes to raise $12 million and it imposes a flat rate 4 percent tax on each taxpayer's adjusted gross income over $10 thousand. Just to explain how that works, first of all adjusted gross income is, of course, a number which appears on every Federal Tax Return, so the administration costs are minimal to the State. The use of the adjusted gross income, by and large, avoids most of the loopholes in the Federal tax system.

The $10 thousand basic exemption which would be by far -- would make by far the largest zero tax bracket of any existing State Income Tax, means that any taxpayer earning $10 thousand or less in a year pays zero income tax. A taxpayer who has an adjusted gross income of $10,001 pays four cents. So every taxpayer gets that $10 thousand exclusion.

And finally, one other important feature to many of us is that the bill does allow 100% credit for income taxes paid to other jurisdictions, such as Massachusetts, New York, New York City, with respect to income that's earned there.

If I could, Mr. Speaker, I'd just like to make a few comments on this. I don't think there is a need for tremendous rhetoric on the subject. I call the attention of the members --

SPEAKER ABATE:

Rep. Glickson, will you move the amendment, sir?

REP. GLICKSON: (137th)

I'm sorry, Mr. Speaker. I'd like to move the amendment.

SPEAKER ABATE:

The question is on adoption now of House Amendment Schedule "A". Will you remark on its adoption?

REP. GLICKSON: (137th)

Yes, Mr. Speaker, thank you. The chart on the flip-side of the summary, which has been distributed to the members shows the distribution of tax burdens as a percent of family income for several states. It shows -- this is 1974 data, it's obviously not brand new, but I think the pattern remains in effect. A family with an income of $5,000 spent 18.4% of its income on taxes. A family with an income of $25,000 spent 9.8% of its income on taxes, and a family with an income of $50,000 spent 7.6% of its income on taxes. Not only does the percentage decline as the family income increases, the -- Connecticut's relative ranking with respect to other states declines. In other words, Connecticut imposes an extremely

high tax burden on taxpayers with low incomes. And that -- Connecticut is not at the top of the list with respect to its income on higher taxpayers. I don't think there's any need to be especially poetic about this. I think it's clear from the numbers that this is wrong. We heard a lot of comment yesterday, especially from the Republican side of the aisle about concern for the working poor.

I think one of the reasons we ought to be concerned about the working poor is because of what our tax system is doing to the working poor. This is a good example. There's one other group of hard-pressed taxpayers that I think we ought to pay some attention to, and those are single-family homeowners. As everybody knows from last year's debate, Connecticut relies very heavily on local property taxes. And as we've seen in city after city in recent years, the values of residential properties are rising faster than the values of non-residential properties. This means there's an inexorable shift in property tax burdens to single-family homeowners. And this doesn't just mean Hartford and New Haven. It means everywhere in the state. It affects my town, which is in the midst of the so-called Fairfield County real estate boom. And we're already hearing and seeing the pressure build up in anticipation of our 1982 revaluation.

The problem is, of course, the property tax is purely local. So I think it's essential that we use the State's taxing power to redistribute money to provide some relief for single-family homeowners.

Mr. Speaker, I think those are the two major arguments in favor of this package. I think it's perhaps not the most popular thing to do at this time. People ask me whether this -- how this will go down in my district. I probably haven't convinced the majority of my constituents yet, but I have to say that I think my constituents understand that we can't -- if we have to raise taxes, we can't just raise a half a point here and a half a point there, a package of miscellaneous little nuisance taxes and think that nobody knows the difference.

Rather than go home with a package like that, I'd rather tell them that I thought it was important to get out in front of this issue and to try to exert some leadership on this problem we all know we have a problem. Now yesterday we passed a budget. We have money to raise. There's no more argument about that. I think this is a better way to do it than the file copy. Thank you, Mr. Speaker.

SPEAKER ABATE:

Will you remark further? Will you remark further on the adoption of House Amendment Schedule "A"?

REP. YACOVONE: (9th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Muriel Yacovone.

REP. YACOVONE: (9th)

Thank you, Mr. Speaker. As you used to say when you were sitting over here somewhere, Mr. Speaker, this is an amendment you just can't turn down. He did used to say that, with tongue in cheek. And I'm saying it tongue in cheek I suppose, because being very realistic, that's the way I would have to say it today.

This amendment does reduce the sales tax. This amendment does help to reduce the property tax. This amendment does eliminate the capital gains and dividends tax. This amendment does reduce the corporation tax. We would apply a 5 percent tax to cigarettes, 'cause that seems to be quite acceptable to everyone that we put a sales tax on the bad habit of smoking.

I would suggest that the members keep a copy of this amendment and a copy of the summary, to keep in their files for possible future use -- future reference. You may have seen an article, but for those of you who haven't seen comments in the State Government News of March 1980, I would just like to call it to your attention. The article is entitled "Income

Taxes, Our Top Revenue Source." And briefly it says that combined corporate and personal income taxes surpass general sales taxes as the most important source of state tax dollars for the seventh straight year in fiscal 1979. And this information is from the Commerce Clearing House.

Income taxes provided the most revenue in 29 states and the District of Columbia, while sales tax proved to be the best source of revenue in the other 21. I would hope that you would listen to this proposal and that you will be prepared to discuss with your constituents what an income tax is all about, why 29 states and the District of Columbia do have such a tax. What might be happening some time in the future in Connecticut as we attempt to preserve the kind of state that we all want, with the services that we need for everyone, for the highways in good condition, and a lot of other good things that we might be able to achieve if we funded our projects fully. Thank you.

SPEAKER ABATE:

Will you remark further?

REP. GOODWIN: (54th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Dorothy Goodwin.

REP. GOODWIN: (54th)

Thank you, Mr. Speaker. As a good many of you know, I have been here before. I have been here before many times and for a long, long time. In fact I have been here -- not in this House, but on this issue -- for more than a quarter of a century. I think you can tell how influential I am by how far we have come the distance towards this amendment.

I do think the time has to come before too very long when we do something of the sort proposed by this amendment. This amendment redistributes the total tax burden in an infinitely more rational way than it is distributed now. We now have a tax structure which I have described in the past as being put together with scotchtape and chewing gum and so it is. Only we're using a little more chewing gum this year than we did before and we're going to have a worse tax package this year than we had before.

And I think it's time that we stopped and looked not only at the equity portions of the total tax package, but also at the incentive portions. And among many things that's wrong with our present tax package, I think, is an over-emphasis on taxation of business to the detriment of the economy of the state. The equity questions are not unimportant, however, as you will notice a major portion of this piece of tax reconstruction is property tax relief, intended to take some of the burden

off what is surely the worst tax in the whole tax structure. I think we also have to face the fact as has already been noted that the rate of inflation on property values which comes not only from the general inflation but also from the shortage of housing and perhaps even from some of our zoning regulations, is going to mean some real re-thinking of how we use the property tax at all. It's quite clear that it is no longer as valid a base for the GTB as it appeared to be when we did the work on the GTB. It's creating all kinds of strains throughout the local tax system, and that means throughout the total tax system. And until we can get some kind of ceiling on this that is place on it by additional revenues from another source, we're not going to be able really to address those problems, which I think are very, very serious indeed.

And now I'd like to turn to a point which has not been made yet by anybody else on this Floor, and that is that the Federal Government would pay about half this tax. I don't have the exact figures, but it is true that upper income tax people -- people in upper income tax brackets do itemize their taxes and will, therefore, receive Federal Income Tax relief at the rate of their marginal tax percentage for every dollar of tax monies that they pay to the State. I don't know

why we should not take advantage of a situation where the Federal Government helps pay our State taxes. We do it to a much more limited extent now than we might, and it seems to me that's foolish and uneconomic, and certainly self defeating. That's a real factor. It means that you perhaps nearly double the advantage of a good many of the dollars that will be collected in this tax.

People who don't itemize, of course, will not get -- will not produce that advantage. And, as I say, I don't have the exact figures for what they should be, but I think you all know that it would be substantial and also that the existence of this tax might contribute to having an additional portion of the population itemize their taxes so as to take advantage of this factor. This, for instance, would be a kind of deduction that renters would take and get relief from the Federal Government, which they cannot do now with respect to the property tax. And tenants, of course, have to pay the property tax indirectly but get no Federal tax relief for doing it.

This is not a perfect package. I think it needs some additional work. I just noted, for instance, with a rough calculation that it would save me money. And I think for those of you on the other side of the aisle, there are a good many people over there who would do better with this tax than with the present combination of taxes, including dividend and capital

gains taxes that they do now. And you might do this calculation for yourself. Multiply your dividend income by 4 percent and see what it is. And I think you might easily find that it is less than what you are paying now in the dividend tax. So, with that, I without much hope urge your support for this tax. Thank you.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "A"?

REP. WRIGHT: (77th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Gardner Wright.

REP. WRIGHT: (77th)

Thank you, Mr. Speaker. I rise in support of this amendment. I've been here for eight years now, and every year we ask, do we really need an income tax? Do we really need an income tax? The public no longer asks that question. The public's question is now when are we going to have the income tax? The public recognizes that we cannot continue to provide the services that we enjoy now on the revenue base that we now have. It doesn't work. We're looking at a need this year for $160 million of new taxes. And what are we going to do? We're going to raise the sales tax, we're going to raise the cigarette

tax, we're going to try to put a tax on oil companies. All those taxes will be passed along. But they won't be passed along on the basis of ability to pay, so that the people who can afford to pay will pay the most. They'll be passed along on the basis of how much you consume. How much of the very necessities of life you consume such as heating oil and clothing.

Mr. Speaker, this tax package to the people with the greatest need. It would reduce the sales tax. Arguments have been made that the sales tax is somewhat progressive because it allows people who spend to pay taxes. And if you don't want to spend, you don't have to pay. Well, we know that many people with large incomes spend their money in way that they avoid the sales tax. Travel and such luxuries are not taxed. If you buy a boat, as many of you have heard, you can buy that boat out of state and register it out of state, and not pay the sales tax and not pay the property tax. There are many ways to avoid paying your fair share of property tax and sales tax. There are fewer ways to avoid paying a good income tax.

In Connecticut we have one of the highest burdens on people making less than $10, 000. One of the highest in the country. While people making over $50,000 have one of the lowest burdens of taxes to pay. If we're concerned about the working poor and if we're concerned about those people in our districts whose earnings are $20,000 a year or less, support

this tax. If you don't do it now, you're going to face a very, very serious problem next year; because I anticipate that the GTB could cost us another $150 million, pensions could cost us another $100 million. There are many things built into our budget that are going to continue to escalate, and we're going to need revenues to pay them off. We are not able to cut back on services to any dramatic extent, and there's going to be need for tax increases because we cannot deal with the whole issue of cutting back on government spending. If you can't cut back on spending because all of our constituents want the services, then we should be willing to raise the revenues. This is a more equitable way to raise the revenues, and I urge you to support it.

REP. ROBERTI: (126th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Vincent Roberti.

REP. ROBERTI: (126th)

Mr. Speaker, I'm sure that this amendment's going to be defeated today and I'm sure that I won't be in the minority with some of the remarks that I have to comment upon. But I would like to bring something to bear. For the last four years, I've submitted a bill every year calling for a constitutional amendment that would bar the enactment of a state income tax by a

statewide referendum first -- to allow all the people in the State of Connecticut to be able to make their own determination in terms of their tax structure. And the reason why I say that, because although this amendment will not pass today, it is the beginning, as many of the proponents of this amendment have said, it is the beginning, and it's coming. A state income tax is coming. I don't feel it's an equitable tax. I think as we've seen in California with Proposition 13, that that was certainly an answer by the California -- a reaction by the California residents to how poor an income tax really is.

I think as much as -- not long ago, two or three weeks ago, the New York Times had a full page ad paid for by the New York Commerce Department that said the grass is not always greener in Greenwich. And on the list of tax incentives offered for businesses, the only incentive that Connecticut has left to business and corporate life was the fact that we don't have a state income tax. So in ending, I hope that next year, if I come back to this Chamber and I put this constitutional amendment in, the people of this Chamber will support it. And I hope that we'll soundly defeat this amendment before us right now. Thank you.

REP. STOLBERG: (93rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Irving Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, Rep. Roberti is probably right and probably wrong at the same time. He's probably right that this amendment will probably not pass. He's certainly wrong in his evaluation of our current tax structure as opposed to a more equitable structure. Mr. Speaker, as chairman of the Finance Committee, I suppose I should have a commitment to fight against this amendment. And, indeed, as chairman of the Finance Committee I have a very strong commitment to the men and women of that committee who put forward a tax package which I did support. It is not entirely the package before us, and therefore, Mr. Speaker, I should like to speak in favor of this amendment consistent with a position that I have campaigned on and will continue to campaign for as long as I am a member of this Chamber and as long as I live. Because it's the one issue facing the people of Connecticut which is most crucial.

We have a package that if this amendment fails should pass, because it's much better than no budget. But for us to ask working men and women to pay local and state taxes higher than any other state in the country and for us to ask the wealthy to pay among the lowest state and local taxes of any state in the country, something that if we truly represent the

people, we cannot continue to perpetuate. Rep. Goodwin and Rep. Wright and myself and others may again be speaking into a whirlwind. Let me say the issue is not an income tax. The issue is not an income tax. The issue is whether we're going to have a 7½% and then an 8% and then a 9% and then a 10% sales tax imposed on the people of this state.

And the issue, ladies and gentlemen, is whether we're going to have property taxes go to 2, 3, 4, 5, 10% of evaluated property tax values. And the question is whether we're going to have a 10 and then an 11 and then a 12 and then a 13% corporation tax. Because all of these are burdens on the people of Connecticut. All of these are less elastic than a reformed structure. No way in the world an income tax on top of what we now have. But let us, one of these days if not today, let us give the people a sales tax cut in half. Let us limit property taxes and let us have those who are the only ones -- the State isn't doing better than inflation, most of us aren't doing better than inflation, our constituents for the most part aren't doing better than inflation -- only the most wealthy who take refuge here are doing better than inflation.

Mr. Speaker, I'm afraid those who feel the votes aren't here are right. We'll have to settle for a less acceptable package, but certainly more acceptable than no budget at all. I wish we had a magic wand to wave and have us do what is right.

What is right for the people of Connecticut today, rather than what we probably will do a little later.

REP. GLASSMAN: (14th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Abraham Glassman.

REP. GLASSMAN: (14th)

Thank you, Mr. Speaker. I rise to oppose this amendment. The day will probably come when we will inevitably have to make that decision about an income tax. However, one of my biggest concerns with the amendment that we have before us is that it is a piggy-back type of income tax proposed here. And I say to you here, to you, all those of you who are here today, that those who are most able to pay taxes will again escape the burden through the imposition of a piggy-back income tax. If an income tax is to be proposed, it has to be an income tax which would recognize that those who are most able to pay should be able to pay, and not be able to take advantage of all the existing Federal loopholes and exemptions, which will enable them to reduce their taxable income to the point where they again will be avoiding income taxes.

One of the other, one of the other disadvantages of this proposal is the fact that it imposes yet another tax. And that's what the people of the State of Connecticut are going to view

this as. Another tax to be used as a source of revenues to the State of Connecticut in addition to all the other taxes that we currently have and are imposing on them.

SPEAKER ABATE:

Will you remark further?

REP. MANNIX: (142nd)

Mr. Speaker.

SPEAKER ABATE:

Rep. John Mannix.

REP. MANNIX: (142nd)

Thank you, Mr. Speaker -- pardon me, members of the House. It was very appropriate earlier on, many of you --

REP. GLASSMAN: (14th)

Mr. Speaker, I am not through.

SPEAKER ABATE:

Excuse me. Thank you, Rep. Glassman. I was under the assumption that you had finished your remarks, sir. You still have the floor. Please proceed.

REP. GLASSMAN: (14th)

Thank you. I merely took some time to breathe. I didn't know it's against the law to take a pause to breathe in the State of Connecticut. Mr. Speaker, as I was saying, that the people of the State of Connecticut will view this, what we've talking -- this amendment, as still yet another tax which will

drain resources from their pocket books. Sure, initially we tie a reduction in the sales tax, and business tax and eliminate dividend tax and reduce corporate tax and all kinds of other things are tied to this so-called income tax provision that would tend to reduce the taxes that we currently have.

But is also, as I said before, means that we have another tax which to choose from. And over the years what will tend to happen, as has happened in other states, in addition to an income tax, those other taxes that they had originally reduced when they imposed the income tax have begun to creep up to the point where they're not that far behind our sales tax and our corporate tax and all our other business taxes.

So I say to you that as we look at this amendment, think of how much we have been able to accomplish in the State of Connecticut in the last five or six years without the income tax. How we have made serious efforts to reduce our spending because of the fact that we did not have an income tax and that we did cut things that we found to be superfluous, a little on the fatty side and in many instances, unnecessary.

People view the income tax as a tax or a license to spend. And if we enact this provision here today, they're going to say that we have abandoned the purpose that we have attempted to do in the last five years, and that was to look at the way that we spend money without increase in taxes, and I

think we've been successful the last five years. We're forced here to make some very difficult decisions today, but I hope that we would not make that decision on this amendment today, because the public in the State of Connecticut is not prepared nor are they willing to accept it.

SPEAKER ABATE:

Thank you, Rep. Glassman, I'm sorry for the interruption earlier, sir. Thank you. Will you remark further?

REP. MANNIX: (142nd)

Mr. Speaker.

SPEAKER ABATE:

Rep. John Mannix.

REP. MANNIX: (142nd)

Thank you, Mr. Speaker, and members of the House. I think it's very appropriate that we had the youngsters from France in watching the debate earlier on. In my going over some of the files that I have upstairs, I came upon some quotes from a gentleman by the name of Monet, who was a giant among men. He was responsible for the common market, among other things. Bringing together all the various groups in France -- not France, but in Europe, in Europe -- into an economic unit.

And he had two things that he had to say -- he was a very prolific writer. And the first thing he said, the world belongs to the walkers. It's very deep if you stop to think of

that. Unfortunately, I don't think we're walkers in this General Assembly. We seem to rush from here to there, picking up pieces trying to cover increased expenses with a little bit of tax here and a little bit of tax there. Really not taking a look at the total picture.

The second thing he had to say, which I think is appropriate to what we're discussing here today, is you ought to have an objective -- a clear objective -- and this ought to be kept in mind. Now, we have an amendment on the Floor, which is to amend a tax package. What is the objective of the tax package? Certainly the immediate objective is to put the finger in the dike, stop the water from coming in. We're spending too much money. Contrary to what Mr. Glassman said, in the last five years we've done a pretty good job of raising taxes in this state. We've gone from a sales tax of 6% -- the bill on the Floor today is 7½%. That's a tax increase.

The corporation tax went from 8% to 10%. We didn't have a dividends tax, we now have one -- a graduated dividends tax. Capital gains tax went from 6% to 7%. We have a business services tax, a leasing tax, etc. Taxes are going up. We're about at the limit, if not over the limit, and where do we go from here. What is our objective? We don't have any objective. Instead, we're rushing around like children. We're not doing this in a mature fashion, business-like fashion, the business

of the people. Tragic. I understand what the proponents of this amendment are trying to do. They're introducing an idea. Certainly it's not new. Many people have talked about it. The leadership in the Finance Committee -- the leader in the Finance Committee on the House side -- certainly has discussed it and has worked it over. But again, I think it's -- we're rushing, and we're saying, "well, gee, we ought to -- we have the wrong package here today, let's try an alternative." Is that the way -- are we walking? Or are we running? The answer is we're running.

I think there are some serious deficiencies in this amendment. The first is, of course, I don't think we probably need it, from the point of view of covering appropriations if we were more prudent yesterday. On top of that we don't want to find ourselves in the position that New York and Massachusetts find themselves. What happens next year? As Gardner Wright said, we're fooling ourselves somewhat this year on pension, on GTB, I'm sure there are other things hidden in there. What happens when the costs go up? An income tax -- if we have an income tax -- will go up also. What we really need is a comprehensive tax reform that includes tax limitations.

It's a sad day here that we're treating the business of the people of the State of Connecticut in this matter and that we're undoubtedly going to put on additional sales taxes, which is going to increase the costs to the people, as has been said;

costs for the people to live in the State of Connecticut with an income under $10,000 a year. Thank you, Mr. Speaker.

REP. MIGLIARO: (80th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Eugene Migliaro.

REP. MIGLIARO: (80th)

Thank you, Mr. Speaker. I rise in opposition to the amendment, naturally. But I'd like to pose a couple of questions through you, Mr. Speaker, to the proponent of the amendment.

SPEAKER ABATE:

State your first question.

REP. MIGLIARO: (80th)

Thank you, Mr. Speaker.

SPEAKER ABATE:

Rep. Glickson, prepare yourself, sir.

REP. MIGLIARO: (80th)

Thank you. I notice in the chart, Rep. Glickson, that -- on your income class chart it will show Connecticut between the $10 thousand bracket and the $25 thousand bracket -- what would you classify these people in that income class?

SPEAKER ABATE:

Rep. Glickson, will you respond through the Chair, please, sir.

REP. GLICKSON: (137th)

Through you, Mr. Speaker, I'm not sure what kind of characterization the Rep. is looking for. Could he be asked to elaborate?

SPEAKER ABATE:

Rep. Migliaro, will you define --

REP. MIGLIARO: (80th)

Well, through you, Mr. Speaker, what I'm trying to arrive at -- would you call it middle class, lower class or upper class?

SPEAKER ABATE:

Rep. Glickson, does that provide the requisite clarification for you, sir?

REP. GLICKSON: (137th)

Through you, Mr. Speaker, I'll do my best. I think $10 thousand to $25 thousand takes us from the edge of the working poor well into the middle class. I think that's a fair way to look at it.

REP. MIGLIARO: (80th)

Thank you.

SPEAKER ABATE:

Rep. Migliaro, you still have the floor, sir.

REP. MIGLIARO: (80th)

Mr. Speaker, in that particular area, we're talking

approximately 33.5% and what we're doing here, and we're doing it again and again with such an amendment, and the fears that I have when I hear somebody speak of having an issue of survival, I think that is the true issue. But the issue is a survival of the middle class in this country, particularly in this state.

We look at the overall package of $575 million that we are going to derive with this 4% income tax. In this particular area, these people will bear the brunt of it, as they are doing right now. And we continue on that avenue or that theme, and we're going to eliminate the middle class. And then who do we go to? Then I look at the other side of the coin, I turn the page back over and I look at the reduction of sales tax of 7% to 5%. Big deal. We didn't eliminate it, we just reduced it.

And what we're doing here is giving more money to bureaucracy to waste it, instead of tightening our belts and doing our jobs the way we're supposed to do. We think we can get ourselves out of this position by taxing the people who can ill afford it right now and that's the middle class. Nowhere in this proposal do I see any complete elimination of all other forms of taxes, with a guarantee -- a built-in guarantee -- that they will not resurface once we do implement an income tax in the State of Connecticut. And the reason that's not in there is because they can't guarantee it. Because they know darn well that they're going to come back with increases in sales tax, and taxes again

and again and again. I heard the word "sham" used yesterday. This is one hell of a sham, I'll tell you that. When we think that we have the audacity to con the people in the State of Connecticut to think that we're out there to protect their interests, and have the nerve to come in here and request an income tax without telling the truth that we have no intentions of eliminating all other forms of tax.

But the thing here that really bothers me is the fact that we are on our way to destroying the middle class in the State of Connecticut. They have carried the brunt of taxes in this state for God knows how long. And even in this country. And what are we doing? We're increasing that burden with this particular type of a formula. I was going to go downstairs for coffee, but I had to say something on this one, I'll tell you that. So, Mr. Speaker, I would recommend wholeheartedly to the members of this Assembly that when you look at this package, don't be duped into thinking that it's going to be a great thing; because I think most of the people in this room come in that category as middle class people.

And I think that a vote for such a thing as this is a vote against yourself as well as the rest of the people in the State of Connecticut. I urge you.

REP. MORGAN: (56th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Chester Morgan.

REP. MORGAN: (56th)

Mr. Speaker, I rise also to oppose this amendment. Yesterday when the budget was passed, it was argued for many, many months. Many compromises were made, many tough decisions were made. When the bottom line came by almost a two to one vote up on that board, this Assembly passed that budget. It wasn't something that was handed out during the day by an amendment.

As I look at the introducers of this amendment, and I'm a member of the Finance Committee, I do not recall one of those persons introducing a bill that could be discussed by the Finance Committee. This amendment's had no public hearing. It's had no public input. I say to you, I rise to oppose this -- not the bill, but the method. We run here by the committee system. I also recall eight years ago in 1972, many of us weren't here, but an income tax was passed very late at night. I ask you how long did that last when the people found out about it? I say to you, bring this bill back next year as a bill. Let it be discussed. Let there be input into it. Let there be compromises. Let there be discussion. But let the people have input. I think we'll rue the day that if a bill such as this is passed -- this amendment -- on the final day of the Finance

Committee's package, I think we'll all live to regret it. I urge rejection.

REP. MEYER: (135th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Alice Meyer.

REP. MEYER: (135th)

Thank you, Mr. Speaker. Very briefly, before we vote on this amendment, I would like to point out a couple of things. Probably the tax that most of the people in the State of Connecticut have indicated repeatedly they do not wish to have is an income tax. One of their major reasons for not supporting an income tax, I feel, is that they think this will be a license to spend more money. And this year especially the message is coming through loud and clear to all of us. People wish us not to increase taxes and not to increase spending. Once you have an income tax on the books, it is very simple to, each year, let it go up one percent more, one percent more.

Furthermore, as many of my colleagues have said before me, the fact that you have an income tax, it has been proven in other states, that you do not have a loss in your other kinds of taxes. And let's face facts, the biggest plus we have in Connecticut recently is the large influx of businesses. The decisions to move to Connecticut are made in the boardrooms of

those big corporations. And I assure you, one of the major reasons they come here -- sure we're a great state to live in -- but we're also a great state to live in because we have no state income tax on all of our income. We still have a dividends tax, but that's another matter. But I urge you to vote against this amendment.

SPEAKER ABATE:

Will you remark further?

REP. ANDERSON: (106th)

Mr. Speaker.

SPEAKER ABATE:

Rep. John Anderson.

REP. ANDERSON: (106th)

Thank you, Mr. Speaker. Many of the speakers that were before me started by saying that they didn't feel this tax had a chance, and I hope they're absolutely right. Because I think this is probably the worst injustice that we could induce the people of Connecticut at this short notice. Really at any other notice.

By using the guise of lowering other taxes, we're saying we should go for an income tax. But in truth, in New York, in New Jersey, Massachusetts, has that every proven true? What this really would do is take a lid off spending. And you know as well as I do, for all the commissions and departments in this state, there isn't enough money in the world to satisfy all their

wants. The advantage that we have now is that we have two taxes, the property tax and the sales tax, and not three -- to at least hold down that spending. If we induce an income tax that lid will just go flying. And what makes this bill, I think, or amendment, the worst possible amendment is because it's an adjusted gross income tax, which means those people that are feeding the income tax on a Federal level now, will do the same thing on the state level. Please defeat this amendment.

REP. RITTER: (6th)

Mr. Speaker.

SPEAKER ABATE:

Rep. George Ritter.

REP. RITTER: (6th)

Thank you, Mr. Speaker. There's been some factual misunderstandings that I'd first like to clear up. This is not a piggy-back tax. The exact opposite of what Mr. Anderson has just said, and the exact opposite of the statement of the representative from Manchester and South Windsor. This is an adjusted gross income tax. It's on the AGI. No deductions, except those that you spend to earn your living, which means that most of us have no deductions. So this is a tax not measured as a piggy-back. Piggy-back tax is one where you take a percent of the Federal Income Tax and pay. This does not do that. Just the opposite. That's the first point.

Second point, it's very difficult to understand while at the same time this would be against the interests of middle class people, and then as has just been suggested the people in the corporate boardrooms are opposing this. It seems to be, at least on the face of it, some kind of inconsistency. And I can point out why that's true. Because this is a tax which does benefit the middle class. The reality is that anybody in our state now earning up to $25,000 would pay less taxes if this amendment was passed. As a result of the reduction of sales tax and as a result of the reduction of the real property tax, and as a result of the reduction, in some cases, of other tax.

It needs to be understood that by and large the people of this state have never had the opportunity to have their political leaders explain in detail the benefit of the sales tax as compared to an income tax. And that happened in part because of a coincidence of history. In 1947 when the Democratic leadership had the integrity of its position to push for an income tax, and the Republican leadership had the similar integrity of their position to push for a sales tax. So there was a stymie; and since it was a split house, split legislature and a Republican Governor, we had a sales tax imposed on this state -- one percent.

I'd like to address just quickly what happened here in '72. I was here then and proudly voted for that income tax.

The reality is that that income tax was essentially drafted by the Republican leadership, including the State Chairman of the Republican Party, who was then in this House. And including Nick Lynch who later became a Senator. And what literally happened was that people who were supporting that income tax, which had been exposed to this House and to the Senate over a period of a year -- over a period of a year was it debated -- when it came time to be debated on the Floor of this House, the people who opposed the income tax were the people who imposed on everyone who is here and insisted on debating it, debating it ad nauseam, debating it until four o'clock in the morning. It was like the old days in college when some of us can remember in the '30s we would be outwaited by the few communists in a liberal meeting who would jawbone until everybody went home, so that they could be said to be in the majority when the final ten people waited to vote.

Well, what happened here in '72 is a real credit to both the Republican leadership and those minority Democrats who voted for that -- who waited until four o'clock in the morning. One man in his seventies had to be carried out. He came back in because he wanted to vote for that tax. May I say this, whether this bill passes or not is really dependent on the people here now. And whether it should pass is clear. If it doesn't pass, this is a burden that each of you who does

not vote for it will need to carry. And if your reasons for voting for it, on balance, is because you may not be re-elected then you're not worthy of being re-elected. If you're not prepared to sacrifice yourself on a major issue such as this, in the interests of the people that you represent, you're not worthy of their support in the next election. I hope you'll take a little bit of opportunity to read this bill. I think Irving deserves a great deal of credit for drafting it. I think those of you who will take the time to review it, will recognize that it is a long step forward above the bundle of taxes that this state is going to be exposed to if this is not accepted as an amendment.

SPEAKER ABATE:

Will you remark further?

REP. HINDS: (8th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Boyd Hinds.

REP. HINDS: (8th)

Thank you, Mr. Speaker. I would just comment briefly as one of the cosponsors of this bill that I think history will show that 1980 is the year that broke the back of old ways in government. And I think if we're honest with each other, knowing that the $30 million we're counting on for revenue sharing is not

going to come through, and that a serious attempt was made because of a lack of income at the state level to directly pass that loss of Federal revenue on to the municipalities, that we are precariously close to forcing the municipal property tax burden to the breaking point for every municipality in the State of Connecticut. I think the fact that we are considering a 7½% sales tax and in the future, because it's the work horse of state revenues, we must consider higher and higher sales tax, that we are clearly on the verge of breaking the back of the sales tax. The sales tax and the property tax are the most unpalatable taxes, I think, by polls all of us have taken or seen. I think it's the most immoral kind of taxation for people on fixed incomes.

We are doing serious cutting of the budget. I feel this year in a way that I've never seen in the four years I've been here. We are focusing on state priorities in a way we have never done in the four years I've been here, through the appropriations process. I urge support of this amendment and a revision of our tax structure in this way. And Mr. Speaker, when the vote is taken, I ask that it be taken by roll call.

SPEAKER ABATE:

The question is on a roll call vote. All those in favor, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

In the opinion of the Chair, the requisite 20% having been satisfied, when this vote is taken, it will be taken by roll.

REP. MISCIKOSKI: (65th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Miscikiski.

REP. MISCIKISKI: (65th)

Mr. Speaker, I'm against this amendment. I was here at 4 or 4:15 in the morning when they passed the income tax. It was a disaster. In fact, Meskill would have been a hero if he had vetoed it and let it go into law laying on his desk.

When they passed the income tax, and I had to drive into the legislature, and I voted against it, I never forgot the day I was parked at a red light on Broad Street, and I happened to look in the mirror -- side mirror -- and I see this fellow getting out of the car, running all the way down. I said, gee I wonder what's wrong. He comes up to the car, he starts cursing me upside down, all kinds of ways, I never knew the fellow -- he spotted my marker. Another time I'm coming into Hartford and gee, I says, good drivers on the road they're letting me pass, they must have saw my marker in their mirror. And I thought they were waving

at me when I passed, and all the time they were waving their finger at me. I mean these are just some of the experiences, and say, look how can you tell a fellow that's going by that I voted against it. And he's not going to believe it at all. In fact, it was getting to the point that I was going to bury the marker, because the people are definitely not for the income tax. Now the states that have an income tax, they also have a sales tax. And they're in worse trouble than we are. There's only probably five or six states that don't have an income tax, and we're one of the lucky ones that don't have it.

Now when they come up and say here that we have the highest sales tax in the country. So what? We don't have an income tax. They never say that. And we don't have a stack of other taxes that they have with the sales tax and the income tax. So that's a lot of baloney when people get up and say -- if they're going to say we've got the highest sales tax, say we don't have the income tax. Because I don't care if we put in the machines and print the money as fast as the machines can print it, we aren't ever going to have enough. And I'm sure a lot of these programs that everybody wants are good programs, but the people are sick and tired of taxes, and they want an end to all this here. They want cuts. They don't want increases anymore, because it's got to this point in this country that the harder you work, the more they penalize you. And the least you

work, they're always concerned about you. All I got to say, if you fellows want to get the finger coming to the Capital, then vote for this and then you'll see what I mean. And I'm against the amendment.

REP. SHAYS: (147th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Christopher Shays.

REP. SHAYS: (147th)

Thank you, Mr. Speaker. Someday we're going to have an income tax and I know it and you know it. We're going to have an income tax. But not to help the working poor like you imply. The reason we're going to have an income tax is to get additional revenue, because the revenue we have now isn't enough to pay for all the programs that we're paying for which we don't seem to want to control.

Rep. Wright called it like it really is, and I kind of wish I could frame his speech. I loved it. Because he really said it like it is. He said we have uncontrollable spending and we need new revenue. And he gave you a few examples -- it sounds kind of familiar, the GTB formula and the pension. He could have gone on, but that was enough, he got over $100 million just there. Why is it that whenever someone introduces an income tax, they say it's going to be to help the

working poor? And why is that the introducer of this amendment says that? An income tax can be regressive, proportional or progressive. This happens to be somewhat proportional -- it's a 4% tax on any income above $10,000. Sure it doesn't tax anyone below $10,000 but there are people who make $10,500 or a little more and it's going to be a proportional tax on that income.

I'd like to ask you, the introducer of the amendment, through you, Mr. Speaker, why he reduced the sales tax which does not tax rent or food and which is not as regressive as he would like to say, why it reduced that tax and did not reduce a more regressive tax like the motor fuel tax of $153 million, a more regressive tax like the public service corporation tax of $153 million or in fact wanting to increase the cigarette tax which is more regressive than the sales tax? Why he wanted to -- didn't want to reduce the alcoholic beverage tax, which is a more regressive tax than the sales tax, which is $24 million? Why he didn't want to reduce the motor vehicle receipts tax which is $76 million? Which is certainly more regressive than the sales tax. Why he didn't want to reduce the license, permits and fees, which are more regressive -- they amount to $72 million. Why he didn't want to reduce those taxes which are more regressive than the sales tax? And then why he wanted to eliminate the capital gains tax and dividends which are progressive taxes? Why he wanted to reduce the corporation

tax by one percent to the tune of $28 million, which is a more progressive tax. This is not a progressive tax structure. This doesn't solve any of our problems. We have all the dumb taxes we had before. It's for one reason, to get additional revenues. Rep. Mannix last year introduced a tax package which said control spending. I hope, and maybe I'm going to switch fairly soon, because I feel the income tax is coming for the reasons stated over there, but when I see an income tax coming it's got to have a control on spending. And then when you control the spending, you won't need all these other taxes.

This proposal, this amendment, does nothing to eliminate all the dumb regressive taxes you see. It eliminates some progressive taxes and attempts to focus in on the sales tax, which most economists will tell you in this state is not half as regressive as it is in other states. It does not tax rent. It does not tax food. And we have people say that the poor can't buy anything else after they've paid for their food and rent. What other things are they going to buy? Very few things with a sales tax.

The problem that we have in this state, Rep. Wright said it, we have run-away spending. It went up $199 million one year, it went up $308 million the next year, it went up $169 million the next year and this year it's going up $252 million. That's where the problem lies. You failed yesterday when -- we failed

yesterday when we failed to come to grips with that problem. That's where the issue was. Then you need the taxes to spend all of this.

SPEAKER ABATE:

Rep. Glickson, I believe the gentleman did put a question to you earlier in his presentation, sir, but I don't believe he expects a response to each of those questions, sir. You are free, of course, to respond in the course of the debate, but I don't expect that you have to respond at this time to the questions put to you by Rep. Shays.

Will you remark further on the adoption of House Amendment Schedule "A"?

REP. ALLYN: (43rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Rufus Allyn.

REP. ALLYN: (43rd)

Mr. Speaker, I intend to vote for this amendment. I think -- one thing I'd like to comment on, there was a reference made earlier that we should put this out to a referendum and let the people decide. I would go along with that, if we also included any increases in our salaries. If we're going to let them decide how we are going to tax, then let's let them decide on how we're going to spend. In the state of Rhode Island, that's

what they do. If the Rhode Island legislators want a pay increase, it's up to the voters to decide. So I think if we're going to talk about referendums, let's talk about on the spending side as well as the taxing side. I think that's the only responsible way to do it.

Also you know I think -- there's been a discussion here that this is a license to spend. We're going to have an opportunity next week when we vote on the different acts without appropriations. There're quite a few of those that are very interesting. Many of them are proposed by people who are now going to and who have spoken against this income tax. These are -- most of the programs or a great many of them, I find quite shallow in merit. One of them will be a $6,000 for a portrait painted. I hope that those people who don't want to see an income tax would join with me in defeating the bill to spend $6,000 on a portrait. I think that is going to be the key next week.

It's easy to say you're against a state income tax when you know we're going to have one after the election. But stand up now and stand up next week, vote down some of those pork-barrels we have coming up next week, and then the people out there will have more credibility in us.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "A"? Will you remark further on its adoption?

REP. ALLEN: (143rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Yorke Allen.

REP. ALLEN: (143rd)

Mr. Speaker, I do not believe that a personal income tax is inevitable, and I do believe that the absence of such a tax is the greatest force for economy in our state government. Not having that tax forces us either to economize, which we did not do yesterday afternoon, or to look for the band-aid, chewing gum type of taxes that will be proposed here shortly to try to fill a large gap.

I would like to correct certain things that have been said so far this afternoon about this income tax. Taking them in the order in which they were said, Rep. Yacavone remarks that we should take this tax back to our constituents and tell them what it is all about. Well, I can assure you, ladies and gentlemen, the constituents in my district and your district don't need to be told what taxes are all about. An income tax is probably the most hated tax for most of the people in this state, and they know it, and they don't want it and that's why we don't have it.

And then the distinguished representative from Manchester told us several things, that the GTB formula is not acting very

well, because real estate properties are going too high. Well, the GTB is not acting for a lot of reasons very well, but as far as real estate inflation is concerned, it is the pouring in of people from New York State into the western part of Connecticut, Stamford to be site Exhibit A, where they are escaping from New York State's income tax in order to come to a state that is free of such a tax. New York State started with a personal income tax, one and two percent, and each year they raised it three to four, five to six, seven to eight, nine to ten, eleven to twelve, thirteen, fourteen and why did they stop at fifteen? Because of the people leaving New York State to escape that tax. And now they have begun to cut it back, because they can't afford to lose businesses to Connecticut.

And if you doubt my words, come to the City of Stamford, a portion of which I have the honor to represent, and see a metropolis that has been created in the last ten years by the influx of private businesses, which has transformed a city in distress into a city of prosperity. And that was done by private means and not by government tax largess.

The distinguished representative from Mansfield told us that we ought to be in favor of this proposed state income tax because the Federal government would pay for half of it. Who, my friend, are the Federal government? The rest of the country besides Connecticut? No! You pay Federal taxes, everyone pays

Federal taxes, and the flaw in that argument is that Connecticut residents pay more in taxes to Washington than Washington returns to us. So that's a losing proposition.

The distinguished representative from Mansfield says that she would be better off, perhaps, with a personal income tax rather than the present iniquitous and horrendous dividend tax -- the adjectives mine -- That may be the case, ladies and gentlemen, but I do not think that that is the basis for judging the equity of taxes. We should judge the equity of taxes on the basis of people as a whole and not this or that particular class. And in her peroration she said, this bill needs some more work. That was an honest statement.

Last year, the distinguished representative from Mansfield stood there in the Well of the House, I well remember it, and shaking her hand and looking in this direction said, you don't know what taxes are! You don't know! I say we do know what taxes are and that our corner of the state pays more in tax dollars to Hartford than any other corner of the state. We were told by Rep. Stolberg that he wished he had a magic wand to persuade the people and us what's right for them. I would reply to that, it will take more than a magic wand or a dozen of them to persuade the people of this state to pay a personal income tax. There is a fundamental difference between the approach on this side of the aisle and that, with respect to

the taxation of people. There are those, particularly the left-wing Democrats, whose idea is constantly to reshape the cut of the pie. The Republican approach is to increase the size of the pie so the cuts are better for all -- all classes. I thought yesterday afternoon I was hearing the beginnings of the death wish. I am confirmed by the introduction of this proposed amendment that there is a death wish lying around this Hall.

By your failure yesterday afternoon to cut expenditures, to bite that bullet, I predict that in this autumn, there will be some of you who will be biting the political dust!

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "A"?

REP. QUINN: (132nd)

Mr. Speaker.

SPEAKER ABATE:

Rep. John Quinn.

REP. QUINN: (132nd)

Thank you, Mr. Speaker. Mr. Speaker, it's an honor to follow my colleague from Fairfield County on the other side of the aisle. I certainly will try to make my remarks brief and they've been covered by now. But I would like to rise in opposition to this amendment. And if I may use the quote of Thomas Jefferson in 1801 concerning government and what is

government and good government. The quote goes as follows, Mr. Speaker, "A wise and frugal government which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread that it has earned." This is the sum of good government. Mr. Speaker, not take from the mouth of labor. For what we are doing in this amendment is taking away from the people -- our labor force -- the right to choose how much tax they're going to pay in a year. We are saying, if we pass this amendment, that not only will you pay a sales tax on all the purchases you decide to make, which is your free choice during a certain year, but we are also going to mandate a tax on their personal income.

Mr. Speaker, I have stood here before, opposing an imposition of this tax and I'm sure in the years ahead, I'll be here again doing the same thing. But today, in our position as state representatives, we are the closest form of state government to the people in this state, and we have to represent their views. We've heard talk about what is best for the people. What is best for the people is what they're asking for, and that is not the imposition of an income tax, especially not the imposition of an income tax which maintains the sales tax.

And, therefore, Mr. Speaker, we must truly represent our people as Thomas Jefferson so intended, and I'll quote again,

"We must not take from the mouth of labor the bread it has earned." Thank you, Mr. Speaker.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "A"?

REP. JOYNER: (12th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Walter Joyner.

REP. JOYNER: (12th)

Thank you, Mr. Speaker. We certainly have a couple of tough acts to follow, but it's good that we can keep our sense of humor. But speaking to the amendment, last year while I supported an income tax, it was coupled with a cap on spending. We've had several opportunities to vote in that direction this year and we have kind of ducked them.

This year as the result of over a thousand questions which I sent out -- a thousand questionnaires -- two things have become eminently clear. One, curtail, reduce state spending, and two, no new taxes. Now while I might personally be enticed by this amendment, as a representative of the twelfth district I feel that I have a duty to my constituents, and therefore, I will vote their will and I urge defeat of the amendment. Thank you.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "A"?

REP. DE MERELL: (35th)

Mr. Speaker.

SPEAKER ABATE:

Rep. DeMerell.

REP. DE MERELL: (35th)

Thank you, Mr. Speaker. I must say there have been a lot of things that have gone across the floor today, and one of the most refreshing things was to have Rep. Quinn quote Thomas Jefferson. Strangely enough, he's one of my favorite presidents. I just wish that his own party would listen more to what he says. He said another interesting thing and that is government that governs the least governs the best. I will submit to you today that we're here with this amendment and with the alternate package that will be put forward by the Democrat Party, because quite frankly, we haven't followed that saying. Because we continue to increase the intrusion of government past the capacity of the people of this state to pay for it. And that doesn't seem to concern the majority party in this House. All you're concerned about is finding some way to raise taxes so that you can continue to spend money. There's no guarantee in this and there'll be no guarantee I'll guarantee you in any income tax

that you put forward this year, next year or the ensuing years, that indeed you will give an overall tax reform to the people in this state, because you will not. You will do the same as has been done in Massachusetts and in New York. You will simply increase spending, and the people will continue to pay and pay and pay. Earlier Rep. Wright said that the constituents in the State of Connecticut want more services. I'll tell you what the people in my area of the state want -- that's less government. They want less taxes. And if you've got to control your spending, they'll put up with that.

The one thing they don't want is more taxes. An income tax in this state will do one thing, it will greatly magnify the revenue capacity of state government. It will further centralize state government. It will move state government into a most odious position of control over the public. And our lives are already too fully directed. And I'm sure with the way we're going that this tax will come back to us next year, and if it doesn't succeed next year, it'll come back the year after.

I have one glimmer of hope; possibly the public has had just about enough of the last five years of uncontrolled spending, and just possibly this 1980 election will reap a little sense back into our political system. I think government has gone entirely too far in promising services to people that they can't

pay for. With all of the reforms we talk about, with all the services we talk about, not once in the last four years -- the last five years -- have I heard this Chamber address itself in a realistic manner to average taxpayer in this state. To the working families in this state. You haven't given them any break. They've got over $200 million worth of new taxes foisted on them in 1975, now you want to put another $160 million on their back, and I don't care what funnel you put it in, sooner or later the public's going to pay for it. Whether through direct tax levy or increased prices.

You can fool around with the ensuing package and talk about the two percent on the gross revenues on the oil companies, but I'll tell you right now, the people of this state will pick it up in higher fuel costs. So who are you kidding? There's only one thing you can do if you're being "fair to the people" that's control your spending. Let's not get caught up with the rhetoric about what is a fair way to tax people; in my mind there's probably no such thing as a fair tax. No thing is a fair tax. The less we tax, the better off our people are. I think our country was founded on a very, very fine principle, a limited government that allows the free exercise of the individual.

Let's try something different. Let's look at our spending, let's cut it back. We didn't do it yesterday, so it's too late, I'm sure. But I'll tell you one thing, there are many of us here

that'll pledge to do that in the ensuing years. The one way to make sense is to control our spending and lessen the tax pressures on the poeple of this state. I think they've got more capacity to determine how their money ought to be spent than certainly we do. I think the record clearly shows that.

With all the governmental programs we've put in place in this state and in the Federal government, what have we got now? We've got an 18% inflation rate. We've got an interest rate running prime at 20%, which means our small retailers are paying 25% for inventory stock on a seasonal basis. That's really a fine record. It really shows what good judgment and control government has when it moves into the marketplace. It really shows just how well our services have served the people.

REP. GROPPO: (63rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Groppo.

REP. GROPPO: (63rd)

Mr. Speaker, point of order. I wonder if the gentleman is speaking on the amendment or is he making a speech on the bill itself, on the taxes. Thank you, sir.

SPEAKER ABATE:

Thank you, sir. Rep. DeMerell, the Chair would just caution you, please, to limit your remarks specifically to the

matter pending before this body for action at this time, which is the question of the adoption of House Amendment Schedule "A".

REP. DE MERELL: (35th)

Mr. Speaker, I appreciate your caution. Might I just reply to Rep. Groppo that it would be hard to separate the bill and the amendment because they all refer to the tax package. They can't be separated out from the appropriations package that we passed last year -- yesterday. Because one begot the other. And we pretty well sealed the doom for the people in the State of Connecticut when we moved on the appropriations package last night, because now you've got to find some way to pay for it.

I'll submit to you that certainly this amendment is not the method to do it. And certainly resorting to an income tax is not the method to do it. I think you've got a lot of problems on your hands, because frankly this amendment's wrong, and your alternate package is wrong.

SPEAKER ABATE:

Will you remark further? Will you remark further?

REP. REYNOLDS: (116th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Russell Reynolds.

REP. REYNOLDS: (116th)

Mr. Speaker, I'd like to share with you and my colleagues

what the majority of the people of this state are saying. This issue has been debated and all ramifications of it have been discussed, but I think that the issue of the people of this state -- the majority of the people -- and what they're saying to us is simple and clear and it is no, no, no income tax!

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "A"?

REP. VAN NORSTRAND: (141st)

Mr. Speaker.

SPEAKER ABATE:

Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

First of all, Mr. Speaker, I seldom try to make recommendations to the Democratic leadership, but I would seriously ask you to consider whether or not it might be appropriate to extend a citation to Rep. Quinn for having the nerve to follow Rep. Allen -- or having the courage. It's a hard act to follow. Mr. Speaker, I think earlier on, Rep. Glassman, I think he was the first of a number of people who really summed it up as well as anything, and I don't want to repeat it at length, and I am glad you did give him time to get his breath, because breathing room is closing in on a lot of people in this room. But he did sum it up. That's how the public views it, a license to spend.

And they're not going to believe in any other way and the record that Rep. Shays has talked about tells you what's happened. The problem when I hear people say that the income tax is a solution, the only way it works if you look at the jurisdictions where it's happened before and the other taxes do rise, if you don't do what we tried to do last night, you ultimately end up with a ridiculous situation such as in California, where finally the people say "you didn't cut it, we can't have any faith in you anymore, we're going to take government into our own hands, and we're going to cap it. You can call it, you can raise it by any designation you want, you can call it progressive, regressive, Neanderthal, anything you want, but you're only going to be allowed to spend so much of it." That's the kind of day we should avoid in this state, and that's one of the reasons you shouldn't have this kind of a tax.

As to the specific proposal that's in front of us, there's two things, Mr. Speaker; I don't think it accomplishes, number one, if you look at Section 6, what it's purported to. The idea that it's going to help the little guy. It's adjusted gross income. It doesn't get the ones that drive Jimmy Carter nuts, the two-martini -- I don't drink martinis -- but the two-martini-lunch or whatever; that's a business expense. That shows up above the AGI line. It doesn't get anything that you do with a leased car and all the other things that may go through

a business, depending on what schedule you're on. It doesn't get the herd of cattle, it doesn't get any of the shelters you may have. What it gets, this amendment, is you can't deduct your home mortgage interest, you can't deduct your medical expenses -- the things most of us are familiar with. It doesn't get the things that most of us aren't familiar with. And the last thing I'd caution you about, it increases the funding to the GTB. The same things I said last night. I won't go on at length. It is a volatile formula and we would make a mistake to put one more dime into it until we have a handle on where this thing is taking us.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "A"?

REP. GLICKSON: (137th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Glickson.

REP. GLICKSON: (137th)

Thank you, Mr. Speaker. I think we're about ready to wrap this up. I just would like to say again, I don't think any of the proponents of this amendment thought it was perfect. It is quite honestly more a bundle of concepts that we thought were important for discussion in this body than it is a passable

piece of legislation. But I think the discussion was important. And I think we -- there were legitimate criticisms raised. I think -- I'd like to thank Rep. Shays for some of his comments on some of the problems with our tax structure. I think if there weren't legitimate arguments to be made against this tax, we wouldn't have had to have this debate. I certainly, obviously think the arguments in favor outweigh the arguments against, but there are legitimate arguments.

I think there's legitimate concern about spending. I don't think there's anybody in this Hall that can accuse me of being unconcerned with spending. I've been in this building every single day since the beginning of January, working on the budget. And I don't think we're interested in biting the political dust. We're not interested in cramming anything down the throats of our constituents. We're interested in attempting a serious solution to a serious problem. And, frankly, I think the highest duty I owe to my constituents, the highest and best form of representation that I can provide is to try to address those serious problems with serious solutions. And I certainly thank the House for the debate on this amendment. I think it was very useful.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "A"? Will you remark further on its adoption?

REP. GROPPO: (63rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. John Groppo.

REP. GROPPO: (63rd)

Mr. Speaker, I'll be very brief because most of us have listened to the debate over the years and nothing's changed. And I think some of the comments that were made here today, that there's no question that it would just do the thing that we tried to undo yesterday. We tried to cut spending by some $11 million. With this tax, I can assure you that you'll increase spending to no end. And one point, Mr. Speaker, that hasn't been brought out here today that I wish that the members would remember that the ones that are really going to pay this tax are the poor working man that comes home with a W-2 Form. There's no way he can beat this tax. And he's the one that's going to be paying. So let's not kid ourselves when we say there's an exemption of $10,000 or $12,000 whatever the case may be. The ones that are paying the tax now will still pay it and they'll be paying over and above what they're presently paying.

As it was indicated earlier, certainly, I was here in '71 when that tax passed, and I voted against it then. But what they failed to tell you is that same early-hour vote that

the spending in this state increased to some $300 million.

And if you look at some of the taxes that were passed at that time, you can wonder why the people in this state were upset. They're going to be upset enough on what we've done here or what we plan to do, and let's not add anymore to it.

And with that, Mr. Speaker, I thank you and I urge you to vote against this amendment.

SPEAKER ABATE:

Thank you, sir. Will you remark further on the adoption of House Amendment Schedule "A"? If not, will all the members please be seated. Would all the members please be seated.

Would all staff -- would all staff and guests please come to the well of the House. Will all staff and guests please come to the well of the House. The machine will be opened.

The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately.

The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately.

Have all the members voted? Have all the members voted? Would the members please check the roll call machine to determine if their vote is properly recorded? The machine will be locked. The Clerk will take the tally.

The Clerk please announce the tally.

CLERK:

House Amendment Schedule "A" to Senate Bill No. 653.

Total number voting	143
Necessary for adoption	72
Those voting yea	17
Those voting nay	126
Those absent and not voting	8

SPEAKER ABATE:

The amendment fails.

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House Amendment Schedule "A"

Strike out everything after the enacting clause and insert the following in lieu thereof:

"Section 1. Subsection (1) of section 12-408 of the general statutes is repealed and the following is substituted in lieu thereof:

(1) For the privilege of making any sales as defined in subsection (2) of section 12-407, at retail, in this state for a consideration, a tax is hereby imposed on all retailers at the rate of (seven) FIVE percent of the gross receipts of any retailer from the sale of all tangible personal property, except as hereinafter provided, sold at retail or, with respect to each transfer of occupancy, from the total amount of rent received for such occupancy, of any room or rooms in a hotel or lodging house for the first period of not exceeding thirty consecutive calendar days, and in lieu of said rate of (seven) FIVE percent, at the rate of (three) TWO and one-half percent of the gross receipts of any retailer from (: (a) The) THE rendering of any service described in (any of the subparagraphs (A) to (M), inclusive, under) subdivision (i) of said subsection (2) of section 12-407 (and (b) sales of seven cents or less, provided the retailer making such sales of seven cents or less shall keep records thereof acceptable to the commissioner of revenue services and upon his failure to keep such records, said rate of seven percent shall apply to all such sales). The rate of tax imposed by this

chapter shall be applicable to all retail sales upon the effective date of such rate, except that a new rate shall not apply to any sales transaction wherein a binding sales contract without an escalator clause has been entered into prior to the effective date of the new rate and delivery is made within ninety days after the effective date of the new rate.

Sec. 2. Subsection (3) of section 12-408 of the general statutes is repealed and the following is substituted in lieu thereof:

(3) For the purpose of adding and collecting the tax imposed by this chapter, or an amount equal as nearly as possible or practicable to the average equivalent thereof, by the retailer from the consumer the following bracket system shall be in force and effect as follows:

Amount of Sale	Amount of Tax
($0.00 to $0.07 inclusive	No Tax
.08 to .21 inclusive	1%
.22 to .35 inclusive	2%
.36 to .49 inclusive	3%
.50 to .64 inclusive	4%
.65 to .78 inclusive	5%
.79 to .92 inclusive	6%
.93 to 1.07 inclusive	7%

On all sales above $1.07, the tax shall be computed at the rate of seven percent.)

$0.01 To $0.10 INCLUSIVE	No Tax
.11 TO .29 INCLUSIVE	1%
.30 TO .49 INCLUSIVE	2%
.50 TO .69 INCLUSIVE	3%
.70 TO .89 INCLUSIVE	4%
.90 TO 1.10 INCLUSIVE	5%

IN ADDITION TO A TAX OF FIVE CENTS ON EACH FULL DOLLAR, A TAX SHALL BE COLLECTED ON EACH PART OF A DOLLAR IN EXCESS OF A FULL DOLLAR IN ACCORDANCE WITH THE ABOVE BRACKETS.

Sec. 3. Subsection (1) of section 12-411 of the general statutes is repealed and the following is substituted in lieu thereof:

(1) Imposition and rate. An excise tax is hereby imposed on the storage, acceptance, consumption or any other use in this state of tangible personal property purchased from any retailer for storage, acceptance, consumption or any other use in this state at the rate of (seven) FIVE percent of the sales price of the property, and in lieu of said rate of (seven) FIVE percent at the rate of (three) TWO and one-half percent with respect to the rendering of any service described in any of the subparagraphs (A) to (M), inclusive, under subdivision (i) of subsection (2) of section 12-407.

Sec. 4. (NEW) A tax of four percent is hereby imposed for each taxable year on the portion of taxable income, as defined in section 6 of this act, of each resident of the state which exceeds ten thousand dollars and on the portion of taxable income of each nonresident which is derived from sources within this state and which exceeds ten thousand dollars.

Sec. 5. (NEW) Any term used in sections 4 to 11, inclusive, of this act shall have the same meaning as when used in a comparable context in the laws of the United States relating to income taxes, unless a different meaning is clearly required. Any reference to the laws of the United States shall mean the provisions of the Internal Revenue Code of 1954, and amendments thereto, and other provisions of the laws of the United States relating to income taxes, as the same may be or become effective, at any time or from time to time, for the taxable year. Terms preceded by the word "federal" refer to the corresponding terms defined in the laws of the United States.

Sec. 6. (NEW) Taxable income as used in sections 4 to 11, inclusive, of this act shall mean each resident's or nonresident's adjusted gross income as defined in the Internal Revenue Code of 1954, as amended. The provisions in said sections 4 to 11, inclusive, of this act shall be applicable with respect to any person, trust or estate, exclusive of any corporation subject to tax under chapters 208, 209, 210, 211 or 212 of the general statutes.

Sec. 7. (NEW) For purposes of sections 4 to 11, inclusive, of this act, a resident of this state shall mean any person who maintains a permanent place of dwelling within this state and spends in the aggregate at least one hundred and eighty days of the taxable year in this state.

Sec. 8. (NEW) Any employer maintaining an office or transacting business within this state and making payment of any wages taxable under sections 4 to 11, inclusive, of this act to a

resident or nonresident individual shall deduct and withhold from such wages for each payroll period a tax computed in such manner as to result, so far as practicable, in withholding from the employee's wages during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under said sections 4 to 11, inclusive, of this act with respect to the amount of such wages included in his adjusted gross income during the calendar year. The method of determining amounts to be withheld shall be prescribed in regulations by the commissioner of revenue services and said commissioner shall have tabular forms prepared for use by any such employer in determining the amount of such withholding. This section shall not apply to payments by the United States for service in the armed forces of the United States.

Sec. 9. (NEW) (a) The commissioner of revenue services shall prescribe regulations for determining the method of tax payment by residents and nonresidents whose incomes are derived wholly or in part from sources other than wages paid by an employer.

(b) If the income of any resident or nonresident was derived wholly or in part from sources other than wages paid by an employer and such non-wage income exceeded twenty five thousand dollars in the immediate preceding taxable year, such resident or nonresident shall submit to the commissioner of revenue services an estimate of his expected income for the next taxable year on a form prepared by the commissioner. This estimate of expected income shall be submitted when the resident's or nonresident's current tax return is submitted.

Sec. 10. (NEW) Any resident of this state shall be allowed a credit against the tax otherwise due under sections 4 to 11, inclusive, of this act with respect to any taxable year in the amount of any income tax imposed on such resident for such taxable year by another state of the United States or a political subdivision thereof or the District of Columbia on income derived from sources therein which is also subject to tax under said sections 4 to 11, inclusive, of this act. The credit provided under this section shall not exceed a proportionate part of the tax otherwise due under said sections 4 to 11, inclusive, of this act determined by the ratio of the amount of such resident's adjusted gross income derived from sources in such other taxing jurisdiction to such resident's entire adjusted gross income.

Sec. 11. (NEW) If a taxpayer is regarded as a resident both of this state and another jurisdiction for purposes of personal income taxation, the commissioner of revenue services shall reduce

the tax on that portion of such taxpayer's income which is subjected to tax in both jurisdictions solely by virtue of dual residence, provided the other taxing jurisdiction allows a similar reduction. The reduction shall be in an amount equal to that portion of the lower of the two taxes applicable to the income taxed twice which the tax imposed by this state bears to the combined taxes of the two jurisdictions on the income taxed twice.

Sec. 12. (NEW) Payment of the tax due under sections 4 to 11 inclusive, of this act, shall be made no later than (one month after) the filing date for federal personal tax returns as prescribed in the Internal Revenue Code of 1954, as amended.

Sec. 13. Section 10-262c of the general statutes, as amended by section 2 of public act 79-128, is repealed and the following is substituted in lieu thereof:

(a) Each town maintaining schools according to law whose adjusted equalized net grand list per capita falls at or below that of the ninth wealthiest town among all towns in the state, as determined by ranking all towns in the state according to their adjusted equalized net grand lists per capita, shall be paid a grant, except as provided in subsections (b), (d), (e) and (f) of this section, in an amount equal to the product of (1), the school tax rate times (2) the difference between the adjusted equalized net grand list per capita for the ninth wealthiest town and the adjusted equalized net grand list per capita for the town, times (3) the total student population of the town.

(b) The amount due each town pursuant to the provisions of subsection (a) of this section shall be paid by the comptroller, upon certification of the commissioner of education, to the treasurer of each town entitled to such aid in instalments as follows: Fifty percent of the estimated grant in October and the balance of the actual grant in April of the following year.

(c) For purposes of this section and section 10-262e, as amended by section 3 of (this act) PUBLIC ACT 79-128, "full entitlement" means the amount in general state aid any town would receive pursuant to the provisions of subsections (a), (e) and (f) of this section and subsection (b) of section 3 of (this act) PUBLIC ACT 79-128 at a funding level of one hundred percent; and for purposes of this section "full funding" means the sum of full entitlements for all towns. The state shall appropriate for the purposes of this section:

(1) For the fiscal year ending June 30, 1980, not less than fifty-six percent of full funding;

(2) For the fiscal year ending June 30, 1981, not less than (sixty-seven) SEVENTY-EIGHT percent of full funding;

(3) For the fiscal year ending June 30, 1982, not less than seventy-eight percent of full funding;

(4) For the fiscal year ending June 30, 1983, not less than eighty-nine percent of full funding;

(5) For the fiscal year ending June 30, 1984, and each fiscal year thereafter, full funding.

(d) Each town shall receive per pupil:

(1) For the fiscal year ending June 30, 1980, the amount of general state aid received on a per pupil basis for the fiscal year ending June 30, 1979, plus or minus a percentage of the difference between the amount of such state aid received on a per pupil basis and the amount of general state aid the town would be eligible to receive on a per pupil basis under full entitlement for the fiscal year ending June 30, 1980. Said percentage of the difference shall be determined by dividing the difference between the total appropriation for general state aid for the fiscal year ending June 30, 1980, and the total appropriation for general state aid for the fiscal year ending June 30, 1979, by the difference between full funding and the total appropriation for general state aid for the fiscal year ending June 30, 1979.

(2) For the fiscal year ending June 30, 1981, the amount of general state aid received on a per pupil basis for the fiscal year ending June 30, 1980, plus or minus a percentage of the difference between the amount of such state aid received on a per pupil basis and the amount of general state aid the town would be eligible to receive on a per pupil basis under full entitlement for the fiscal year ending June 30, 1981. Said percentage of the difference shall be determined by dividing the difference between the total appropriation for general state aid for the fiscal year ending June 30, 1981, and the total appropriation for general state aid for the fiscal year ending June 30, 1980, by the difference between full funding and the total appropriation for general state aid for the fiscal year ending June 30, 1980.

(3) For the fiscal year ending June 30, 1982, the amount of general state aid received on a per pupil basis for the fiscal year ending June 30, 1981, plus or minus a percentage of the difference between the amount of such state aid received on a per pupil basis and the amount of general state aid the town would be eligible to receive on a per pupil basis under full entitlement for the fiscal year ending June 30, 1982. Said percentage between the total appropriation for general state aid for the fiscal year ending June 30, 1982, and the total appropriation for general state aid for the fiscal year ending June 30, 1981, by the difference between full funding and the total appropriation for general state aid for the fiscal year ending June 30, 1981.

(4) For the fiscal year ending June 30, 1983, the amount of general state aid received on a per pupil basis for the fiscal year ending June 30, 1982, plus or minus a percentage of the difference between the amount of such state aid received on a per pupil basis and the amount of general state aid the town would be eligible to receive on a per pupil basis under full entitlement for the fiscal year ending June 30, 1983. Said percentage of the difference shall be determined by dividing the difference between the total appropriation for general state aid for the fiscal year ending June 30, 1983, and the total appropriation for general state aid for the fiscal year ending June 30, 1982, by the difference between full funding and the total appropriation for general state aid for the fiscal year ending June 30, 1982.

(5) For the fiscal year ending June 30, 1984, and each fiscal year thereafter, full entitlement.

(e) A town whose public school students attend a kindergarten through grade twelve regional school shall receive, in addition to the general state aid received pursuant to subsection (a) of this section an amount equal to twenty-five dollars for each student from such town in average daily membership in such regional school for the preceding school year. No town shall receive such additional general state aid in excess of the town's minimum per pupil expenditure requirement, as defined in subsection (b) of section 10-262e, as amended by section 3 of (this act) PUBLIC ACT 79-128.

(f) For the fiscal year ending June 30, 1980, and each fiscal year thereafter, no town shall receive a grant less than two hundred fifty dollars, or in the case of a town whose public school students attend a kindergarten through grade twelve regional school two hundred seventy-five dollars, for each student from such town in average daily membership for the preceding school year.

Sec. 14. Section 12-214 of the general statutes is repealed and the following is substituted in lieu thereof:

Every mutual savings bank, savings and loan association and building and loan association, and every company engaged in the business of carrying passengers for hire over the highways of this state in common carrier motor vehicles doing business in this state, and every other company carrying on, or having the right to carry on, business in this state, including a dissolved corporation which continues to conduct business, except (1) as to income years beginning prior to January 1, 1973, insurance companies, and as to income years beginning on or after January 1,

1973, insurance companies incorporated or organized under the laws of any other state or foreign government, (2) companies exempt by the federal corporation net income tax law, and any company which qualifies as a Domestic International Sales Corporation (DISC) as defined in Section 992 of the Internal Revenue Code of 1954, as amended, and as to which a valid election under Subsection (b) of said Section 992 to be treated as a DISC is effective, but excluding companies, other than any company which so qualifies as, and so elects to be treated as, a DISC, which elect not to be subject to such tax under any provision of said Internal Revenue Code other than said Subsection (b) of said Section 992, (3) companies subject to gross earnings taxes under chapter 210, (4) companies all of whose properties in this state are operated by companies subject to such gross earnings taxes but not subject to the tax imposed by this part, (5) nonprofit cooperative ownership housing stock and nonstock corporations, when residence in such housing is restricted to members of the corporation and ownership in such corporation is restricted to occupants of such housing, (6) cooperative housing corporations, as defined for federal income tax purposes, where there is no taxable income to the corporation and (7) any organization or association of two or more persons established and operated for the exclusive purpose of promoting the success or defeat of any candidate for public office or of any political party or question or constitutional amendment to be voted upon at any state or national election or for any other political purpose shall pay, annually, a tax or excise upon its franchise for the privilege of carrying on or doing business, owning or leasing property within the state in a corporate capacity or as an unincorporated association taxable as a corporation for federal income tax purposes or maintaining an office within the state, such tax to be measured by the entire net income as herein defined received by such corporation or association from business transacted within the state during the income year and to be assessed for each income year which begins on or after January 1, 1975, at the rate of (ten) NINE percent; provided, for income years beginning prior to January 1, 1974, the rate applicable to insurance companies subject to tax under this section shall be two perent.

Sec. 15. Subdivision (g) of section 12-412 of the general statutes is repealed.

Sec. 16. Sections 12-505 to 12-522, inclusive, of the general statutes are repealed.

Sec. 17. This act shall take effect July 1, 1980, provided sections 4 to 11, inclusive, shall be applicable to income years commencing on or after January 1, 1980."

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REP. STOLBERG: (93rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, it's clear that a majority of Democrats and Republicans favored the amendment, but had commitments otherwise. Mr. Speaker, the Clerk has Senate Amendment Schedule "A". Would the Clerk call?

SPEAKER ABATE:

The Clerk has in his possession an amendment, LCO No. 3444, previously designated Senate Amendment Schedule "A". Will the Clerk please call and read the amendment.

CLERK:

LCO No. 3444, offered by Senator Johnson of the 6th District and others.

"Strike Lines 509 through 872 in their entirety and re-number remaining sections accordingly.

In Line 878, strike "and sections 22 to 34".

Strike Line 879 in its entirety, and in Line 880, strike commencing on or after January 1, 1980."

REP. STOLBERG: (93rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, I move adoption of the amendment.

SPEAKER ABATE:

The question is on adoption of Senate Amendment Schedule "A". Will you remark on its adoption?

REP. STOLBERG: (93rd)

Yes, Mr. Speaker, this is clearly the most progressive and best part of the Finance package. In their wisdom, however, the Senate took it out. It is clear it cannot pass the General Assembly, and for that reason I would suggest that we vote in favor of Senate Amendment "A".

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "A"? Will you remark further on its adoption? If not, all those in favor of its adoption please indicate by saying, aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

Those opposed, nay.

REPRESENTATIVES:

Nay.

SPEAKER ABATE:

The ayes have it. It is adopted and ruled technical. Will you remark further on this bill as amended by Senate Amendment Schedule "A"?

REP. STOLBERG: (93rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, the Clerk has Senate Amendment "B", LCO 3354.

SPEAKER ABATE:

The Clerk has in his possession an amendment, LCO No. 3354, previously designated Senate Amendment Schedule "B". Would the Clerk please call the amendment?

CLERK:

LCO No. 3354, offered by Senator Beck of the 29th District.

SPEAKER ABATE:

Is the gentleman seeking leave of the Chamber to summarize the amendment in lieu of Clerk's reading?

REP. STOLBERG: (93rd)

Mr. Speaker, I would.

SPEAKER ABATE:

Is there objection? Hearing none, you may proceed with summarization, Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, Senate "B" essentially does two things in substituting revenue for the component, the unincorporated business tax, which was deleted in Senate "A". The two components are increasing truck weight and applying the motor fuel carrier's tax to trucks -- two-axle trucks -- over 18,000 pounds, and implementing a two-year motor vehicle registration system.

Mr. Speaker, this amendment carries a fiscal note of $13.2 million for the motor carrier registration fees tax and fines and $8.5 million for the two-year motor vehicle registration. It should be noted that the second part -- the next to the last section of Senate "B" is implemented separately from the rest on January 1, 1981, and thus in essence what you have is a half fiscal year impact of the second part.

Mr. Speaker, again, this was not our first choice, but this is part of a package that does stand a chance of passing this Chamber, and for that reason, I move its adoption.

SPEAKER ABATE:

Will you remark further? Will you remark further on the adoption of Senate Amendment Schedule "B"?

REP. SERRANI: (144th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Thom Serrani.

REP. SERRANI: (144th)

Mr. Speaker, I would oppose the adoption of Senate Amendment Schedule "B", and I would call for a roll call vote on that, sir.

SPEAKER ABATE:

The question is on a roll call vote. All those in favor please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

In the opinion of the Chair the requisite 20% having been satisfied, when the vote is taken it will be taken by roll.

REP. SERRANI: (144th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Serrani, you still have the floor, sir.

REP. SERRANI: (144th)

Mr. Speaker, I would like to quote my Senate counterpart, Senator Owens, in his speech yesterday on the Floor of the House -- the Senate, where he said to the effect, "the time has come", of course his position on this issue is a little different than mine. But I do agree that the time has come on this particular amendment

to defeat the amendment as we have for the last six years, and defeat the amendment as it was introduced to the Transportation Committee in this Session a few weeks ago, where it was defeated.

The Senate, in its wisdom, passed upon this particular amendment without a fiscal note in yesterday's session. I think they need some straightening out up there. Mr. Speaker, that fiscal note states that there would be $13.2 million in the motor carrier portion of the full bill here, by increasing the registration fee from $3.00 to $5.00 and they're estimating that's based upon 500,000 additional vehicles. There is no documentation of that. There has been no documentation of that to this Assembly or to anyone else in this place. The fiscal note was done over the telephone, I believe, late yesterday afternoon or early this morning. And the Fiscal Analysis Office tells me that this is, in effect, a guess. It is a guess.

I want to point out again that the Transportation Committee has defeated this proposal recently and every year for the last six years. What has changed since our last discussion of this issue on the Floor of the House in the last year's session, when it also was defeated by a resounding number? What has changed is this -- the Government Accounting Office in Washington has issued a report in July of 1979, which states many interesting things. That report is called and entitled "Excessive Truck Weights -- An Expensive Burden We Can No Longer Support." Made to the Congress

of the United States. In that report, Mr. Speaker, they discuss the deterioration of the Federal highway system. And they state, and I quote, "There is not enough money for today's needs" and we're talking about highways, "let alone for tomorrow's every-increasing requirements. Over the next fifteen to twenty years, states will need at least $18 billion to restore the 40,000 miles of interstate system, and $67 billion for similar work on the 768,000 miles of interstate roads under state control. Highways are now handling more traffic than they ever were designed for, especially heavy truck traffic, which causes most traffic-related deterioration. Based upon a American Association of State Highway and Transportation Officials' test a five-axle tractor trailer, the most common type of tractor trailer in use, loaded to 80,000 pounds federal limit, has the same impact on the interstate highway as at least 9,600 automobiles. That's going to be an increase from the 73,000 pounds which has an effect of 6,000 automobiles."

They go on to conclude "heavier trucks will generally use more fuel than lighter trucks." This has been substantiated in data from a number of corporations and other transportation groups throughout the country. Additional highway wear will cause all vehicles to use more fuel. That's been validated by our own Connecticut construction industry, which has done reports on this state and the state of New Jersey. Maintaining and

resurfacing deteriorated pavements will require additional fuel in hauling and making of the asphalt and the applying of the asphalt.

Non-interstate highways, the largest and oldest portion of the federal aid system generally have lower load carrying capabilities and thus are more susceptible to damage by the heavy truck weights.

Mr. Speaker, they go on and on. Discuss the disadvantages of raising the truck weights. Mr. Speaker, I'd also like to cite for you former Commissioner Sam Konelle from the Department of Transportation in a memo to the Governor's office dated May 2, 1975, when the issue was, I believe, first raised in this legislature, referring and I paraphrase, to the 80,000 pound proposal at that time that raising the gross weight limits interstate to 80,000 pounds without decreasing the axle weight could very well produce unacceptable load distribution and further damage to our pavements and bridges. That's what we're doing in this amendment, in Senate Amendment "B".

I would also like to quote from the now Commissioner, Arthur Powers, in a memo dated April 18, 1979, that the formula for the federal act will permit single-axle loadings of 20,000 pounds and double-axle loadings of 34,000 pounds which is below what we're trying to do in Senate Amendment Schedule "B". And this is a quote, "increased gross vehicle weights (80,000

pounds) could be detrimental to the service life of existing roads and not in the best interests of the local communities."

Mr. Speaker, the amendment as written by the Senate refers to any highway, any roadway in the state of Connecticut, not the interstate highway system as the federal formula prescribes. Mr. Speaker, the Wall Street Journal article of April 6, 1978, "Highway damage by big trucks worries various agencies and crackdowns loom." "America's Highways Going to Pot," A Special Report, U.S. News and World Report. "Weighty trucks blamed for wear on U.S. interstate highway system, from the Omaha World Herald. Here's one for you, down in Shelton a bridge collapsed back in 1978. Many of you from Shelton may be interested. The truck transporting sewer construction equipment was double the legal weight limit allowed on the bridge. Okay? The bridge collapsed. As thousands of bridges are collapsing across this country. The bridge, by the way, collapsed after a school bus traversed the structure.

"Truckers bear down on state weight limits"-- referring to the lobbying efforts across this country in Business Week, 1979. In there we talk about engineering and highway groups contending that the cost of maintenance and upgrading would exceed the savings brought about by the weight limits. They say that the raised -- to raise their limits -- they say that the states that raised their limits in 1974 are already finding highway damage.

Perhaps that is why the United States Department of Transportation says we'll take no position on permanent changes in truck weights until a study is completed in 1981.

Mr. Speaker, we're waiting for a study that is going to be completed by the United States Department of Transportation on January 15, 1981, which will discuss and highlight the problems of weights, axle weights and gross weights on the nation's highway system. This is premature to deal with this prior to that particular report.

Mr. Speaker, we have reams and reams, I know you're aware, of material that justifies the position against this particular amendment. I do want to save the time of the this Assembly so I will try to cut through a number of these issues to make my point as quickly as possible. We have letters here from the municipalities. Frank Logue, Mayor of New Haven, "Please don't vote for the heavy truck weights." His town's going to have to pay for it, because we're allowing them in any highway in the state. Ex-Mayor. I'm sorry. Increasing truck weights, position against, against the raising the truck weights 80,000 from none other than the Governor's Rail Task Force -- Rail Advisory Task Force; Mr. Richard Carpenter, a planner, is the Chairman of that.

AFofL CIO, against raising the truck weights. Talk about safety. The death toll in accidents involving tractor

trailer rigs in the country is up 39% -- 39% since the federal formula was established in 1974. Talk about energy. We hear points here in this state about how this is going to save energy. Well, I don't know. If you add weight to a truck -- if you add weight to an automobile, you're going to use more energy, not less. The Connecticut Construction Industry hired a consultant. They did a report, and they looked at New Jersey's roads, 4,700 miles of roadways broken and rutted. And they stated that because of the rutted pavements, the deterioration of the pavement, that the New Jersey roads, because of their condition is wasting 256 million gallons of gasoline a year. That's worth more than $212 million according to this study. They go on to discuss the bad effects of New Jersey's roads. They also state here in Connecticut, in their report, 224 bridges in Connecticut are unable to adequately and safely handle the present traffic.

Seventy-three point one percent of Connecticut's paved roads are unable to adequately and safely handle present traffic. An estimated 6,855 miles of paved roads are rated poor or fair; and 224 bridges are structurally deficient or obsolete by standards adhered to by all states. The other 331 miles of pavement in poor condition are too deteriorated to warrant resurfacing. This mileage must be rebuilt. Let's talk about rebuilding highways. In Chicago, the Edens Expressway, a

fifteen mile stretch of highway, super-highway built in 1951 prior to our own building of I-95 along the shoreline in 1956, five years later, the Eden's Expressway had to be rebuilt. But what does it take to rebuild a highway? What it took for fifteen miles was $115 million. You have to destroy the pavement with a pile driver, you have to scoop it up, you have to build a separate highway to bring the traffic in in the meantime -- a temporary highway -- and it all costs money.

We're talking right now of having to rebuild 300 miles of our own state highway here in Connecticut, and it's going to get worse if we keep establishing these particular policies. Mr. Speaker, this particular proposal was to replace another tax -- a tax on lawyers and unincorporated businesses, and the Senate, in their wisdom, did pull that amendment and put this in its place. Now I contend to you, Mr. Speaker, that this amendment is going to get a lot of lawyers in the state a lot of money, because they're the only ones that are going to be able to read it and they're going to be in court, they're going to be getting fees because of this. Because this is ill-conceived. It's ill-conceived because of ramming this down our throats the last minute during the tax package, and I contend there are very few people in this Chamber, and I think no one in the Senate, who understood what they did yesterday. Mr. Speaker, I oppose Senate Amendment Schedule "B", and I would ask that

other members of this Assembly oppose Senate Amendment Schedule "B" and that we take up this issue in an orderly fashion, in an orderly manner, so we know what we're doing with it. Thank you, Mr. Speaker.

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "B"?

REP. OSIECKI: (108th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Clarice Osiecki.

REP. OSIECKI: (108th)

I would like to ask some questions of the proponent of the amendment, please.

SPEAKER ABATE:

State your first question please, madam.

REP. OSIECKI: (108th)

Rep. Stolberg, I'm looking at the fiscal note and referring to the penalty section of the amendment. Would you tell me what the $1.2 million -- $1,200,000 -- refers to at estimated state cost, and as it is referred to in section 43 of the amendment, and the Finance Advisory Committee is authorized to appropriate funds. Would you tell me what that cost is composed of, what it will be used for?

REP. STOLBERG: (93rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, through you, the costs are allocated as follows: Motor Vehicle Department, no additional cost; the Department of Transportation, six positions in Public Safety at $12,000 each equaling $72,000, office expenses, postage, etc., $3,000, coming to a total of $75,000 in the Department of Transportation; the Department of Revenue Services, 11 positions at $12,000 equals $132,000, postage office expenses, etc., $43,000 for a total cost of $175,000; refunds of taxes and rents, approximately $1 million for a total cost of slightly over $1,200,000.

SPEAKER ABATE:

Rep. Osiecki, you still have the floor, madam.

REP. OSIECKI: (108th)

Through you, Mr. Speaker. Would you please describe to me what the six positions assigned to the Department of Transportation are for?

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, those six positions are an estimate from the Department of Transportation on implementation of some of the aspects of this act that would involve administration of overload fines, on the revenue side that would bring in approximately $200,000; administration of permit fees anticipated are approximately 40,000 permits at $15 each, equals about $600,000 in revenue, administration of the registered weight plus penalties would bring in another $500,000 in revenue and other aspects of administration of the act.

REP. OSIECKI: (108th)

Through you, Mr. Speaker.

SPEAKER ABATE:

Rep. Osiecki.

REP. OSIECKI: (108th)

Is there any reference to the assignment of motor vehicle -- Department of Transportation personnel to weigh stations?

REP. STOLBERG: (93rd)

I do not find that in the information provided me by the Department.

REP. OSIECKI: (108th)

Through you, Mr. Speaker. There also is no provision for additional personnel in the Department of Motor Vehicles, is that correct?

REP. STOLBERG: (93rd)

That is correct.

REP. OSIECKI: (108th)

Through you, Mr. Speaker. Does the revenue from this amendment for the motor carrier registration, $13.2 million, as I understand it, includes fines, those are penalties for -- as referred to in section concerning the newer penalties?

SPEAKER ABATE:

Rep. Stolberg, will you respond, sir?

REP. STOLBERG: (93rd)

Through you, Mr. Speaker. There is a provision for a doubling of the present overload fine on all vehicles over 80,000 pounds, yes.

REP. OSIECKI: (108th)

Through you, Mr. Speaker. Can you tell me how those fines are assessed?

REP. STOLBERG: (93rd)

Mr. Speaker, I would defer to someone from the Transportation Committee with detailed explanation of the administration of those fines. Perhaps Rep. Serrani or -- did you hear, through you Mr. Speaker, I would defer to a member of the Transportation Committee on that question.

SPEAKER ABATE:

Rep. Serrani, I will take Rep. Stolberg's motion as a

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SPEAKER ABATE:

Rep. Serrani, I will take Rep. Stolberg's motion as a

yield to you. Will you accept, sir?

REP. SERRANI: (144th)

Yes, Mr. Speaker.

SPEAKER ABATE:

Rep. Osiecki, will you restate your question please, madam?

REP. OSIECKI: (108th)

Yes, thank you, Mr. Speaker. Mr. Serrani, could you please tell me how you believe in this amendment the assessment of fines will be made, where and by whom?

SPEAKER ABATE:

Rep. Serrani, will you respond, sir?

REP. SERRANI: (144th)

Mr. Speaker, the fines for overweight trucks in the state are handled by squads that are made up by the State Police Department, the Motor Vehicle Department and the Department of Transportation. The violations are obviously discovered by them, but the courts are the area where the fines are levied.

REP. OSIECKI: (108th)

Mr. Speaker, through you, please.

SPEAKER ABATE:

Rep. Osiecki, I'm sorry, madam.

REP. OSIECKI: (108th)

Through you, please, to Mr. Serrani.

SPEAKER ABATE:

State your question.

REP. OSIECKI: (108th)

Mr. Serrani, how many squads do we have weighing trucks in our state at the present time, do you know?

REP. SERRANI: (144th)

Mr. Speaker, I believe that we have fifteen people and that should have been, I believe, two squads. There has been some information, but I have not checked on this in the last few days, but some of the information I've received lately was that some people were pulled off the squad from either the Department of Transportation or the Department of Motor Vehicles. That may have minimized the squads to one, I believe.

REP. OSIECKI: (108th)

Thank you. May I ask Rep. Stolberg a question, please?

SPEAKER ABATE:

State your question, madam, you still have the floor.

REP. OSIECKI: (108th)

Rep. Stolberg, since there are -- were only fifteen people weighing all of these trucks in our state, can you tell me if you know of any allocations passed yesterday within the budget to increase the staff and manpower or inspectors to man the weigh stations?

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Through you, and I stand to be corrected by the Appropriations Committee, I know of none. But it should be understood by the lady posing the questions that we're not talking about a more extensive effort. We're talking about a doubling of the fines. And, indeed, it should also be noted that much of this is currently being done now under executive order. What we're doing is really providing for establishment of that system under statutory provisions and bringing in the revenue derived from it.

REP. OSIECKI: (108th)

I oppose the amendment, and I believe the fiscal note to be tremendously inflated. I believe instead we've seen a highly pressured special interest group able to work their will under the guise of delivering revenue to the state. Our weighing system is woefully inadequate. Each year we're warned by the federal government of the potential loss of highway maintenance funds unless we do something about weighing trucks trailering the roads in our state.

I think this amendment should not be adopted without an accompanying amendment and sufficient funding to establish weigh stations on a 24-hour basis on every highway in our state and giving local police authority the right to weigh trucks on local roads and bridges. I have a statement that's two years old that shows that I-84 in Danbury as the entrance to the

northeast, could have recouped $1 million a year with the weighing of trucks. And I've witnessed some very intermittent weighings and seen the violations. Eighty thousand pounds is nothing. The refuse haulers from New York counties come in at 120,000 pounds and 130,000 pounds. And they are not weighed. And by the looks of this amendment, they won't be weighed tomorrow or next month or next year. And the fines that are doubled here will not be applied to the right trucks.

I think we do the people of our state an injustice and compound the neglect of taking care of our roads in believing that we can obtain this kind of revenue, establish new positions for the administration but not the weighing of the trucks and ignore the best source of revenue there is in seeing to it that our laws are adhered to, even if this one passes.

I have one other question I would like to ask the proponent of the amendment, Mr. Speaker.

SPEAKER ABATE:

State your question please, madam.

REP. OSIECKI: (108th)

I would like to know the status of the executive order which was put into effect, I believe, it was in July of 1979, which is a blanket allowance of 80,000 trucks traveling the roads in our state, I believe it was in accordance with federal requirements. I would like to know how that executive order,

since I do not see it rescinded within this amendment -- I may have missed it -- I would like to know what the jurisdiction will be of this bill and its provisions in relation to the authority of the executive order, which has not been rescinded?

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, through you. The executive order, as I understand it, is due to expire. I think upon adoption of this amendment and the bill as amended, and upon its signature. If any particular rescinding is necessary of the executive order provisions that are in conflict with this, that would be done by the executive.

REP. OSIECKI: (108th)

Thank you.

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "B"?

REP. VAN NORSTRAND: (141st)

Mr. Speaker.

SPEAKER ABATE:

Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

If I might, through you, Mr. Speaker, just a couple of

questions to Rep. Serrani?

SPEAKER ABATE:

State your first question please, sir.

REP. VAN NORSTRAND: (141st)

Through you, Mr. Speaker. As I see this amendment, it does two things and both of them seem to have to do with your committee. One is to create two-year registration versus one year. Is that a matter that was before your committee?

REP. SERRANI: (144th)

Through you, Mr. Speaker.

SPEAKER ABATE:

Rep. Serrani.

REP. SERRANI: (144th)

That was a matter before our committee, yes. And it was a matter that was -- there was no action taken because we had another matter before the committee which was the collection of local property taxes on automobiles, which we felt was something we'd like to pursue. So if we go to the two-year registration, we couldn't do that. So we held both issues off for this session.

REP. VAN NORSTRAND: (141st)

Through you, Mr. Speaker.

SPEAKER ABATE:

Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

Rep. Serrani, I'm not an expert and I see a lot of gobbly-gook about formulas and what have you in here, but I see something that generally that seems to increase the weight limits for trucks in the gross weight area, and I seem to remember my days in the Transportation Committee that we had similar bills. Did you have a bill of that nature in the committee this year?

SPEAKER ABATE:

Rep. Serrani, will you respond?

REP. SERRANI: (144th)

Through you, Mr. Speaker. We had two bills similar to that, yes.

REP. VAN NORSTRAND: (141st)

And they were favorably JF'd?

REP. SERRANI: (144th)

One of the bills was boxed -- just raising the gross weight limits. And the other bill was defeated on a vote.

REP. VAN NORSTRAND: (141st)

Then, through you, Mr. Speaker.

SPEAKER ABATE:

Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

Is this not the same issue we've had for a number of years? Haven't we addressed this before?

SPEAKER ABATE:

Rep. Serrani.

REP. SERRANI: (144th)

Through you, Mr. Speaker. In my comments on the amendment I did refer to the last five, six years that this committee's dealt with this issue and it has been defeated there and and on the floor, yes.

REP. VAN NORSTRAND: (141st)

Thank you, Mr. Serrani. Mr. Speaker, I don't know if there's any one area that I get more complaints for from my constituents. I don't know about other people, it is tail-gating, truck weights. I know of no information that's come forth to dazzle us that the braking systems have improved or that the citizens of this state are going to feel anymore secure with 80,000 pound trucks on the road. We've heard all this talk about road damage at a time when we aren't even keeping pace with them now. I think Rep. Shays mentioned we were able to do about 27 miles in the whole state. I think this is a very dangerous bill, and I can see a lot of damage to the roads, and I don't see that this has been even before the Appropriations Committee to address what the assessment of cost's going to be for damages to the roads. I'm opposed to this amendment.

SPEAKER ABATE:

Will you remark further on the adoption of Senate

Amendment Schedule "B"?

REP. WILBER: (133rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Elinor Wilber.

REP. WILBER: (133rd)

Thank you, Mr. Speaker. Mr. Speaker, Mr. Serrani gave you a lot of statistics and they covered areas like Chicago. And I'd like to tell you a little about what's going to happen in Connecticut if we pass this amendment. The amendment raises, in theory, and I recognize the fiscal note is very mushy, but it raises $13 million. I don't know, Mr. Speaker, if you know or whether this Assembly knows that it takes $1 million per lane mile to resurface roads in this state. $1 million -- that's 13 lane miles you'll get out of this bill. It's not what you're going to spend the money for anyway, but that's the idea.

Those trucks are going to damage our roads. They're going to damage our bridges. They're going to damage our local roads. And I think we're really making -- we're going again into a terrible problem of road maintenance. There's another problem about this bill. Those of us who live in Fairfield County and those of us who live near major highways in the state know very well that our constituents are afraid of trucks.

And they have good reason to be afraid of the trucks. The accident rate involving large trucks is going up every day. That's because primarily there are more of them on the road. There are more of them on the road because the governor, the governor has changed the rules about truck weights. And that allows trucks who normally would have gone through New York State to come into Connecticut and use our highways as a route to Massachusetts and so forth.

We've got a real problem. And our constituents have a right to be afraid. The increase is tremendous. Those of us who live particularly on I-91 or I-95 surely have noticed the increase. And I think that we really are very foolish to try to make -- that's what you're doing -- trying to make $13 million to cover some area of the budget by passing a bill which is going to affect all of the citizens adversely. You all read what the AAA says about this? I'll tell you, they really are horrified and so are a great many other individuals that they represent.

Mr. Speaker, I think we're making a big mistake with this, other than the fact that the bill is very badly written, it does not change to the actual weights to fit federal standards or any other reasonable thing that it should.

Mr. Speaker, I really oppose the bill.

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "B"?

REP. WALL: (95th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Thomas Wall.

REP. WALL: (95th)

Thank you, Mr. Speaker. Let me put this in plain language. As a member of the Transportation Committee, I've seen this truck weight bill come up for committee hearing each. Each year it had a fair hearing and each year it was voted down. Then, miraculously, it appeared before the full body under some sort of legislative chicanery. Now it appears to us as part of our revenue document handed down by the Senate. Now, as Rep. Osiecki pointed out, I think the revenues this will collect are hugely inflated, and the damages this will cost our highways are horrendous.

Our highways are already badly in need of repair and this will make things very much worse. Now, if you'll excuse the language of a humble, unlettered sailor, this bill is bilge-water! And if you let the upper Chamber or the statehouse tell you to vote for it, you're slipping anchor on a lee shore, and I'm ashamed of you. Now I want you to vote this down because it destroys what is otherwise a fairly good revenue document. This has got to be voted down because it's the one dishonest thing in everything we're going to face this afternoon. Thank you, sir.

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "B"?

REP. KEZER: (22nd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Pauline Kezer.

REP. KEZER: (22nd)

Thank you, Mr. Speaker. I too must stand and add my comments in opposition to this amendment. I won't reiterate all the reasons people have talked about, but I would add that you better realize that we've talked about the federal formula in this bill. And the federal formula talks about axle weights, not just gross weights. And I want to tell you all, if you read and you get through the mish-mash -- and I wouldn't have had the chance to do that if I hadn't been on the Transportation Committee and had seen this before -- that this bill gives the trucking industry ten years to comply with the federal regulations. Ten years! 1990! That's unreasonable!

How many pieces of legislation do we pass here that gives someone ten years to comply with them? That's why I have to vote against this amendment, and I urge you to really take a look at that date -- 1990, and realize what your roads are going to look like by 1990 without the axle weight restrictions.

REP. CONN: (67th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Walter Conn.

REP. CONN: (67th)

Thank you, Mr. Speaker. I have a question to Rep. Serrani. I haven't read the bill thoroughly, but I wonder if you can tell me from this bill, whether this allows the double trailers such as travel the Mass Pike and some of the other areas of the state? A tandem trailer. It appears to me that it does, and I would like to place that question to Rep. Serrani.

SPEAKER ABATE:

Rep. Serrani, will you respond to that question, sir?

REP. SERRANI: (144th)

Through you, Mr. Speaker, on line 59 -- 58 and 59 -- of the bill it discusses a vehicle or combination of vehicles and semi-trailer, and that may be the language you're referring to. And I would think that that was an accurate assessment.

REP. CONN: (67th)

Mr. Speaker, commenting on that aspect of the bill, I think it would be dangerous to the state of Connecticut to see tandem trailers of the type that travel the Mass Pike and other large turnpikes, trying to use Connecticut highways, whether it be I-84, I-95, I-91, whatever. I think it would be a dangerous

precedent to set. I also would like to comment and support the remarks of Clarice Osiecki, the representative from Danbury. Being one who uses I-84 and can see the amount of traffic that comes in from New York State, I'd like to comment on the weighing practices that have been used. I find that when they do go out to weigh vehicles, they either get a good many miles away from the border of our state or they pick a highway like a short piece of Route 7 that runs from Danbury to Brookfield, and set up their weigh station.

To me this is just a kind of a, I don't know how to express it, it's kind of fluffing off the job, because all they do are pick up local haulers instead of the real ones that go -- that are really using our state on I-84. And I'm sorry, but I will have to oppose this amendment.

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "B"?

REP. PIER: (15th)

Mr. Speaker.

SPEAKER ABATE:

Rep. John Pier.

REP. PIER: (15th)

Mr. Speaker, ladies and gentlemen, unlike the preceding speaker, I'm not sorry I'm going to have to oppose this amendment.

It makes a very difficult package. You've got to remember that there are two parts to the amendment. We seem to be concentrating a great deal on the truck weight part of the amendment. There is a second part of the amendment, which talks about the two-year motor vehicle registration. First of all, it seems to me that recognizing the validity of our committee system, we ought to treat each of these two questions independently. If they have their own merit, they ought to be judged on their merit, not slipped into a revenue package so that the basic question is never directly addressed.

I admire the creativity of the trucking industry and construction industry, as well as their perseverance and persistence, but that works borth ways, ladies and gentlemen. Some of us can be creative and some of us it looks like will have to persevere also. When they haven't been able to win the case on the merits, time and time again, this is what they use, the almighty dollar to continue to seduce us! Of course they need an awful lot more than this piddley little one here -- they need $13 million. And I pledge to you that that $13 million gross estimate, which is a Department of Transportation estimate at its core, by every dollar by which that estimate is off next year, we will work to reduce the Department of Transportation's budget, dollar for dollar. Let them put their money where their mouth is. And I'll make the same commitment in reverse. Because

we probably don't adequately fund them. If that revenue estimate is understated, I'll go to bat for them to get the additional dollars. I don't think the dollars are there. It's manipulation. It's manipulation. This part of the bill, this amendment belongs not in the revenue package, it belongs in the appropriations package. That's where we're going to end up on the bottom line.

The amendment, unfortunately, must be rejected. I say unfortunately because it could have caused us substantial problems for all of us with the revenue package. But it is going to cost money to the state, ladies and gentlemen. It is not going to gain money to the state. There is no fiscal impact statement as far as the municipalities are concerned on the two-year registration. We have proposals that have the state help collect the property tax. Down the tube with this amendment. We now have the state checking property tax to help the local tax authorities collect their monies. Down the tubes, at least except for every other year with this proposal.

Mandatory insurance -- well, who knows if you don't have to come in every year. Maybe you have insurance every other year. We've got a big enough problem without aggravating it. If these two provisions are capable of standing, their capable of standing on their own. Not slipped in at the last minute as part of a desperate revenue package, because the ladies and gentlemen upstairs can't do what they need to do. I oppose the amendment.

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "B"?

REP. BARNES: (21st)

Mr. Speaker.

SPEAKER ABATE:

Rep. Dorothy Barnes.

REP. BARNES: (21st)

Mr. Speaker, through you. Mr. Speaker, through you, a question to Rep. Serrani.

SPEAKER ABATE:

State your question please, Madam.

REP. BARNES: (21st)

Through you, Mr. Serrani, can you tell me how many arrests were made last year in the enforcement of truck weights in Connecticut?

SPEAKER ABATE:

Rep. Serrani, will you respond to the question?

REP. SERRANI: (144th)

Through you, Mr. Speaker. I don't have those figures but I can tell you that the courts have been woefully inadequate with providing violations under the existing 73,000 pounds, and under the 80,000 executive order. Woefully inadequate, and those are the Department of Transportation's words. Those are not mine.

SPEAKER ABATE:

Rep. Barnes, you still have the floor, madam.

REP. BARNES: (21st)

Am I to understand it then that if arrests are made and then the vehicle operators go to court that there is no enforcement? That court fines are not levied? That the case is thrown out of court? Is that what you're saying?

SPEAKER ABATE:

Rep. Serrani.

REP. SERRANI: (144th)

Through you, Mr. Speaker. In many courts in the state, these are being thrown out by the judges. Absolutely.

SPEAKER ABATE:

Rep. Barnes.

REP. BARNES: (21st)

So that even as we have the bill existing now, for all fundamental purposes, it is not working? The revenues that one would anticipate are not being collected if the courts are throwing out the cases. Is that correct?

SPEAKER ABATE:

Rep. Serrani.

REP. SERRANI: (144th)

Through you, Mr. Speaker. That's obviously an area of question. In my opinion they are not being adequately handled

in the courts at this point, and I would assume under the existing amendment that the same thing would hold true.

REP. BARNES: (21st)

Thank you.

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "B"?

REP. RYBAK: (66th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Michael Rybak.

REP. RYBAK: (66th)

Yes, Mr. Speaker, thank you. I have been listening to the debate quite carefully because I was on the fence as to how to vote on this amendment, and I wish we could consider the issue -- both issues -- the alternate year motor vehicle registration and the truck weight issues on their merits.

Speaking to the truck weight issue, I'm a selectman in a small town. We try to keep our roads up. I'm pretty well aware of the condition of the state roads and how things slipped over the years from among the best in the nation to rapidly heading to among the worst in the nation. And I also see the prices of road repairs coming across my desk. Oil, in the last year, seventy cents a gallon up a dollar a gallon. Class 2 Bituminous

patch once $18 a ton last year, now $24 a ton. Patch in place -- that's the hot patch that's put out there with the paving box, from $24 a ton to $34 a ton. All in the last year. And what has the state done with the town aid road grants? Nothing. They're still the same. What have they done with the monies for state highways? Nothing. They're still the same.

So faced with this and the thought of the heavier trucks crossing our highways, I really have severe reservations about that part of the amendment.

The other part of the amendment, the alternate year motor vehicle registration. The one reservation that I have besides the fact that it's a bit of an accounting shell game, in terms of revenue, is also the fact that you pay $40 to register and you pay it up front. And what happens if you take that car off or the car breaks or you get rid of the car and you don't replace it? You're out your $40. You're out your two-years worth. And I have questions about the wisdom of that amendment as well. I supported the finance package that came out of the Finance Committee. If you will, I bit the bullet on that. This amendment was not among that package, and I just can't support it. Thank you.

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "B"?

REP. MC CLUSKEY: (86th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Dorothy McCluskey.

REP. MC CLUSKEY: (86th)

Thank you, Mr. Speaker. I would like to record my opposition to this amendment. My opposition to the procedure by which it comes before us. To the safety hazard that it presents and to the increased highway maintenance costs. I would like to also express my admiration of the persistence of the special interest group that brought this before us. What a very clever victory for the transportation lobby.

SPEAKER ABATE:

Will you remark further?

REP. WRIGHT: (77th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Gardner Wright.

REP. WRIGHT: (77th)

Mr. Speaker, I rise in support of the amendment. For two reasons. Number one, we certainly need the revenues to balance our budget, based on the fact that we've already rejected one tax. And certainly because I think we're just admitting a reality when we adopt this measure. The 80,000

pound trucks are on the road and they're going to stay there, whether you pass this amendment or not. If you pass the amendment, you can raise some $14 million. If you don't pass it, you have the trucks, you have this damage that you're talking about to the roads, but you don't have any amendment. I believe it only makes sense to pass the amendment.

SPEAKER ABATE:

Will you remark further?

REP. BELDEN: (113th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Richard Belden.

REP. BELDEN: (113th)

Thank you, Mr. Speaker. I believe that Senate "B" has two distinct and separate issues, each of them should stand on its own. Mr. Speaker, at this time I would like to move for a division of Senate "B", specifically Section 42 which is lines 311 through lines 317½, and the portion of line 326 and 326½ that deal with Section 42. I would move that the amendment be divided and that the aforementioned be handled as a separate item.

SPEAKER ABATE:

The House please come to order. The House please come to order. In anticipation of the motion being offered by some

member of this Assembly, the Chair has taken cognizance again of Mason's Legislative Manual, specifically Section 313, titled "What Questions can be Divided." To be divisible a question must include points so distinct and so separate that one them being taken away, the other will stand as a complete proposition. A question not capable of being so divided may still be objectioned unless containing more than one section.

Again, in anticipation of this motion being put to the Assembly, the Chair perused the amendment before us, designated Senate Amendment Schedule "B", and specifically the Chair took cognizance again of Section 42 of that proposed amendment. The Chair is of the opinion that Section 42 is clearly a divisible question, sir. It can stand alone. The motion, sir, is in order. The question is divisible. It is not subject to debate. The Chair will put it to a question. The membership makes the decision on whether or not this question ought to be divided.

The Chair would ask all the members please take their seats. Would the members please take their seats. The motion having been put to this Chamber is not a debatable motion, sir.

Would the House please come to order. Would the House please come to order. The motion is to divide the question. The motion is to divide the question. The section which would be divided from the ambit of the main question is identified as section 42 of the proposal before us, that being Senate

Amendment Schedule "B". All those in favor of the motion to divide the question, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

All those opposed, nay.

REPRESENTATIVES.

Nay.

SPEAKER ABATE:

The motion fails. The question will not be divided.

Will you remark further on the adoption of Senate Amendment Schedule "B"? Will you remark further on its adoption? If not, will all the members please --

Will you remark further on the adoption of Senate Amendment Schedule "B"?

REP. EMMONS: (101st)

Mr. Speaker, a question through you to Rep. Serrani.

SPEAKER ABATE:

Rep. Emmons, state your question please, madam.

REP. EMMONS: (101st)

Thank you. Rep. Serrani, on the revenue projections for the section on the two-year motor vehicle registrations, do you happen to know how much revenue that would bring in?

SPEAKER ABATE:

Rep. Serrani, are you prepared to respond to that question, sir?

REP. SERRANI: (144th)

Through you, Mr. Speaker, the question is not clear, but I will respond if it can be clarified.

SPEAKER ABATE:

Rep. Emmons, would you be good enough, please, madam, to restate your question?

REP. EMMONS: (101st)

Thank you. What is the additional revenue projection relative to the section on two-year registration of automobiles?

SPEAKER ABATE:

Rep. Serrani.

REP. SERRANI: (144th)

Through you, Mr. Speaker. There is no additional revenue in that particular proposal as I read it. It just means they're going to get next year's revenue this year. Now if you're asking what I was referring to was, the collection of local property taxes, we do know that there's roughly $10 million in delinquent taxes -- personal property taxes on automobiles in this state -- which could be realized for the state and for the cities if they were collected through the Motor Vehicle Department. And that was the revenue increase that I am talking about under that

particular system. We preclude that particular system if we go to a two-year registration, but we gain no new revenue by a two-year registration, I believe, except for $1 million in -- $1 million or $1.5 million in personnel costs at the Department of Motor Vehicles. That would have to be stated there.

REP. EMMONS: (101st)

Thank you.

SPEAKER ABATE:

Rep. Emmons, you still have the floor, madam.

REP. EMMONS: (101st)

Thank you. Again, through you, a question to Rep. Serrani. On line 316 in the amendment, it says the annual fee shall be $40 every two years, rather than $20 each year. And the point I'm trying to, I guess, derive from you, is that for the year 80/81, starting July 1, we would then collect $40 for every automobile that's registered rather than $20. So our revenue should be twice as great for motor vehicle registration. And is that a correct assumption?

SPEAKER ABATE:

Rep. Serrani.

REP. SERRANI: (44th)

Through you, Mr. Speaker. That's as I understand it, but I'd like to yield to the Finance Committee chairman on that particular point.

SPEAKER ABATE:

Rep. Stolberg, will you accept the yield?

REP. STOLBERG: (93rd)

Yes, I do, Mr. Speaker.

SPEAKER ABATE:

Proceed, please.

REP. STOLBERG: (93rd)

Mr. Speaker, the fiscal note is before us, answering the question raised by Rep. Emmons. The fiscal note indicates in fiscal 80/81 there will be an additional $8.5 million realized. The total amount of additional revenue per annum that would be realized if this were all done in one fiscal year would be $17 million by going from $20 to $40 in that first year. This part of the amendment, however, becomes effective January 1, 1981, thus it applies only to one-half of the fiscal year, thus the $17 million in additional revenue is divided equally as a plus $8.5 million in fiscal 80/81; a plus $8.5 million in fiscal 81/82 and then a break even after that, with no fiscal impact in the third year and following.

REP. EMMONS: (101st)

Through you, Mr. Speaker, a question to Rep. Stolberg. If from January 1 of this year to December 31 of the following -- 1981 -- all resident people of Connecticut had bought a two-year registration, it would seem to me in the following year

none of those people would be doing another registration. So there should be a drop off in revenue.

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Through you, that would be true, except for the fact that the following year, rather than having one-year registration, they're having two-year. In other words, we're capturing an extra year of revenue starting in the first and second fiscal years, where it's divided, and then breaking even after that.

REP. EMMONS: (101st)

Well, it doesn't sound very clear to me, but I cannot understand how if you're going to collect double your amount over a twelve-month period, and everyone has now gotten their two-year registration, why they would be going to get another registration in the following year?

REP. STOLBERG: (93rd)

Through you, Mr. Speaker.

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Essentially the lost year is infinitely delayed because we're going from one to two-year registration. And the benefits are accrued -- as it turns out in the bill -- for the first two

fiscal years, the loss is forever deferred.

SPEAKER ABATE:

Rep. Emmons, you have the floor, madam.

REP. EMMONS: (101st)

Thank you very much, Mr. Speaker. I guess I will have to see it to believe it.

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "B"? If not, will all the members please be seated.

Would all the staff and guests please come to the well of the House.

REP. SERRANI: (144th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Serrani.

REP. SERRANI: (144th)

I'd just like to clarify a point, just one very quick point. The governor's order for 80,000 pounds is tied to the federal formula. The federal formula includes 80,000 gross weight, it includes a lower axle weight than we have here in Connecticut. And it requires them to be on the interstate highway system. This amendment is not the governor's executive order. It is not the federal formula, and therefore should be defeated.

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "B"? If not, would all the members please be seated. Would all staff and guests please come to the well of the House. Would all staff and guests please come to the well of the House. All staff and guests please come to the well of the House. The machine will be opened.

The House of Representatives is voting by roll at this time. Would the members return to the Chamber immediately. The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately. Have all the members voted? Have all the members voted. Would the members please check the roll call machine to determine if their vote is properly recorded. The machine will be locked. The Clerk will take the tally. The Clerk please announce the tally.

CLERK:

Senate Amendment Schedule "B" to Senate Bill No. 653.

Total number voting	143
Necessary for adoption	72
Those voting yea	77
Those voting nay	66
Those absent and not voting	8

SPEAKER ABATE:

The amendment is adopted and ruled technical.

REP. STOLBERG: (93rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Irving Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, the Clerk has an amendment, Senate Schedule "C", LCO 3355.

SPEAKER ABATE:

The Clerk has in his possession and amendment, LCO No. 3355, previously designated Senate Amendment Schedule "C". Would the Clerk please call the amendment?

CLERK:

LCO 3355, offered by Sen. Beck of the 29th District.

REP. STOLBERG: (93rd)

Mr. Speaker, I would ask leave to summarize the amendment.

SPEAKER ABATE:

The gentleman has requested leave of this Chamber to summarize the amendment in lieu of Clerk's reading. Is there objection? Is there objection? Hearing none, it is so ordered. You may proceed with summarization.

REP. STOLBERG: (93rd)

Mr. Speaker, essentially the amendment does two things. It clarifies some of the wording in defining the integrated oil companies that would come under the purview of this statute and

it secondly deletes Section 14 in its entirety. It was felt that Section 14 of the bill was particularly vulnerable constitutionally. It essentially sets up a concept of run-away shops in essence that is not inherently related to the bill, and therefore it was felt that the bill would stand better without this particular amendment.

Much of the rest of the wording deals with clarifying that courts refer to state courts in dealing with the statute and then changes the numbering of the remaining sections.

Mr. Speaker, I move adoption of the amendment.

SPEAKER ABATE:

The question is on adoption of Senate Amendment Schedule "C". Will you remark further on its adoption? Will you remark further on the adoption of Senate Amendment Schedule "C"?

REP. VAN NORSTRAND: (141st)

Mr. Speaker.

SPEAKER ABATE:

Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

Through you, a question to Rep. Stolberg.

SPEAKER ABATE:

State your question please.

REP. VAN NORSTRAND: (141st)

The latter part of this amendment some of it makes sense

to me, especially the part where we decide the people have the right to go to federal court, since I don't think we could stop them in the first place. But I'm just curious, down in line 38 of the amendment, petroleum derivative; would that mean plastics, resins, that kind of thing? Sales on those kinds of items?

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, our interpretation is that it would.

REP. VAN NORSTRAND: (141st)

Thank you, Mr. Stolberg. Mr. Speaker, I just would point out to the members that it would appear you're expanding -- notwithstanding my own feelings about this tax and its vulnerability -- but if this was enacted, by that definition it seems to me it would -- the petrol-chemical industry in this state is extremely important, and I have a feeling with this tax as a part of the base of what they buy, I don't think you're going to do anything to improve their competitive position versus other states. If this amendment is passed and this bill is ultimately passed.

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "C"?

REP. STOLBERG: (93rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Irving Stolberg.

REP. STOLBERG: (93rd)

In response to the point, I would point out that the amendment also deletes the reference to subsidiaries, so the petrol-chemical industry would not be an integrated company. In fact, virtually 98% of the impact of this bill would fall to 13, I believe, integrated petroleum companies in the state of Connecticut. Some 2% might fall to one or two other petroleum companies and a few smaller ones. I'm not sure that any of the petrol-chemical industry, as such, unless it is ipso facto part of one of the integrated petroleum companies, would come under the purview of this statute.

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "C"?

REP. EMMONS: (101st)

Mr. Speaker.

SPEAKER ABATE:

Rep. Linda Emmons.

REP. EMMONS: (101st)

Thank you, Mr. Speaker. A question, through you, to the

proponent of the amendment.

SPEAKER ABATE:

State your question please, madam.

REP. EMMONS: (101st)

Yes. Rep. Stolberg, by deleting the reference to subsidiaries, then would it be possible for a petroleum company to set up a subsidiary that was only to do distribution of their products in Connecticut, and therefore not be subject to the two percent gross earnings tax?

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, through you, my understanding would be that if the subsidiary is separated from the integrated oil company, that could possibly apply. If it is not. If there is a tie and it is fiscally related to the integrated oil company, it would still be part of the oil company. What we were concerned with were lease arrangements and other relationships between essentially separate operations and applying this gross receipts tax to the major oil companies that take it out of the ground, refine it, produce it, elaborate on it and then supply it and sell it through the retail level in the State of Connecticut.

REP. EMMONS: (101st)

Thank you, Mr. Speaker. I gather from the answer, though,

that you could set up a subsidiary by going through the proper legal work and avoid paying the tax.

My second question, through you, Mr. Speaker, --

SPEAKER ABATE:

State your question please, madam.

REP. EMMONS: (101st)

By inserting the word "state" before court, can one assume then that if the oil companies chose not to pay the tax that they could still go to the state court for -- the federal courts -- for relief either of the tax altogether under energy regulations or for certain matters of constitutionality?

SPEAKER ABATE:

Rep. Stolberg, will you respond?

REP. STOLBERG: (93rd)

Through you, Mr. Speaker. Because of the wording of the amendment, the state would argue that the court of original jurisdiction on all matters would be the state court system. Upon exhaustion of those remedies, presumably the oil companies could attempt original jurisdiction under federal courts. The state would argue that they have not exhausted state remedies, thus argue that any contest would have to move through the state courts. Upon completion in the state courts, an appeal could be taken then to the federal courts, if they give jurisdiction.

REP. EMMONS: (101st)

Thank you, Mr. Speaker.

SPEAKER ABATE:

Rep. Emmons.

REP. EMMONS: (101st)

I happen to think that the amendment is a good one, but I would like, just speaking to it, suggest that it does not provide us with a guarantee of the $60 million for this coming year, that if an oil company can go to a federal court and does not have to be paying the tax -- to be allowed to go to a federal court -- that they may very well decide not to pay the state of Connecticut. And while the state may say that the original jurisdiction belongs in the state courts, I think that because of some of the sections relative to pricing, one could say that this is getting into the area of interstate commerce as we are meddling with what is the pricing situation elsewhere. And the fact that this tax shall be a cost borne by other people, in other states.

I think it makes the bill more constitutional, but I think it also undermines the likelihood of collection of the tax.

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "C"? Will you remark further on its adoption?

REP. MILNER: (7th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Thirman Milner.

REP. MILNER: (7th)

Mr. Speaker, will the record show that I left the Chamber to abstain from voting on this issue?

SPEAKER ABATE:

The Journal will so note, sir. Will you remark further? If not, all those in favor of the adoption of Senate Amendment Schedule "C" please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

Those opposed, nay.

REPRESENTATIVES:

Nay.

SPEAKER ABATE:

The ayes have it. The amendment is adopted and ruled technical.

Will you remark further on this bill as amended by Senate Amendment Schedules "A", "B" and "C"?

REP. STOLBERG: (93rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, the Clerk has Senate Amendment Schedule "G", LCO 3050.

SPEAKER ABATE:

The Clerk has in his possession an amendment, LCO No. 3050, previously designated Senate Amendment Schedule "G". Would the Clerk please call the amendment?

CLERK:

LCO No. 3050, offered by Sen. Beck of the 29th.

REP. STOLBERG: (93rd)

Mr. Speaker, I move adoption. I would ask leave to summarize and then move adoption of the amendment.

SPEAKER ABATE:

The gentleman is seeking leave of this Chamber to summarize the amendment in lieu of Clerk's reading. Is there objection? Hearing none, it is so ordered. You may proceed with summarization.

REP. STOLBERG: (93rd)

Mr. Speaker, this is not a very debatable amendment. It merely corrects the order of the sections following our action on Senate Amendment Schedule "C". And Mr. Speaker, in light of the unanimity that can be achieved on this amendment, I would move its adoption.

SPEAKER ABATE:

The question is on adoption of Senate Amendment Schedule "G". Will you remark further on its adoption? If not, all those in favor of its adoption please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

All those opposed, nay.

REPRESENTATIVES:

Nay.

SPEAKER ABATE:

The ayes have it. The amendment is adopted and ruled technical.

Will you remark further on this bill as amended?

REP. VAN NORSTRAND: (141st)

Mr. Speaker.

SPEAKER ABATE:

Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

Mr. Speaker, the Clerk has an amendment bearing LCO No. 3140. Would the Clerk please call the amendment and then might I be permitted to summarize?

SPEAKER ABATE:

The Clerk has in his possession an amendment, LCO No. 3140,

designated House Amendment Schedule "B". The Clerk please call the amendment.

CLERK:

LCO No. 3140, offered by Rep. Van Norstrand of the 141st, and Rep. Hanlon of the 70th.

SPEAKER ABATE:

The gentleman has requested leave of this Chamber again to summarize this amendment? Is there objection? Hearing none, you may proceed with summarization, Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

Thank you, Mr. Speaker. Briefly stated, I think this would be an easy amendment for the members to understand. It would, in fact, delete that which is in the file copy, an increase in the sales tax from seven to seven and a half percent. I move adoption of the amendment, Mr. Speaker.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "B"?

REP. VAN NORSTRAND: (141st)

Yes, Mr. Speaker.

SPEAKER ABATE:

Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

A good deal of the wisdom of adopting this depends on the

action we took last night. Action we did not entirely agree upon. The simple case is this amendment would eliminate $62 million of taxes on the people of the State of Connecticut. A similar amendment was offered in the Senate and it failed by a 19 to 17 vote, so I think there would be sentiment, if this is passed, to see that document come back here and we could do a rethinking of some of the actions we took last night.

There's no question that ours is the highest sales tax now, and it places us in an uncompetitive position in terms of revenue from what should be derived. Mr. Speaker, I would ask that when the vote be taken it be taken by roll.

SPEAKER ABATE:

The question is on a roll call vote. All those in favor, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

In the opinion of the Chair, the requisite 20% having been satisfied, when the vote is taken it will be taken by roll. Will you remark further on the adoption of House Amendment Schedule "B"?

REP. STOLBERG: (93rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, I would argue strongly against the adoption of House Amendment Schedule "B". This is an extremely stable part of the state revenues. This would put the budget out of balance, and it would be highly irresponsible action to take.

I do not have a fiscal note on this amendment, Mr. Speaker, could I ask through you to the minority leader whether a fiscal note has been prepared?

SPEAKER ABATE:

Rep. Van Norstrand, will you respond to that question, sir?

REP. VAN NORSTRAND: (141st)

Through you, Mr. Speaker, yes. The contents of it show $61.6 million and they were distributed to the other side, if you need this one, Rep. Stolberg. It's a rather simple note. An estimated revenue loss of $61.6 million could result.

SPEAKER ABATE:

Rep. Stolberg, you still have the floor, sir.

REP. STOLBERG: (93rd)

Through you, Mr. Speaker, I inquired of both our side and your side and did not receive one. I have now been handed it. I would not have pressed for it, because I believe that the amendment could be extrapolated just from the fiscal note on the entire bill. Again, let me repeat that I understand the motivation for this. I think it is responsible to much of the public's

sentiment, but in putting together the balanced budget, which we are constitutionally required to do, in light of our action yesterday, Mr. Speaker, I see no alternative but to reject House Amendment Schedule "B".

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "B"?

REP. VAN NORSTRAND: (141st)

Mr. Speaker, I think we're going to hear a lot more about the constitution before the day is over. But I don't think there is anything to impair us from recalling the action the last night from the Senate, and if this amendment is to pass to save the people of the state $61.6 million, I don't think it's any problem at all.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "B"? If not, will all the members please be seated. All staff and guests please come to the well of the House. The machine will be opened.

The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately. The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately.

Have all the members voted? Have all the members voted?

Would the members please check the roll call machine to determine if their vote is properly recorded? The machine will be locked. The Clerk will take the tally. The Clerk please announce the tally.

CLERK:

House Amendment Schedule "B" to Senate Bill No. 653.

Total number voting	145
Necessary for adoption	73
Those voting yea	72
Those voting nay	73
Those absent and not voting	6

SPEAKER ABATE:

The amendment fails.

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House Amendment Schedule "B"

Strike lines 382 through 508 in their entirety and renumber the remaining sections accordingly

In line 510, strike "22 to 33" and insert in lieu thereof "18 to 29"
In line 523, strike "22 to 33" and insert in lieu thereof "18 to 29"
In line 527, strike "25" and insert in lieu thereof "21"
In line 537, strike "22 to" and insert in lieu thereof "18 to"
In line 538, strike "33" and insert in lieu thereof "29"
In line 549, strike "27" and insert in lieu thereof "23"
In line 559, strike "22 to 33" and insert in lieu thereof "18 to 29"
In line 575, strike "22 to 33" and insert in lieu thereof "18 to 29"
In line 591, strike "23" and insert in lieu thereof "19"

In line 603, strike "22 to 33" and insert in lieu thereof "18 to 29"
In line 622, strike "25" and insert in lieu thereof "21"
In line 629, strike "23" and insert in lieu thereof "19"
In line 633, strike "25" and insert in lieu thereof "21"
In line 639, strike "28" and insert in lieu thereof "24"
In line 645, strike "23" and insert in lieu thereof "19"
In line 662, strike "25" and insert in lieu thereof "21"
In line 668, strike "22 to 33" and insert in lieu thereof "18 to 29"
In line 687, strike "22 to 33" and insert in lieu thereof "18 to 29"
In line 708, strike "25" and insert in lieu thereof "21"
In line 724, strike "28" and insert in lieu thereof "24"
In line 739, strike "22 to 33" and insert in lieu thereof "18 to 29"
In line 740, strike "33"
In line 764, strike "27" and insert in lieu thereof "23"
In line 785, strike "25" and insert in lieu thereof "21"
In line 790, strike "22 to 33" and insert in lieu thereof "18 to 29"
In line 800, strike "22 to 33" and insert in lieu thereof "18 to 29"
In line 827, strike "22 to 33" and insert in lieu thereof "18 to 29"
In line 878, strike "22 to 33" and insert in lieu thereof "18 to 29"

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SPEAKER ABATE:

Will you remark further on this bill as amended by Senate Amendment Schedules "A", "B", "C" and "G"?

REP. VAN NORSTRAND: (141st)

Mr. Speaker.

SPEAKER ABATE:

Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

The Clerk has an amendment bearing LCO No. 3466. Would the Clerk please call and read the amendment.

SPEAKER ABATE:

The Clerk has in his possession an amendment, LCO No. 3466, designated House Amendment Schedule "C". The Clerk please call and read the amendment.

CLERK:

LCO No. 3466, offered by Rep. Van Norstrand of the 141st, and Rep. Hanlon of the 70th.

"Strike lines 873 and 874 in their entirety and renumber the remaining sections accordingly."

REP. VAN NORSTRAND: (141st)

Mr. Speaker.

SPEAKER ABATE:

Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

I move adoption of the amendment, Mr. Speaker.

SPEAKER ABATE:

The question is on adoption of House Amendment Schedule "C". Will you remark now on its adoption?

REP. VAN NORSTRAND: (141st)

This amendment is rather simple, it eliminates the proposed inclusion of cigarettes among those items subject to the sales tax. This has a $17,600,000 revenue loss implication. Mr. Speaker, there's considerable evidence that's been compiled to suggest the already high twenty-one cents a pack tax that we

have on cigarettes seriously reduces the amount of volume of sales in this state. If there are people who were concerned for matters of health, I think that's a good thing. The problem isn't that they're not being smoked, they're being smoked. But they're being smuggled in here to be smoked. And we're losing that tax revenue. And if you eliminate this exemption, you're going to run about six cents a pack, and you're going to further erode that tax base.

Mr. Speaker, I would ask that when the vote on this amendment is taken, it be taken by roll.

SPEAKER ABATE:

The question is on a roll call vote. All those in favor please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

In the opinion of the Chair, the requisite 20% having been satisfied, when this vote is taken it will be taken by roll.

Will you remark further on the adoption of House Amendment Schedule "C"?

REP. STOLBERG: (93rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, I speak against the amendment. Of all the public sentiment that we've seen, it is most overwhelmingly in favor of this tax increase. This did not even have the opposition of the industry. The decreased sales, actually the depressed sales, are taken into account in the original fiscal note, and I might point out, even in the fiscal note on the amendment presented by the gentleman from the 141st.

So that amount of revenue is that which has come up in the Office of Fiscal Analysis, it's that which we accepted in the bill and it's that which you accepted in the amendment. I think to give up that revenue of all revenue would be a serious, serious mistake.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "C"? Will you remark further on its adoption?

REP. HOFMEISTER: (117th)

Mr. Speaker.

SPEAKER ABATE:

Rep. William Hofmeister.

REP. HOFMEISTER: (117th)

Mr. Speaker, I'd like to remind or make aware the Finance Committee Chairman of the fact that for every additional ten cartons of cigarettes that are now going to be purchased out of

state, there's going to have to be 24 cartons sold just to break even on the tax. I believe that the State of Connecticut is going to lose money on this increase. Absolutely going to lose money and I think it's a foolish move. I oppose -- or I support the amendment.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "C"?

REP. ZAJAC: (83rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. John Zajac.

REP. ZAJAC: (83rd)

Mr. Speaker, I have a question, through you, to the Chairman of the Finance Committee.

SPEAKER ABATE:

State your question, please, sir.

REP. ZAJAC: (83rd)

Rep. Stolberg, I received a phone call yesterday from an irate constituent who said that we are taxing the one luxury he allows himself. His son is a guard in one of the prisons in our state. And he said that prisoners, after being convicted and judicated through the courts, pay forty cents a pack of cigarettes. My question to you is will they come under

the increase of taxes that we're proposing in your budget?

SPEAKER ABATE:

Rep. Stolberg, will you respond?

REP. STOLBERG: (93rd)

Mr. Speaker, through you, inmates in any state institution and a number of other categories of exemptions are not affected by the original bill, nor by the amendment. There's no change in the status of that under any circumstances.

REP. ZAJAC: (83rd)

Thank you, Rep. Stolberg. In view of that answer, Mr. Speaker, I rise in support of the amendment. I'm against raising the cigarette taxes. The bootleg cigarettes will only come in more so. We don't charge taxes to prisoners. I can't behold that we should tax our constituents.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "C"? If not, will all the members please be seated. Would all staff and guests -- all staff and guests please come to the well of the House. The machine will be opened.

The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately.

The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately.

Have all the members voted? Have all the members voted?

Would the members please check the roll call machine to determine if their vote is properly recorded. The machine will be locked. The machine is still open. The machine will be locked. The Clerk will take the tally.

REP. CARRAGHER: (5th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Robert Carragher.

REP. CARRAGHER: (5th)

In the negative, sir, please.

SPEAKER ABATE:

The Journal will so note, sir. Rep. Carragher has cast his vote in the negative.

The Clerk please announce the tally.

CLERK:

House Amendment Schedule "C" to Senate Bill No. 653.

Total number voting	144
Necessary for adoption	73
Those voting yea	54
Those voting nay	90
Those absent and not voting	7

SPEAKER ABATE:

The amendment fails. Will you remark further on this bill? Will you remark further on the bill as amended?

REP. EMMONS: (101st)

Mr. Speaker. Mr. Speaker.

SPEAKER ABATE:

Rep. Linda Emmons.

REP. EMMONS: (101st)

Yes, Mr. Speaker, the Clerk has an amendment, LCO No. 3053 and I'd like to have it called and be asked to summarize.

SPEAKER ABATE:

The Clerk has in his possession, LCO No. 3053, designated House Amendment Schedule "D". The Clerk please call the amendment.

CLERK:

LCO No. 3053, offered by Rep. Van Norstrand of the 141st, Rep. Hanlon of the 70th.

SPEAKER ABATE:

The good lady has requested leave of this Chamber to summarize this amendment in lieu of Clerk's reading. Is there objection? Is there objection? Hearing none, it is so ordered. You may proceed with summarization, Rep. Emmons.

REP. EMMONS: (101st)

Thank you, Mr. Speaker. The essence of this amendment is that it deletes all sections and references to the gross earnings -- tax on gross earnings receipts of oil companies. And I would like to move the amendment.

SPEAKER ABATE:

The question is on adoption of House Amendment Schedule "D".

Will you remark now on its adoption?

REP. EMMONS: (101st)

Thank you, Mr. Speaker. The bill that is in the file is supposed to bring in $60 million in taxes. Probably we won't collect the taxes because as has been discussed earlier any company can now go to the federal courts to get an injunction against our law and does not have to pay the tax -- to go to a federal court, so we may sit and litigate the bill for quite some time and not have the revenue coming in.

But more importantly, it is my belief that this particular bill is going to end up being a tax on those people in Connecticut who can consume and use oil products. There was a recent decision by the Department of Energy relative to a gross earnings tax in Guam, and the decision was that Mobile Oil Company could not spread the cost of that gross earnings tax among the other places in the region. And I will read just specifically what the recent decision said. "It would, in our view, be inequitable to require that non-Guamian purchases in vast majority of jurisdictions that utilize the sales tax also bear a portion of the burden of the Guam tax on sales of petroleum products in Guam."

This is exactly what our bill says, that everybody on the Eastern Seaboard is going to pay a part of the tax is based in Connecticut. Continuing on, the decision says "therefore, Mobile Petroleum will be required under the terms of the exception

relief approved, to plead the Guam gross receipts tax as a sales tax, and recover that tax exclusively through sales in the territory of Guam."

I think we are fooling ourselves to think that this tax is going to be paid for by the New Jersey, the Massachusetts and all the other states on the eastern seaboard. And I think we're fooling ourselves to think that the oil companies are not going to go to the federal courts and are not going to go to the Department of Energy and to get a similar ruling for the State of Connecticut's law. I think we're fooling ourselves to think that under interstate commerce that territories are going to be treated differently than states, and therefore, the decision for Guam is different than what will be for Connecticut.

It's my opinion that if the tax is collected, which I do not really believe it will be done, that it will end up being a tax on those people who use oil, because you can't put it on the gasoline prices, as they are controlled by the federal government. So the only real place to collect that kind of money is going to be on home heating oil. And the estimate that I have gotten from different people is that's about six to eight cents a gallon.

Oil for home heating is expensive enough without having to put the tax on. But it's going to be a worse tax for those people who don't own their own homes. It's going to be worse for

renters and other people in the sense that I can buy a wood stove. And I did buy a wood stove. And I love bringing wood in every morning. But not everybody can have a wood stove, and not everybody can have a coal stove. So that we're going to end up with the apartment dwellers and the people who are in multi-family housing are going to probably continue to consume oil as their basic energy. And they are the ones who will also pay the tax. And they will pay it more in relationship to those who can conserve.

Therefore, I think it is a good amendment to delete the gross earnings tax from the revenue package. I realize that it will make the balance -- the budget imbalanced. I also realize that we have two and a half weeks, or whatever, to May, to come up with alternatives other than this one. I don't think that we have sat down in Finance or in the Energy Committee and really had a good dialogue with the oil companies as to whether or not we will actually collect the money. And I really would prefer that we did not come back in July and August to try and find $60 million once we know whether we're going to collect it or not.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "D"?

REP. EMMONS: (101st)

Mr. Speaker, Mr. Speaker.

SPEAKER ABATE:

I'm sorry, Rep. Emmons.

REP. EMMONS: (101st)

Yes, one would have thought --

SPEAKER ABATE:

You still have the floor, madam.

REP. EMMONS: (101st)

Thank you. One would have thought I had completed.

When -- may I ask that when the vote is taken, it is taken by roll.

SPEAKER ABATE:

The question is on a roll call vote. All those in favor please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

Clearly there exists the requisite number. When the vote is taken, it will be taken by roll.

Will you remark further on the adoption of House Amendment Schedule "D"?

REP. LAVINE: (100th)

Mr. Speaker.

SPEAKER ABATE:

Rep. David Lavine.

REP. LAVINE: (100th)

Mr. Speaker, I'd like to address several questions to my good friend and distinguished colleague, Rep. Stolberg, for clarification of this statute, and I would like to direct the representative's attention to Section 13B, and to start with the language which says "no petroleum company subject to the tax imposed under Section 1 of this act shall raise its posted wholesale rack prices in Connecticut for any petroleum products exempt from the Federal Emergency Petroleum Allocation Act by the amount higher than the average amount by which the company raises its wholesale rack prices for such products in all ports on the eastern coast of the United States."

I have several questions involved there.

SPEAKER ABATE:

State your first question, please, sir.

REP. LAVINE: (100th)

Thank you, through you, Mr. Speaker. We in the Energy Committee have tried to get a handle on the number of companies and the number of ports and number of products involved. And I would ask him whether the number of ports involved here are well in excess of 25, number of products are 7 and the number of companies that we're dealing with are probably nine major companies. Would that be accurate?

SPEAKER ABATE:

Rep. Stolberg, will you respond to the question?

REP. STOLBERG: (93rd)

Through you, Mr. Speaker, no, that is not accurate.

SPEAKER ABATE:

Rep. Lavine.

REP. LAVINE: (100th)

Mr. Speaker, I would like to ask, through you, whether it is necessary to get the price under this Act for each product which is delivered to an eastern coast port?

SPEAKER ABATE:

Rep. Stolberg, are you able to respond to that question, sir?

REP. LAVINE: (100th)

I don't understand that question, through you, Mr. Speaker, and I wonder if it could be rephrased.

SPEAKER ABATE:

Rep. Lavine, would you restate the question?

REP. LAVINE: (100th)

Surely. Mr. Speaker, among the products that you have that you have covered under this Act are number 4, number 6, bunker, kerosine and my question, through you, Mr. Stolberg is, whether it is necessary to acquire the price of each of those products in each of those ports under this Act?

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, I'm not sure what the phrase, acquire the price of the products means and by whom it's referred?

SPEAKER ABATE:

Rep. Lavine, do you want to restate your question, sir, or do you want to proceed with the debate, sir?

REP. LAVINE: (100th)

Well, Mr. Speaker, the question I am raising with the Representative, is how the information is going to be brought into the state of Connecticut. My question, through you is, is the state of Connecticut going to have to discover the price at each of these ports for each of the products for each of the companeis which bring in the product to each of those ports?

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Through you, Mr. Speaker, I think the thrust of the question is becoming clearer with each rephrasing. No, the state of Connecticut would not have to determine that. Section 13, Paragraph B indicates that the companies involved, and there are not 7, would have to raise their prices by an amount no higher than the average amount by which a company raises their

rack price the product imports on the East Coast. The companies know what their average price would be and they would make the determination. If the state of Connecticut felt they were falsifying their returns, I'm sure the state of Connecticut would move to take action.

REP. LAVINE: (100th)

Mr. Speaker, through you, how would the state of Connecticut discover whether they were falsifying their returns?

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, through you, there are a number of sources. They could have meetings with the oil companies. They could probably go to the Energy Committee of the state Legislature, which is extremely erudite on the matter and obtain a good deal of information from them.

REP. LAVINE: (100th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Lavine.

REP. LAVINE: (100th)

I don't know how erudite the Energy Committee is, but

I think that we can state after the oil investigation that has taken place, that the only source which exists for these figures is the Federal Government, and the Federal Government treats them as proprietary information and does not share them with the states.

Furthermore, Mr. Speaker, the Department of Energy does not segregate on the basis of individual companies, the actual wholesale rack price for each company. They do it by quart and each quart has a wholesale rack price, but that wholesale rack price is not distinguished. You cannot tell, for instance, for Portland, Maine, the difference between Exxon and Mobil or any of the other oil companies. All you would have from the Department of Energy is one lump sum. That would be the wholesale rack price for any particular day.

But I'd like to pass on from what I see as a deficiency, in the intent of the statute, to another question, and that is as I read Section 13B, you would take the average price for all the ports on the Eastern seaboard, though the Act doesn't say which day you would do it or how often you would do it, or whether you would do it for one month, or more than one month, but assuming that you take it for a specific time, you would take that average price and you would compare it with the

average price at the New Haven Terminal, because that's the only terminal that we have in the state of Connecticut.

Now, in getting the average price for all the ports on the Eastern seaboard, some are obviously going to be higher and some are going to be lower. But it is my understanding from reading this that in setting the parity between the New Haven port and the rest of the Eastern seacoast, that you would not be able to establish prices higher than the average in relationship to what comes into New Haven.

Let me be a little more specific. The price, let's say which comes in on January 13, if that's your target day, to Boston, could be considerably higher than the price which comes into New Haven, for a comparison factor. The price in Portland might be higher. The price in Camden, New Jersey, might be lower. But you have to weigh all these together for an average.

That's the average along the seacoast that you compare the price in New Haven with. At no time are you allowed to take anything higher than that average in making a determination what your price in the New Haven port's going to be. So that you never can reflect anything within the marketing of oil along the Eastern seacoast except what that averages.

It isn't even a weighted average, it's just an average.

And I just am curious as to whether that is the intent of this particular statute, that Connecticut's price will always be in relationship to the average price, it doesn't matter what the extremes are, or where the range is, but the Connecticut price will always be figured in relationship to that average price.

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Through you, Mr. Speaker, I believe the Department of Revenue Services or indeed an intern here in the legislature could touch base with the major ports doing a very large majority of the volume in any of the products. And by the way, the products are of a very much larger number than that 7, and it could see whether there is serious deviation from the average of those major volume ports.

I understand the points raised by Rep. Lavine, and indeed those by Rep. Emmons. Indeed I have raised a number of those points in meetings over the last several months. We have had discussions throughout the government of Connecticut, and indeed, a good interchange with the industry. Although the industry would have preferred the bill not being here today.

The points raised by Rep. Lavine have some merit, but 1825
the essential information is not that unobtainable. Indeed, if the average is close to the price range by Connecticut companies, or any one of the companies on any one of the commodities, there would probably be no action by the state of Connecticut.

If there's a serious deviation on asphalt, or any of the numbered oils, then the Department of Revenue Services could do a check of the major ports doing the major volume and have a good indication whether there was a price increase significantly beyond the average and whether that price increase was warranted by particular commissions, or was not.

REP. LAVINE:

Mr. Speaker, I correct the distinguished Chairmen of Finance, unless I'm wrong, asphalt does not have a wholesale rack price and is not sold that way. And indeed, many other petroleum products are not sold at a wholesale rack price. The wholesale rack price is indeed a limiting factor within this Bill as to the products which are going to be taxable. One of the many limiting factors within this bill.

Frankly, Mr. Speaker, I'm supportive of taxing the oil companies, I'm just not supportive of passing that tax through to the citizens of Connecticut. And I would suggest that if

somebody reads Section 13B, you will find that it is going to be necessary to find the wholesale rack price and the act says in all ports, it doesn't say some, all ports of the Eastern Coast of the United States. We tried to find out how many that was and I guess we stopped counting around 25.

We believe that there are only 7 products which would be affected. There is no central place in the Department of Energy where these figures are kept. The only, the absolutely only place where you can get this information, specifically, is from the oil companies. And if they don't want to give it to you from New Jersey or from Delaware or from Maryland, I don't know how you can get it from them.

I'm sure you can get the product price here in the state, we do have. But I don't know how you would acquire it, it's interstate commerce. I don't know how you would get it to enforce this act.

So I think it's defective and while I certainly support the sentiment of the act, I think the way 13B is written, it really does not deserve support.

REP. OSIECKI: Mr. Speaker.

SPEAKER ABATE: Will you remark further on the adoption of House Amendment Scedule "D"?

REP. OSIECKI: Mr. Speaker.

SPEAKER ABATE: Rep. Clarice Osiecki.

REP. OSIECKI: (108th)

Mr. Speaker, speaking in support of the Amendment, I would like to ask some questions of Rep. Stolberg please.

SPEAKER ABATE:

State your first question please, madam.

REP. OSIECKI: (108th)

Mr. Stolberg, in the second line of the file, third line, the word petroleum products, can you tell me how that will be defined by the State Tax Department?

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Through you, Mr. Speaker, petroleum products are those products derived from petroleum.

REP. OSIECKI: (108th)

Can you, through you Mr. Speaker. Can you tell me how many companies you expect to be affected by this tax?

REP. STOLBERG: (93rd)

I believe about 13 companies would bear at least 98% or so of the tax burden in this bill.

SPEAKER ABATE:

Rep. Osiecki.

REP. OSIECKI: (108th)

Could you tell me how many of those are incorporated in our state?

SPEAKER ABATE:

Rep. Stolberg, through the Chair please, sir.

REP. STOLBERG: (93rd)

Through you, Mr. Speaker, one that I know of.

REP. OSIECKI: (108th)

Through you, Mr. Speaker, could you tell me the name of that company?

REP. STOLBERG: (93rd)

Yes, Conoco.

REP. OSIECKI: (108th)

Through you, Mr. Speaker. A company which is a blender, manufacturer, distributor of lubricants in our state, the tax department defines that person as someone being involved in the refining and distribution of petroleum products?

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Through you, Mr. Speaker, I wonder if the lady could rephrase the question, I didn't quite understand it.

SPEAKER ABATE:

Rep. Osiecki would you state the question again, please, madam.

REP. OSIECKI: (108th)

Yes, I'm trying to determine whether or not a manufacturer, distributor of petroleum lubricants in our state would be affected by this tax directly if the State Tax Department would determine that that person was engaged in refining and the distribution of petroleum products?

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERB: (93rd)

Mr. Speaker, there are a few small companies that are not clearly within or without the Act. The question is whether the Act would apply them in origin or as secondary receiver of partially refined petroleum products. I think the types of companies that the good lady from the 108th Distrist is referring to have been in contact with us. There is a question in terms of refining, as to whether they would come under it if they would, as determined by the Department of Revenue Services.

There is a possibility that those would be affected in a doubled impact by the originally companies and by their

further refining, that could come to 4%, rather than the 2% and in all likelihood, on those special products and I think we're referring to very special products, right now, those would be passed on, or an attempt would be made to pass those on.

REP. OSIECKI: (108th)

Through you, Mr. Speaker.

SPEAKER ABATE:

Rep. Osiecki.

REP. OSIECKI: (108th)

Then, we don't know who's going to be affected by this tax who's already perhaps doing business and incorporated in our state. Is that true?

SPEAKER ABATE:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Through you, Mr. Speaker. It is very, very, very slightly true in that about 98% of the tax would be applied as I indicated to some 30 companies. There are a number of secondary refiners that are not fully integrated, petroleum companies, and there is a question as to the Department of Revenue Services intepretation as to whether they would come under the Act or not. They account for an extremely small portion of the entire revenue in the bill.

REP. OSIECKI: (108th)

Thank you. I've been here before. In 1975, to be specific, when a large tax package was adopted and this legislature decided that the State Tax Department would not do this and would not do that. However, we found self-employed secretaries and seamstresses and laundresses and colleges kids taxed, for services, by the State Tax Department.

And I would suggest to you that in this year of no taxes on business, that you are indeed taxing Connecticut business and I'll tell you about one. A company in the town of Brookfield, eighteen employees, compounds and blends and oil products. His sales are a little over a $1 million gross. This is small business. He's going to be taxed, under the way this bill is written.

His earnings last year were only about $40,000. I don't see a tax on earnings. I don't see any exemptions for Connecticut business. I think this is being passed on as a way to get back at big oil. But we're hitting small business, in Connecticut. And to think that the Chairman of Finance can say, indeed, that small business may be taxed 4% altogether, I think is the wrong way to write a revenue package.

I know four in Connecticut. Inter-Contintental Lubricates, Anderson Oil and Chemical, Luson and I think they're the small

businessmen who are supplying products to Connecticut consumers and wholesalers, who are going to suffer the greatest from this bill and I would support the amendment.

DEPUTY SPEAKER FRANKEL:

Will you remark further.

REP. ROBERTI: (126th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Vincent Roberti.

REP. ROBERTI: (126th)

Mr. Speaker, as a member of the Finance Committee and the Democratic Caucus Section of the Finance Committee, I struggled with this bill along with the other members of the Committee for almost three weeks. We looked at every facet of the bill. We looked at all the amendments and it's true the bill is not all things to all men. It certainly has some problems. There are sections that are questionable.

But I'll tell you one thing, Mr. Speaker. After doing a poll in my district, the results were 99.9% for this tax. Because of that, this is one of the few taxes that I did support in the Finance Committee. I think the people of the State of Connecticut realize there is a possibility that the past revision that we attempted to delete could happen. That it's true that

this tax could be passed through to them in some varied ways. But they're frustrated, Mr. Speaker. They're frustrated by big oil. They're frustrated by 69% profit margins. They're frustrated by companies that are making statements as early as a few days ago in the newspaper saying they're not even sure where they're going to put this year's profits. They can't even find investment vehicles for it. They're frustrated.

And they're willing to take a chance to get back at what they considered to be an omen. So for that reason, Mr. Speaker, I'm going to support this bill. Because I think it's time that the people of the State of Connecticut had an opportunity to send the message to the big oil companies. And to let these conglomerates know that they're willing to take the chance. They're willing to fight what's been going on, too, too much for the last few years.

REP. ALLEN: (143rd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. York Allen.

REP. ALLEN: (143rd)

Mr. Speaker, people may be frustrated, but that does not necessarily make a bill legal. And it is solely to the legal aspects or illegal aspects, if you will, of this bill,

that I would like to make a few comments and then ask some questions of the proponent of this bill. I'm speaking in favor of Rep. Emmon's amendment and my questions will be to Rep. Stolberg.

It might be helpful, I think, if we were to trace through how this particular portion of the tax package whenned its way through the Finance Committee since early February. It was assigned to the Sub-committee on Business Taxes of which I am a member and we had several meetings and hearings in the Hall of the House here, a tumultuous one in Waterbury and the Committee, the Sub-committee that is, could not agree on either the economic aspect of this bill, the petroleum parts of it or as to whether or not it was illegal.

So the Senator Ruggiero, the Chairman of the Sub-committee on Business Taxation wrote a six-page brief of sorts, saying that the Committee had ended in disagreement and turned the whole matter over to the full Finance Committee so that in the hopes that its wisdom would be able to solve the problems of the creeky aspects on the economic sides of this bill and the very complex legal problems it presents.

For the next five weeks, we heard nothing in the full Committee, the full Finance Committee, about this bill. And 49 hours ago, we suddenly had this part of the tax package

introduced at a full Committee meeting of the Finance Committee, with Senator Beck in the Chair and Rep. Stolberg at bat. And he said with respect to the amendment that that Rep. Emmons has proposed here, that his amendments, 49 hours ago, represented a very considerable change in the petroleum part of this package.

It was the guts of the bill and he began to summarize the contents of his amendments to the Finance Committee bill at that stage. None of us, except perhaps leadership, had seen a copy of these amendments. Some of us protested and Sen. Beck in the Chair graciously said, 'Oh, well, we'll have some copies made so that you can read these amendments and you will have an opportunity.' I think we got a little less than five minutes worth of opportunity, to read the text of these sweeping amendments.

And when we looked at the amendments proposed by Rep. Stolberg, we found that it was changing the petroleum part of this package, very much around. Now I know that it is perfectly legal for amendments at the Committee stage to be composed by outside agencies and they do not have to go through the LCO Office.

But the thing that caught the eyes of some of us, was that this brand new amendment, as far as we were concerned were written on green colored carbon paper of a sort which I have

not seen in this building before, some of us haven't and my first question through you, Mr. Speaker, is to Rep. Stolberg, who composed the green colored amendments?

DEPUTY SPEAKER FRANKEL:

Rep. Stolberg, will you respond?

REP. STOLBERG: (93rd)

Through you, Mr. Speaker. It was a joint composition effort. They were produced by a citizens group who had been working in this bill as a result of their conversations with me, I believe with leadership and perhaps even with members of your side of the aisles, sir.

REP. ALLEN: (143rd)

Thank you, Rep. Stolberg. Now to continue this little saga. As the Committee discussed this matter, the legality of the petroleum parts of this inevitably reared its head, here, there, everywhere. And I and others asked, about the legal side of this.

Now, I have in my hand here, a memoradum that was available to all of the members of the Finance Committee, dated January 28, from Professor Lester B. Snyder of the University of Connecticut Law School, who states in a five page memorandum, singled-spaced, the bill's illegal. Why? Because it's an undo restraint on inter-state commerce.

I won't read you the full five pages of that. I also have in my hands a statement here, by Robert H. Borke, a former United States Attorney General, who writes to Sen. Post, that Section 19 of the Bill is illegal, Section 17 is illegal and other parts are illegal. Do you want the details, they're here.

My question, through you, Mr. Speaker, is to --

DEPUTY SPEAKER FRANKEL:

State your question.

REP. ALLEN: (143rd)

I will, to the proponent, to Mr. Stolberg is, did you prior to the Finance Committee meeting, 49 hours ago, have any written formal legal opinion prepared by any lawyer, anywhere, certifying that your petroleum package was legal?

DEPUTY SPEAKER FRANKEL:

Will you respond, sir?

REP. STOLBERG: (93rd)

Through you, Mr. Speaker. It is not the tradition of the General Assembly to go outside for legal opinions. We write the laws. We use our judgment in the House. We deal with our legislative commissioners. Indeed, our legislative commissioners, through you, Mr. Speaker, have been encumbent upon themselves if they feel something is unconstitutional

to note that before it comes to the floor and if you would provide us with the Legislative Commissioner's note on the unconstitutionalty that you claim, I would be glad to see it.

REP. ALLEN: (143rd)

I have no such note, because I'm not at all aware that the Legislative Commissioner's Office has prepared an indepth formal study of the alleged constitutionalty of this bill. And I would like to ask, who were those lawyers that you did consult up to our meeting 49 hours ago?

DEPUTY SPEAKER FRANKEL:

Rep. Stolberg, will you respond, sir?

REP. STOLBERG: (93rd)

Through you, Mr. Speaker. The Honorable Ernest Abate, a distinguished attorney in the State of Connecticut. The Honorable Carl Ajello, a distinguished attorney in the State of Connecticut. And a number of others who have testified on both sides of the issue before the Committee. I have also communicated to the Executive Branch and the Legislative Branch and the general consensus among all of the people discussing it, was that the package that ended up getting put together, on the green sheets, with significant input from a number of sources, was the best attempt that has been subsequently refined, Mr. Speaker, through a Senate Amendment.

DEPUTY SPEAKER FRANKEL:

Rep. Allen, you have the floor, sir.

REP. ALLEN: (143rd)

Thank you. And this package, the green colored amendment was the best attempt to get the things better, the best we could do under the circumstances, although many, many weeks have been spent. Do you consider that enough legal time was spent compared to the two opinions which I have here to get many, many more, that this part of the bill is totally illegal, do you consider that enough time was spent weighing in Committee, in Committee discussion which lasted less than an hour, the legal aspects of this bill?

REP. STOLBERG: (93rd)

Through you, Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Will you respond, sir.

REP. STOLBERG: (93rd)

Through you, Mr. Speaker, the constraints upon a part-time legislature lead me to believe that we probably don't spend adequate time on a great deal of our work, but with those constraints in representing the people of Connecticut, we do the best we can.

REP. ALLEN: (143rd)

Thank you, Rep. Stolberg. And that raises the point, we have in Committees, so many bills to deal with and we spend so much time trying to box the mischievous bills and let the innocuous one die and be forgotten, that we do not spend adequate time discussing and improving important bills such as this one.

And frankly, I think that there are those among the hardy 17 who voted for the income tax, two hours ago, who would be rather pleased if the petroleum package oozed apart, because then they'll come back here and they will say, ha, ha, you've got nothing left. An income tax.

Well I can assure you one thing. This petroleum package is oozing apart. I will come back to us. It will ooze back to us and it will come back and haunt us.

REP. LAVINE: (100th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Lavine.

REP. LAVINE: (100th)

Leaving primedial slim for a while, I would like to ask one further question of Rep. Stolberg.

DEPUTY SPEAKER FRANKEL:

Please frame your question.

REP. LAVINE: (100th)

Rep. Stolberg, we have among the major suppliers of home heating oil in this state, several who would not seem to qualify under the definition of any petroleum company engaged in refining and distribution of petroleum products. Specifically, I believe the largest supplier of home heating oil in Connecticut is Lee High and then there's several others, like Connecticut Refining and Metropolitan Petroleum.

Now then they're not, they are not refining and distributing products in the state. Would they be exempt from this tax?

DEPUTY SPEAKER FRANKEL:

Rep. Stolberg, will you respond?

REP. STOLBERG: (93rd)

Mr. Speaker, I'm not familiar with the full operations of the companies referred to, if they are not fully integrated companies and I don't think the ones referred to are, so they would not come under the provisions of the proposed intention.

DEPUTY SPEAKER FRANKEL:

Rep. Lavine, you have the floor.

REP. LAVINE: (100th)

Mr. Speaker, I suspect this is a major defect in this portion of the Act, because I think what you're going to see

is, you try and really pinpoint who is going to be paying this and that some of the largest distributors of home heating oil in Connecticut aren't going to pay it. They simply are not covered under this particular portion and that the thrust of this particular Act, once you take gasoline out, as you're going to have to, is really going be somewhat more limited then a cursory reading of this bill would particularly indicate.

And I would suggest, really, that if the major suppliers of home heating oil, such as Lee High are not covered, the bill isn't going to do what you think it is.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this amendment.

REP. WEISS: (50th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Weiss.

REP. WEISS: (50th)

Mr. Speaker, I rise for a couple of brief comments in favor of Rep. Emmons' amendment. You know the word ooze was used a few minutes ago, and speaking of ooze, there's one thing that we all like about it. That's its very existence. The fact that when you go down to your basement and its sitting there in your tank, or when you drive to a gasoline station

there's actually gasoline there at the pump to go into your car. The second thing we like about ooze, is the fact that it has a price that we can afford. Unfortunately, if the sham were not real, that is if we could collect this tax in the State of Connecticut, even passed on to the people of Connecticut, it would take dollars away from oil companies, those favorite whipping boys, the oil companies that need money to drill oil.

They just don't have it. They have to invest billions and billions of dollars at risk every year. Domestically speaking, we're just moving now in a direction to lift controls and allow more drilling in this country. Surely, $60 million is not much drilling, but I'm under the impression that the State of California also has a similar bill before it at this time and may be voting within a couple of months on it.

Can you imagine if all 50 states had similar legislation. I just roughly estimated that it would come up into the billions very quickly. Now billions, if every state took billions away from these oil companies, it would add up to a significant amount of ooze that would not flow from oil wells. And that would effect each and every one of us.

I do think, however, that this is an ingenious tax. I think its an ingenious tax because, some very crafty and creative people have put this together.

It's a sham. It's taxation without representatition and I would only hope that next year, the people who were so ingenious on this tax would work on the spending side of our budget because I think if an equal amount of creativity were placed in that direction, we wouldn't have the problems we have today.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this amendment?

REP. MILNER: (7th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Thirman Milner.

REP. MILNER: (7th)

May the records show that I am abstaining from voting and leaving the Chambers, because of a possible conflict of interest.

DEPUTY SPEAKER FRANKEL:

The Journal will so note. Will you remark further on this amendment.

Will you remark further.

REP. VanNORSTRAND: (141st)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. VanNorstrand.

REP. VanNORSTRAND: (141st)

Mr. Speaker, we've through a debate last night and I suppose in most cases, the results perhaps speak some difference of philosphy and maybe as the Majority Leader said if he speaks differences in priorities, that we've been through some tax votes today and I comment the majority for their counting. I think they did a good job, but this one tax and I'm sorry, in a sense, Mr. Speaker, that we have a pretty empty Chamber.

This one tax, this ought to be easy. And this is a, you know, a real CCAG kind of tax, you know. Hit big oil. We'll put it to them. That's a great idea, if big oil is going to pay it. They're not going to pay it. It's going to be passed through to the consumer. Home heating oil is going to rise because of this.

The decision which Rep. Emmons referred to makes that clear. There's a part in there, I don't think she even bothered to read, which is says not only are they going to pass it through, but it's going to be allocated only to the State of Connecticut. And when they ultimately got that determinent, they had to in accord, that decision, at least, stood for the fact that the Department of Energy would allow you to do it retroactively. So you would go back to day one in this state. But this tax is unlike the other ones we've been talking about.

And that's why this amendment is unlike the other ones we've talking about. Because there's one thing about this particular tax that ought to grap your attention. You're never going to collect it. We're never going to get it because this is a terrible proposal. And I have here a couple of comments about this and they come from different sources and I also have some copies of things that Rep. Allen referred to.

This one's from an in-house memo in the industry to the American Petroleum Institute. Now you might say, there's a lobby group and you know, you shouldn't give it any credita-bility. I'll just tell you what some of the -- briefly what they say.

Therefore attempts by a state to prohibit the pass through of recognize costs in a controlled industry, mind you, such as state taxes on products currently subject to price and allocation controls, is directly in conflict with federal regulations and there have been decisions and orders from the Department of Energy to that effect.

In a decision order issue to the County of Owyhee, Oregon and an interpretation issued to the State of Oregon deo-acted to prevent the unreasonable and inequitable use of state authority to spread its particular requirements beyond its boundary. That's what's attempted here.

It raises serious constitutional questions. No such rational basis exists for exploitation of tax to sister states by a pass through prohibition. That's what's been attempted here. An operation that will represent either a discriminatory burden or a deprivation of property without due process, both of which are prohibited by the 14th Amendment.

The likihood of state prevailing in such challanges appears to be slim. Now that's the industry. Maybe you'd expect them to say that.

Here's a Hartford Courant. February 29. Taxes on frustration, because that's what's here. Hit big oil. It is yet another regressive sales tax, like all these consumer taxes that we've voted on, which has the most impact on the consumers least able to pay.

The General Assembly, that's us. Is engaged in fiscal ledger germane. It is little more than another tax on Connecticut residents and even worse an incentive for oil companies to lessen supplies to Connecticut to avoid the discriminatory taxation. It may also have serious constitutional flaws, especially in the area of inter-state commerce. The oil related tax plan offered to the General Assembly this session are poorly crafted, ill-conceived, unfair and unworkable.

They have little merit and should be killed. That's an opinion. More recently, a couple of days ago, about three days ago. Hartford Courant. Don't pass the oil tax. That so large an amount of revenue should depend on such illegally questionable tax schemes is a fiscal gamble that the state should avoid.

The constitutionalty of such a restraint on inter-state commerce is open to question. Or a clause prohibiting the companies to pass through the tax cost to the consumers is almost unconstitutional on its face. The end result will be that Connecticut, a tax increase will pass right on to consumers. Remember, we've only got one half of the energy situation in control and it'll be passed on through home heating oil. A cruel fiscal trick to anyone in the northeastern states.

The General Assembly leadership should be honest enough to admit that the new tax scheme will be passed through as a cost to consumers. Bad public relations, bad law. And I hear the debate earlier, some reference to memorandum done by Professor Synder, but I'm not going to go through it at length. But it comes down hard on the inter-state commerce problems with this tax. This tax would therefore be levied on a mouth that will not be legally or actually retained by the companies. An unprecedented concept in the tax law of this country.

It's also got problems in terms of the Federal policy. If you would accept what the people in the Finance Committee were told was, that you can't pass this through. You're going to have to write half of it off on your federal income tax return, your corporate tax, and you're going to have to eat the other half.

The problem with that is, that Congress, with what faultering ability they've been able to get an energy program, as you know, recently enacted a windfall profit tax. $227 million. A federal policy. And their theory was, they will extract that part of the excess profits, so called, from the oil companies and the other half could be used to explore for new sources of energy.

This tax, if you believe what we're being told, would say, at least in Connecticut, you're not going to be able to use that part for exploration. And if you follow it through to its natural conclusion, as has been referred to earlier, if all 50 states, so that there won't be anything to go look for any new source of energy with and you will have a consumate frustration of federal policy.

The likihood of that surviving challenge, I think is remote. There's reference made of the opinion, a brief letter that was also made in the Senate debate, from Professor Borke.

I think two points that Professor Borke raised have in fact been cleared by amendments in the Senate. But his ultimate conclusion was, as was stated earlier, the main provision of the bill, that imposing the tax, is very likely to be unconstitutional or in conflict with federal policy for more than one reason.

DEPUTY SPEAKER FRANKEL:

Excuse me, sir. Will the House please come to order. Will the House please come to order. Excuse me, you may proceed.

REP. VanNORSTRAND: (141st)

Thank you, Mr. Speaker. So what I'm saying to you is, unlike the philosophy that may differ about all the amendments we've been through and the bills themselves last night and today, this thing is a time bomb. Because, we're not going to collect it and what happens. Go to Court. You saw earlier, an amendments that say that they could go to federal court, which they always could have done anyway and they'll be there and I don't blame them, because they're not going to let this stand. The Department of Regulations. They're not going to let this stand and let this just spread elsewhere.

It's going to go to the consumers of this state. It's going to frustrate the policy if this were to be enacted and as I said, frustrate national policy on energy.

And what happens. What happens when we don't get this revenue. Or worse yet, what if there is a court suit and what if it's protract and we go a year and a half. And we have to pay it back. What kind of a crunch are we going to be in then.

What's the fiscal note, just under $60 million. What a $115 or $120 million. Will you see what we've gone through in this budget, both last night and today. You know, I read something I almost couldn't believe, Mr. Speaker. This was I guess an interview conducted and this is from the March 4, '80 addition of the Advocate. That's a newspaper in Stamford.

They were discussing this very tax with Speaker Abate. It's a legitimate method of raising revenue. These are quotes. Abate says, on gross revenue tax, 'it appears that enough support for the bill to come out of Committee, I'm sure will be challenged. The only constitutional argument is whether you can enact legislation impacting on inter-state commerce and my staff is working on that.'

Now we've heard the interchange of what happened earlier. Mr. Stolberg was asked to cite his authority. And we saw the release by and statements by Rep. Post, the so-called mysterious green sheets. Well, we have Mr. Stolberg's citing as authority and various lawyers in the Democratic leadership. We have in the alternative, a couple of rather respected people in the

legal community. Profession Synder, much of what he has to say was good enough to satisfy you on gaming control a year ago. And Professor Borke is a dintinguished professor, in terms of being prejudiced one way or the other. I think, he was the master who helped design the so-called Democratic plan for re-apportionment, about eight or ten years ago. He is a respected leader scholar.

But what happens if they're right and with all due respect to the extremely able Chairman of the Finance Committee. The alternative authority at the moment is Stolberg on green sheets. And I go on to quote, what the speaker had to say. We'd really be acting improperly, if we all believed it would lose a legal challenge and we passed it anyway.

And at worse, he says, if the state did lose a legal challenge and had to pay back the tax revenues to the companies, that's a problem for some other year's budget. I really can't believe he said that. That would be an incredible indictment of the way we perceive. Because so many of the problems we have, have been the philosophy of fly now, pay later. This tax is a time bomb. I urge you to support this amendment. We are never going to see this revenue.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this amendment.

REP. RITTER: (6th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. George Ritter.

REP. RITTER: (6th)

I share many of the apprehensions or concerns expressed by the previous speaker. On this side of the aisle, though, I'd feel a lot more comfortable if he had proposed an alternate tax which would raise the $60 billion that this would deplete. If he has time or willingness to do that, I would be very eager to hear that.

Failing that, I'm not at all sure that we're in the best position possible to heed his advise.

REP. ROBERTI: (126th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Roberti.

REP. ROBERTI: (126th)

I would just like to point out to the Chamber that in terms of Rep. VanNorstrand's remarks concerning the Honorable Professor Borke from Yale, the former Attorney General under Richard Nixon, that Professor Borke was also a genius who suggested in the recent committee study on bank-holding companies,

that we allow New York banks to come into the State of Connecticut and flood and destroy our own financial institutions that make up the strong economy of the State of Connecticut.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this amendment.

REP. STOLBERG: (93rd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, the points raised by Rep. Emmons, Allen, VanNorstrand and others, are in large part very well taken. Indeed, I've been raising many of those points over the past several months myself and I am not fully satisfied with the answers I have received.

I think parts of the bill before us, that this amendment would delete are highly questionable and if I did not say so on the floor, I would not be being honest with myself, nor with the other members of this Chamber. This is not a concept I have supported from the outset but I really see no alternative at this time.

And it's not that I've not supported it because I am a friend of the major oil companies.

I think my record throughout all time indicates that is not the case. And I would like to stand up as David to Goliath and slay him but if I don't even have a little rock for my sling shot, it makes it very difficult to do that. Much of this section of the bill is based on hope. Hope that it will withstand challenge. Hope that it will not all be passed through.

I don't like it. But neither our side, nor your side, has come up with an alternative. And the only thing worse, then this element of the bill, is to have no bill at all. That would be a tragedy and that's the fundamental reason that I ask for a vote against the amendment presented by the ranking member of the Finance Committee.

REP. MATTIES: (20th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Matties.

REP. MATTIES: (20th)

Mr. Speaker, I really didn't intend to speak on this one, but first of all, I'd like to respond to both Rep. Ritter and the last speaker. We did give you an alternative yesterday. We said, cut spending. So that there was an alternative. It may not have been as tasteful to you as taking more money out of the pockets of your constituents, but it was there.

And it's a viable alternative. You know when this idea was surfaced several weeks ago, I had my usual reaction, I thank most of you know I've taken my shots at the oil companies through the years and I figure, fine, great idea. But then, when you check into it and recognize that oil companies first have the ability to shift the cost on to their uncontrolled products, such as fuel oil, the federal government preempts the control of gasoline prices and the federal government also permits non-product costs pass throughs, which they may judge this to be.

I don't see how they can judge it otherwise. So when you put all of this information together, and so many good points made by previous speakers, I don't think you even got hope, to go on. I think you're just doing as Rep. VanNorstrand said, it's a time bomb, it's a question of how long we kid ourselves and then come back and try to put together a budget that will hold together and do the job that your constituents deserve. Thank you.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this amendment.

REP. EMMONS: (101st)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Linda Emmons.

REP. EMMONS:

Thank you, Mr. Speaker. Not to speak to the amendment, but I have one question, through you to Rep. Stolberg.

DEPUTY SPEAKER FRANKEL:

Please frame your question.

REP. EMMONS:

Rep. Stolberg, if this particular aspect of our revenue package is so questionable and so unlikely to be collected, when we find out, let us say on July 1, that the oil companies are not going to pay and are going to go to court, where will we get the $60 million.

DEPUTY SPEAKER FRANKEL:

Will you respond, sir.

REP. STOLBERG: (93rd)

Through you, Mr. Speaker. The initial action would have to be a judgment on the part of oil companies whether to pay and then recoop or whether to pay and attempt to pass it on and challenge that provision. There's several variations that could occur. If the one that you hypothesize, if they just chose not to pay and that was substantiated in initial actions in the court, that would have to be a decision of the legislative

leadership and the Governor, whether to call the legislature back into session.

DEPUTY SPEAKER FRANKEL:

Rep. Emmons, you have the floor.

REP. EMMONS: (101st)

Through you, Mr. Speaker. One further question.

DEPUTY SPEAKER FRANKEL:

Please frame your question.

REP. EMMONS: (101st)

If we pass the budget today, the revenue aspect, we then have passed a balanced budget. If the $60 million is not collected, is it possible to continue through the next year using temporary borrowing?

DEPUTY SPEAKER FRANKEL:

Rep. Stolberg, will you respond.

REP. STOLBERG: (93rd)

Through you, Mr. Speaker. In my opinion, it probably would not be possible.

REP. EMMONS: (101st)

Thank you.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this amendment. Will you remark further.

If not, would the members please take their seats. Will the staff and guests please come to the well of the House. Will the members please take their seats and will the staff and guests please come to the well of the House. The machine will be opened.

The House of Representatives is now voting by roll. Would the members please return to the Chambers. There is a roll call vote in progress in the Hall of the House. Will the members please return to the Chamber immediately.

Have all the members voted? Have all the members voted? And is your vote properly cast. If so, the machine will locked and the Clerk will please take a tally.

Will the Clerk please announce the tally.

CLERK:

House Amendment Schedule "D" to S. Senate Bill No. 653.

Total number voting	141
Necessary for Adoption	71
Those voting Yea	51
Those voting Nay	90
Those absent and not voting	10

DEPUTY SPEAKER FRANKEL:

House Amendment "D" fails.

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House Amendment Schedule "D"

Strike lines 1 through 381 in their entirety and renumber the remaining sections accordingly.

In line 510, strike "22 to 33" and insert in lieu thereof "5 to 16"

In line 523, strike "22 to 33" and insert in lieu thereof "5 to 16"

In line 527, strike "25" and insert in lieu thereof "8"

In line 537, strike "22 to" and insert in lieu thereof "5 to"

In line 538, strike "33" and insert in lieu thereof "16"

In line 549, strike "27" and insert in lieu thereof "10"

In line 559, strike "22 to 33" and insert in lieu thereof "to to 16"

In line 575, strike "22 to 33" and insert in lieu thereof "to to 16"

In line 591, strike "23" and insert in lieu thereof "6"

In line 603, strike "22 to 33" and insert in lieu thereof "5 to 16"

In line 622, strike "25" and insert in lieu thereof "8"

In line 620, strike "23" and insert in lieu thereof "6"

In line 633, strike "25" and insert in lieu thereof "8"

In line 639, strike "28" and insert in lieu thereof "11"

In line 645, strike "23" and insert in lieu thereof "6"

In line 662, strike "25" and insert in lieu thereof "8"

In line 668, strike "22 to 33" and insert in lieu thereof "5 to 16"

In line 687, strike "22 to 33" and insert in lieu thereof "5 to 16"

In line 708, strike "25" and insert in lieu thereof "8"

In line 724, strike "28" and insert in lieu thereof "11"

In line 739, strike "22 to" and insert in lieu thereof 5 to "16"

In line 749, strike "33"

In line 764, strike "27" and insert in lieu thereof "10"

In line 785, strike "25" and insert in lieu thereof "8"

In line 790, strike "22 to 33" and insert in lieu thereof "5 to 16"

In line 800, strike "22 to 33" and insert in lieu thereof "5 to 16"

In line 827, strike "22 to 33" and insert in lieu thereof "5 to 16"

In line 876, strike the words "inclusive, shall"

Strike lines 877 and 878 in their entirety.

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DEPUTY SPEAKER FRANKEL:

Will you remark further on this Bill as amended by Senates A, B, C and G. Will you remark further? Will you remark further, if not..

REP. VAN NORSTRAND: (141st)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

Mr. Speaker, I will sit down.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this Bill as amended by Senate A,B, C and G? If not, will the members please be seated?

REP. HOFMEISTER: (117th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. William Hofmeister.

REP. HOFMEISTER: (117th)

Mr. Speaker, I just would like to let the members know that the people in my community, the communities I represent are faced with increased property taxes this year. Some of them are going to average maybe, maybe 4 to 7% increase in his salary. With that 4 to 7%, we're going to throw them into another income bracket which means Uncle Sam is going to take a few more dollars from him.

I urge that we reject this package and thereby require that the Appropriations package come back to us and we have an opportunity to hold the spending within the taxes that can be generated by our existing tax systems. Thank you, Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this Bill?

REP. STOLBERG: (93rd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, the Bill as amended, as has been commented on the Floor, is not perfect. Indeed any tax package that increases taxes is not going to be perfect, but we have a responsibility to continue to provide services, to equalize education and to pay our state employees.

This is the package that by apparently at least one vote can pass this Chamber. For that reason alone, it must be passed.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this Bill as amended? Will you remark further?

REP. SERRANI: (144th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Serrani.

REP. SERRANI: (144th)

Mr. Speaker, I have an Amendment, LCO No. 3247. Would

the Clerk please call and I be allowed to summarize?

DEPUTY SPEAKER FRANKEL:

The Clerk has an Amendment, designated LCO No. 3247, hereinafter designated House Amendment Schedule "E". Would the Clerk please call.

CLERK:

LCO No. 3247, offered by Rep. Serrani of the 144th.

DEPUTY SPEAKER FRANKEL:

The gentleman seeks leave of the Chamber to summarize in lieu of Clerk's reading. Is there objection? Is there objection? There being none, please proceed with summarization.

REP. SERRANI: (144th)

Mr. Speaker, as I started my earlier comments, quoting my Senate Chairman, I will quote him once again, "the time has come, and if we're going to have 80,000 pound trucks on the road and we're going to apply ourselves to the federal formula, as indicated in the Governor's June 28, 1979 Executive Order, then the Amendment in the Senate, Amendment B, should reflect the federal formula." LCO No. 3247 strictly relates to the federal formula, 80,000 gross weight, lower axles weights, as required under the federal formula and the limitation of 80,000 pounds to the interstate system, and not local roads. I would urge that this Assembly pass this particular Amendment so that

the legislation we are coming out with will be sound, reasonable, and will apply directly to the federal formula, the true federal formula which is what's been bandied about in the opposition this afternoon.

DEPUTY SPEAKER FRANKEL:

Will you move adoption of House Amendment Schedule "E".

REP. SERRANI: (144th)

I'm sorry, I would move adoption, sir.

DEPUTY SPEAKER FRANKEL:

The question is on adoption of House Amendment Schedule "E". Will you remark? Will you remark on this Amendment?

REP. SHAYS: (147th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Christopher Shays.

REP. SHAYS: (147th)

Thank you, Mr. Speaker. Members of the House, here we go again. We feed off the system. We have roads that are in bad shape, getting worse, but we're going to make them worse and we'll have some other generation pay for them. We have a retirement system where we're paying cost of living out next year but we didn't put any money into it. So we're taking out a fund that has an unfunded liability of over a billion and a

half dollars. I would just like to read to you what the Commissioner of Transportation said about our roads. And first what he said about the roads in this book which you received. It was entitled "Highway Maintenance" and the question was, will the roadway system be allowed to deteriorate? You're answering that today by saying yes.

He goes on "one of the most serious transportation issues faced in the state of Connecticut during the 1980's is the maintenance and restoration of the existing highway system." He goes on in that book, "the Department's concern for the deterioration of the highway system cannot be expressed too strongly." Obviously that fell on deaf ears. The potential for a major catastrophe from a bridge failure increases daily. The failure of New York City's West Side Highway stands the classic example of deferred maintenance and restoration programs." He's talking about our roads.

Then listen to what he says, "unless the highway maintenance and restoration program is accelerated with increased appropriations, the system will continue to deteriorate to the point where a complete restoration program will be required at an estimated cost of one million per lane mile." If we resurfaced our roads it would cost us 90,000 per lane mile. To rebuild the roadway, it would cost us about a million dollars. We have

10,000 per lane miles of roads in this state and Rep. Serrani's at least inclined to wake you up to recognize that rather than 80,000 pounds going on our state highways, they're going to be allowed to go on every damn road in the state.

He then says "the deterioration of the highway system is a continuing and a cumulative problem. The first step in resolving this issue is to recognize the problem does exist and then the legislature must act through the allocation of monies to sufficiently fund the Department's maintenance programs over the next three to five years." Now I'd like to read to you what he said about 80,000 pound trucks.

And it was sent to Rep. Serrani and it was sent last year. This is Commissioner Powers in a memo to him, "heavier truck weights contribute to highway damage. This means that more scarce public funds will be sought for highway repair." Well he sought them and you didn't give them to him. "This would not only affect our deteriorating interstate highways but hundreds of miles of local roads and streets as well. Increased gross vehicle weights, 80,000 pounds, could be detrimental to the surface life of existing roads and not in the best interests of the local communities."

Rep. Kiner recommended about 3 million additional dollars in our capital construction account and that would have brought

in an additional 6 million in federal funds. We have in the budget next year the grand total of 27 miles of roads that will be resurfaced unless the Department of Transportation is able to find money from other accounts. 27 miles. If you could resurface a road every 16 years, and we have about 5,000 miles of two lane roads and about 1,600 of those are in such bad shape, they're the less traveled roads, they don't even bother to resurface those roads, they just put a liquid treatment over them every three years, that's acceptable. But on the more traveled state roads going in our local communities, I'm talking of state roads now, we have 1600 miles of well traveled state roads and 1,800 miles of express roads.

That's a total of 3,400 miles, the equivalent of two lane roads, state roads, that are well traveled on that need to be resurfaced. If you resurfaced them every 16 years, you'd have to do 212 miles of roads. Rep. Serrani has pointed out and no one has refuted him, what person has spoken in favor of this bill allowing more, heavier weights of trucks? Rep. Wright. He's the only one.

What other expert? Rep. Serrani has given you facts and figures and not one person has refuted it, not one. He says that you can't even do it every 16 miles and maintain the level of roads. So maybe now, rather than having to resurface the

roads 212 every year, we're going to have to be doing 400. What's it going to cut the life of the road in, by these heavier trucks?

I laugh because I think there were two things that I really felt was important this year. One was the fact that we were raising the retirement funds and Rep. Wright's response to that was to take out another half a million dollars. And then I laugh to think that the other area of interest that I was trying to alert this General Assembly to was the fact that we've got a billion dollar road system that is falling apart.

And what's our response? DOT came in and said at the bare minimum give me 5 million of general fund money that I can get matching funds of federal of 8.4, it will give me 13 million dollars DOT's saying, I'll do 154 miles of roads.

What's your response? Your response to them is that we'll resurface 27 miles of roads. It's pathetic.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this Amendment? Will you remark further? If not, all those in favor, please signify by saying aye.

REPRESENTATIVES:

Aye.

REP. SERRANI: (144th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Serrani.

REP. SERRANI: (144th)

I was in the process of getting your attention for a roll call.

DEPUTY SPEAKER FRANKEL:

Proceed sir.

REP. SERRANI: (144th)

I would request a roll call, sir.

DEPUTY SPEAKER FRANKEL:

The question is on a roll call vote. The gentleman indicates he was attempting to get the Chair's attention at the time he was about to call. All those in favor of a roll call vote, please indicate by saying aye.

REPRESENTATIVES:

AYE

DEPUTY SPEAKER FRANKEL:

In the opinion of the Chair, the requisite 20% having been met, a roll call vote will be ordered when appropriate. Will you remark further on this matter? Will you remark further? If not, will the members please take their seats, will the

staff and guests please return to the Well of the House. Will the members please take their seats. Will the staff and guests please return to the Well of the House.

The machine will be opened.

The House of Representatives is now voting by roll. Will the members please return to the Chamber. There is a roll call vote in progress in the Hall of the House. Will all of the members please return to the Chamber immediately.

Have all the members voted? Have all the members voted and is your vote properly cast?

If so, the machine will be locked. The Clerk will please take a tally.

Will the Clerk please announce the tally?

CLERK:

House Amendment Schedule "E" to Senate Bill 653.

Total number voting	141
Necessary for Adoption	71
Those voting Yea	65
Those voting Nay	76
Those absent and not Voting	10

DEPUTY SPEAKER FRANKEL:

House Amendment Schedule "E" fails.

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House Amendment Schedule "E"

Delete subsection (b) of section 22 and substitute the following in lieu thereof:

"(b) the axle weight of any axle and the gross weight of any vehicle or combination of vehicle and trailer or vehicle and semi-trailer or any other object, including its load, may not be exceeded by more than two per cent of the following: (1) A two-axle vehicle equipped with solid tires, a gross weight of twenty-six thousand pounds: (2) a two-axle vehicle equipped with pneumatic tires, a gross weight of thirty-two thousand pounds; (3) a two-axle vehicle equipped with solid or pneumatic tires the weight on any single axle not to exceed eighteen thousand pounds, a gross weight of thirty-six thousand pounds; (4) a three-axle vehicle equipped with pneumatic tires, the weight on any single axle not to exceed twenty-two thousand four hundred pounds or, in the case of axles spaced less than six fee apart, eighteen thousand pounds, gross vehicle weight of fifty-three thousand eight hundred pounds; (5) a three axlw combination of vehicle and trailer or vehicle and semi-trailer the weight on any single axle not to exceed twenty-two thousand four hundred pounds or, in the case of axles space less than six feet apart, eighteen thousand pounds, a gross vehicle weight of fifty-eight thousand four hundred pounds; (6) a four-or-more axle vehicle or combination of vehicle and trailer or vehicle and semi-trailer equipped with pneumatic tires, the weight on any single axle not to exceed twenty-two thousand four hundred pounds or, in the case of axles spaced less than six feet apart, eighteen thousand pounds, a gross vehicle weight of sixty-seven thousand four hundred pounds, (7) a four-or-more axle vehicle or combination of vehicle and trailer or vehicle and semi-trailer where the distance between the first and last axle is not less than twenty-eight feet, the weight on any single axle not to exceed twenty-two thousand four hundred pounds or in the case of axles spaced less than six feet apart, eighteen thousand pounds, a gross vehicle weight of seventy-three thousand pounds; provided in no event shall the gross vehicle weight plus two per cent exceed seventy-three thousand pounds; (8) NOTWITHSTANDING THE PROVISIONS OF THE SUBSECTION AND SUB-SECTION 9e) OF THIS SECTION, A VEHICLE OR SEMITRAILER EQUIPPED WITH PNEUMATIC TIRES MAY BE OPERATED ON ANY INTERSTATE HIGHWAY OR BRIDGE THEREON WITHOUT A WRITTEN PERMIT, PROVIDED THE WEIGHT

OF SUCH VEHICLE IS IN COMPLIANCE WITH THE FEDERAL-AID HIGHWAY AMENDMENTS OF 1974, 88 STAT. 2281, 23 USC 101 ET SEQ., INCLUDING THE GROSS VEHICLE WEIGHT LIMIT OF EIGHTY THOUSAND POUNDS, ALL ENFORCEMENT TOLERANCES AND THE FOLLOWING FEDERAL BRIDGE WEIGHT DISTRIBUTION FORMULA:

$$W = 500 \left(\frac{LN}{N-1} + 12N + 36 \right)$$

WHERE W = OVERALL GROSS WEIGHT ON ANY GROUP OF TWO OR MORE CONSECUTIVE AXLES TO THE NEAREST FIVE HUNDRED POUNDS, L = DISTRANCE IN FEET BETWEEN THE EXTREME OF ANY GROUP OF TWO OR MORE CONSECUTIVE AXLES, AND N = NUMBER OF AXLES IN GROUP UNDER CONSIDERATION, EXCEPT THAT TWO CONSECUTIVE SETS OF TANDEM AXLES MAY CARRY A GROSS LOAD OF THIRTY-FOUR THOUSAND POUNDS EACH, PROVIDED THE OVERALL DISTANCE BETWEEN THE FIRST AND LAST AXLES OF SUCH CONSECUTIVE SETS OF TANDEM AXLES IS THIRTY-SIX FEET OR MORE."

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DEPUTY SPEAKER FRANKEL:

Will you remark further on this Bill as amended?

REP. SERRANI: (144th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Serrani.

REP. SERRANI: (144th)

Mr. Speaker, I have a number of amendments that I was planning on introducing this afternoon. It's clear to me that the time has come, but I do have one more amendment that I will introduce and I will withdraw my other amendments and very quickly, Mr. Speaker, this is No. 3611, LCO Number and if the

Clerk would call I would be happy to summarize if that is acceptable.

DEPUTY SPEAKER FRANKEL:

The Clerk has in his possesssion, LCO No. 3611, hereinafter designated House Amendment Schedule "F". Would the Clerk please call only.

CLERK:

LCO 3611, offered by Rep. Serrani of the 144th.

DEPUTY SPEAKER FRANKEL:

The gentleman seeks leave of the Chamber to summarize in lieu of Clerk's reading. Is there objection to summarization in lieu of Clerk's reading? There being none, please proceed with summarization.

REP. SERRANI: (144th)

Through you, Mr. Speaker, this particular Amendment would require not -- to enable the Commissioner of Transportation to establish regulations with respect to the new higher weight, higher axle vehicles in the state of Connecticut. under the existing file copy we state that the Commissioner of Transportation may adopt regulations. This would require the Commissioner to establish regulations and would move the date of the implementation of this Act up after the implementation of those regulations so that we would provide safety not only to the truck drivers

themselves, but to the motoring public. I think this is an important Amendment and we could require the regulations under this. And I might also add that because the legislation says "any highway in the state of Connecticut" perhaps it would be good for us to know or to establish those regulations so we don't have 80,000 pound trucks on the Merritt Parkway.

That might be a good idea for us to require regulations. To do that. Otherwise, we may be jeopardizing our problems, or having problems on the Merritt Parkway with trucks that now will be allowed to utilize the Parkway.

DEPUTY SPEAKER FRANKEL:

Will you move adoption of the Amendment, Rep. Serrani?

REP. SERRANI: (144th)

I'm sorry sir, yes I would.

DEPUTY SPEAKER FRANKEL:

The question is on adoption of House Amendment Schedule "F". Will you remark further on this Amendment? Will you remark further? If not, all those in favor please signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER FRANKEL:

Those opposed, nay.

REPRESENTATIVES:

No.

DEPUTY SPEAKER FRANKEL:

The nays clearly have it. The Amendment fails.

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House Amendment Schedule "F"

Delete subsection (d) of section 22 and substitute the following:

"(k) The commissioner of transportation may adopt regulations (pursuant to) IN ACCORDANCE WITH chapter 54 of the general statutes necessary to implement the purposes of this act. ON OR BEFORE JANUARY 1, 1981, THE COMMISSIONER OF TRANSPORTATION, AFTER CONSULTATION WITH THE COMMISSIONER OF PUBLIC SAFETY AND THE COMMISSIONER OF MOTOR VEHICLES, SHALL ADOPT REGULATIONS IN ACCORDANCE WITH CHAPTER 54 OF THE GENERAL STATUTES DEFINING SAFETY STANDARDS AND INSPECTION PROCEDURES TO ASSURE COMPLIANCE WITH THE SAFETY REQUIREMENTS OF 10 CFR 71 AND 49 CFR 100 THROUGH 199 AND THE FINES FOR NONCOMPLIANCE. THE DEPARTMENT OF TRANSPORTATION SHALL COORDINATE DEVELOPMENT OF STATE POLICY AND REGULATIONS CONCERNING THE TRUCKING INDUSTRY. ON OR BEFORE JANUARY 1, 1981, SAID DEPARTMENT SHALL REPORT TO THE JOING STANDING COMMITTEES OF THE GENERAL ASSEMBLY HAVING COGNIZANCE OF TRANSPORTATION AND PUBLIC SAFETY ON THE IMPLEMENTATION OF THE LAWS REGARDING TRUCK WEIGHTS AND SAFETY STANDARDS."

Delete Sec. 30 in its entirety and insert a new Sec. 30 as follows:

"Sec. 39. This act shall take effect July 1, 1980, provided (1) sections 1 to 16, inclusive, shall be applicable, to calendar quarters commencing on or after July 1, 1980 and (2) sections 22 to 29, inclusive, shall take effect January 1, 1981."

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REP. MANNIX: (142nd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Mannix.

REP. MANNIX: (142nd)

Mr. Speaker, the Clerk has an Amendment, LCO 3511, may he call it and I would request permission to summarize.

DEPUTY SPEAKER FRANKEL:

The Clerk has in his possession, LCO No. 3511, designated House Amendment Schedule "G". Would the clerk please call only.

CLERK:

LCO No. 3511, offered by Rep. Mannix of the 142nd.

DEPUTY SPEAKER FRANKEL:

The gentleman seeks leave of the Chamber to summarize in lieu of Clerk's reading. Is there objection? Is there objection? If not, please proceed with summarization.

REP. MANNIX: (142nd)

Thank you, Mr. Speaker. Ladies and gentlemen of the House. This is a relatively simple Amendment, but it's an important Amendment. What it does is repeal the section that was passed in the Senate that dealt with the truck weights, the increase in the truck weights and the fees and, at the same

time, the second thing it does it would return the original Governor's concept of redistributing the share of the take from the exotic betting, except the figures are different and I would like to briefly go over the figures.

What it does, the present deposit that we take is 18%, the Governor in her original bill recommended 25, what this bill does is reduce it to 21, going from 18 to 21 and the way we distribute that, in other words, the bettor loses 3%, which is relatively minor. The dog track would lose 1% it would go from 10 to 9, the fronton would also lose a percent from 11.25 to 10.25, and the state would pick up nearly 4%. A small percentage of that would go to the municipalities to hold them harmless so that they wouldn't lose any money on this change of percentage.

The net result is an income revenue increase of 10 million dollars and Mr. Speaker, I move the Amendment.

DEPUTY SPEAKER FRANKEL:

The question is on adoption of House Amendment Schedule "G". Will you remark further?

REP. MANNIX: (142nd)

Ladies and gentlemen, and Mr. Speaker, a few moments ago Rep. Stolberg said that the revenue package is not perfect. Now the question is a matter of degree. I agree, very few things

in this life, if anything, are perfect. Now how imperfect are we going to permit this revenue package to go through here. I believe we have a bad package, not from the financial end, that's a different discussion. I'm talking about what we're doing.

It's a bad bill if we permit these overweight trucks to travel on our highways. I think our expert here, Rep. Serrani pointed this out and we didn't even what to perfect that with the last two Amendments.

I think that's very unfortunate. I think we have a better way of handling this situation and that is by this Amendment. I've explained it. It increases the revenue by 10 million dollars, there's still a shortfall of 2 million dollars which would have to be worked out. The 1.2 million dollars in the appropriations end would end up as a surplus. So the net loss would be 2 million dollars from balancing.

I feel that this is an excellent Amendment, I think it takes care of really the deficiences in the truck bill. There are just too many for us to accept it in this House this evening and substitutes that with something that I believe is reasonable and ought to be acceptable to the majority of the members of this House and this General Assembly and the Governor.

Inasmuch as the Governor originally had this concept in her package that was presented to the Finance Committee and the Appropriations Committee and, in effect, to the General Assembly back in February, I urge you to consider this carefully. I know many of you have commitments to the package, but bear in mind, this was in the Governor's original package, although we do have some changes.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this Amendment?

REP. STOLBERG: (93rd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, I would like to speak against the Amendment. I think we're reaching a point in the afternoon where the major test vote on this tax package has already passed and the remaining votes, while some of them might, in some of our opinions, improve the package, really are serving little purpose.

I think no vote will be as close as the one which we have already passed on the sales tax. I think there's some merit in what Rep. Mannix suggests. Indeed, so much merit that I can say that we will explore an increased revenue taken out

from Special Revenue. We have two bills, one on the Calendar, another one which has been J.F.'s from the Finance Committee, dealing with Sunday wagering. Talks are now taking place to see if perhaps that can be coupled with increased state revenue.

One of the real problems whether we go half way or all the way with the exotic betting bill that was produced by the Governor, was that there were serious questions that were not adequately answered for the Finance Committee. That is the reason that that element of the package did not come out of the Finance Committee and I presume, while not attempting ever to speak for the Senate, that is the reason that that element was not added in the Senate and they chose to add other elements. Elements that I do not very much favor, but I understand their reason for not going back to the original special revenue package.

I think we need a little more time to look at the Special Revenue question so we do not end up decreasing state revenues. If we can assure ourselves of that, I can assure Rep. Mannix there will be a bill on this matter, not only with the Sunday gambling, but with increased state take-out before us before the end of the session.

DEPUTY SPEAKER FRANKEL:

Will you remark further? Rep. Mannix.

REP. MANNIX: (142nd)

Mr. Speaker, at the appropriate time, may I ask for a roll call please?

DEPUTY SPEAKER FRANKEL:

The question is on a roll call vote. All those in favor please signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER FRANKEL:

In the opinion of the Chair, the requisite 20% has been met and at the appropriate time a roll call will be called for. Will you remark?

REP. MANNIX: (142nd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Mannix.

REP. MANNIX: (142nd)

Mr. Speaker, my good friend Irv Stolberg indicated that there was some questions, or a question about the concept of attempting to redistribute the take from exotic betting. I don't know what that question is. I'm sure some people would like to know, but I don't know if it's necessary to answer. The basic question in my mind is what's right and what's best

for the people of the state of Connecticut. Not what's good for the trucking industry, not what's good for the gambling industry, it's what's good for the majority of the people in the state of Connecticut. And I think that ample evidence has been presented on the Floor, and undoubtedly, although I don't know it, I assume, in the Committee.

And of course our Governor feels that what we should have done was go with this kind of package. Basically what I'm doing is actually reducing, reducing the loss to the bettors while distributing the burden to the industry and to the bettors. This is a good Amendment. I think you ought to consider it carefully and vote favorably.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this Amendment? Will you remark further:

REP. HOFMEISTER: (117th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. William Hofmeister.

REP. HOFMEISTER: (117th)

Mr. Speaker, a question through you to the Chairman of the Finance Committee, if I may?

DEPUTY SPEAKER FRANKEL:

Please frame your question.

REP. HOFMEISTER: (117th)

Mr. Stolberg, can you tell me what happened in New Hampshire when the take out was increased?

DEPUTY SPEAKER FRANKEL:

Would you care to respond, sir?

REP STOLBERG: (93rd)

Through you, Mr. Speaker, a gentleman from the state of New Hampshire did speak to our caucus, indicated his feeling based on the New Hampshire experience, I don't have the exact figures from New Hampshire, that an increased take out in exotic betting would have an extremely adverse affect on the industry and therefore on state revenues derived from the industry.

I might add, in response to your question, there is not an exact parallel, indeed there are significant differences between the structure in New Hampshire and the betting public in New Hampshire and that in Connecticut.

DEPUTY SPEAKER FRANKEL:

Rep. Hofmeister, you have the Floor.

REP. HOFMEISTER: (117th)

Thank you, Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this Amendment?

REP. BARNES: (21st)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Barnes.

REP. BARNES: (21st)

I'd just like to rise and say briefly that I support this Amendment. If by chance the tax that we just passed on oil were to go through and if the oil companies were not to enjoin the performance of it so that monies were to come in, it would seem to me, it has been reported that there has been a pass on into the fuel oil account for people with buying home fuel oil. If that's the case, it seems to me that possibly the 10 million dollars raised in this tax would be necessary to provide for home oil fuel assistance for those unable to pay for the increase that will be passed on to them.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this Amendment? Will you remark further? If not, will the members please take their seats. Would the staff and guests please return to the Well of the House. Will the members please take their seats? Will the staff please return to the Well of the House. The machine

will be opened.

The House of Representatives is now voting by roll, would the members please return to the Chamber. There is a roll call vote in progress in the Hall of the House, would the members please return to the Chamber.

Have all the members voted? Have all the members voted and is your vote properly cast? If so, the machine will be locked. The Clerk will please take a tally.

Will the House please come to order. Will the House please come to order. The voting machine is now functioning as the members may already have ascertained. I've instructed the Clerk to take down the ayes and the nays from the voting board and to place them on the voting tabulation sheet.

I would invite, as was the custom previously, Representatives from both sides of the aisle to come down to the Clerk's bench to verify the vote.

Clerk please announce the tally.

CLERK:

House Amendment Schedule "G" to Senate Bill 653.

Total number voting:	141
Necessary for adoption:	71
Those voting Yea	55
Those voting Nay	86
Those absent and not voting	10

DEPUTY SPEAKER FRANKEL:

House Amendment "G" fails.

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House Amendment Schedule "G"

Strike out sections 22 to 26, inclusive, and sections 29 and 30 in their entirety, renumber the remaining sections accordingly and insert the following in lieu thereof:

"Sec. 24. Section 12-575 of the general statutes, as amended by section 27 of public act 79-404 is repealed and the following is substituted in lieu thereof:

(a) The board may permit at racing events or exhibitions of the game of jai alai licensed under the provisions of this chapter, betting under a parimutuel system, so called, including standrd of WIN-PLACE-SHOW pari-mutuel BETTING, dail double, exacta, guinella, trifecta and superfecta betting, and such other forms of multiple betting as the board may determine.

(b) The pari-mutueal system, so call, shall not be used or permitted at any location other than the ract rack at which the racing event is licensed to be conducted or the fronton at which the game of jai alai is licensed to be played or at an off-track betting facility conducted by the division. No licensee shall knowingly permit a minor to be a patron of the pari-mutuel system.

(c) Each licensee conducting horse racing events under the pari-mutuel system shall distribute all sums deposited in any pari-mutuel program to the holders of winning tickets therein, less seventee per cent of the total deposits plus the breakage to the dime of the amount so retained. Each licensee conducting dog racing and jai alai events shall distribute all sums deposited in any STANDARD or WIN-PLACE-SHOW pari-mutuel (program) POOL to the holders of winning tickets therein, less eighteen per cent of the total deposits plus the breakage to the dime of the amount so retained. EACH LICENSEE CONDUCTING DOG RACING AND JAI ALAI EVENTS SHALL DISTRIBUTE ALL SUMS DEPOSITED IN ANY DAILY DOUBLE, EXACTA, QUINELLA, TRIFECTA, SUPERFECTA OR OTHER MULTIPLE BETTING PARI-MUTUEL POOL TO THE HOLDERS OF WINNING

TICKETS THEREIN, LESS TWENTY-ONE PER CENT OF THE TOTAL DEPOSITS PLUS THE BREAKAGE TO THE DIME OF THE AMOUNT SO RETAINED.

(d) Each licensee conducting horse racing events under the pari-mutuel system shall pay to the state, and there is hereby imposed: (1) a tax on the total money wagered in the pari-mutuel pool on each and every day the licensee conducts racing events, pursuant to the following schedule:

Total Wagered	Tax
1 to $100,001	3.25% on entire pool
$100,001 to $200,001	3.75% on the entire pool
$200,001 to $300,001	4.25% on the entire pool
$300,001 to $400,001	4.75% on the entire pool
$400,001 to $500,001	5.25% on the entire pool
$500,001 to $600,001	5.75% on the entire pool
$600,001 to $700,001	6.25% on the entire pool
$700,001 to $800,001	6.75% on the entire pool
$800,001 to $900,001	7.25% on the entire pool
$900,001 to $1,000,001	7.75% on the entire pool
$1,000,001 and over	8.75% on the entire pool

and (2) a tax equal to one-half of the breakage to the dime resulting from such wagering. The executive director, with the advice and consent of the board, shall by regulation designate the percentage of the difference, between the seventeen per cent specified in subsection (c) and the tax specified in this subsection which shall be allocated as prize or purse money for the horses racing at each facility.

(e) Each licensee conducting dog racing events under the pari-mutueal system shall pay to the state, and there is hereby imposed: (1) a tax at the rate of eight per cent on the total money wagered in the (pari-mutuel pool) STNADARD OR WIN-PLACE-SHOW PARI-MUTEUL POOL AND A TAX AT THE RATE OF TWELVE PER CENT ON THE TOTAL MONEY WAGERED IN ANY DAILY DOUBLE, EXACTA, QUINELLA, TRIFECTA, SUPERFECTA OR OTHER MULTIPLE BETTING PARI-MUTUEL POOL ON each and every day the licensee conducts racing events and (2) a tax equal to one-half of the breakage to the dime resulting from such wagering.

(f) Each licensee operating a fronton at which the game of jai alai is licensed to be played under the pari-mutuel system shall pay to the state and there is hereby imposed:(1)

A tax at the rate of six and three-quarters per cent on the total money wagered (on such games) IN THE STANDARD OR WIN-PLACE-SHOW PARI-MUTUEL POOL AND A TAX AT THE RATE OF TEN AND THREE-QUARTERS PER CENT ON THE TOTAL MONEY WAGERED IN THE EXACTA, QUINELLA, TRIFECTA OR OTHER MULTIPLE BETTING PARI-MUTUEL POOL ON EACH AND EVERY DAY THE LICENSEE CONDUCTS SUCH JAI ALAI GAMES AND (2) a tax equal to one-half of the breakage to the dime resulting from such wagering.

(g) The executive director shall assess and collect the taxes imposed by this chapter under such regulations as, with the advice and consent of the board, he may prescribed. All taxes hereby imposed shall be due and payable by the close of the next banking day after each day's racing or jai alia exhibition, and any tax not paid upon demand of the executive director shall bear interest at the rate of six per cent per annum from the time of such demand. Failure to pay any such tax upon demand shall be cause for revocation of license.

(h) The executive director shall devise a system of accounting and shall supervise betting at such track or fronton in such manner that the rights of the state are protected and shall collect all fees and licenses under such regulations as, with the advice and consent of the board, he shall prescribe.

(i) The amount of unclaimed moneys, as determined by the executive director, held by any licensee, on account of outstanding and uncashed winning tickets shall, at the expiration of one year after the close of the meeting during which such tickets were issued, be collected forthweith from the licensee by the executive director and shall be paid over to the treasurer for the use of the state.

(j) The executive director may authorize deputies and the commissioner of revenue services or his agents are authorized to enter upon the premises at any racing event or jai alai exhibition for the purpose of inspecting books and records, supervising and examining cashiers, ticket sellers, pool sellers and other persons handling money at said event and such other supervision as may be necessary for the maintenance of order at such event.

(k) The executive director shall, on or before the tenth day of each month, prepare and file with the treasurer a full and complete statement of the divisions' receipts from all sources and shall turn over to the treasurer all moneys in the division's possession.

(i) The executive director shall pay each municipality in which a horse race track is located, one-quarter of one per cent of the total money wagered on horse racing events at such race track, except the executive director shall pay each such municipality having a population in excess of fifty thousand one per cent of the total money wagered at such horse racing events in such municipality. The executive director shall pay each municipality in which a jai alai fronton or dog race track is located (one-half) FIVE HUNDRED TWENTY-FIVE THOUSANDTHS of one per cent of the total money wagered on jai alai games or dog racing events at such fronton or dog race track, except the executive director shall pay each such municipality having a population in excess of fifty thousand one AND FIVE HUNDREDTHS per cent of the total money wagered on jai alai games at frontons located in such municipality. Payment shall be made not less than four times a year and not more than twelve times a year as determined by the executive director, and shall be made from the tax imposed pursuant to subsection (d) of this section for horse racing, subsection (e) of this section for dog racing and subsection (f) of this section for jai alai games.

Sec. 25. This act shall take effect July 1, 1980, provided sections 1 to 16, inclusive, shall be applicable to calendar quarters commencing on or after July 1, 1980."

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DEPUTY SPEAKER FRANKEL:

Will you remark further on this bill as amended by Senate "A", "B", "C" and "G"? Will you remark further?

REP. VAN NORSTRAND: (141st)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. VanNorstrand.

REP. VAN NORSTRAND: (141st)

Mr. Speaker, I've seen people stand behind their product, but this is ridiculous. If I can catch Rep. Wright's attention, I hope the first priority he has in the next budget is a new voting machine because we desperately need it. (Applause)

Mr. Speaker, I don't want to draw this out. We've been through a couple of long days here. We've seen a $74 million hit list become a $252 million increase in spending. We've seen taxes today proposed that I think are grossly overstated in terms of revenues they will produce.

We've seen another tax which I don't think we'll ever collect, and, you know, at a moment like this I can only say that there is not much you can say. I'm reminded of a couple of months ago when I shared my thought that after all these years of living off surplus that Governor Ella Grasso's chickens had come home to roost.

Well, I want to tell you, Mr. Speaker, I think it's been

plucked just about clean, and it's in extremely poor health.

That's all I've got to say.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this Bill?

Will you remark further on this bill as amended by Senate "A", "B", "C" and "G"?

If not, will the members please be seated. Will the staff and guests please come to the Well of the House.

Will the members please be seated. Will the staff and guests please come to the well of the House.

The machine will be opened.

The House of Representatives is now voting by roll. Would the members please return to the Chamber.

There is a roll call vote in progress in the Hall of the House. Would the members please return to the Chamber immediately.

Have all the members voted?

Have all the members voted? And is your vote properly cast?

Will the members please check the voting board to determine if their vote is properly cast?

If so, the machine will be locked and the Clerk will please take a tally.

Will the House please come to order.

As was indicated previously, the roll voting machine is malfunctioning.

I would invite members of both sides of the aisle to come down and inspect the tally sheets to determine if they have been properly recorded through a copy from the roll call boards.

Would the Clerk please announce the tally.

CLERK:

Senate Bill No. 653, with Senate Amendment Schedules "A", "B", "C" and "G".

Total number voting	141
Necessary for passage	71
Those voting yea	75
Those voting nay	66
Those absent and not voting	10

DEPUTY SPEAKER FRANKEL:

The bill as amended passes.

REP. GROPPO: (63rd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Groppo.

S-159

CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
1980

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scheduled for the Agenda which is on Page 31 of the Calendar.

SENATOR LIEBERMAN:

Fine. I would ask that the Clerk go to the Calendar and I move that all items that are double starred be marked Pass Retaining today except for the one item which is the Revenue Bill that the Clerk will call at this time.

THE PRESIDENT:

You have heard the motion to Pass Retain all double-starred items. Discussion on the motion? Hearing none, those in favor indicate by saying Aye. Those in opposition to. ALL DOUBLE-STARRED ITEMS ARE PASSED, RETAINING their place on the Calendar other than the item the Clerk is about to call. Mr. Clerk.

THE CLERK:

The Clerk will call your attention to Page 31 of the Calendar, Cal. 367, File 477. Substitute for Senate Bill 653. AN ACT CONCERNING STATE REVENUE FOR THE FISCAL YEAR COMMENCING JULY 1, 1980. Favorable report of the Committee on Finance, Revenue and Bonding. And the Clerk has some amendments.

THE PRESIDENT:

Senator Beck.

SENATOR BECK: (29th)

Mr. President, may I have Amendment Schedule A, LCO 3444.

THE PRESIDENT:

We are moving for acceptance of and passage of the item. Will the Clerk please call Senate Amendment Schedule A, please.

THE CLERK:

The Clerk has Senate Amendment Schedule A, LCO 3444, submitted by Senator Beck, Senators Fauliso, Lieberman, Bozzuto and Morano.

THE PRESIDENT:

Senator Beck.

SENATOR BECK:

Mr. President, this amendment, which has bipartisan sponsorship, would delete from the proposed revenue package before us today, the tax on the receipts of unincorporated businesses. I would point out that, on the one hand, such unincorporated businesses at this point in time are not taxed as are the corporations because they are unincorporated. Therefore, this tax would have provided more equitable treatment of the entire business community.

Secondly, this piece of legislation had been generous in exempting two hundred fifty thousand dollars, or a quarter of a million dollars, from the gross receipts and in effect treated all of that money for any company as a kind of overhead factor.

On the other hand, Mr. President, the difficulty with the unincorporated business tax at this point of time is, first,

that it would be taxing gross and not a net receipt concept and, therefore, could not as finely defined and find the actual cost deductions for each business as a tax really ought to do. And, therefore, Mr. President, we are not in a position to be certain that there may not be some unincorporated businesses who might have an overhead even higher than two hundred fifty thousand who might become subject to this tax. In addition to this, at this point in time, we do not feel that this tax should be levied on the business community smaller by and large than those corporations in a period of considerable economic uncertainty, and therefore, although I personally would like to say the efforts and the intentions of the Finance Committee were very thoughtful and even creative, nevertheless, we, cosponsors of this legislation, would ask that the Senate not support the tax on unincorporated business receipts, and, in fact, vote yes for the amendment deleting this item.

THE PRESIDENT:

Will you remark further on Senate A. Senator Morano.

SENATOR MORANO: (36th)

Mr. President, I want to make it very clear that I am not a lawyer; in fact, I am not even an unincorporated businessman. So much for supposed conflict of interest.

However, I am glad to see that the other side has seen the light and has adopted, what I believe to be, all the thoughts that we were going to express today and point out to the chamber

and the people of Connecticut that this was a bad tax, as I believe some of the others are. So I am glad to see that the Chairman of the, co-chairman of the Finance Committee has seen, in her wisdome, to withdraw this tax and I hope that we will continue for the rest of the day to point out to the members of this chamber that the other taxes are also inequitable.

THE PRESIDENT:

Will you remark further on the adoption of Senate A. Senator Lieberman.

SENATOR LIEBERMAN: (10th)

Mr. President, I rise to support the amendment and may I first say to my distinguished friend from the 36th that I hope he will not grow over confident as he considers the prospect for adoption of this amendment and understand for the record that the Senate Democratic Caucus, from the beginning of the discussion of this tax, has opposed it, and in the process of give and take that is part of this legislative process, I am pleased that we are now going to join to eliminate the tax from the tax package and to replace it with proposals that, I think, are much fairer and more acceptable.

Very briefly stated, this is, ah, I am a lawyer may I say, and may I say that, for the record, I had heard some indication that people felt that perhaps some of the senators were opposed to this bill because they were lawyers. I went back to my law partner, and noting the two hundred and fifty

thousand dollar threshold in this tax, he said, "Joe, we should only have such problems." The truth is that most unincorporated law firms gross less than the cutoff number in this proposal. Most larger firms are incorporated. Therefore, would not pay the tax. And I would expect that if the tax did pass, all the firms that fell in between would rapidly incorporate, and therefore, lawyers would not pay this tax. This tax would fall most heavily on small family operated businesses which very often in this state are unincorporated. They are either merchants or they are small manufacturers. They are particularly businesses that do a high volume but not necessarily a high profit. Wholesalers of all kinds would be devastated by this tax because they are selling products that are high priced but on a small margin. Grocery stores are another business with a high volume but a one or a two percent profit range. I was interested to notice a statement public yesterday and this morning by farmers who felt that because of their gross revenues and because of the fact that they are very often unincorporated, they would be victims of this tax. It would be destructive to so much that we have tried to do to improve the business climate of our state. It is in point of fact the worse kind of income tax because it is a tax on gross revenues without regard to the cost of doing business are the resulting actual profit.

Mr. President, I enthusiastically support this amendment and thank Senator Beck for putting it forward.

THE PRESIDENT:

Will you remark further on the adoption of Senate A. Hearing no further remarks, those in favor indicate by saying Aye. Those in opposition to. SENATE A IS ADOPTED.

THE CLERK:

The Clerk has Senate Amendment Schedule B. LCO 3354, submitted by Senator Beck. Copies have been distributed.

THE PRESIDENT:

Senator Beck.

SENATOR BECK: (29th)

Mr. President, there are two elements in Amendment B and if I may ask the Clerk to defer reading the entire text, I will summarize by pointing out that we are providing for two major new sources of revenue which will amount to slightly over twenty million dollars between them.

The first portion deals with the question of taxation of truckers and attempts to bring into our revenue base those truckers who are presently exempt from a variety of fees and taxes. We would combine a wheelbase, that is the distance between the axles restriction on trucks with a continuation of the eighty thousand gross vehicle weight limit which had been established as an energy conservation measure under the Governor's Energy Emergency Executive Order of June of 1979. The wheelbase restrictions provided for in this amendment improve the weight distribution and generally reduce the amount

of weight carried by each axle, a very important safety provision of this legislation.

Secondly, this amendment establishes for the first time a truck equipment safety inspection program and doubles the Department of Transportation and State Police enforcement effort.

Thirdly, this reforms the state's truck weight law and provides a source of new revenue before the Federal Government mandates an eighty-thousand pound gross vehicle limit. The U. S. Senate, you may recall, recently passed by a large majority a bill which requires states to adopt an eighty thousand pound limit or run the risk of losing federal funds for highway construction and repair. This moves beyond that and moves beyond waiting for the House of Representatives to do it.

In addition, this amendment continues the energy conservation and anti-inflationary efforts of the Governor's Energy Emergency Executive Order because with the higher gross weight limits shippers now require only seven trips to carry what in the past required eight trips. And as a result, for example, for those members interested in conservation, since only June 1979, we have already seen a savings of approximately two point three (2.3) million gallons of fuel which have been saved. The savings to shippers derived from the reduced number of trips have generally been passed on to consumers and the shipping rate increases have been held

below the level of inflation since the implementation of the Executive Order.

I would point out to my colleagues that in addition to the basic provision for registration fees for those vehicles in weight up to eighty thousand pounds that we will require registration fee of a dollar ten per hundredweight, that in addition to those vehicles, we will require cab card fees of trucks with three axles or more and those vehicles now register with the Department of Revenue Services for the motor carrier road tax and pay at present a three dollar fee. So this raises, by two dollars, that fee. In addition, we would levy a card cab fee on those vehicles of two axles, now not subject to the fee; however, an eighteen thousand pound minimum, and it is important to be aware of that because we will not require cab card fees of very small truck vehicles. The ratio, incidentally, of two-axle trucks to those of three axles is approximately two to one, so we are substantially increasing our revenue base by this provision.

In addition, Mr. President, because we will be very carefully enforcing the law, we will have overweight permit fees which we estimate will provide about one hundred seventy-five thousand additional dollars; and finally, the most important revenue provision of this tax, this would provide for, subject to the motor carrier road tax. This being that those trucks which are not now subject to that legislation

would provide to the state a tax equal to a pro rated share of the gasoline they burn in Connecticut whether or not they purchase that gasoline in the state and we expect to see as a result of this more purchases of gasoline in Connecticut to assist retail salesmen, but at the same time, more revenue to Connecticut because, in fact, the transition between Massachusetts and Connecticut, Rhode Island and Connecticut would be more evenly distributed. Our estimate, repeating, would be on the order of ten million dollars, and in addition to this, we will have provision for biennial motor vehicle registration. This proposal worked out in cooperation with the Appropriations Committee, which has sought every possible means of saving money, this provision will bring to the state a revenue estimated at something over ten million dollars in the next fiscal year, and there would then only have to be biennial payment of the registration fees, saving Connecticut consumers the annual trip or the annual mailing to the Motor Vehicle Department.

Mr. President, this proposal, in part, replaces the funds which would have been provided by the unincorporated, ah, by the tax on unincorporated businesses, and I recommend to my colleagues that we adopt this amendment.

THE PRESIDENT:

Will you remark further on the adoption of Senate

Amendment Schedule B. Senator Owens.

SENATOR OWENS: (22nd)

Yes. Mr. President, I rise to support the amendment and I want to commend Senator Beck for her very thoughtful way she prepared this bill and the way she set it forth in the amendment. This is a bill, this is an issue that has faced the General Assembly for some, at least, four years since I have co-chaired the Committee on Transportation. There has been a lot of pros and cons on it, but, I think, it is a bill that its time has come. And Senator Beck has aptly, under these circumstances, tied this increase to an increase in revenues to the sum of some ten million dollars which I think is a credit to her and to the committee because we have solved two problems with this.

I would point out, Mr. President, that in this country some forty-two states do have eighty thousand pound truck weights in effect and there are only, as can be seen, a few states that do not permit the federally approved limit. The increase in the seven thousand pounds will permit full utilization of present equipment. And I do think that it is conceivable that there will be some saving to the consumer of the State of Connecticut because if you can put more products onto a truck, then, I assume, that it should cost less for shipping so that there should be some impact, favorable impact, on our consumers in this state.

Again, it will increase, this increase will permit motor

carriers to slow escalating shipping costs. They will promote fuel conservation. It is something that has worked well with the Governor's order and the special remedies and the special emergency that she enacted some time ago, and it has worked out very, very successfully.

Again, I want to thank the committee on Finance for the amendment and the way that it tied this in as part of the tax package. The committee has done an excellent job and, Audrey, I just hope that next year you can do something with my emissions bill and I won't have any problems. Thank you.

THE PRESIDENT:

Will you remark further. Senator Morano.

SENATOR MORANO: (36th)

Mr. President, I rise to oppose the amendment and I rise to oppose the amendment for several reasons. Number one, in the twenty years that I have been up here, we have always had a truck weight bill increasing weights in trucks. And for nineteen years, we have defeated this measure. And the reasons that we have are many. One is the safety factor. Two, the damage that will be done to our roads. Three, the designs of our roads in lower Fairfield County with perhaps some thirty-nine exits from Bridgeport to Greenwich - all these factors taken into account. The fact that it is one of the few states that does not have a truck speed law lower than the passenger car rate of speed makes me wonder, are we

going to create havoc from the safety standpoint.

Senator Beck indicated to us that this bill would raise ten million dollars. As I read section 42, it indicates to me that we are going to take in ten million dollars in one year, yet we are talking about two years. That means that there will be a gap in the second year, Senator Beck. Through you, Mr. President, a question to Senator Beck.

THE PRESIDENT:

Senator Beck, if you care to respond.

SENATOR BECK:

Mr. President, we would expect that there would be sufficient growth in the revenue base to permit alternate year collection of these monies.

THE PRESIDENT:

Senator Morano, you have the floor.

SENATOR MORANO:

Mr. President, through you, am I to understand, Senator Beck, that there will be a gap the second year, that there is not money provided for the second year, question one. Question two, are we hoping that we are going to have money in the second year?

THE PRESIDENT:

Senator Beck, if you care to respond.

SENATOR BECK:

Mr. President, through you to Senator Morano, this provides for biennial collection of this revenue. Therefore, it will not be collected in the succeeding year. At the same time, we anticipate a strengthening of the Connecticut economy and a growth in the revenue base.

THE PRESIDENT:

Senator Morano, you still have the floor.

SENATOR MORANO:

Mr. President, I hope that Senator Beck is right. All the economists seem to indicate that we are going to have a recession and to hear her say that we expect Connecticut to have some prosperity next year, I hope she is right, but I don't think she will be.

My other question deals with Section, ah, Subsection (f) of Section 36 of the amendment, line 116, and through you, Mr. President, I would like to know if there is a fiscal note with this amendment.

THE PRESIDENT:

Senator Morano, you have the floor. Are you posing a question to Senator Beck?

SENATOR MORANO:

To Senator Beck, yes.

THE PRESIDENT:

Senator Beck, if you care to respond.

SENATOR BECK:

Mr. President, through you, I want to be certain that

I am responding to the correct reference. Senator Morano, 116 - any person who violates any provision of this section, et cetera, et cetera.

SENATOR MORANO:

I am sorry, Senator Beck. Mr. President, I withdraw that question. I will ask the following question, through you to Senator Beck. The subsection (f) of Section 36 of the amendment, line 130 I believe, deals with fines. Has this amendment been before the Judiciary Committee?

SENATOR BECK:

Mr. President, as a revenue measure, this has not been brought before the Judiciary Committee to my knowledge. The Finance Committee usually passes on the final item and this is part of this amendment to the Finance package.

THE PRESIDENT:

Senator Morano, you still have the floor.

SENATOR MORANO:

Mr. President, I believe that if this amendment deals with fines, it has always been, in my memory, proper that any bills dealing with fines be sent to the Judiciary Committee and I feel today that perhaps we are circumventing precedence that has existed in the past; and for that reason, I would make the motion, at this time, Mr. President, that this go before the Judiciary Committee and have them report to us, in their wisdom, if they approve of such a measure.

THE PRESIDENT:

Senator Morano has made a motion that this amendment be referred to the Committee on Judiciary. That is a debatable motion, but it is a proper motion that is before the chamber. Will you remark further on the motion to Refer to Judiciary. Senator Lieberman.

SENATOR LIEBERMAN: (10th)

Mr. President, I would simply rise to oppose the motion and ask that when the vote is taken it be taken by roll call.

THE PRESIDENT:

Will you remark further on the motion to refer. Senator Bozzuto.

SENATOR BOZZUTO: (32nd)

Mr. President, I think Senator Morano has made it very clear that the precedent has been established, that those matters dealing with fines are the proper prerogative of the Judiciary Committee. I would ask the Chair to rule in this particular instance if this matter is, indeed, properly before this chamber.

THE PRESIDENT:

You are calling for a ruling from the Chair on a point of order raised by you, Senator?

SENATOR BOZZUTO:

Yes, that's correct.

THE PRESIDENT:

Senator, the Chair has anticipated this particular point of order in advance and it is the Chair's opinion, because it is an amendment. An amendment is properly before the chamber at any time, as long as it is germane to the subjectmatter being discussed. And this certainly is germane to the overall tax package. Consequently, it is the Chair's opinion that Senate Amendment Schedule B is properly before the Chamber at this time.

A motion is still on the floor by Senator Morano to refer to the Committee on Judiciary. Will you remark further on that motion. Hearing no further remarks, a roll call has been asked for. Announce an immediate roll call in the Senate, Mr. Clerk, please.

THE CLERK:

an immediate roll call has been called for in the Senate. Will all senators please take their seats. An immediate roll call has been called for in the Senate. Will all senators please be seated.

THE PRESIDENT:

The question before the chamber is to refer Senate Amendment Schedule B to the Committee on Judiciary, made by Senator Morano. If you want to refer, you vote Yea. If you do not, you note Nay. Senator Morano, you want to make another statement prior to the vote?

SENATOR MORANO:

Yes, Mr. President. Speaking for the second time, I do not feel that I want to appeal the ruling of the Chair, but I would like to point out that there are fines in this amendment. Perhaps these fines are just, perhaps they should be more. I am not objecting to that, but I am objecting to the manner in which they are brought before us since it has been precedent in the past that we refer any fines or penalties to the Judiciary Committee. This is an important piece of legislation. This is a piece of legislation that I have opposed for many years, yet I am willing to accept that this amendment is before us properly, yet I do not feel that we should make a decision. I think we have a Judiciary Committee that deals with this, with fines and penalties in every piece of legislation we pass in this chamber and for that reason, I would ask that the members of this chamber support my motion.

THE PRESIDENT:

Will you remark further prior to voting. Senator Cunningham.

SENATOR CUNNINGHAM: (27th)

Mr. President, I believe that Senator Morano is right and that it should go to the Judiciary Committee. I believe that if we do send it to the Judiciary Committee, perhaps then we could amend our joint rules so that the Judiciary Committee can then meet on it; and I am sure that if this is sent to the

Judiciary Committee, we can have such an amendment or suspension of our rules so that the Judiciary Committee can meet on this, which I think is a proper way of handling this. It will not delay legislation, but I believe we should properly follow our rules. Thank you, Mr. President.

THE PRESIDENT:

You are welcome Senator. Will you remark further. Senator Beck.

SENATOR BECK:

Mr. President, in addition to your v-ery sound ruling, I would point out that these are civil fines and that these go into the General Fund and that they are part of the revenue package. And I would ask my colleagues to vote No on referral.

THE PRESIDENT:

Will you remark further. Hearing no further remarks, the machine is open. Have all senators voted? The machine is closed. The Clerk will take a tally.

The vote is 10 Yea - 25 Nay. THE MOTION FAILS.

THE PRESIDENT:

Senator Prete.

SENATOR PRETE: (14th)

Mr. President, speaking on the bill

THE PRESIDENT:

On the amendment. The amendment is before us, Senate B.

SENATOR PRETE:

Speaking on the amendment and in favor of the adoption of this amendment, I think that it is unfortunate that it should come up in the light of a matter for raising taxes for the State of Connecticut. It came up twice before the Energy and Public Utilities Committee. It was acted upon favorably in the light of the enormous amount of fuel that it will save for the industry in the State of Connecticut. I think that's the essential point. It has been battled before this House and before the House of Representatives many times. Other states, in fact, thirty-five of the fifty states allow eighty thousand pounds of truck weight as a matter of pure efficiency. One of the few bottlenecks in the northeast is the State of Connecticut. We have the absurd situation of truckers having to arrive to the border of the State of Connecticut, unload cargo, pass through Connecticut to Rhode Island and load cargo back on again. This does not make sense. In addition to the ten million which this bill will raise for the State of Connecticut, there are untold millions of dollars that will be saved for, indirectly for, the consumers of this state in savings in transportation costs. This is excellent legislation. It's about time we did it and I urge the adoption of this amendment.

THE PRESIDENT:

Will you remark further on the amendment. Senator Ballen.

SENATOR BALLEN: (28th)

Thank you, Mr. President. I rise in opposition to the amendment. This bill has been before us many times in the past and each time it has come before us, it has come before us through the proper channels. It had been debated and discussed in the Transportation Committee and it had been reported out favorably and it had come to the floor either in the House or the Senate and it had been defeated. To bring it in this way, through the back door, so to speak, I think is highly improper and irregular. I think we have not given it a proper public hearing. Basically, this is a time, when during the past year or two all we have heard about is the deplorable condition of the Connecticut highways and what bad shape the roads in this state have been in, and now we are going to do something to compound that problem many, many times by raising the weight of trucks that are allowed to traverse the Connecticut highways. I would maintain, Mr. President, that we are being shortsighted and we are not acting in a responsible manner. We are going to cause more damage and have to spend more money on Connecticut roads and highways than this bill will ever produce in revenue. I think we are being forced to vote upon a bill at this particular time without having any opportunity to do any background

research or investigation, without having the benefit of committee hearings, committee recommendations. It is coming to the floor, up until a few hours ago, I don't think anybody or a very many people in this chamber, had even anticipated a bill such as this would be presented. I think it is foolhardy and irresponsible to vote on this amendment at this time and I would sincerely urge each member of this chamber to vote against this amendment. Thank you, sir.

THE PRESIDENT:

You are welcome, Senator. Will you remark further? Senator Matthews.

SENATOR MATTHEWS: (26th)

Thank you, Mr. President. I would like to ask the members of the circle whom they believe will be paying the total monies that this tax is going to supposedly to good to our state. You are going to tax the trucking industries in the state in the manner in which it has been presented. Whom do you think they are going to charge in order to regain the money which you are taxing? If you don't know, it is going to be the consumer. The consumer does not want to be taxed any more. The consumer has spoken over and over in recent months and in recent years. All you are doing, in my estimation is transferring a tax which you think sounds good over to the consumer. Whether it be through this kind of a

method or any other kind, the consumer and the taxpayer are the ones who are going to be the recepient of this wonderful gift that you aregiving to the state. I regret very strongly that we are including the eighty thousand pound trucking industry and the other taxing purposes that you provide in here for the smaller trucks onto the burdens that the consumers already have. But don't forget, that is the end result of what you are doing. The consumer is going to bear the full burden of this tax. Thank you, Mr. President.

THE PRESIDENT:

Will you remark further. Senator Beck.

SENATOR BECK:

Mr. President, I would point out that many of the trucks driving in our state go through our state and their products are sold around the country so that this will not fall on Connecticut consumers anywhere near in its entirety, and, secondly, the rates of the trucking industry are regulated by the Interstate Commerce Commission. So the locus of the tax burden is far more complex and far more vague to even begin to pick out but there is no question that the full impact will not be on Connecticut consumers.

THE PRESIDENT:

Will you remark further on Senate B. Senator Morano, I believe for the third time, on the amendment.

SENATOR MORANO:

For the third time, with the permission of my colleagues, I would like to make a point.

THE PRESIDENT:

With leave of the chamber, Senator Morano would like to speak for the third time. Is there objection? Hearing none, Senator, proceed.

SENATOR MORANO:

Thank you, Mr. President and members of the circle. Mr. President, I believe that we are being pennywise and pound foolish. Here we are asking for ten million dollars. A one-shot deal with prayers and hopes that next year the economy will justify an additional ten million, with no regard to the upkeep, for example, of I-95. I-95, as most of you know, is not a federal highway. It was financed by the State of Connecticut to the tune of some four hundred and sixty-eight million dollars over a forty-year period and the State of Connecticut must maintain I-95. Now the damages that will be done and have been done and many of you who travel on I-95, down in southwestern Connecticut, know what I am talking about, is in dreadful need of repairs. We are going to eat up this ten million with one scoop of the shovel and a summer's paving of asphalt. And now we are saying, "let these big eighty thousand pound trucks roll over our highways, we will take in ten million bucks and we are

praying we will take in ten next year. This one-shot deal will do for now, and with no regard for the conditions of the roads and the future damage to the roads, let alone the safety factor."

I oppose the amendment and, Mr. President, when the vote is taken, I would hope that it would be taken by roll call.

THE PRESIDENT:

When appropriate, a roll call shall be ordered. Will you remark further on Senate B. Senator Bozzuto.

SENATOR BOZZUTO:

Mr. President, a question, through you, to Senator Beck. I was not quite clear on the revenue estimates. I understand the revenue is to replace the twenty-two million lost in the first amendment and if she would just clear that matter for me?

THE PRESIDENT:

Senator Beck, if you care to respond.

SENATOR BECK:

Mr. President, the revenue estimates we have are approximately ten million dollars for the heavyweight provisions in the bill, that is the truck portion of the bill; and ten point two million approximately for the biennial registration of motor vehicles.

THE PRESIDENT:

Senator Bozzuto, you have the floor.

SENATOR BOZZUTO:

Mr. President, thank you very much, Senator Beck, and I do not intend to make a point of the fact that we do not have a fiscal note in the sense of bipartisan cooperation and a very busy day, I would appreciate it if we would get along with the business. I would not make that point because the Chair, in its wisdom, in past rulings has been very cooperative with the Minority. We appreciate and look forward to further cooperation. Thank you.

THE PRESIDENT:

Senator Bozzuto, when you are right, you are right and that's the way the Chair will call them. The Chair appreciates you not pressing a point on a fiscal note. Would you remark further on the adoption of Senate B. Senator Johnson.

SENATOR JOHNSON: (6th)

Thank you, Mr. President. Through you, to Senator Beck, in your opening remarks, Senator Beck, you referred to enforcement, on page six of the bill, I see a requirement for defining safety standards and inspection procedures. In the past, one of my concerns about this kind of legislation has been our ability to enforce such safety standards especially in view of the increasing number of small cars on

the road. Perhaps I misunderstood you, but I thought you said something about additional police and so on and so forth to enforce these standards. Could you call my attention to the specific portions of the bill to which you were referring?

THE PRESIDENT:

Senator Beck, if you care to respond.

SENATOR BECK:

Mr. President, through you, there are two departments which would be involved in the enforcement of this legislation. One is the, ah, as a matter of fact, three. The Motor Vehicles Department is involved in the registration. DOT is involved in the safety regulations, and we would most likely allocate to the Department of Transportation approximately two hundred thousand dollars in order to implement these provisions. And to the Department of Public Safety for the coming fiscal year, approximately five hundred thousand dollars of the revenue which we will collect. We have put in a net figure so that we do not have to add and subtract that, but our understanding from all of the discussions with all of the departments is that they can handle this within that range of cost.

THE PRESIDENT:

Senator Johnson, you have the floor.

SENATOR JOHNSON:

Mr. President, again, through you to Senator Beck, have you prepared an amendment to the budget that is being added in the House to allocate these seven hundred thousand dollars for those purposes?

THE PRESIDENT:

Senator Beck, if you care to respond.

SENATOR BECK:

Mr. President, through you, if I may defer to the chairman of the Appropriations Committee, who has been involved in this, Senator Schneller.

THE PRESIDENT:

A yield to Senator Schneller, if he accepts the yield.

SENATOR SCHNELLER: (20th)

Yes, I do, Mr. President. I believe in Section 43 of the amendment before us, starting in line 318, it says, the finance advisory committee is authorized to appropriate funds not in excess of one million two hundred thousand dollars for the purposes of sections 36 to 41, inclusive, of this act. It is my understanding those are the funds that will be made available to implement all provisions of this act.

THE PRESIDENT:

Senator Johnson, you have the floor.

SENATOR JOHNSON:

Through you, Mr. President, a question. My understanding is that the budget allocates one million eight hundred thousand to the finance advisory committee and we, in the Appropriations Committee, have already dispensed with that, ah, disposed those funds to various and assorted obligations.

THE PRESIDENT:

Senator Schneller, if you care to respond.

SENATOR SCHNELLER:

Yes, Mr. President. There has always been confusion in this General Assembly of the term finance advisory committee for the acts that were passed by the General Assembly, ah, by the Appropriations Committee yesterday. The true term for that is Acts Without Appropriation and should not refer to the finance advisory committee. This is the committee that meets once a month that deals with the transfer of funds and really has nothing to do with the bills that we have approved in the Appropriations Committee yesterday.

SENATOR JOHNSON:

Thank you. One last question,

THE PRESIDENT:

Senator Johnson, proceed.

SENATOR JOHNSON:

Thank you. My understanding is that you are proposing this as a substitute for the unincorporated business tax which was supposed to raise twenty million dollars. If this is supposed to raise roughly twenty point two million dollars and the finance package were already balanced, I would suggest that if the FAC transfers, a million two, something else is going to have to go in your budget and I would like to know what decision you have made as to what else will have to go because the bottom lines won't balance out?

THE PRESIDENT:

Senator Schneller, if you care to respond to the question.

SENATOR SCHNELLER:

Yes, Mr. President. Revenues will be received as a result of implementation of this amendment, if it is adopted, and from those revenues we will be able to transfer up to one point two million dollars for carrying out the purposes of this amendment. It will be in the nature of a special account. It is not necessary to include it in the budget that has been passed by the Appropriations Committee and it is down in the House today for consideration.

SENATOR JOHNSON:

I think the point that I am making, Mr. President, if I may. The point that I am making is that the budget for 2.707

was supposed to be balanced by this tax package, one of whose components was the twenty million tax on unincorporated business. Now we are, in fact, raising a twenty million tax but we are already allocating a million two more than we have allocated in that budget. So there appears to me to be a fundamental discrepancy and I appreciate that there is a great deal more flexibility in that budget than anyone likes to admit at this time of year and I understand that there is where you will get it, but I do call the attention of the circle because something else that is in that budget for a set amount is not going to get that amount.

I would just like to comment that it is interesting that this bill has never been able to pass on its own merits in spite of the most intense parliamentary maneurering in past sessions. However, it is equally true that we have lived with this measure as a reality for a number of months. It is also equally true that our society is very divided on this question and it is probably fair to say that there are as many in favor of it as opposed. I believe that it is a fait accompli. I believe that we need the revenues to maintain the roads which are really in a dispicable condition and as this reality is going to continue, in my estimation, I believe we need the revenues to do the job that ought to have been done a long time ago both in terms of the roads and in terms of the safety regulations.

THE PRESIDENT:

Will you remark further. Senator Beck, for the second time.

SENATOR BECK:

For the second time, Mr. President, I should really have clarified my comment early in my discussion of the bill when I said this will be a net figure. There was an eleven point two estimate which substracted the allocated money for FAC and we used the 11.2 minus one or 10.2 figure; in fact it is ten when we round off the additional likely expenditures so that, in fact, this does add to that, and I think that Senator Johnson's point has been well-taken and I hope I have clarified that.

THE PRESIDENT:

Will you remark further on Senate B. Senator Ballen.

SENATOR BALLEN: (28th)

Thank you, Mr. President. I am no expert on highway maintenance or highway construction, but I don't think you have to be an expert to realize that the heavier and larger the truck that traverse the highway, the more damage that will be done. And I think, Mr. President, that we are being, indeed, very shortsighted, and it is poor planning, to increase revenues by ten million dollars or so, while risking a road system that will probably cost hundreds of millions of dollars to repair and replace and to keep in adequate shape,

and I think, indeed, that this is a very poor amendment, it is shortsighted, it's not feasible, it's not workable and in the long run, it will be costing the taxpayers of this state far more money than it will bring in. And I also feel, Mr. President, that there is a serious question here as to whether or not the people want to see increased weight on trucks and larger trucks traveling the highways of the State of Connecticut. That measure has never been able to pass this General Assembly and I think for good reason. I think we are making a mistake. I think we are going to compound it. And I would urge you all to vote against the amendment. Thank you, Mr. President.

THE PRESIDENT:

You are welcome, Senator. Will you remark further. Hearing no further remarks, announce an immediate roll call in the Senate, please.

THE CLERK:

An immediate roll call has been called for in the Senate. Will all senators please take their seats. An immediate roll call has been called for in the Senate. Will all senators please be seated.

THE PRESIDENT:

The motion before the chamber is the adoption of Senate Amendment Schedule B, LCO 3354. If you favor adoption, vote Yea. Opposed, vote Nay. The machine is open. Have all

senators voted? The machine is closed and the Clerk will take a tally.

The vote is 26 Yea - 10 Nay. SENATE B IS ADOPTED.

THE PRESIDENT:

Senator Bozzuto.

SENATOR BOZZUTO: (32nd)

Mr. President, a point of order.

THE PRESIDENT:

Proceed, Senator.

SENATOR BOZZUTO:

Now that this amendment has been adopted and in line with your prior rulings, it has been adopted by this chamber and it does include fines, I think it is appropriate to ask that this matter be referred to the Committee on Judiciary. I would ask your ruling, Mr. President, in line with your prior rulings the Chair may entertain that motion and may so rule once adoption has been approved.

THE PRESIDENT:

Senator Bozzuto, as the Chair recollects, and checking with the Assistant Minority Leader, Senator Morano, his motion originally was to refer to the Committee on Judiciary which was, I believe, voted on by this body and defeated 25 to 10. I believe it is the same question being posed to the chamber, Senator Bozzuto. It has already been discussed and voted on.

SENATOR BOZZUTO:

Mr. President, you are correct, except that at that time, the motion had not been approved. It has been the Chair's position in the past that the matter can only be ruled upon by the Chair after approval of the body and that is the point at which we have now arrived. It has been approved by the body and I think that now it is subject to your ruling as to the appropriateness of a motion for referral to the Judiciary Committee.

THE PRESIDENT:

Stand at ease for a moment, Senator. The Senate will come back to order, please. Senator Bozzuto, the Chair has originally stated to you that the matter was considered as an amendment and it is identical subjectmatter to the original motion made by Senator Morano to refer to Judiciary, even though the amendment has now been adopted, the subjectmatter has not changed. And in the second instance, Senator, to the best of the Chair's knowledge and his recollection, we have not referred matters that do not hold criminal penalties, but civil penalties only to Judiciary. Therefore, Senator, I think the motion is out of order.

SENATE B IS ADOPTED.

At this time, I understand the Senator from the great town of Greenwich would like to make an introduction.

SENATOR MORANO: (36th)

Mr. President, members of the Senate and guests, it is my pleasure this afternoon to introduce to you Mrs. Robin Gold who has been selected as "Mrs. Connecticut" in the Mrs. America Pageant which will be held in Las Vegas Hilton on August 25. As her mother was before her, Jean Collins who is at the podium with her, she had the pleasure of being Mrs. Connecticut a few years ago and was successful enough to reach the semi-finals. I think this is quite a unique occasion in that we have with us a mother and daughter, the first mother and daughter team since the beginning of the Mrs. America Pageant to represent Connecticut. And it is with a great deal of pleasure that I introduce her to you and I hope you will afford her the usual welcome. (Applause)

THE PRESIDENT:

Congratulations, Robin, from the State Senate, and a resolution I am going to hand to you at this time sponsored by Senator Morano, Representative Smith, Representative Osler and Representative Benvenuto. And I notice that all of these four senators and representatives, I believe, are Republican legislators. They always seem to get in on the easy and good things but they are hard-put to get on the tough things at times. It is my pleasure to present to you this resolution. Best of luck to you. (Applause)

Senator Ruggiero, at this time, for the purpose of an introduction, I believe.

SENATOR RUGGIERO: (30th)

Mr. President, a point of personal privilege, please. I would like to introduce to my colleagues, one of my constituents who was honored in the House of Representatives today, Maurice Minor of the Town of Plymouth. He was 100 years old last month. He served five terms in the Connecticut House of Representatives starting back in 1917. He is the oldest living state legislator in the country. No, it's not Doc Gunther. He voted in nineteen presidential elections. He has several children, grandchildren and great grandchildren. If he would rise, I am sure the Senate will give him a warm welcome. (Applause)

THE PRESIDENT:

Congratulations, sir. And you make me a believer that there is hope for all of us. Are there any other announcements at this point in time. Introductions, points of personal privilege. Hearing none, proceed, please.

THE CLERK:

The Clerk has Senate Amendment Schedule C. LCO 3355, copies have been distributed, and submitted by Senator Beck.

SENATOR BECK: (29th)

Mr. President, the purpose of this amendment is to make more clear and to tighten up and, in fact, to more concisely state the subject to which the gross receipts tax on petroleum products will be imposed. And if I can read the

key section which would be substituted under the amendment for those of you with your copy, starting on line 34 - the tax imposed under this act shall be in addition to any other tax imposed by Connecticut with respect to which such company is liable. For purposes of sections 1 to 17, inclusive, of this act "petroleum products" includes any product which contains or is made from petroleum or a petroleum derivative and "gross earnings" are those earnings from the sale of petroleum products to which the sales factor is applied under subdivision (3) of section 12-218 of the general statutes and those earnings from which sales made by any corporation in which any such petroleum company owns not less than twenty-five percent of the stock of such corporation.

Mr. President, the purpose of this amendment is to substitute for the more broad and general language applying to activities, in fact, to substitute for that a tax on oil products and as well to prevent the creation of any dummy corporation which might have been free of the tax, if we had not picked up that lag. And I would ask my colleagues to support this amendment.

THE PRESIDENT:

Will you remark further on the adoption of Senate C. Will you remark. Senator Bozzuto.

SENATOR BOZZUTO: (32nd)

Mr. President, I would commend Senator Beck. I think this is a fine amendment in terms of clarification and urge its adoption.

THE PRESIDENT:

Will you remark further on the adoption of Senate C. If not, those in favor indicate by saying Aye. Those in opposition to. SENATE AMENDMENT C IS ADOPTED.

THE CLERK:

The Clerk has Senate Amendment Schedule D. LCO 3442. Copies have been distributed. It is submitted by Senator Morano.

THE PRESIDENT:

The Clerk has called LCO 3442. Is anyone prepared at this time.

THE CLERK:

Senator Post, LCO 3442.

THE PRESIDENT:

Senator Post.

SENATOR POST: (8th)

Mr. President, I move the adoption of Amendment D, LCO 3442, sir.

THE PRESIDENT:

The question is on adoption of Senate Amendment Schedule D. Will you remark, Senator Post.

SENATOR POST:

Yes, thank you, sir. I would ask that when the vote is taken on this amendment that it be taken by roll call.

THE PRESIDENT:

When appropriate, a roll call shall be ordered. Will you remark, Senator Post.

SENATOR POST:

Yes, I will. Thank you, sir. This amendment goes to the appropriateness of a new tax being suggested on the oil products, petroleum products sold in Connecticut - gasoline, home heating oil, derivatives of petroleum products. It's wrong. It's wrong for a number of reasons. It's wrong because it came out of the wrong committee. It's wrong because it taxes the wrong people. It's wrong because it taxes products which you don't realize are being taxed under this bill. It's wrong because it comes at the wrong time to increase taxes. It came here by way of the wrong process. It's wrong legally. And it is wrong for the people of Connecticut.

First, it is wrong because it has not come through proper committees and I would just briefly point out that in line 131 it imposes a jail sentence. This tax that is being proposed on petroleum products, in line 131 of the file copy, you will see that it calls for a jail sentence. Furthermore, it calls for provisions which intend to tell the courts what

they can and cannot do by way of issuing injunctions. We don't operate that way around here. We don't start telling courts what they can do. We don't start jailing people without having this kind of concept reviewed by the Judiciary Committee. In the light of all of the problems in this bill that appears to me to be a minor defect as serious as that is.

Secondly, it taxes the wrong product. Do you really mean to tax medicines, paints, cleansers, plastic products? Do you realize that that bill imposes a tax on ortho products sold here in Connecticut? Products of Anaconda, St. Johnsbury Trucking, Atlas Hardware. In Danbury, you know of the GYX Typewriter Systems, Container Corporation of America. A variety of shopping centers located here in Connecticut. Monroe Auto Equipment. Speedy Mufflers. Detergents and the products of Montgomery Ward. Every product that contains plastic, every medicine sold that is derived from petroleum products which many are, sold through these outlets. Every paint, lubricant. It is a hastily drawn measure that came to us in the wrong way. First, because the Finance Committee was presented with some amendments that were not offered through the normal process, that arrived without copies, and which we were asked to pass without debate. The Finance Committee imposed a gag rule. We were not told that lawyers had reviewed these papers. And we later learned that, indeed,

the legal staff for the Finance Committee had never even seen these proposed amendments prior to the time we were asked to vote on them.

It's wrong because it taxes the wrong people. It taxes gasoline and home heating oil. And I hope nobody in this circle deludes themselves in thinking that somehow the people of Connecticut are not going to pay what is estimated to be sixty million dollars more in their bill for gasoline and home heating oil. There should be no question in anybody's mind that this is a direct tax that we who live here in Connecticut are going to have to pay. It comes at the wrong time. With inflation spiraling, people struggling, the economy reeling towards a recession, the Connecticut Legislature, in its wisdom, is now deciding, at least some of the Democratic members of it, are now deciding to increase the tax burden on the people of Connecticut. That is unwise, foolish, counterproductive and wrong.

It's wrong legally, as well. No legal opinion having been given to the committee on this tax, I sought out the best legal opinion I could get in Connecticut from a man who has served as Attorney General of the United States of America. A man who has served as Soliciter General of the United States. A man whose job it was to represent this country on constitutional issues presented to the United States Supreme Court. His view, which I have offered to share with you here in the

circle, indicates that parts of this act are flatly unconstitutional. Indeed, it is probable that the whole act is unconstitutional. An additional part which may be of interest to you, Professor Bork, now at the Yale Law School, says, - apart from its probable unconstitutionality, the measure seems to be premised on the absurd notion that it is possible to tax the revenues of the oil companies, thus raising their costs of doing business in Connecticut without ultimately imposing those costs on consumers here. That is impossible. In one way or another, Connecticut citizens will pay this tax, if the law is enacted and somehow survives legal challenge.

It is also wrong in the minds of public opinion. In an editorial recently published in The Hartford Courant, this week, beyond calling the tax legally questionable, it goes on to characterize this proposal as a cruel, fiscal trick, and that the leadership here should be honest enough to admit that this tax will be passed through to the consumers of Connecticut. And characterizes the proposal as a bad law. Indeed, it is.

It is wrong, it is inflationary, it is unconstitutional, it has been brought here improperly. It compounds the problem of the people of Connecticut who are trying to live within their means. It is against the will of the people. And it is indeed a cruel hoax. And I urge you to support the amendment and to pursuade the Democratic leadership here to

withdraw this proposal and to spare the people of Connecticut this unconstitutional and wrong tax. Thank you, sir.

THE PRESIDENT:

Will you remark further on Senate D. Senator Beck.

SENATOR BECK: (29th)

Mr. President, in order to clarify the intention of this legislation, I would like to cite that we are taxing any petroleum company which is engaged primarily in the refining and distribution of petroleum products and distributes such products to wholesale and retail dealers for marketing and distribution in the state. We are not taxing the dealers who would distribute the product as such, and I would note in line 23, those revenues derived by such company, meaning the petroleum company engaged primarily in refining and distribution from the sale of petroleum products. I would note that the comments by Senator Post as to the breadth of the application of the tax might have applied to the earlier Section 1, which is specifically why that was deleted and why we defined petroleum products as those which contain or are made from petroleum or petroleum derivative. This is, therefore, the product of a nationally, effectively integrated company engaged in primarily refining and distribution.

Mr. President, secondly, I would note that we are not

certain of the full impact of this legislation on any consumer in the country, not just in Connecticut. It may very well be spread throughout the country as a cost allocation. This revenue, as imposed, would, in fact, be half deductible from the federal income tax of those very petroleum companies and the effective rate is half of the two percent which we provide.

Thirdly, I would point out that we have been concerned about the possibility of a constitutional test and that it is the function of the General Assembly to do its best in making that judgment before it passes legislation, but it is not the function of this Legislature to make the ultimate decision on constitutionality, and this has been true of many tax cases, and, in fact, of many cases dealing with other areas.

And in conclusion, Mr. President, I would like to note, I thought perhaps Senator Post might have picked it up, and I was going to concur with that piece of his amendment, but it is not there, I would like to point out that we have deleted in the amendment, which I did not specify, and I am sorry I didn't clarify, that we have deleted Section 14, which would have required advance notice from a company intending to change the scope of its operations within Connecticut precisely because there might have been some possibly vague reach of a test of that kind of action if the company

moved without notifying us and we did not want to do that. So we have attempted to define where and where not there might be a constitutionality test, but most importantly, Mr. President, we have provided for separability of each of the sections of this legislation so that if there is a court test, each one can be treated in terms of its constitutionality rather than the entire bill.

THE PRESIDENT:

Will you remark further on Senate D. Senator Curry.

SENATOR CURRY: (9th)

Thank you, Mr. President. Mr. President, through you, please, a question to Senator Post.

THE PRESIDENT:

Proceed.

SENATOR CURRY:

Senator Post, I would be interested in knowing your practical, commonsense observation as to the following point. Are you, sir, of the opinion that major integrated oil companies doing business in the State of Connecticut in the last six years have tended to charge a price for their oil which is lower than what we might reasonably construe to be the maximum price which the market could possibly bear at that moment? Do you have an observation as to that point?

THE PRESIDENT:

Senator Post, if you care to respond.

SENATOR POST:

Yes, sir. Through you, sir, I have no knowledge of the oil companies and their product structure. I don't own stock in the oil companies. I have no idea what their price and practices may be. I do know that as a consumer of those products in Connecticut, they do cost a great deal and I am concerned that these new and additional taxes are going to burden all of us here in Connecticut and that they are wrong and should be defeated. Thank you, sir.

THE PRESIDENT PRO TEM
IN CHAIR

THE PRESIDENT:

Senator Curry, you have a further inquiry?

SENATOR CURRY:

No, sir. I would like to respond. I think that it is very interesting that Senator Post indicates a lack of knowledge of the pricing policy and the pricing behavior of the major oil companies doing business in Connecticut and throughout the world. I think that it is precisely that lack of knowledge evinces itself in his analysis of the operative effect of the tax which has been proposed. Allow me to say that I think that anybody who has been alive in this state and buying oil in the last six years knows exactly how the oil companies price their oil, and that they price that oil

in the following manner. Whatever you can possibly extract from this market, whatever the highest price that is available, that can be had will be had. And in fact, under the rules of economic competition in this country, the corporate officers of those companies might be liable to a derivative suit from their own stockholders for negligent conduct and the negligent discharge of their responsibilities to their companies if they did otherwise. Those are the rules of the game in America and that's how it is played.

What we secondly know is that where a monopoly controls a fundamental necessity of life, where people have no choice as to whether or not they are going to buy and no real choice as to from whom they are going to buy, that the seller is in an extraordinarily favored market position and has the concentrated economic power to extract the last penny that can be extracted for the price of its product. That's what happened in 1973, that's what happened in 1974, 1975, 1976, 1977, 1978, 1979 and it is happening today and it is going to happen next year, whether or not this General Assembly passes a tax on oil products. If one is to be so silly as to propose

SENATOR BOZZUTO:

Mr. President, point of order, Mr. President.

THE PRESIDENT:

Excuse me, will you state your point of order? Senator Bozzuto.

SENATOR BOZZUTO:

Yes. I believe we are being subjected to a demagogic harangue and not debate on this floor. The misinformation that is being spread now is ridiculous and when we talk about knowing the details of how oil companies operate, we certainly are being given ample evidence that Senator Curry is totally unaware, and I don't want to debate that issue. I want to debate whether or not we are going to pass on sixty dollars more of heating oil costs to the average public.

THE PRESIDENT:

Senator Bozzuto, you can utilize your role to rebut. Your point of order is not well-taken. You may proceed, Senator Curry.

SENATOR CURRY:

Thank you, Mr. President. I would certainly hope that if Senator Bozzuto listens to my remarks with the open mind for which he has become famous over the years, that in fact he might learn something of the structure of the pricing in the oil, ah, in that sector of our economy, particularly as it affects the constituents here in the State of Connecticut.

It is my opinion, and I think it is the opinion of anyone who fairly has observed this situation that that oligopoly will be able to and will choose to charge the highest price that the market will possibly bear, again next

year as it has this year. And anyone who proposed to us that the price of a gallon of home heating oil will be one penny lower than the maximum that those companies can extract because of taxing decisions that are or are not made in this room is showing an extraordinary lack of understanding of how those companies have behaved in this society ever since they were able to consolidate the market power which they have consolidated here. And I think that is a fact which is born to the most commonsensical, basic understanding of economics as they operate in this country irrespective of idealogy.

Senator Post asks, "who pays?" and lists every conceivable product that might have ever had a drop of oil in it and every individual to be found in the society. That, in fact, is the position which has been taken by the lobbyists who have come here and lobbyed this legislature in a very sophisticated and a very persuasive and a very effective manner from the moment in which we first proposed this tax in the special session. Allow me to express my personal skepticism at the fundamental argument advanced by that lobby and advanced here in a sense, I think, by Senator Post. The point which is being made is that all these people have come on up and talked to us in the manner of Christian missionaries in order to stop us from harming outselves. Their presence here is supposed to evince an

established concern on the part of the oil companies for our well-being. The oil companies, in a sense, represent that they are here to keep us from paying too high a price for oil. I don't think their previous behavior on the question of oil pricing is consistent with the posture adopted by those lobbyists and contained within that argument. Rather, I think, they are here because they are worried that they might pay part of it. Rather, I think, that lobbying organization has been put together because, in fact, reasonably analyzed, and they are very good at reaching reasonable analyses of their own self-interest, a portion, at least and I would advance to you a very significant portion, of this tax is almost sure to be borne by the companies themselves. The fact of the matter is that last year in this state and the year before, it would be very difficult for any opponent of this tax to demonstrate that one penny would have been put forward on to the ultimate consumers of oil in this state. Let's not sit here and read tea leaves. Let's not talk about who might pay on a given day that hasn't happened yet. Let's take a tax year and let's demonstrate the tax that would have been put forward. And let's talk about what percentage, if any, would have been borne by ultimate consumers in this state. I think that we will find that half of the tax in the last year would have been written off by the companies against the

federal income tax structure and that in many points in previous home heating oil seasons, a great deal of those costs would have been borne by suppliers further down on the chain. The wholesalers and the retail distributors who, in fact,have at various points had gluts of supplies and have been forced to eat other costs just as they would have been forced to absorb these. That's what the practical lesson of the last two years in oil pricing in this state would indicate. Let's not argue an abstract theory that can't be demonstrated. Let's look at the concrete. Let's examine the demonstrable facts to find out what really would have happened here.

Senator Post raises the constitutional issues on the tax and represents to us that it is his very strong suspicions of the imposition by the State of Connecticut of a tax upon the major oil companies would be found to be unconstitutional. In support of that position, he submits to us a letter he has received from a fellow named Robert Bork. Mr. Bork having been for a very short term, we will all remember, Attorney General of the United States. I am unsurprised to find that Mr. Bork is opposed to the tax. I think it is interesting to note that we have here, we had yesterday, a press conference given in order to introduce the fact that Mr. Bork had written us a letter on this tax which begins with the flat out statement that he hasn't had

time to study the bill or its constitutionality in depth. The letter goes on to indicate that he feels that it is very likely that imposing this tax is unconstitutional or in conflict with federal policies. It is a very interesting and obviously syntactically confusing sentence. It doesn't even indicate, with any clarity, that the author of the letter is willing to say that it is very likely that the tax is not in conformance with federal law, with federal policies. I guess he means Federal Energy Policy. Perhaps, he is the first person in America to have discerned one. I am not sure what we can do that would fail to be simultaneously in conformance and in conflict with some element with Federal Energy Policy in America. But the statement that the tax is either unconstitutional or in conflict with Federal Energy Policy has to be the most weak-kneed, unconvincing, inclusive statement that anyone could possibly offer to what is supposed to be substantive debate. It hardly clarifies the issue.

I would just like to conclude with a personal statement on what this tax, I think, means. I originally submitted this tax in the special session on energy. I introduced it along with a number of other legislators at that time in concert with a group, the Citizen Labor Energy Coalition, which is a work hog to mobilize support for this policy across the state, at that time, because I felt that

we needed resources to meet the problems of what looked at that time to be prospectively a very difficult winter. No one, in this circle, will indicate to you that the purpose of this tax is to get the corporate hooligans or to wreck some kind of vengenance on some kind of corporate structure. No one would indicate that we have here that kind of easy (remainder of the sentence lost at end of record).

Toby Moffett has said so cogently what we have is a situation very much like that of a lion in a jungle which ravages a gazelle. No one blames the lion for ravaging the gazelle. The lion is just doing what comes naturally. If anyone is to be blamed, it's the game warden. If anyone is to be blamed, it's the laws of nature itself and all of us know how futile it is to blame the laws of nature. What the oil companies do is what they must do which is charge the highest price which is available to them and what was once a competitive market. What our policy here is to do is to examine what is for every member of this circle a set of viciously competing alternatives. No one likes to be here to raise taxes. No one likes to be here to deal with these kinds of issues. The question for us in a society in which our tax structure is far from perfect and in a society in which we have not enacted fundamental conservation measures, in a society which has allowed the pricing of oil and natural gas to run rampant, where can we

most fairly lay this burden. And I think that the only sector of our entire economy that any of us here could rightly point and say, yes, to there has gone a sufficient dislocation of capital, to there exists, to there we can look for a sufficient resource to go to the kinds of financing that we need to keep this ship afloat. The cost of government like the cost of everything else in this society has gone up. We have got to look for resources. This tax is right because it is the fairest place. It is the most efficient place in this whole economy for us to look to get that money that we so desperately need. Thank you.

THE PRESIDENT:

Three of you just got up simultaneously. I would assume that you would yield probably to Senator Beck. Do you have any objection to that? Alright. Senator Beck.

SENATOR BECK;

Mr. President, I did want to respond to one point raised by Senator Post and to cite one of the examples that we do have of whether there is or is not a relationship between a given tax policy and the price in the market and ultimately on the consumer. And it is one of the few cases where we can document, in fact, that there is most emphatically no clear relationship between a tax and the consumer price. Let me cite to you that there is a severance tax in

many oil refining states and in the State of Louisiana there is a twelve and one-half percent severance tax and the lowest - twelve and one-half is the highest severance tax - and the lowest refiners' wholesale price in those states which do tax, namely sixty-two cents for its product. By contrast, in Indiana there is one percent severance tax and, in fact, the price of oil in that state, as it is sold, is the highest within the list of those who impose a severance tax, namely sixty-seven point three cents; a difference in range of very substantial amounts. Mr. President, I think it is imperative that this Legislature states what it intends to do with this tax and the intent is explicit in the legislation. It is not to be a tax on consumers and we have provided every possible legal safeguard that we could find to deal with a group of people who essentially have almost become outlaws in this country. And we have the courage to face that situation and, in fact, to say that we are not going to let you get away year after year with excess profits, with bearing what the market will bear, we are going to tell you that you have to turn some of that money over to the states in which you sell your products, and I hope that Connecticut will be proud that it has made the first attempt and we will, indeed, have to continue to follow the course of that task because we cannot trust those upon whom we impose the tax, but rather we must

have strict enforcement as has been pointed out so well and vividly by Senator Curry.

Incidentally, there have been comments on this side of the room that we hope Senator Curry is not blaming the gazelle for the whole problem. Thank you.

THE PRESIDENT:

Will you remark further? Senator Ballen.

SENATOR BALLEN: (28th)

Through you, Mr. President, and for the purpose of getting some legislative intent on the record, I would like, through you, Mr. President, to ask Senator Beck a question.

THE PRESIDENT:

You may proceed.

SENATOR BALLEN:

Senator Beck, would a lubricant manufacturer be subject to this tax, and a lubricants manufacturer would be somebody who would buy petroleum from the oil companies and either make additives or blend it in some way and change the product and then, in turn, sell it. Now would any people in that particular industry come under this tax?

THE PRESIDENT:

Senator Beck.

SENATOR BECK:

Mr. President, through you, this tax refers to any petroleum company engaged in the refining and distribution

of petroleum products and then distributes those markets through Connecticut. They are, in effect, companies which are integrated companies.

THE PRESIDENT:

Senator Ballen, you have the floor.

SENATOR BALLEN:

I'm afraid, ah, through you, Mr. President, I didn't receive an answer either one way or another to the question. I would rephrase the question by saying - would a company that purchases oil products and then either adds or blends them in another form and sells them, a party that is either once or twice removed from the original oil manufacturer, refiner or distributor, would that company come under this act?

THE PRESIDENT:

Senator Beck.

SENATOR BECK:

Mr. President, only if it is integrated oil company.

THE PRESIDENT:

Thank you. Will you remark further? Senator Matthews.

SENATOR MATTHEWS: (26th)

Mr. President, Senator Curry commented quite at length about a number of elements relative to the oil industry and the corporate people in the industry itself, and I would like to ask a question, through you, to Senator Curry please.

THE PRESIDENT:

You may proceed.

SENATOR MATTHEWS:

Senator Curry, what was the oil industry's return on equity over the ten years from 1969 through 1978, which are somewhat in line with the years that you were rattling off a little while ago. Would you give us what their profit was on equity during those years?

THE PRESIDENT:

Senator Curry, do you with to respond.

SENATOR CURRY:

Yes, Mr. President. I will freely and frankly concede to Senator Matthews that I do not have with me the major oil companies return on equity for the decade indicated in the question. I would respond, Senator Matthews, that I would be interested in his putting on the record whether he thinks that rate of return was insufficient.

THE PRESIDENT:

Senator Matthews.

SENATOR MATTHEWS:

I think I was doing the questioning, Mr. President. I would like to ask another question, through you to Senator Curry, and that is do you have any figure for what the profit on equity was for all manufacturing in the United States during approximately that same period of time?

THE PRESIDENT:

Senator Curry.

SENATOR CURRY:

If Senator Matthews wishes to introduce into the record the comparative figures over the course of that decade, I certainly will be among those in the circle who will be illuminated to receive that information and I certainly hope that it will come in a form that we can all use analytically and comparatively, year by year, with an explanation from Senator Matthews with regard to his feelings as to what may cause price movements from one year to another and from company to company. And if at any point he would care to make a point to which he would wish me to respond, I would certainly be glad to do so as I know the Senator is aware.

THE PRESIDENT:

Senator Matthews.

SENATOR MATTHEWS:

Thank you, Mr. President. I would like to read a statement that I have here which seems to me to be appropriate but before I do so, I would like to point out one other thing and that is that basically the major oil industry is really controlled through the Federal Government so that they cannot make all these tremendous profits which they might make if these controls were not there.

In any case, I want to read this statement: By any standard of comparison, oil industry profits are not out of line with other types of industries. The U. S. News and World REport said recently - oil industry returns, despite some spectacular spurts, which by the way other industries have, usually are found to be in line with those of other manufacturers. Taking a longer measurement, composite profit margins and return on stockholdes' equity for eighteen oil firms exceeded those for all manufacturering industries in 1973, 74 and 75, but lagged well below them, well below them in 1976, 77 and 78. In those six years, the annual growth rate in oil profits trailed increases in overall corporate profits by eighty percent. Others outside the oil industry have reached similar conclusions. Data compiled by City Bank, for example, indicate that the oil industry's return on equity over the ten years, from 1969 through 1978, has been about the same, on average, 13.9% as that for all manufacturing industries which was 13.7%.

I don't think that the oil industry has been tearing the whole country and the State of Connecticut and consumers apart. I think these facts are facts. They indicate exactly the circumstances in which the oil industry is operating. Thank you very much.

THE PRESIDENT:

Do you wish to remark further? Senator Post.

SENATOR POST:

Thank you, Mr. President. Briefly, I would like to comment on a couple of points that have been brought up since this debate started on this particular amendment.

Senator Beck, I would like to respond by saying that the comments I made earlier about the products took into account the amendment that she has offered. Paints, medicines are derivatives of petroleum products. Lubricants, plastics. And the oil companies she is referring to are large industries that involve a variety of interests including Montgomery Ward, including various hardware chains, including a number of shopping centers and this tax imposed on those enterprises who sell plastics, medicines and paints, et cetera, petroleum derivatives, means that the people who pay for those products will have to pay more.

Secondly, Senator Beck makes reference to a severance tax which is the exact opposite of the situation we have here. A severance tax is when a state lets a product out of the state and imposes a tax because somebody has extracted from that state a valuable resource to send elsewhere. So the point of bringing up a severance tax, whatever it may have been, is upside down in the instant case where we are imposing a tax on our lifeline, the petroleum products we need to survive.

Commenting very briefly on the statements made by Senator Curry, two things. He has the oddest way of solving our major problem which is the high price we pay for petroleum products. His answer is to increase the price. If the people of Connecticut are concerned about the high price of gasoline and home heating oil, the last thing we should be doing is imposing a tax which is going to increase that price to the people of Connecticut. Only government officials can come up with such kinds of answers that suggest the way to deal with the high price of gasoline is to add a tax to it.

And secondly on Senator Curry's comments, I would like to suggest that his attempt to divert attention away from the issue is unfortunate. Oil companies aren't the issue as much as he would like to make them the issue. The issue is whether we, the people of Connecticut, should pay more for home heating oil and gasoline. Anybody who wants to study the issue, gross receipt tax, the earnings tax, severance taxes, study the decisions that have been made in the courts, at the Federal Government level, quickly come to the conclusion that these new taxes will be, must be passed along to the consumers of Connecticut.

I suggest that this tax is a cruel hoax. You can't add sixty million dollars to the cost of home heating oil and gasoline and somehow pretend to the people of Connecticut

that they are not going to have to pay it. If you mean to increase their cost, please be honest enough to say so. I don't mean to increase their costs. I think we would be wise to maintain our current tax structure and not add this new additional burden. And I urge you to support the amendment. Thank you, sir.

THE PRESIDENT:

Senator Prete.

SENATOR PRETE: (14th)

I am in favor of this amendment and opposed to the tax on the people of the State of Connecticut. I am far from the darling of oil companies, but I don't think they are outlaws and I know that this bill has been lobbyed not only by oil companies but by other groups on both sides of the issue, as it should be. This is a forum for discussion. This tax is here basically for one reason. It's a relatively easy way of raising sixty million dollars. It's popular. That's why it is here. But we should not be ~~diluted~~ deluded into thinking that it is anything other than taxing the people of the State of Connecticut because that is exactly who is going to pay for it. There is little question in my mind, and I stood through hours of public hearing as chairman of the Energy Committee when this bill was heard, that either (a) it is going to be passed on or (b) it is unconstitutional. I must say there is considerable strength in the argument that

if this tax passes that it is very purely and simply an increase in the price of fuel oil which is exactly what we don't want to do. I have heard no logical testimony to the extent that somehow oil companies are going to absorb this two percent tax. A very simple question is, why should they? Now, I don't necessarily agree that oil companies are either the good guys or the bad guys. They are businesses in this state. And it would be just as logical to put two percent tax on any other business in this state and why not raise revenue that way? And then that two percent would be passed on. Why is it the oil companies? Because they are the bad guys and because it raises roughly the amount of money which we would like to raise. I am opposed to this tax and basically to the tax package because I do not believe that enough effort has gone into reducing the expenditure side of the coin. For that reason, there is no question in my mind - there are no lions and gazelles here, that would be easy. The fact of the matter is we have an opportunity to tax and we are availing ourselves of that opportunity to tax. Period. Fully knowing that that tax is going to be passed directly onto the consumers of the state in the same way, when I stood in the chamber of the House, and the same arguments made when five percent was added to the public utilities gross revenues. Why was it added to the public utilities gross revenues? Because then, these

public utilities would have to collect the money instead of the State of Connecticut. So let's be honest with each other. Let's look for ways to reduce the amount of money that we need and then impose proper taxes that will not be disguised by this kind of subterfuge. It is a disguised tax.

One last point. If, indeed, it is unconstitutional, then we most certainly will be back here, and it won't take very long for a judge to stay the implementation of this tax. If it is stayed, we are going to be back here in a big hurry, with a huge deficit, sixty million dollars worth. I think that it would be much more prudent and much more representative of what the people of this state want to look on the expenditure side and I have an amendment tomorrow that does exactly that and look to see where we might be able to economize in the same way that every family in this state has had to economize in the way it spends its dollars.

THE PRESIDENT:

Will you remark further? I think that Senator Curry had the floor after Senator Prete, but we will follow the order. I don't know that Senator Cunningham wants to express himself too, and perhaps we can get back to you Senator Beck after that order. Senator Curry.

SENATOR CURRY:

Mr. President, very briefly, Senator Post has indicated

that anyone who wants to study the issue would ultimately agree with him. I am sure that we all feel that way about various ideas we put forward here. I am puzzled that those who have opposed the imposition of this tax have throughout the very long debate, which has gone on in this institution, offered so little concrete information in support of their positions. No analysis of how the tax might have worked in a preceding year. No comparative analogies to the imposition of other taxes that might be similar in other instances. The entirety, indeed, of their arguments is theoretical and abstract. It is based upon an absolute, I might add, from my own particular subjective perspective, blind acceptance of a single pricing theory, and that is that the companies in question set their prices on the basis of established borne costs and the achievement of the objective of a reasonable return on investment. That subjects (a) that those companies are able to make that kind of rational, leisurely decision in the marketplace, indeed, if they are inclined to do so. I would submit that everything we have ever been able to observe of the workings of not only this industry with its concentrated power, but any large concentrated powerful economic interest belies this argument and suggests to us instead that people, being people, and businesses, being businesses, charge the highest price the market will bear for the products which they offer.

And you can bet that whether we tax the oil companies under this proposal or not, that's precisely what they will do next year, as they have before. Once in our history it was one of the more appealing characteristics of the Republican Party that it had within its tradition a rather keen sensitivity to the problems created by large, private, authoritarian, bureaucratic institutions, whether those be public or private in this society; under the administrations of both Theodore Roosevelt and President Taft, policies were developed within that Party which showed a sensitivity to those problems and which were, indeed, sensitive and innovative in approaching those emerging problems of bigness in this society. What the Republican position in this chamber forgets is precisely that tradition. What it forgets is that free enterprise rules applies where there is free enterprise. The law of competition adheres where there is competition and that those are values that we need to strive to protect and that when we are dealing with institutions as large and as powerful as the major integrated petroleum companies in this Nation are, that a different set of rules applies. With a balanced, prudent and sensible regard for what those rules ought to be, the Finance Committee of this Legislature, together with the Governor and the Democratic leadership of this Legislature has put forward a policy here which, I think, all things considered, and in

light of all the pressing and difficult fiscal choices and revenue raising choices we face is one which does credit to this institution and which serves well the interests of the people of this state. And I urge its adoption and the rejection, therefore, of this amendment.

THE PRESIDENT:

Senator Cunningham, followed by Senator Beck.

SENATOR CUNNINGHAM: (27th)

Thank you, Mr. President. Mr. President, I find something on which I can agree with Senator Curry. It, however, is not ultimate conclusion on this amendment, for that is we are not dealing with a perfect free economic situation. For the lack of freedom is not because the oil companies have a monopoly or something such as that. A lack of freedom is because of government regulation, and it is because of that very government regulation that we can anticipate a full add-on of this tax to the consumer. I don't know if Senator Curry has noticed it, but if you go to various automobile service stations, you see clear differences in the prices being charged for gasoline. A perfect free market situation, the price should be basically the same wherever you go. If you look on the pumps, you will see the amount that each oil company, each service station is permitted to charge varies because they can only add-On so much, and if you notice Chevron, for example, at

many stations dropped down a couple of cents, largely because of certain regulations from the Federal Government required them to put money back to the consumer.

What happens here, as I understand it, a recent decision in the Federal Government vis-a-vis a tax similar to this in Puerto Rico, where it was determined such a tax could and should be added on just for that jurisdiction, that is this extra cost of doing business in Connecticut will be added on to what oil companies will be permitted to charge in Connecticut. I don't think it is a matter of being highly theoretical, as Senator Curry would have us think, to suggest that this is, in fact, a hidden tax, a tax which will be borne by the consumers of Connecticut.

Mr. President, I think Shakespeare said something that, "a rose by any other name". Mr. President, a tax to the consumers of Connecticut is a tax to the consumers of Connecticut whether you call it a tax to the oil companies or whether you call it a sales tax, or an income tax, or any other tax to the people of Connecticut. It will be borne by the citizens of this state, not by the citizens of Louisiana or Texas or Oklahoma. It will be borne by our taxpayers. And Mr. President, I support the amendment offered by Senator Post. Thank you.

THE PRESIDENT:

Senator Beck, you are rising for the third time, and

of course under the rules, it takes leave of the chamber. Hearing no objection, you may proceed for the third time.

SENATOR BECK:

Thank you, Mr. President. Mr. President, Connecticut has attempted to stand up to the oil companies and to tax the profits which are exhorbitant in this point in our history. And I would repeat the example which I gave the General Assembly a few minutes ago. Out of fourteen oil-producing states, those states with the highest severance taxes on the oil companies had the lowest tax at the wholesale level and those with the lowest tax had, in fact, the higher rate at the wholesale level. So there is not a relationship between a given tax and the price of the oil company. We know what has pushed up their price and we have stated in this legislation, and I quote, "it is not the intention of the General Assembly that the tax be imposed, under this section of the act and be construed as a tax upon purchases of petroleum products, but that such tax shall be levied upon and be collectible from petroleum companies as defined in the act," and we further provide that the average rack price cannot go up by a greater amount than the average change in the price on the entire eastern coast of the United States. So that we have built in provisions. We cannot prevent the oil companies from being bandits at times, but we can say that we will not tolerate it

in this state if we can do something on behalf of the people who have to buy those products and we will tax those companies at their profit level and say that it is high time we stood up to those companies.

THE PRESIDENT:

Will you remark further? Senator Morano.

SENATOR MORANO: (36th)

Mr. President, I would like to thank Senator Curry for his lesson in American History. I was about to thank him for his lessons in economics but I thought if I listened to him, I might not pass the test.

Mr. President, I've been fortunate or unfortunate enough to deal with oil companies for the past forty years. I've learned one lesson, one that I shall never forget and that is that at any time that you pass on any expenses to oil companies, they get it back. They pass it right on to the wholesaler who in turn passes it on to the retailer who in turn passes his add-on to the customer. And it is for that reason that I oppose this piece of legislation.

THE PRESIDENT:

Will you remark further? Senator Bozzuto.

SENATOR BOZZUTO: (32nd)

Mr. President, thank you, sir. If there has ever been a demonstration as to why we have been unable to address the energy problems in these last seven years, it is certainly

the debate in this chamber this afternoon. It seems as though the problem is going to be of longer duration than most of us would like if we intend to scapegoat the issue and intend, indeed, to continue to misinform the public. I think it should be made very clear that in spite of the subterfuge of the language annunciated by Senator Beck that simply highlights the very fact that there is no way, statutorily, that we are going to be able to prohibit this from passed on. And, indeed, this is not an oil company tax, but this is a home and hearth tax. If you are going to keep your home warm next winter, you are going to pay for it through the nose, courtesy of this Democrat Administration. This oil tax on consumers is going to cost every consumer no less than six cents a gallon additional for home heating oil and on an average, seventy-five dollars a year, for home heating oil to heat their creature comfort, to heat their residence. That's the wrong way to approach the problem. I would urge that we use some commonsense. Forget the rhetoric. Forget the demagoguery. Forget the scapegoatism. And let's address the real problem of Connecticut. Let's oppose this measure. Thank you, Mr. President.

THE PRESIDENT:

Senator Post, you are rising for the third time. The leave of the Senate is necessary and hearing no objection, you may proceed.

SENATOR POST:

Thank you, Mr. President. It is being represented to this circle that this is a tax on oil companies and that the people of Connecticut will not have to pay. I believe that to be a misrepresentation. I believe that the people here in this circle and the people of Connecticut are being deceived. This is a tax on home heating oil and gasoline. The people of Connecticut are going to pay sixty million dollars more per year if this tax is imposed. If we pass this amendment, we can avoid this tax and do what we should do. I urge support for this amendment and the defeat of this tax. Thank you, sir.

senator BARRY OF THE 4th
IN THE CHAIR

THE PRESIDENT:

Senator Johnson.

SENATOR JOHNSON: (6th)

Thank you, Mr. President. Through you, a question to Senator Beck, please. Senator Beck, what apparently used to be the old Sec. 19 which deprived the Federal Courts the jurisdiction to hear any action challenging this law or the taxes laid until the taxes have been paid, is that section in the bill or not in the bill? I am sorry to ask this question but the Legislative Research note on this bill is not in the file and as a member of Appropriations, I

have been tied up in meetings for the last three days and nights, so I have not been able to locate that section and I would ask from you, if it still exists.

SENATOR BECK:

Senator Johnson, in our amendment, we provide, and the provision was not clear, that this will be heard in the state courts, that's where the jurisdiction will start, and of course any legislation can go on from there.

SENATOR JOHNSON:

Thank you. I would like to call the attention of the circle to the gross receipts tax that was levied by Guam on retailers and the decision of the Department of Energy in regard to that tax, because I think it is relevant. I think perhaps it is more relevant than the information about the severance tax because that is such a different kind of tax that serves a different function in every regard to the market. And I quote from the Department of Energy statement: In this respect, it, meaning the gross receipts tax, is unlike general refining costs, such as crude oil costs, that are incurred by a refiner equally with respect to the sale of refined products to all customer classes. The Guam gross receipts tax is also unlike in this respect; other federal, state and local taxes on refinery operations which also affect all purchasers or products wherever those customers are located. And it goes

on to say that in our view, it would be inequitable to require that nonGuamian purchasers in the vast majority of jurisdictions that utilize the sales tax, also bear a portion of the burden of the Guam tax on the sale of petroleum products on Guam. And it goes on on a number of other detailed passages to agree that a tax that is levied in a specific jurisdiction can be passed on in that jurisdiction and cannot be spread over members outside of that jurisdiction who do not benefit from the effect of that tax.

This seems to me to support very clearly what Senator Prete has said. It seems to me to support it clearly enough to require that we not make this move now. It seems to me to say to us that our worse fears are all too likely to be realized, that in our need to raise tax money, and in our need to respond to the public's emotional anger which I believe most of us share at the escalating costs of a necessity such as fuel oil, and the kinds of profits that have been described in the newspapers, that the public has emotionally adopted this stance that this source of revenue can be taxed without their ever feeling it. We know that to be untrue. We have evidence that that is all too likely to be untrue. It defies the logic of the pricing mechanism in our economy with all its strings and weaknesses. And I say to you that this tax is a hoax. It is the cruelest

kind of tax because it pretends that it will not do what it will do. And what it will do is hurt every working man and woman in this state right where it hurts the most by pushing up the price of a necessity. I oppose the tax. I believe we should all oppose the tax. I believe there are options to this tax both in terms of revenue raising, if that's the direction you insist on going and in the direction of reducing expenditures, and we will have an opportunity to do that tomorrow.

THE PRESIDENT:

Will you remark further? Senator Fauliso.

SENATOR FAULISO: (1st)

Mr. President, I oppose the amendment. I certainly could make a lengthy argument. I don't think it requires a lengthy argument. I think this is an appropriate tax at an appropriate time. This tax was not developed overnight. Many, many people have worked on this and we have ascertained that this is an appropriate tax. I am confident that it will withstand court challenge. We are not in any way dealing with deception. We are dealing with realism. We know this will be an appropriate tax because the oil companies have, indeed, been employing a hoax on the people of this state and, indeed, the country.

Now, I read the same ad that Senator Matthews read. It's an advertisement. They spend, I suppose, thousands of

dollars, maybe millions of dollars. Now, I don't blame them. I think the oil companies want to be protective of their interests and I also know of the lobbying that has been done in this chamber, and, indeed, in this building. They have a perfect right to, but I have not been persuaded nor do I think that this represents the, ah, that this is against the will of the people. I think this is consonant with the will of the people. At the hearing on this particular item, who appeared. Certainly the oil companies and their representatives and why not? They were there to protect their interests. And there is nothing wrong. But certainly, we, the senators of our district and senators of the state, are lobbying here today, as we vote, and we are representing, at least I am and I hope others are, the best interest of the people of the State of Connecticut. The people who sometimes have no voice, and they certainly want to hear that we are concerned about high prices of oil, that we are concerned about taxes, in general; and I am convinced that this will not be exhorbed by the people of our state. That, indeed, this will be passed on on a broad base consideration.

Now, Mr. President, this is necessary and essential to a tax package. I am not here to impose cruel treatment on business. Business which is important to the State of Connecticut. We want growth. We want expansion. But we

decry, we decry unconscionable profits. We decry exploitation. Mr. President, we have seen evidence of that in this state. Much too much, and it is not much to ask that they make a contribution, a slight contribution, if you will, to the coffers of the State of Connecticut so that we can get an indirect benefit. And all this talk about disception. And all this talk about that it is wrong. I say it is right. Right many times over because it is appropriate and I am confident, from all of the evidence, that we have been able to ascertain and to accumulate that this is an appropriate tax and will stand the challenge of the court and it is constitutional. I oppose this amendment.

THE PRESIDENT:

Will you remark further? If there are no other remarks, the Clerk please announce a roll call.

THE CLERK:

An immediate roll call has been called for in the Senate. Will all senators please take their seats. An immediate roll call has been called for in the Senate. Will all senators please be seated.

THE PRESIDENT IN THE CHAIR:

THE PRESIDENT:

Are you prepared to vote. We are voting on Senate Amendment Schedule D. The machine is open. Have all senators

voted? The machine is closed. The Clerk will take a tally.

The vote is 12 Yea - 24 Nay. SENATE AMENDMENT D FAILS.

THE CLERK:

The Clerk has Senate Amendment Schedule E. LCO 3443. Submitted by Senator Bozzuto.

THE PRESIDENT:

Senator Bozzuto.

SENATOR BOZZUTO: (32nd)

Mr. President, I urge adoption of the amendment and with your permission, sir, I would ask that the reading be waived and I will give a very brief explanation.

THE PRESIDENT:

Is there objection to the waiving of the reading. Hearing none, the question is on adoption. Proceed, Senator Bozzuto.

SENATOR BOZZUTO:

Mr. President, this amendment deletes the levying of a seven and one-half percent sales tax on cigarettes at a total reduction in the tax package of some seventeen point six million dollars. Mr. President, as it has been clearly demonstrated in the past, that as we increase the tax on cigarettes, we force the purchase of that commodity from other sources, thereby reducing our overall revenue.

It seems to me that this tax is counterproductive and in our estimation, in terms of the entire tax package, unnecessary. I urge adoption of the amendment.

SENATOR BARRY OF THE 4th
IN THE CHAIR

THE PRESIDENT:

Motion is on Senate Amendment Schedule E. Will you remark further? Senator Beck.

SENATOR BECK: (29th)

Mr. President, speaking to the amendment, I think without any question there is bootlegging which goes on and particularly in the area of cigarette sales and I share the general sympathies of Senator Bozzuto. However, this is not the time to be cutting taxes and experimenting with tax cuts, and, in fact, one of the principles upon which we have functioned is that we tax those items which are not necessities. And cigarettes are not necessities. We have taken into account that we may possibly lose some revenue through purchases outside the borders of this state and while it is an admirable idea, it is not an idea which is workable in this point in time. I ask my colleagues to defeat this amendment.

THE PRESIDENT:

Will you remark further? Senator Cutillo.

SENATOR CUTILLO: (15th)

Mr. President, I'm sorry, I didn't see the light on. Mr. President, members of the circle, I go back to 1969 when I was a member of the Finance Committee and at that time we faced a deficit and were looking for monies to supplement the budget; and at that time, I was in my sophomore year, sophomore second term, it was fashionable to tax the "sin" taxes of which liquor and cigarettes are a part. At that time, if I am not mistaken, we received thirty-two million dollars on eight cents. We increased it from eight to sixteen cents. We should have received sixty-four million dollars. The fact of the matter is we received in the ensuing biennial fifty-six million dollars. It is a fact that every time we go up on this type of a tax, we make it more lucrative for bootlegging. The state doesn't receive its fair share, and it is a tax that is driving business out of the State of Connecticut and in turn the people in the state are losing. It is a tax for the sake of having a tax only. I predict to you, not because I am so smart, because the figures are there from 1969, from 1971 when we did it again and went from sixteen to twenty-one cents, the figures won't be there come next year. It does not yield the proportionate return whether it is on cigarettes. Whether we need it or not is superflous. The fact of the matter is it makes it much easier to go to adjoining states

and bootleg and make it cheaper for those people in the State of Connecticut who deservedly should be paying as much as that to smoke regardless of whether I like smoking or not, and by the way, I don't smoke and could care less. We are here to look at taxes. And if we are looking at taxes fairly and equitably, this is one of the bad ones. I will vote against.

THE PRESIDENT:

The motion is on adoption of Senate Amendment Schedule E. Will you remark further? Senator Bozzuto.

SENATOR BOZZUTO:

Mr. President, I would simply ask that when the vote be taken, it be taken by roll call.

THE PRESIDENT:

Senator Morano.

SENATOR MORANO: (36th)

Yes, Mr. President. Mr. President, I happen to live in a borderline town where in Greenwich a carton of cigarettes retails for six dollars and forty-five cents with no sales tax. Yet I can drive two and one-half miles and buy the same carton of cigarettes for four dollars and eighty-six cents. Now if you put a seven and one-half sales tax onto the $6.45 it is going to exceed seven dollars for the cost of one carton. I do not smoke cigarettes. However, I can see some enterprising people driving just across the New York State

line to buy cigarettes and come back and sell them here in Connecticut and offer them for a dollar less than what they retail here and do a thriving business. I think that we are overestimating the amount of monies that this bill would seem to indicate to take in in former revenues. I think we are going to encourage bootlegging as it has been in the past when I know that many people that work in the Stamford factories drive down to North Carolina and buy carloads of cigarettes. It is only recently that the law has stepped in and prohibited this, but they won't have to drive that far now, they can drive just across the stateline and buy their cigarettes and bootleg them and really ruin what is a revenue producing industry at this time.

THE PRESIDENT:

Senator Matthews.

SENATOR MATTHEWS: (26th)

Thank you, Mr. President. According to the estimates that are stated here, I believe the amount of money is seventeen to eighteen million dollars which this tax placed on the consumer once again would bring in. If I remember my facts correctly, the amount of contriband cigarettes that are brought in to the State of Connecticut could bring in in a tax form of revenue something in the area of twenty million dollars. Now it seems to me that if we went after those people who are bringing in the cigarettes illegally

and accommodated the tax which is normally expected from the cigarettes that are sold in the state, we would not have to worry about this tax at all. And it seems to me that that is the way to do this. We are not trying to administer our state functions efficiently and with discipline. It seems to me we have the opportunity in this kind of a situation to do that and save the taxpayers seventeen million dollars and take in at least a good share of that in some manner that the state should develop and find out who and how the cigarettes are being brought in illegally and then when they are sold, they would pay the tax as everyone else does.

THE PRESIDENT:

Are there any further remarks? The motion is on adoption of Senate Amendment Schedule E. If there are no further remarks, would the Clerk please call for a roll call vote.

THE CLERK:

An immediate roll call has been called for in the Senate. Will all senators please take their seats. An immediate roll call has been called for in the Senate. Will all senators please be seated.

THE PRESIDENT IN THE CHAIR

THE PRESIDENT:

ARe you ready to vote. We are voting on Senate

Amendment Schedule E, the elimination of sales tax on cigarettes. LCO 3443. The machine is open. Have all senators voted. The machine is closed. The Clerk will take a tally.

The vote is 11 Yea - 25 Nay. SENATE AMENDMENT E FAILS.

THE PRESIDENT:

Senator Gunther.

SENATOR GUNTHER: (21st)

Mr. President, my vote on the previous vote, not the one just completed, but the previous one improperly recorded No, and I was voting Yes. And I went up to check it to make sure and I would like to have my vote recorded Yes, not No.

THE PRESIDENT:

Senator, the gavel fell and Senator, unless it was a malfunction in the machine.

SENATOR GUNTHER:

I don't know, Mr. President, if it was a malfunction or not but I didn't notice that it was a No vote and it was supposed to be a Yes vote. Will it so be recorded? Thank you.

THE PRESIDENT:

Senator, I cannot change the vote on the tally after the gavel has fallen. The Clerk can note for the Journal

that you made an announcement that you voted inadvertently but it will not change the actual vote on the machine after the gavel has fallen.

SENATOR GUNTHER:

Mr. President, I didn't vote inadvertently but inadvertently it appears on the record as a No and I would like the journal to reflect that it was a Yes vote.

THE PRESIDENT:

That you intended to vote Yes. The Journal will note that you intended to vote Yes, but the roll will remain the same as far as being recorded the way that the machine indicated, Senator. (Senate Amendment D)

THE CLERK:

The Clerk is now prepared to move on Senate Amendment Schedule F. LCO 3445, submitted by Senator Ballen. Copies have been distributed.

THE PRESIDENT:

Senator Ballen.

SENATOR BALLEN: (28th)

Thank you, sir. I move the amendment and waive its reading.

THE PRESIDENT:

Is there objection to the waiving of the reading. Hearing none, the question is on adoption. Proceed, senator.

SENATOR BALLEN:

Mr. President, this amendment strikes out the increase in the sales tax from the proposed seven and one-half percent and it brings it back down to seven.

I feel, Mr. President, that an increase in the sales tax is the last straw. It's the straw will, indeed, break the taxpayers' back in the State of Connecticut. The sales tax, to commence with, is a regressive type of taxation in that it hurts poor people to a larger extent than it does the wealtheir people, because it takes from the poor people a greater percentage of their earned income and they are forced to pay the same exact tax for the articles and the merchandise they purchase as the wealthier people. I don't know whether we all realize it or not but if you go out and buy an eight thousand dollar automobile in the State of Connecticut today, and an eight thousand dollar automobile is not an expensive car in today's market, you will pay five hundred and sixty dollars in tax to the State of Connecticut. And we want to raise that tax nad make it a six hundred dollar tax on the same purchase. I think Connecticut already has the highest personal sales tax in the entire United States at seven percent and we are going to raise that sales tax from seven to seven and one-half percent. I think it is outrageous and I think the taxpayers of the State of Connecticut are

entitled to show their outrage against people who indeed forced upon them a seven and one-half or highest sales tax in the country. Eventually, I am afraid, I am afraid, if we keep raising the sales tax which, as you know, will depend on the business climate for the amount of money that it produces that we will find ourselves in very serious jeopardy because if a recession is ahead and if the economy is cut back and if sales are not kept to a high peak at which they presently are, and we are relying on a seven and one-half percent sales tax, we will find ourselves with a tremendous shortfall in revenue and if we keep going in this direction, somewhere down the road I am afraid we are heading toward the dreaded income tax, and this is but the first step; and those of you who vote for a seven and one-half perc-ent sales tax are, indeed, looking on down the road towards a possible income tax.

I would urge adoption of the amendment and not to increase the sales tax in the State of Connecticut. Thank you, Mr. President.

THE PRESIDENT:

Will you remark further? Senator Beck.

SENATOR BECK: (29th)

Mr. President, I would point out that the State of Connecticut did have a seven and one-half percent sales tax under Governor Meskill, and the state survived it. They

didn't like it. We didn't like it, but they survived.

I would like to say, most emphatically, for those people who are voting on this revenue resource today that the major source of revenue in the State of Connecticut is the Connecticut sales tax because we do not have a fully broad base tax system. And this one-half percent will raise an amount of revenue, which if we look at the budget side and see where it goes, more than eighty percent of this sales tax revenue will come right back to the taxpayers in local property tax relief under the mandated equalization of education. The two numbers are very similar and they provide a form of tax relief to the most inequitable tax which we have in this country, the local property tax. I would also remind my colleagues that as we move through this session, places like New York are beginning to have local sales taxes which are going up - New YOrk City as well as state taxes - that states around the country are having to shore up their revenues in order to provide the kinds of services, and they are up three minimal, which the consumer needs. But above all, and I would like to make this point very, very strongly to all of us, Connecticut has one of the most fair sales taxes in the entire country. Why is this? Because we exempt necessities - food, medicine, areas where, in fact, the consumer would be burdened if we were to move heavily into that area. Connecticut has a base which is, in

fact, not nearly so broad nor in its impact so regressive as most of the states in this country. And I think that so long as we avoid that kind of breadth, we are providing a minimal impact upon those vast numbers of people in the middle classes who do not need a major source of revenue but can tolerate a small one-half percent increase in the sales tax.

THE PRESIDENT:

Will you remark further? Senator Cunningham.

SENATOR CUNNINGHAM: (27th)

Mr. President, I rise in support of the amendment. No tax, such as this, can be deemed to be small to the citizens of Connecticut nor to the businessmen of Connecticut. The state is dependent upon a climate which encourages the growth of business. My own district borders on the State of New York. It is imperative that we not raise the state sales tax. There is presently under construction within the City of Stamford a major project to complete an urban renewal project, a major project which will include quite a number of stores. It is far too easy for residents in my district to drive to White Plains, to go across the border, and to make their purchases. Aproper climate for in Connecticut will encourage business to come the other way. It will encourage growth not only in construction but in jobs in Connecticut. Mr. President, this

increase in the state sales tax not only falls upon the workers of Connecticut, it also falls upon the workers in Connecticut who will not find jobs because of business lost to Connecticut.

Mr. President, I support the amendment. I oppose any increase in the state sales tax. Thank you.

THE PRESIDENT:

Will you remark further on Senate Amendment F. Senator Smith.

SENATOR SMITH: (12th)

Thank you, Mr. President. I also rise to support this amendment. Of all the taxes that we have before us, I find an increase in the sales tax the most unacceptable. It will most directly affect, as has been already stated, every single citizen in the State of Connecticut. People are having such difficulties now in coping with inflation and rising prices. We are just going to have to try to be far more responsible than the indications are at this point and not increase this tax and look tomorrow to do some responsible cutting in the budget. Thank you, Mr. President.

THE PRESIDENT:

You are welcome, Senator. Will you remark further? Hearing no further remarks on Senate F, announce an immediate roll call in the Senate, please.

THE CLERK:

An immediate roll call has been called for in the

Senate. Will all senators please take their seats. An immediate roll call has been called for in the Senate. Will all senators please be seated.

THE PRESIDENT:

We are voting on Senate Amendment Schedule F, LCO 3445, eliminating one-half percent sales tax hike. The machine is open. If you care to support the amendment, you will vote Yea; Nay if you care to reject the amendment. The machine is open. Have all senators voted? Is your vote properly recorded? The machine is closed. The Clerk will take a tally.

The vote is 17 Yea - 19 Nay. SENATE AMENDMENT F FAILS.

THE CLERK:

The Clerk has Senate Amendment Schedule G. LCO 3050, offered by Senator Beck. Copies have been distributed.

THE PRESIDENT:

Senator Beck.

SENATOR BECK: (29th)

Mr. President, this is a technical amendment only. It reorders and renumbers the basic legislation which are dealing with now before us, and makes the dates of effectiveness July 1 in one case, ah, in two cases and January 1 in another case. I move acceptance without a roll call.

THE PRESIDENT:

The motion is for adoption of Senate G and waiving of the reading . Is there objection to the waiving of the reading? Hearing none, will you remark further on the adoption of Senate G. Hearing no further remarks, I will try your minds. Those in favor of adopting G, indicate by saying Aye. Those in opposition to.

SENATE AMENDMENT G IS ADOPTED.

THE CLERK:

The Clerk has Senate Amendment Schedule H. LCO 3241. Copies have been distributed.

THE PRESIDENT:

Senator Ballen.

SENATOR BALLEN: (28th)

Mr. President, I move the amendment. I waive its reading.

THE PRESIDENT:

The question is on adoption and is there objection to the waiving of the reading? Hearing none, proceed, Senator Ballen.

SENATOR BALLEN:

Thank you, Mr. President. If I may summarize, this bill will repeal the dividends tax. We have already hurt every taxpayer in the State of Connecticut, particularly the poor, and now we are going after the elderly with this dividends tax, which I feel should be repealed because, Mr.

President, over fifty percent of the dividends tax is, in fact, paid by persons sixty-five years of age and older. And most of it is paid by people who have invested their hard-earned life savings in American companies and in Connecticut and in other state's corporations and American business to help make those businesses flourish and to help America grow, rather than putting their money in the banks or investing in real estate or in making other investments. And I feel, Mr. President, that this bill is extremely discriminatory, this tax, because it only applies to two types of income - the dividends income and the capital gains income. Right now we are talking about the dividends tax and, Mr. President, it is a discriminatory tax. It is also unfairly applied in the sense that you can make nineteen thousand dollars worth of dividends income and not pay any tax at all on it, but if your gross income is over twenty thousand dollars, all of your dividend income is, in fact, taxable. For many reasons, Mr. President, this tax is discriminatory. It is unfairly applied. It is also driving wealthy people out of the state of connecticut. Retired people who have large sums of money invested in American corporations who are receiving great amounts of dividends are leaving the State of Connecticut. They are going to Florida, they are going to California, they are going elsewhere. And as a result, when, in fact, they do pass on,

their estates are probated in these other states, not in Connecticut, and Connecticut is, in fact, losing large amounts in succession and inheritance taxes that could be coming into the state coffers but are going elsewhere because of this one little tax, the dividends tax, on a very small number of taxpayers in the State of Connecticut.

Mr. President, again, it is discriminatory. It is unfairly applied and I think that it should, in fact, be repealed. Thank you, sir.

THE PRESIDENT:

Senator Beck.

SENATOR BECK: (29th)

Mr. President, speaking against the amendment, I urge my colleagues to support the revenue base of the state and it's fiscal soundness by rejecting this amendment. No tax is perfect and it includes the dividends tax, but it is one of the taxes which we have tried to make most closely related to some kind of measure of income and, therefore, because it is a major resource and because we have attempted to improve the tax,and exempt all those people whose incomes lie below twenty thousand, I urge rejection of this amendment.

THE PRESIDENT:

Will you remark further on Senate H. Senator Matthews.

SENATOR MATTHEWS: (26th)

Very briefly, Mr. President, two points. One is that it seems to me that the dividends income comes to a great

many people beyond those that we might think of at first thought. People who work in the corporate industries of this state, in all kinds of jobs, with all kinds of incomes are very apt to own stock in that corporation and receive dividends. And if they work and their spouse works, it is very easy for them to reach the twenty thousand dollar income level today. I think we are talking about people in all walks of life and in all income levels. And I think because of that, it will affect a larger number of people in its way than we might imagine. And those people particularly, who own only a few shares of stock but do have the twenty thousand dollar income are the very ones who are carrying the heavy burden today. It is the middle income group who are involved with the most serious problem in tax burden. I think because of that, this is a situation which we should give our deep consideration to. It is very logical, I think, to expect most people to think that this is a tax which only occurs in very high brackets of income, but it is not so. I stronly hope you will follow the request of Senator Ballen.

THE PRESIDENT:

Will you remark further on H. Senator Robertson.

SENATOR ROBERTSON: (34th)

Mr. President, I would request that when this vote be taken, it be taken by roll, please.

THE PRESIDENT:

It shall be ordered. Will you remark further? Hearing no further remarks, announce an immediate roll call in the Senate, please.

THE CLERK:

An immediate roll call has been called for in the Senate. Will all senators please take their seats. An immediate roll call has been called for in the Senate. Will all senators please be seated.

THE PRESIDENT:

We are voting on Senate Amendment Schedule H. LCO 3241, the elimination of the dividends tax in total. If you favor, vote Yea. If you are opposed, vote Nay. The machine is open. Have all senators voted? Is everyone properly recorded? The machine is closed. The Clerk will take a tally. The vote did not record, ladies and gentlemen. We will clear the machine and revote. Senators, please return to the chamber. Annouce the roll did not record and we will revote. Tear it up, please.

THE CLERK:

Will all senators please report to the chamber. A roll call vote is in progress. Will all senators please take their seats. A roll call vote is now in progress.

THE PRESIDENT:

The last vote did not record properly. We are revoting on Senate H. The machine is open. Have all senators voted?

The machine is closed. The Clerk will take a tally.

The vote is 12 Yea - 24 Nay. SENATE AMENDMENT H FAILS.

THE CLERK:

The Clerk has Senate Amendment Schedule I. LCO 3448, submitted by Senator Robertson. Copies have been distributed.

THE PRESIDENT:

Senator Robertson.

SENATOR ROBERTSON: (34th)

Mr. President, I move adoption of Senate Amendment I and request the waiving of the reading of the amendment.

THE PRESIDENT:

The question is on adoption and is there objection to waiving the reading. Hearing no objection, proceed with the adoption, Senator.

SENATOR ROBERTSON:

Mr. President, what this amendment would do would be to eliminate the dividends tax to those people sixty-five years or older. I don't wish to delay the debate. I believe the Senate has discussed this bill in previous years. I believe that the dividends tax is basically a discriminatory income tax and I believe that we should come forward and be honest with the citizens of our state. We claim that we do not wish an income tax. Therefore, I believe that we should eliminate this tax. Thank you, Mr. President.

Mr. President, I also request that this be done by roll call.

THE PRESIDENT:

It will be ordered when appropriate, Senator. Senator Beck.

SENATOR BECK: (29th)

Mr. President, I urge my colleagues to defeat this amendment in order to retain the fiscal base of the state; and secondly, age itself does not determine ability to pay taxes.

THE PRESIDENT:

Will you remark further. Senator Matthews.

SENATOR MATTHEWS: (26th)

Thank you, Mr. President. Very briefly, it seems to me that when you are asking the circle to vote on the sixty-five and over dividends exemption, it is very reasonable and acceptable for all of us to think about this situation in terms of the expense that is involved with the people who are sixty-five and over. In every instance, when they have dividend income and they have no way of getting other income inflationary tendencies are really difficult for them. They need every cent they can receive and I hope you will support this amendment.

THE PRESIDENT:

Will you remark further? Senator Ballen.

SENATOR BALLEN: (28th)

Thank you, Mr. President. This particulary amendment really zeros in a little more precisely than the amendment that I had previously put forward because this deals exclusively with dividends taxpayers over the age sixty-five. These are the people who have put their life savings into stocks in various corporations and they are now dependent on those very dividends for their existence; and these are the people that this particular tax hurts the very most. And these also are the people who are taking their money and their dividends and going to other states that have better climates perhaps, where they can live and enjoy their dividend income without paying the oppressive seven percent Connecticut sales tax and over on Connecticut dividends. And these are the people that I think that we have to assist and aid and this amendment does that very thing and I strongly urge the members of the circle to support this amendment. Thank you, sir.

THE PRESIDENT:

You are welcome, Senator. Will you remark further? Hearing no further remarks, announce an immediate roll call in the Senate, please..

THE CLERK:

An immediate roll call has been called for in the Senate. Will all senators please take their seats. An immediate roll

has been called for in the Senate. Will all senators please be seated.

THE PRESIDENT:

We are voting on Senate Amendment Schedule I, LCO 3448, eliminating dividends tax for over sixty-five years of age. If you are in favor, indicate by voting Yea; in opposition, vote Nay. The machine is open. Have all senators voted? The machine is closed. The Clerk will take a tally.

The vote is 15 Yea - 21 Nay. SENATE AMENDMENT I FAILS.

THE CLERK:

The Clerk has Senate Amendment Schedule J, LCO 2993, offered by Senator Robertson.

THE PRESIDENT:

Senator Matthews.

SENATOR MATTHEWS: (26th)

Thank you, Mr. President. I move the amendment and ask that the reading be waived and that I may summarize.

THE PRESIDENT:

The motion before us is to adopt the amendment and is there objection to the waiving of the reading? Hearing none, proceed, Senator Matthews.

SENATOR MATTHEWS:

Thank you, Mr. President. I also ask for a roll call.

THE PRESIDENT:

A roll call will be ordered when appropriate.

SENATOR MATTHEWS:

The amendment covers the repeal of the capital gains tax. If there is any element in the State of Connecticut which has been meaninful to us over the last several years, it has been the development of greater business in the state. This has been done, obviously, through a number of methods, one of the most important one has been the availability of capital, and what I would refer to as risk capital, from those people who have the funds to invest in businesses of all sizes. Throughout the Nation, productivity is one of the most serious problems that we have. It is important that we realize that without a growing productivity we can only go one way in our economic standard of living and that would be backwards. Productivity has been very low and is going down. In the last year or so, I think it has been very well covered in all of the news media indicating that other countries throughout the world are well beyond us in their productivity capacity and are doing magnificent jobs compared to what we are doing, and this is not the kind of thing the United States should accept, and the State of Connecticut is part of the United States.

I would like to make a quote - there is evidence that the most effective permanent method of increasing productivity

is to increase investment, and that the most effective way to increase investment is to provide incentives for potential investors in the tax law. Incentives should be provided to increase the proportion of personal income which is saved to motivate middle income individuals to channel a greater percentage of the funds towards the investment sector and to prompt businesses to utilize external and internally generated sources of funds to increase their levels of capital spending.

I think it is very obvious from our own information as to what our state has been doing that it is important to us that we encourage business and the expansion of business through capital investment. The present administration in its own right has made extensive efforts to try to develop more business in the state. In recent months, Senator Fauliso's statement to the Chamber of Commerce, he made a long statement relative to the position that the state government has held in its attitude towards business and I think that this is important to us to realize that the kind of approach and attitude that we have been doing in the last several years must be continued.

I quote briefly from Senator Fauliso's reported statements: state government has been made more efficient through the most comprehensive reorganization in fifty years. Construction activity has increased dramatically and business

taxes have been reduced consistently..(recording machine malfunctioned and next few lines unintelligible)... who is the man assigned to try and develop the business in the state has stated that during the past year, we have developed and executed a comprehensive economic development strategy that has enabled Connecticut to become the development hotspot for the northeast. Some measures in this strategy include reduction of business taxes, i.e. then he lists essentially the same types of taxes we have.

Again, the same impression is portrayed that the reduction of taxes and the reduction of the capital gains tax is the form of reduction in taxation which will lead to greater business and will provide the jobs which we as a state must have in order to completely take care of those who are in need of work. Each year we need some fifty to fifty-five thousand new jobs to be created in the State of Connecticut. We can't do this without money. We can't do it without having the industries and businesses that are now in the state given the assistance,giving the privilege of using the financing that capital gains money can do for them. Where else can they go to get this money with interest rates at nineteen, twenty percent? They cannot afford to do it. The small businessman needs help and the large businessman needs help. Small and midrange companies account for fifty-five percent of all business

employment and I think this is very indicative of the kind of problems that we have to face up to.

THE PRESIDENT:

Gaveling for attention - will the Senate come to order, please. There is a member addressing this circle. If you want to carry on conversations, please leave the chamber. Senator Matthews, you have the floor.

SENATOR MATTHEWS:

I realize it is a very difficult type of tax for everyone to look at objectively, but it is the kind of tax relief which will provide the future for the State of Connecticut economically. And I think that it behooves us to take this opportunity to find our way of voting in favor of this type of tax. The whole country has been built on capital investment and if you want to look the country over and think back at what a wonderful country we have developed, certainly the State of Connecticut is part of this country that made much of it come true many years ago through its wonderful efforts in developing industries and businesses. We set the sites so high in those years, and I think we ought to now. Let's put money where it will count for us in the future. Let's put money where we can develop jobs. Let's put money where we can save the taxpayers money in the long run. More business means more revenue for this state. Let's get it to them by having the dividends and

capital gains tax, in this case, capital gains tax removed so that we can go ahead and develop greater opportunities. Thank you.

THE PRESIDENT:

Will you remark further? Senator Beck.

SENATOR BECK: (29th)

Mr. President, I urge my colleagues to defeat this amendment. The state needs to maintain a fiscally sound base and this is a significant component in that base.

Speaking more specifically, however, to the relationship between taxes and business performance, I would particularly emphasize that Connecticut, in the last four years, has completely eliminated the sales tax on business equipment and machinery for manufacturing and for agriculture and by so entirely eliminating that tax has at the same time maintained fiscal integrity because we took it in small mouthfuls and not a complete elimination of anyone tax in anyone year.

Secondly, and most importantly, we have one of the most significant and creative tax reduction programs in the country for the local property tax for urban and high unemployment areas and this has been a significant factor in bringing business into the state of connecticut in those areas which have been depressed as well as the more wealthy and more attractive parts of Fairfield County which are

experiencing extraordinary growth. Mr. Pr-esident, I would emphasize, most especially, that the state does not at this point have an income tax, does not at this point tax the wealthy in any significant degree whatsoever, and, in fact, has only a few taxes which even begin to reach out at that wealth. This is one of those taxes, is a fairly moderate tax, as these taxes go. And, Mr. President, I would urge that my colleagues support rejection of this amendment because given the fiscal necessities at this point in time, we would have to cut the expenditure package far too much in order to accommodate this.

THE PRESIDENT:

Will you remark further? Senator Ballen.

SENATOR BALLEN: (28th)

Mr. President, I rise to support the amendment and I would like to associate myself with the remarks as made by Senator Matthews and request that when the vote be taken it be by roll call.

THE PRESIDENT:

It will be so ordered, sir. Will you remark further? Senator Fauliso.

SENATOR FAULISO: (1st)

Mr. President, I was pleased to hear Senator Matthews make reference to a speech that I made before the Greater Hartford Chamber of Commerce. I was also pleased to hear him

that we are enjoying a healthy economy in the State of Connecticut, and that we must be doing some things right and that we are producing jobs and we are attracting a lot of companies and we want to keep up that momentum. But, I want to remind him also that that is being done, all of this is taking place with the capital gains tax in place. And I don't know of anyone who says that the capital gains tax, as it presently exists, has prejudiced that growth. I would be happy to pay a tax on capital gains. There was an occasion once or twice when I paid it, not of recent years. But those of us who find ourselves in that propitious and fortunate position, I think would only welcome a tax on capital gains. But in any event, I didn't know that that speech was to be cited. Had I known that others were paying strict attention to it, I certainly in the future will be very careful about making my remarks more extensive because that was a short speech, if I remember it.

THE PRESIDENT:

Thank you, Senator. And your brief remarks are greatly appreciated here today. Will you remark further? Hearing no further remarks, announce an immediate roll call in the Senate, please.

THE CLERK:

An immediate roll call has been called for in the Senate. Will all senators please be seated. An immediate

roll call has been called for in the Senate. Will all senators please take their seats.

THE PRESIDENT:

We are voting on Senate Amendment Schedule J, LCO 2993, the elimination of the capital gains tax. If you favor J, vote Yea. If you are opposed, vote Nay. The machine is open. Have all senators voted? The machine will be closed and the Clerk will take a tally.

The vote is 10 Yea - 26 Nay. SENATE AMENDMENT "J" FAILS.

THE CLERK:

The Clerk has Senate Amendment Schedule K, LCO 3458, copies have been distributed. Offered by Senator Robertson.

THE PRESIDENT:

Senator Robertson.

SENATOR ROBERTSON: (34th)

Mr. President, I move adoption of Senate Amendment K, and ask that I be allowed to summarize, please.

THE PRESIDENT:

The question is on adoption and is there objection to the waiving of the reading. Hearing no objection, proceed with the adoption, Senator.

SENATOR ROBERTSON:

Thank you, Mr. President. This amendment simply eliminates the capital gains tax for those people over

sixty-five years of age or older. I won't prolong the debate. I think the purpose of the amendment is quite obvious and I ask for your support. And, Mr. President, I do ask that when the vote be taken, it be taken by roll.

SENATOR MURPHY OF THE 19th
IN THE CHAIR

THE PRESIDENT:

Will you remark further? Senator Beck.

SENATOR BECK: (29th)

Mr. President, I urge my colleagues to reject this amendment so that we can maintain the fiscal base of the state; and secondly, so that when we do change taxes, it can be done in a more appropriate fashion, as part of an overall comprehensive approach.

THE PRESIDENT:

Will you remark further on Senate K? If not, will the Clerk make the appropriate announcement.

THE CLERK:

An immediate roll call is called for in the Senate. Will all senators please take their seats. An immediate roll call has been called for in the Senate. Will all senators please be seated.

THE PRESIDENT:

The machine is opened. The machine is closed and locked. The Clerk will take a tally.

On Senate Bill 653, Amendment Schedule K, the result is: Total Voting 36. Necessary for Passage 19. 12 in Favor. 24 Opposed. THE AMENDMENT SCHEDULE K IS DEFEATED.

THE CLERK:

The Clerk has Senate Amendment Schedule L. LCO 3449. Introduced by Senator Robertson. Copies have been distributed.

THE PRESIDENT:

Senator Robertson.

SENATOR ROBERTSON: (34th)

Thank you, Mr. President. I move adoption of Senate Amendment L, and ask that I be allowed to summarize, please.

THE PRESIDENT:

Is there any objection to the waiving of the reading? Proceed, Senator.

SENATOR ROBERTSON:

Thank you, mr. President. I can assume that the two previous amendments eliminating taxes for sixty-five years or older were voted down so because they were taxes imposed upon people whose gross income was twenty thousand dollars or more. This amendment is slightly different. It will eliminate totally the sales tax for those individuals sixty-five years or over. I would like to bring some points of information to your attention. A survey done, through

Title Twenty, in 1978, it provided us with the following information: The median income for all elderly households in the State of Connecticut was eight thousand four hundred and twelve dollars (8,412.) per year, while the median income of seventeen thousand five hundred and thirty-nine dollars ($17,539) for allnonelderly households. I believe with rising inflation, the burdens placed on the elderly, makes this a wise amendment. If I can find my notes - Senator Fauliso, discussing the oil tax a while ago, emphasized that the lobbyists for the large oil companies and emphasized that we, the people in this circle, were truly the lobbyists of the people. And I suggest now that voting on this amendment will prove that we are the lobbyists and those elected representatives for a substantial portion of our electorate. I think that it is time that we do something for the elderly. In the four years I have been here, three years in the House and a few months up here, very little has been done for that segment of our population. And I believe it is time now for the Senate to stand up and give the elderly their proper due. Thank you, Mr. President. Mr. President, excuse me, I would like this to be a roll call vote, please.

THE PRESIDENT:

Will you remark further? Senator Beck.

SENATOR BECK: (29th)

Mr. President, speaking to the amendment, I urge my colleagues to defeat this amendment. It is admirable in its intent and desire and fiscally absolutely impossible to carry out. I urge defeat of the amendment.

THE PRESIDENT:

Will you remark further on Senate Amendment Schedule L. Hearing none, will the Clerk make the announcement.

THE CLERK:

An immediate roll call has been called for in the Senate. Will all senators please take their seats. An immediate roll call has been called for in the Senate. Will all senators please be seated.

THE PRESIDENT:

The machine is opened. The machine is closed and locked. The Clerk will take a tally.

On Senate Amendment Schedule "L", total voting 36. Necessary for passage 19. 11 in Favor - 25 Opposed.

SENATE AMENDMENT SCHEDULE L IS DEFEATED.

THE CLERK:

The Clerk has Senate Amendment Schedule M. LCO 3244. Copies have been distributed. Introduced by Senator Ballen.

THE PRESIDENT:

Senator Ballen.

SENATOR BALLEN: (28th)

Thank you, Mr. President. I move adoption of the

amendment. I waive its reading and I request that when the vote be taken, it be taken by roll call.

THE PRESIDENT:

Any objection to the waiving of the reading of Senate Amendment Schedule M. Proceed, senator. The reading is waived.

SENATOR BALLEN:

Thank you, Mr. President. At long last we have an opportunity to vote upon an amendment which will benefit Connecticut and Connecticut corporations and Connecticut taxpayers and Connecticut business. This amendment would merely eliminate dividends paid by Connecticut companies from the Connecticut dividends tax. It would increase, I am sure, investment in Connecticut corporations. It would give them more money through the sale of stock with which to improve, expand and increase their business in the state of connecticut. It would produce more jobs and it would produce a better business climate in the State of Connecticut. The fiscal impact would be negligible, I believe, because the Connecticut corporations that pay dividends are only a very small number of the corporations which pay dividends which go into the makeup of the entire Connecticut dividends tax. I would urge adoption of this amendment, Mr. President.

THE PRESIDENT:

Will you remark further? Senator Ruggiero.

SENATOR RUGGIERO: (30th)

Mr. President, through you, a question to Senator Ballen, please. Through you, Mr. President, Section A reads that if the taxes to be imposed on all dividends earned where the taxes were paid to the taxpayer by a corporation which is not domiciled in Connecticut or does not have its principal place of business here. Is that correct, Senator Ballen?

THE PRESIDENT:

Senator Ballen, if you care to respond.

SENATOR BALLEN:

Yes, Mr. President. Through you, the intent of the amendment, and I believe it does read that any dividends paid by Connecticut corporations which are domiciled in Connecticut or belong in Connecticut are, in fact, located in Connecticut, dividends from those corporations are not taxable under the Connecticut dividends tax.

THE PRESIDENT:

Senator Ruggiero.

SENATOR RUGGIERO:

Through you, Mr. President, has the Tax Department indicated, the Department of Revenue Services, whether they can or cannot administer this type of an accounting system?

THE PRESIDENT:

Senator Ballen, if you care to respond.

SENATOR BALLEN:

I don't know the answer to that, Mr. President. I would assume that it would not be too difficult a job to determine what corporations are domiciled or do business in the State of Connecticut. I don't think it would pose a problem.

SENATOR RUGGIERO:

Very briefly, Mr. President. Speaking in opposition to the amendment, I happen to be a supporter of elimination of dividends taxing in Connecticut, but I think if we are going to eliminate, we should eliminate. I don't think the Department of Revenue Services would be able to administer this type of a tax return and would ask that the vote be in a negative.

THE PRESIDENT:

Will you remark further on Senate Amendment Schedule M. If not, the Clerk will make the appropriate announcement.

THE CLERK:

An immediate roll call has been called for in the Senate. Will all senators please be seated. An immediate roll call has been called for in the Senate. Will all senators please take their seats.

THE PRESIDENT:

The machine is open. The machine is closed and locked. The Clerk will take a tally.

Senate Amendment Schedule M - Total Voting is 36. Necessary for Passage is 19. In Favor 11 - Opposed 25. THE AMENDMENT SCHEDULE M IS DEFEATED.

THE CLERK:

The Clerk has Senate Amendment Schedule N, offered by Senator Robertson. LCO 3455. Copies are on the desks.

THE PRESIDENT:

Senator Robertson.

SENATOR ROBERTSON: (34th)

Thank you, Mr. President. I move adoption of Senate Amendment Schedule N, and I ask that I be allowed to summarize please.

THE PRESIDENT:

Any objection to the waiving of the reading? Hearing no objection, proceed, Senator.

SENATOR ROBERTSON:

Thank you, Mr. President. I wish for those people who remain in the chamber that they might listen because I believe that this is an amendment that can certainly help the road to solving one of the most major problems in the State of Connecticut. In 1979, we passed a Public Act, An Act Concerning a Tax Credit Against a corporation business tax for apprenticeship training in the machine tools and metal trades. What this amendment would do is it would

allow a company in our state to establish apprenticeship training programs and for each AFDC recipient that enrolled in one of these programs, they would receive twice the credit that they are presently allowed.

Mr. President, I would ask that when this vote be taken, it be taken by roll.

THE PRESIDENT:

Thank you, Senator. Will you remark further on Senate N? Senator Ruggiero.

SENATOR RUGGIERO: (30th)

Mr. President, very briefly, last year when we passed the apprenticeship tax credit program, it really had atwo-fold purpose. One was to provide opportunities for the people of the State of Connecticut to get jobs and also to provide them with a living wage; and second of all, to give credit to the corporations in Connecticut that were willing to take on apprentices by allowing them to pay a living wage and still receive a credit for some work that would be nonproductive to the company. I think that before we start going further with the apprenticeship program, as it relates to all kinds of recipients, including the AFDC people, that we find out what is happening with the apprenticeship program at this point and would urge a No vote on the amendment.

THE PRESIDENT:

Will you remark further on Senate N? Senator Robertson, did you care to remark further?

SENATOR ROBERTSON:

Yes, Mr. President. Mr. President, year after year, specifically in election years, we talk about welfare reform, and we do very little. What we do is we increase the AFDC benefits and I, for one, am in favor of that, but we do very little to help those recipients of AFDC get off AFDC. Yes, we can wait a year, we can wait two years, we can wait five years and yes, we can or may even wait ten years to see how this program is functioning and still we do nothing to improve the situation of AFDC recipients. The Federal Government and the State Government have proposed educational programs, training programs. What this amendment will do is very simply bring the private sector and the state together with the tax incentive, the profit motive, to help eliminate or slowly turnaround a situation which we, as a state, can no longer live with. Something must be done because our state budget is becoming all too burdensome by AFDC payments and other related costs and something must be done. We can wait a year. We can wait five years. I am suggesting the passage of this amendment will begin the movement now. And I ask you call, those that may be listening, to please consider a favorable vote on this amendment. The fiscal note is that there will be no cost. It is

an attempt to end a situation which must be ended whether it is this year, next year or sometime in the future. I would prefer that it be ended now. Thank you, Mr. President.

THE PRESIDENT:

Will you remark further on Senate Amendment Schedule N. Senator Bozzuto. Before Senator Bozzuto addresses the circle, could we have those people who are having conversations at the back of the chamber either cut down on the noise volume or move outside to hold their conversations. The dim of the noise is becoming such that it is difficult for anyone up here to hear the speaker. Sorry, Senator, proceed.

SENATOR BOZZUTO: (32nd)

Mr. President, It might be appropriate, I am going to make a very brief comment, if you would call for a roll call vote and ask the chamber to return because I do think that this is an extremely important amendment and I do believe that every member should know that there is no fiscal amount attached to this, that, indeed, we can address a problem without any monetary consequences. By your leave, sir, I would request that you ask the members to return to the chamber so that we might make a brief comment and then vote on it very quickly.

THE PRESIDENT:

The Clerk make the appropriate announcement.

THE CLERK:

An immediate roll call has been called for in the Senate. Would all senators please take their seats. An immediate roll call has been called for in the Senate. Will all senators please be seated.

THE PRESIDENT:

Proceed, Senator Bozzuto.

SENATOR BOZZUTO:

Mr. President, Senator Robertson is to be commended. This, indeed, is a measure with no additional cost consequence and address a very serious problem. A two-headed problem, in fact. It will provide additional trainees to a very, very needy set of industries looking for new, potential entry-level employees, as well as to address the need of those on welfare that, indeed, respect the dignity of a paycheck. No cost, just a trial. A very worthwhile trial and worthy of your consideration. I urge your favorable vote.

THE PRESIDENT:

Will you remark further on Senate N before we roll call, Senator Robertson, briefly?

SENATOR ROBERTSON:

Thank you, Mr. President. I ask, please, read the amendment. Give those recipients of AFDC a break. Just not more money. Give them the opportunity to learn a trade.

And give us the opportunity to bring the private sector in to help us solve one of the major budgetary problems we have in this state. It will not cost the state a penny, and I would suggest that if the program were to be successful, it will save the state substantial amounts of money in the long run. We owe it to those recipients. We owe it to those recepients to give them the opportunity to come out of the area where they are to become productive, self-respecting citizens of our society. I plead with you to consider this amendment and vote green, which is yes.

THE PRESIDENT:

Will you remark further? Senator Martin.

SENATOR MARTIN: (18th)

Mr. President, it says here that there shall be allowed a credit for any taxpayer against the tax imposed, if there is no charge to the state, no cost to the state, how much is the credit?

THE PRESIDENT:

Senator Robertson, if you care to respond?

SENATOR ROBERTSON:

Yes, Mr. President. The credit would be a maximum of five dollars an hour while they are in the apprenticeship training program or no more than six thousand dollars in a given year per trainee. Certainly that would have a cost impact but it would be cancelled out because while that individual is making x number of dollars, even if you put it

on to the pro-rated basis of the WIN formula, it is going to save the state at least an equal amount of money in AFDC payments.

THE PRESIDENT:

Senator Martin.

SENATOR MARTIN:

Mr. President, through you, then the recipients of this work, ah, the funds will be taken out of the recepient's pay or from the state, to Senator Robertson, Mr. President.

THE PRESIDENT:

Senator Robertson.

SENATOR ROBERTSON:

I am sorry, Mr. President. I can't hear.

THE PRESIDENT:

Would you repeat the question, Senator Martin.

SENATOR MARTIN:

Through you, Mr. President. The recipient would lose as much in state aid. Is that what I am to understand?

THE PRESIDENT:

Senator Robertson.

SENATOR ROBERTSON:

Mr. President, through you, not necessarily. The recipient, as I recall, and maybe someone can help me, but I believe on the WIN formula, the recipient is allowed to

keep the first thirty dollars earned and then they are allowed to deduct certain expenses like transportation, baby-sitting, food, and then there is a percentage of AFDC payments that are then turned back. So it is not on a equal basis. But again, remember, that if a company is deducting five dollars off of their, no, excuse me, there is a credit.

THE PRESIDENT:

Senator Martin, you have the floor. No? Senator Ruggiero, you were up before. Do you care to remark further on this amendment?

SENATOR RUGGIERO:

Mr. President, let me point out that we are talking about AFDC recipients which are obviously people with small children or with children who may not have the opportunity to take advantage of this, but this body will have the opportunity to deal with a true work opportunity bill which will include education, which will include training and if that is going to be the direction that this body moves in, I think that is the proper vehicle. The particular vehicle I do not believe is the proper vehicle to be used for a workfare type program.

THE PRESIDENT:

Will you remark further on Senate Amendment ScheduleN? If not, the Clerk will make one brief announcement again.

THE CLERK:

A roll call vote is in progress in the Senate. A roll call vote is in progress in the Senate.

THE PRESIDENT:

The machine is open. The machine is closed and locked. The Clerk will take a tally.

Senate Amendment Schedule "N" - total voting 36; necessary for passage 19. Those Voting Yea - 10. Those in opposition 26. SENATE AMENDMENT SCHEDULE N IS DEFEATED.

THE CLERK:

The Clerk has Senate Amendment Schedule O, offered by Senator Prete. LCO 3502. Copies have been distributed.

THE PRESIDENT:

Senator Prete.

SENATOR PRETE: (14th)

Mr. President, I move adoption of the amendment.

THE PRESIDENT:

Will you remark, Senator.

SENATOR PRETE:

And the waiving of the reading.

THE PRESIDENT:

Any objection to the waiving of the reading? Hearing none, proceed, Senator.

SENATOR PRETE:

This amendment is a departure from what we have done all

day today. I want to prelude the whole thing with my congratulations to the people who have worked so hard on the tax package and the appropriations package. I would like to be complimentary but at the same time I have to be critical. I don't think that what we have accomplished here today is in the best interest of the State of Connecticut. We now have before us one hundred and sixty million dollars in new taxes. Every bit of which is going to be paid by the taxpayers of this state. I don't have to tell anybody in this circle that family budgets and household budgets are stretched to the breaking point. We were here not three months ago in an emergency session in an effort to get dollars out to assist people, to assist people with energy bills. We were not able to assist them where it really counts and that's in inflation. And I don't have to tell anyone here that because of inflation people have been unable to keep up their standard of living, that every year that goes by, despite wage increases, inflation chips more and more at their buying power. I think that it's inconsiderate, if not irresponsible, of us not to make a sincere effort to cut expenditures this session, particularly this session. My amendment attempts to do this. This year the Senate received the tax package first and the appropriations second. Unfortunately, that's the inverse of the logical way to handle the budget. But we will do it the best we can,

and I promise to have an amendment tomorrow which will call for cuts of up to seventy-five million dollars and I think that I can justify those cuts, and I think that if we all think about it, and examine our consciouses, we can find the seventy-five million dollars in cuts. That's for another day.

The amendment provides for a tax on meals under a dollar. One-quarter of a percent increase on the sales tax, retention of the cigarette tax, retention of the two-year motor vehicle registration tax and the elimination of the tax on, I hate to say oil companies because it is not on oil companies, it is on the people of the State of Connecticut; a perfect twin to the five percent gross revenue tax that we now impose on utilities, and will act in the same way, because as the price of fuel goes up, so goes the state tax up in greater and greater increments. Basically, this is the program. What it is very simply is an effort to prepare ourselves for when the appropriations bill comes before us, when we should do our job and be able to cut some seventy-five million dollars out of that appropriations bill. I don't mean to be melodramatic. I think it is our job. There are no good guys and bad guys. Not here. We have been here too long to know better. It's a matter of who you tax and how much. And I think it is about time that we begin to recognize that our power to tax can be overwhelming and is

damaging to our society and to our state. Out of seventy-five million dollars, on the so-called hit list; now this hit list, prepared for us at our request, and we asked the Appropriations Committee to study, come up with a list and they did; we were able to find a miniscule ten million dollars out of the seventy-five million dollars which was prepared for us on this list. That's the only cutting that we have done. I am not here to reduce the standard of living of anybody in this state, from welfare recipients to the wealthiest millionaire, but I am here to do the job that the people of my district elected me to do, and that is to prepare a tax basis so that the services of this state can be rendered in an appropriate way. I can tell you that if we pass a hundred and sixty million dollars in new taxes, we have not done our job. For that reason, I urge that this amendment be adopted.

THE PRESIDENT IN THE CHAIR

THE PRESIDENT:

Will you remark further? Senator Schneller.

SENATOR SCHNELLER: (20th)

Mr. President, through you, a question to Senator Prete.

THE PRESIDENT:

Proceed, Senator.

SENATOR SCHNELLER:

Senator Prete, if this amendment is passed, what will be the net effect of the tax increase that we are considering, or what will be the effect on the bill before us?

THE PRESIDENT:

Senator Prete, if you care to respond.

SENATOR PRETE:

Through you, Mr. President, I will respond to Senator Schneller's question and also in passing aSK that when the vote be taken it be taken by roll call.

THE PRESIDENT:

It shall be so ordered.

SENATOR PRETE:

We will raise under this tax seventy-nine point two billion dollars as opposed to one hundred and sixty point two million dollars, and we will need about seventy-five million dollars in cuts.

THE PRESIDENT:

Senator Schneller, you have the floor.

SENATOR SCHNELLER:

Yes, Mr. President. I would urge members of this circle to vote against this amendment. The Appropriations Committee, last Monday, voted out an appropriations package which is presently being considered by the House today of

some two billion seven hundred and seven million dollars. If this amendment were passed, we would be some seventy-five million dollars short or out of balance with the budget that the House is considering today. I will reserve my comments for tomorrow when we consider that package, but let me just say briefly that when Senator Prete says family budgets have been stretched to the limit because of inflation, I would say that that does not include state budgets which also have been stretched to the limits because of inflation. The same increase in prices that affects the family marketbasket affects the price of fuel for state automobiles, affects the price of food for state institutions, affects the price of energy for state institutions and if we are at all to consider our responsibilities to provide state services, essential state services, we have to recognize that inflation affects those services as well. I hope to, in presenting the appropriations budget for the 81 year tomorrow, indicate to all of you that the appropriations committee has looked in every corner and in every cranny to see where expenditures could be eliminated or rolled back. I think we have done a conscientious job in that. I think that considering some major fixed costs the additions to last year's budget, running in the area of five percent in an air of eighteen percent inflation, are indeed a very, very low level.

I would, therefore, ask you to vote against this amendment and consider voting for the main motion as it stands in order that we can raise the necessary tax revenue to fulfill our budget obligations. Thank you.

THE PRESIDENT:

Will you remark further on Senate O. Senator Prete, for the second time.

SENATOR PRETE:

For the second time, we can't equate family budgets with the state budget. Salaries don't go up automatically the way a sales tax goes up. There are no cuts in any program. All we are talking about is how much to increase these programs. Every program is going to have to get an increase. Every department in the state is going to be increased. We are not talking about reducing or cutting any program at all. We are talking about how much less should the increase be. The sales tax automatically adjusts. It's seven and one-half percent. When inflation increases the price of goods, as it has, then the yield from the sales tax automatically adjusts. The tax on utilities has been an enormous windfall to the State of Connecticut and we are about to do the same thing with the tax on oil companies. When the five percent is applied to the, ah, to your electric bill of two years ago, it provided a certain yield, but after the increases in utilities over the last year,

the state has had an enormous increase in taxes. My family budget doesn't go up automatically like that. Public utilities are going in for big increases, over two hundred million dollars. I am not a proponent of the cost of utilities, but nevertheless it is going to happen like everything else happens. When it happens it is going to be another huge increase in what the state return is. So you can't equate the revenues of the state with a family budget because it doesn't automatically adjust back home. The state budget automatically is increased with inflation and there has been a big increase in the number of dollars that the state yields from the state taxes.

As far as I am concerned, this is a reasonable approach. We are not asking, we are not looking to cut out any program. We are asking to minimize the increase which every program, every department in this state has in the budget. And in order to do that, it will be reflected in lesser taxes that are needed. The amendment makes sense. It's a compromise. It represents about half of what we intended to raise. I feel it is good legislation and it is responsible. At last, perhaps, by voting for this amendment, we can respond to the needs of the people of the state and stop worrying about a few votes that may be lost one way or the other. The great mass of

people of this state do not show up at public hearings. The great mass of people of this state are sitting waiting on what we do and we will judged based on that. I, for one, want to be judged in a responsible way for having acted in a responsible fashion. So I urge the adoption of this amendment. It does not in any way relate to the state budget to inflation. It is self-adjusting. There is already a hugh increase in the taxes in this state over and above the hundred and sixty million we want to add on top of it. So, I emphatically urge the adoption of this amendment.

THE PRESIDENT:

Will you remark further or are you ready to vote. Senator Beck.

SENATOR BECK: (29th)

Mr. President, speaking very briefly in support of sustaining the appropriations side of the budget, the State of Connecticut does not have automatic increases in its revenues. We have been buffeted and blown by every economic storm crossing the country for the last five years. By no means is this budget a bonanza for anyone. We should have no illusions. We have cut into services and we have raised taxes to a minimal amount and any further movement in the directions downward in the state budget would impact very seriously on the services, at least in my district, and I

am not happy with the budget we are bringing home for the State of Connecticut. And I do not think that we have anything to be terribly proud of in the cuts in spending which we have had to sustain. I urge rejection of this amendment.

THE PRESIDENT:

Will you remark further? Senator Bozzuto.

SENATOR BOZZUTO: (32nd)

Mr. President, I would urge adoption of the amendment. I would simply associate myself with the remarks of Senator Prete and indicate that there have been no cuts in spending. This year's budget is a ten percent increase over last year's budget and this amendment is very well thought out and will not cut spending to any extent, but reduce the level of increase.

THE PRESIDENT:

Will you remark further? Senator Smith.

SENATOR SMITH: (12th)

Thank you, Mr. President. I also wish to associate myself with the remarks of Senator Prete. I would have preferred no increase at all in the sales tax; however, that failed and I would certainly urge support here. I can't agree with him more. The vast majority of people are suffering so, at this point now with our economy situation in our state and in our country, whether we are taxing

through a sales tax or through the oil companies or any corporations or whatever it is, one way or another, it works itself back to that average person back home who cannot cope with his increased electric bills, his increased fuel bills, his increased everything. So what favors are we doing them by increasing our taxes to the extent that we have this year with this tax package. All we are saying is - let's give some sort of a break here in the taxes to the people back home. Seventy-five million dollars would be certainly something substantial to offer in light of the fact that we are going a hundred and sixty million over the Governor's budget. I would urge support of this amendment.

THE PRESIDENT:

Will you remark further? Hearing no further remarks, announce an immediate roll call in the Senate.

THE CLERK:

An immediate roll call has been called for in the Senate. Will all senators please take their seats. An immediate roll call has been called for in the Senate. Will all senators please be seated.

THE PRESIDENT:

We are voting on Senate Amendment Schedule O, LCO 3502, calling for a quarter perc-ent increase in the sales tax and meals under a dollar to be taxed. If you favor, vote Yes.

If you are opposed, vote No. The machine is open. Have all senators voted? The machine is closed. The Clerk will take a tally.

The vote is 15 Yea - 21 Nay. SENATE AMENDMENT O FAILS.

THE CLERK:

The Clerk has no further amendments.

THE PRESIDENT:

Senator Beck.

SENATOR BECK: (29th)

Mr. President, speaking to the bill. The revenue estimates upon which this legislation is based make the following assumptions that there will be a mild recession in the first two quarters of calendar 1980. Secondly, that Connecticut will be in an unusually strong position to move through that recession, most particulary because we have a strong demand for machine tools which are expected to continue through the year, that we have had above average performance from electronics and instruments which is expected to continue, that particularly our defense contracts have been strong and are expected to remain at high levels throughout the year, that the orders for civilian aircraft continue to remain strong and that there has been an above average and expected continuance of above average performance of Connecticut's exports during 1979. The

service sector is expected to remain moderately strong and to provide a stabilizing effect counter to the expected relatively mild recession. A particularly weak area continues to be construction, although nonresidential construction remains strong because of the movement into the state of corporate headquarters and other businesses.

Mr. President, the statistics upon which the present revenue projections are based have been based upon a survey of the effects of the last four to five years upon the revenues of the State of Connecticut, have been the projection from no one source, but have included outside consultants, the Office of Office of Planning and Management, the Office of Fiscal Analysis and, infact, the revenue estimates which have been put out monthly by the chairman of the finance committee over the last two years.

Mr. President, in looking at the major components of Connecticut's budget and the projection for the period ahead, we do want to most particularly emphasize that there is no one of us in this room which can guarantee that the revenue estimates will remain as they are written in the budget at this point in time, two billion seven hundred and seven million three hundred thousand dollars (2,707,300,000.) At the same time however, we do wish to emphasize that the sales tax has remained unusually strong, and the second

largest tax, the corporate profits tax, has continued to remain particularly strong. The one major unknown, the outstanding unknown, is the impact of the credit crunch upon consumer spending. We do not know and cannot say what impact that will have upon department store sales, upon the service sector and ultimately, upon the behavior of many other concerns dependent upon consumer spending and upon a high level of credit. Nor do we know the impact of expected rises in oil, nor the impact of expected continued inflation. On the one hand, inflation assists our sales tax revenues, on the other hand we should have no illusion that inflating oil prices have, in fact, cut into the consumers' ability to purchase.

Mr. President, based upon these figures, we have developed estimates for the growth in taxes which coincide with those presented by the Governor to this body in January, and we do emphasize that we will keep monthly contact with these revenues. This does not provide for a surplus and it does not provide for a deficit. It is a balanced budget as it stands at this time.

THE PRESIDENT:

Will you remark further? Senator Post.

SENATOR POST: (8th)

Mr. President, speaking to this new tax package, I think the issues are very simple and clear ones. I think

there have been a number of side issues that have been debated today, but the basic fundamental issue presented to the Senate today is who, among us, think it wise and appropriate to add one hundred and sixty million dollars to the tax burdens of the people of Connecticut. I am offended by those who say that it is irresponsible to oppose this package. Indeed, I think it is irresponsible of those of you who think it wise to increase the tax burden of the people of Connecticut by one hundred and sixty million dollars. People have had enough of big government getting bigger and bigger and higher taxes and more interference. We debate that over and over again. The message is clear from the people throughout the state. One thing people are united on is no more additional new increase in taxes. And yet there are some people here apparently who want to impose new, additional, one hundred and sixty million dollars worth of taxes. It is wrong. It is inappropriate. Parts of it are illegal and unconstitutional. It is a burden that the people of Connecticut should not be asked to pay. And I will vote against it and I urge everyone else here to do likewise and to send a signal to the people of the state and to the bureaucrats in the administration of the state level that we are going to learn within the tax system as it now exists and we are not going to increase the burden of the people of Connecticut any further. I urge you to vote No to these new increases.

THE PRESIDENT:

Will you remark further? Senator Fahey.

SENATOR FAHEY: (3rd)

Mr. President, thank you. Mr. President, I am not happy with raising taxes, even minor taxes, and no one in this room is happy raising taxes. As Vice-chairman of the Appropriations Committee, I have been dealing with the budget of the state agencies since last year. I spent the interim visiting the agencies to see firsthand their physical plants and to learn how they were dealing with the Governor's saving program. I believe that the Appropriations Committee has cut back in spending in many area, as many as possible. We have had the appropriations hit list available for public scrutiny and we have been given a clear indication of the areas where the public does not want us to cut back. We on the Appropriations Committee have worked with data available to appropriate sufficient funds and other necessary expenses to provide the services expected and demanded by the people of Connecticut, Inflation has dealt all of us a less than easy situation and inflation has not excluded our state agencies. All of our constituents are feeling the pinch and all of our state agencies are feeling this very same pinch. The cost of supplies, materials and salaries has also increased. We have a major problem of financing and I believe that more

and more people are beginning to realize how badly we need a restructuring of our tax system. Our constituents and, indeed, all of us are unhappy to add taxes but the is wise and that public does not want us, I mean to say does want us to deal with restructuring the tax system to make it more equitable and more elastic. Our people need services in Connecticut. They need good roads, clean air and clean water and police protection and social service programs for our elderly and for our children. And they elected us to provide those services. And we on the Appropriations Committee have done our level best to hold agency costs down and I believe that those on the Finance Committee have come up with the necessary package to fund these services. And I will vote on this bill for this bill based on a belief that our constituents have indicated they want the services that we are providing in the current budget. Thank you.

THE PRESIDENT:

Will you remark further? Senator Cutillo was up prior and I missed spotting him. Senator Cutillo.

SENATOR CUTILLO: (15th)

Thank you, Mr. President.

THE PRESIDENT:

Your are welcome, Senator Cutillo.

SENATOR CUTILLO:

I am tired, so I am not going to yield. Mr. President, members of the circle. I stated several months ago publicly, through the media, and several times within the Committee on Finance that I would be against increases in taxes. Today, I voted for one new increase in taxes and that's the two percent on the oil companies, and I am not absolutely happy over that, but it is, I think, a necessity. I said at the time that I didn't believe in the magic numbers that were being thrown around. A hundred and sixty-two million dollars, absolute, fine line budget. I don't believe it. I didn't believe it and I don't believe it now. Mr. President, I voted against the new increase in taxes other than the two percent on the oil companies because tomorrow I am going to be voting for cuts in the budget. I don't believe we need all that money. We did it in 1975, for those of you who weren't here, on the heels of a deficit, doom and gloom were projections for the economy, and we increased all sorts of new taxes at that time, only to come back the next year and look at a huge surplus. I don't want to be a part of overtaxing the people of the State of Connecticut, and particulary the people in my district. Just yesterday in Finance, just yesterday, we imposed new fees to the people of our state that I voted against, I'll tell you right now, over two million dollars.

Is that part of this tax package? I don't see it. I haven't heard it. And yet we did it yesterday in Finance.

Mr. President and members of the circle, I said several months ago and I would like to repeat it, reiterate, we've talked year-in and year-out about not taxing and cutting. It seems to me that this is the year to show that we mean it. We all mean what we say, but we don't do it when it comes down to voting.

Mr. President, members of the circle, I am very happy and proud to take that position to vote NO on what I consider a tax package that really isn't necessary. Thank you.

THE PRESIDENT:

Will you remark further? Senator Smith, THE Chair recognizes you.

SENATOR SMITH: (12th)

Thank you, Mr. President. I cannot support this tax package. Senator Fahey mentioned that she has heard from her constitutents and they are demanding services; well, I have heard from my constituents and the message is coming through loud and clear, they do not want any increased taxes. People cannot afford any more spending. And I think that my responsibility is to my constituents and to the people out there who don't want to spend any more money, who don't want us to spend any more money than we absolutely have to and to try to assume some sort of responsibility and try to cut our spending down in some way; and for this reason I am going to oppose the package as presented. Thank you, Mr. President.

THE PRESIDENT:

You are welcome, Senator. Will you remark further? Senator Schneller.

SENATOR SCHNELLER: (20th)

Mr. President, briefly, I support the tax package. I think it's a very responsible tax package. As Senator Fahey said earlier, I don't think any individual in this circle enjoys voting for tax increases. I think we recognize our responsibilities to the constituents and taxpayers of this state. But I also think we have a responsibility to carry on state government and provide government services. The budget that this tax package will help balance calls for approximately three hundred million dollars in increased spending. Two-thirds of that three hundred million dollars are in three items. Seventy million dollars deals with school equalization programs which are funds going right back to every city and town in this state that cities and towns would have to come up with and that we have been ordered by the court to provide. Seventy million dollars is the result of collective bargaining agreements. Are we going to ask the employees of the State of Connecticut to work at the same levels in these years of high inflation, to be different than all other employees. I don't expect that we would ask them to do that and if we had the temerity to do it, I am not sure we would have the employees to provide services.

And then, another sixty-five million that is due for debt service because we are unable to plan on a surplus in the current year's budget.

That's two-thirds of the three hundred million dollars. That leaves us another hundred million to take care of inflationary costs for all other state services. And that, my friends, is a bare-bones amount. There are no new major programs in this budget. There are programs that have been eliminated. It is nice to have the luxury of not being responsible to carry out state programs, state services and the running of state institutions and getup here and say, "we are against increasing taxes." The fact of the matter is this barebones budget requires an additional hundred and sixty million dollars of revenue. The statutes of the State of Connecticut require that we balance our budget with revenues. And because we are dealing with a responsible budget, I think this is a responsible proposal and I would urge members of this circle to support it.

THE PRESIDENT:

Will you remark further? Senator Johnson.

SENATOR JOHNSON: (6th)

Thank you, Mr. President. I rise in opposition to this package. No surprise to anyone in the circle, I am sure. However, I would like to point out two things about the package which I consider to be particularly worthy of note.

Senator Cutillo said, "where does the two million in fees that we just passed yesterday, where does that appear?" The extension of that question is, "why are we taxing the people of Connecticut, two million dollars in this revenue package, when we are raising those two million dollars over there?" We don't need that two million dollars to balance the budget. We have raised it over here. But I would go further. I have lifted out a total, including this two million in fees, of thirty-eight million dollars in revenues that are going to be produced, that are going to be produced, by legislation that committees of this General Assembly have already voted on, or will be produced by changes in the budget or will result from planned changes within departments. That's thirty-eight million dollars that could have been used to reduce the tax package if there had been a will. That suggests to me that this tax package is overtaxing the people of the State of Connecticut. And I believe it is.

I have also the percentages of increase in the corporations and sales tax over the last three years and I would like to call your attention to them. In 1977, corporations tax were sixteen percent. 1978, nineteen point seven percent. 1979, fifteen point eight percent. Is it just, is it right to predicate a budget on revenue growth of six and one-half percent when one of our major taxes is growing and doing so well? Is this not another example of underestimated revenues

to produce the political surplus to carry forward to the next election? Do the people of this state really deserve to be asked to buy now the next election? I don't believe they do. The sales tax in 1978 was twelve point eight percent (12.8). In 1979, fourteen point eight percent (14.8) Yes, I appreciate that we are heading into tough times. I appreciate that when we were in tough times in 1976, the sales tax didn't come through. I also appreciate that this is a time of unprecedented inflation and the sales tax responds to inflation like no other tax. And I ask you again, would it not be fairer, would it not be more honorable to come back in six months if the sales tax does collapse and raise taxes then? We are passing a tax package that is based on a revenue growth figure of six and one-half percent. We are passing a revenue package that doesn't take into account revenues that will be produced by legislation our committees have considered or had the opportunity to consider or revenues that are going to be produced by changes in the budget, and I say to you, ladies and gentlemen, that this package is one of the cruelest tricks that have ever been played on the taxpayers in the State of Connecticut.

THE PRESIDENT:

Senator Cunningham.

SENATOR CUNNINGHAM: (27th)

Thank you, Mr. President.

THE PRESIDENT:

You are welcome, Senator Cunningham.

SENATOR CUNNINGHAM:

Mr. President, there are two special things which concern me, actually make that three. One is that most of the senators that I think are going to vote for this package aren't in their seats. The second item is the use of the term "bare bones budget" by Senator Schneller who isn't in his seat. The last time I heard that term on a budget was in my native city where the mayor was proposing the biggest increase in the budget that I can recall in the history of the city; and therefore, he labeled it a bare bones budget.

And the third point here, very interesting that a year ago I stated at the close of the session, the legislature in retrospect would have been better off on opening day accepting the Governor's budget, passing it immediately and adjourning sine die on opening day and it would have done less harm to the voters of Connecticut. Well this year on opening day, the Governor presented what I thought was a horendous budget, calling for a hundred and twenty-eight million dollars in increased taxes, and I thought that was terrible, and little did I know that we would end up with one hundred and thirty million dollars in new and increased taxes.

I supposed we should be thankful, those of us who are

going to vote against this, that this session is going to last another month or two months or three months longer because at that rate, in another two months, let's see, that would bring us up to a rate of two hundred million dollars in new and increased taxes and I have very little doubt the majority would probably bring that about.

Mr. President, I would urge the members of this Senate to vote against this tax package. I personally believe that we can come up with items in the budget that we can reduce to eliminate the need for new and increased taxes in Connecticut. And I say that as a member of the Appropriations Committee. I looked over those things on the hit list and I looked over the budget and found many millions of additional items I wanted to propose making tax reductions in. In fact, on that hit list I noticed that there were over fifty million dollars of items which were not cut by Appropriations, which I supported reducing just from that hit list alone.

Mr. President, I would urge this chamber to vote against this tax package and in voting against it, it can remain on our calendar, in a sense, until tomorrow and we could reconsider if members then feel, after handling the budget, that we do need it. Let them consider it then. Mr. President, I, for one, am not going to party to this insult to the taxpayers of Connecticut. Thank you, Mr. President.

THE PRESIDENT:

Will you remark further? Senator Skowronski.

SENATOR SKOWRONSKI: (17th)

Thank you, Mr. President. Mr. President, I have gone back and forth on this issue for the last four months, ever since we were advised that we had fiscal problems in the State of Connecticut more times than I would care to mention here. The prospect of tax increases is always unpleasant and no one wants to impose on their constituents the burden of paying more money. In fact, last night, when I was discussing this with my mother and said we are going up tomorrow to vote on tax increases, she said, "do you have to?"

I believe that there are some cuts possible in this budget which would have made some of the tax increases unnecessary. Unfortunately, that couldn't be worked out and perhaps in another day and another year that might be possible. In any event, I have decided to vote for the tax package. I don't consider it a hoax or a cruel thing we are doing to the State of Connecticut. I am not on a money committee. I am not on Appropriations and I am not on Finance, and I think there comes a time in our careers, it happens all the time up here that we have got to accept the judgment and the work of what has been done on other committees that we are not on. I, myself, have reached the conclusion and I am satisfied that the Appropriations Committee has done

its homework and made a sincere and good faith and reasonable effort to keep spending down. I am also satisfied that we have a fiscally conservative administration and they are not squandering our tax dollars. Perhaps we have reached the point in time and history when inflation has finally caught up with us and perhaps necessitating these tax increases.

One thing that looms large in my own mind was the so-called hit list, and I found myself coming up to Hartford to testify against some of the bills on the hit list. For example, the elimination of the Arts Commission. The proposed almost one million dollar cuts of vocational educational schools. The elimination of funding for health services to nonpublic schools. The elimination of the Governor's Foot Guard. In my own committee, we lost the only two bills that we, in the State of Connecticut, were going to have to promote open space acquisition and recreation. A bill to acquire land in Montville for a swimming facility and a bill to develop a camping area in Haddam. Indeed, there is no money in the present budget for any open space acquisition for the State of Connecticut which I consider a profound tragedy. So, I say to myself, is it a better world without the Arts Commission, without nonpublic school funding, without the Governor's Foot Guard, without open space, and I come down and say, "I think not." I think it is a better world with these things. The present budget

and the tax package are designed, as I perceive it, to maintain the present level of services in the State of Connecticut. I think that this is a fair and reasonable and appropriate level of services and important to maintain this quality of life that we like to call our Connecticut way of life. So inasmuch as I think this tax package will insure the maintenance of this reasonable level of services and this unique quality of life in Connecticut, and does so as austerly as possible, I will support the budget. Thank you very much. I mean the tax package.

THE PRESIDENT:

Will you remark further. Senator Beck.

SENATOR BECK:

Mr. President, it is getting very late and I think we have done all the debating which is required, but I do want to respond to one question raised by Senator Johnson which is, I think, extremely serious and important.

Senator Johnson said that we will, in fact, end up with finding that we have built a surplus into this budget. I do want to assure, not only Senator Johnson, but every person who has to vote on this budget that as far as I am concerned, there is not one penny built in here for any sort of surplus whatsoever. No one, but no one could build a surplus toward any election in a year like this. It is not possible nor is it ethical, nor is it the kind of thing the state requires to have any form of surplus built into a

budget without saying so. And I want to assure all of my colleagues that the kinds of figures in here are not guaranteed ironclad and I particularly cite to indicate to you that there is no certainty built into this budget, that the sales and use figures are built upon a very high rate of growth. Secondly, that the corpora-te profits tax could conceivably suffer from the impact of the recession. Thirdly, that cigarettes have not been selling at an extr-ordinarily high level and we continue to be concerned about that. Fourthly, alcoholic beverages, we have built no growth into that figure.

The reason I mention this, this late in the discussion, is to reassure and to restate to every person in this room that if there is either a deficit or a surplus, it is due to economic forces or to human failure or to both. But most absolutely, positively and certainly, there has been complete integrity in the budgetmaking process, coming from the Governor's office on out and down to where we are today. And I do want to emphasize that Senator Johnson used a figure for growth of corporate profits which was six and one-half. We have eight percent built in there. We are building high, not low figures and I just hope that with a wing and a prayer, we all will make it through this fiscal year. Thank you.

THE PRESIDENT:

Thank you, Senator. Will you remark further. Senator Bozzuto, I didn't see you standing there. Senator Bozzuto.

SENATOR BOZZUTO: (32nd)

Yes, Mr. President, I will remark. I have been quiet, sir, I will admit that, and I have been quiet because I wanted to take some notes and to make some corrections on the misinformation, demigodery, the charade that has taken place here today.

And let me correct one statement earlier today. There is an honor to be bestowed today on this Democrat majority, and Senator Beck said earlier that the highest sales tax was during the administration of Governor Meskill, and I will point out that the highest sales tax took place in two years in 1973; it was reduced in 74 to six and one-haf, reduced in 75 to six, increased once again in 76 to seven and has remained at seven until this time. The dubious distinction of the highest sales tax in the Nation, the highest sales tax ever in the history of Connecticut belongs, ladies and gentlemen, to the Democrat Party, to this Administration.

I will say this too. We witnessed a charade during this entire year that began at the very outset with a hit list. A hit list which never had any meaning, never was intended to be implemented and was simply a public relations tool. Let's look at what's happened. Senator Schneller has said we are going to increase spending by three hundred million dollars on last year's budget of two point four

six billion, an increase this year of more than ten percent, while Carter's inflation is ravaging our people at twenty percent. We are taking more money out of their pockets, when, indeed, there is less left because they can't afford to pay. And you know, the selective voting that took place here today, when certain key chairs were allowed to vote because they might be in difficult districts needs to be pointed out to all the people of Connecticut because the Democrat Party deserved the distinction of raising taxes to the highest level ever in the history of this state. And no one of you can say or slither off that hook. You are all responsible though selectively you were able to vote against this or vote against that tax.

Senator Skowronski, I regret that I was unable to be illuminated by your mother's conversation, but I intend to vote on her behalf against the three hundred million dollar tax increase, against a ten percent increase in spending this year, against, excuse me, a one hundred and sixty-two million dollar increase.

Let's look at what that is going to do because we have talked about bare bones, and I have passed around a little sheet which indicates, according to the Connecticut State Labor Department, what are some average earnings. And if you live in the labor market of Danielson, Torrington and

Willimantic, and you are employed in that wage market, you will earn between two hundred and ten and two hundred and twenty dollars a week. Or if you are involved in the textile industry, the apparel industry or lumber and furniture, you may earn as little as one hundred sixty to as much as two hundred and thirteen dollars. The only bare bones in this budget is going to impact are the bare bones of the working poor because that's about five dollars an hour and look what you are going to do to the working poor today. Five dollars an hour, $10,400 a year, an earned income available of $8,968. One hundred and sixty-two million dollars in increased taxes that one million families, every family in this state will be paying one hundred and sixty-two more dollars in state taxes next year, reducing their income to the very levels to which you, tomorrow, will increase the welfare recipients. Yes, if you are at the average earnings level in any of those communities, as well as other communities throughout the state, you are going to be better off on welfare after you Democrats pass this package today.

Let me quote for you, at the bottom of that sheet you have before you, from an economist Morton Anderson, - we have created a poverty wall which while assuring the poor a reasonable level of income and welfare services has taken away their incentive to work and sentenced them to a life of dependency on the government dole.

And you are creating between today and tomorrow a two-headed monster. Increased welfare rolls through increased welfare levels and increased taxes which are going to leave the working poor with less money. There is no stopping it. The vote will obviously be twenty-six to ten, and you can't slither off the hook. Whether you are allowed on this particular vote to waiver, whether you are one of those fortunate few in the Democrat caucus that are going to be allowed that privilege, each and every one of your twenty-six members are responsible for the highest level of taxes ever in the history of this state. The highest level of spending when people can't make ends meet. When a family can't even look forward to buying a new automobile. When a family can't save money in his savings account for a new home. You are placing on Connecticut the most impossible deterrent, the worse of both worlds, higher taxes and lower income. I don't think it is going to make any difference in terms of what we say now. The die is cast. You have made your minds up. But I just would simply remind you, it has been a charade from the very beginning of this session to the very end. You never had any intention of implementing any hit list. You simply wanted to gather some media attention. You talked about reduction and you increased an overinflated budget of the Governor's which would have leveled one hundred and twenty-eight million dollars in new taxes to one hundred and sixty-two million

dollars in new taxes. And you think that by saying that there was a higher sales tax during Meskill's term of office that somehow you are absolved. You are not absolved. Today you are guilty. Guilty. Thank you, Mr. President.

THE PRESIDENT:

Senator Fauliso.

SENATOR FAULISO: (1st)

Mr. President, first of all, I would say that Senator Beck was partly right. Senator Bozzuto is correct on the record. But we do have a release here, dated August 23, 1971, Meskill recalled the Legislature had rejected his plea for a seven point five (7.5) percent sales tax and enacted one of only six point five (6.5) percent.

Now, I am not saying that Governor Meskill actually adopted, during his administration, a seven and one half percent. The record should be corrected. So Senator Bozzuto is correct in that respect.

But that was not Governor Meskill's fault. It was the Legislature that didn't give him that gift. But times were different then, Mr. President. Vastly different. If we could run government without taxes that would be wonderful. That would be an ideal thing. Nobody can run their own household without maintaining a level of service even in their own household. Budgets are necessary. In an inflationary period, they become a necessary evil. We know what inflation has caused. And I think Senator Schneller

stated it appropriately. He told us where the difficulty lies. If no one wants to listen to that, sure, we shut our eyes and ears to the truth, then you can call it a charade. But it is not a charade. I think this tax package represents, truly, an equitable package. It's a bare bones package right to the marrow. Make no mistake about it. I do not enjoy increasing the sales tax to seven and one-half percent. I don't enjoy any moments of it. But Mr. President, we cannot run government and maintain a level of service without paying for it and today we are asking the citizens of Connecticut, who appreciate that and they do. I think, ah, some of us have received letters objecting perhaps to a seven and one-half percent sales tax, an increase in sales tax, but there hasn't been truly a ground swell. I haven't received one telephone call. I haven't received a single letter objecting to an increase of seven and one-half percent. So Senator Bozzuto can exclaim that this is the highest sales tax. Mr. President, we weren't looking for a record. We weren't particularly pleased that we have to exact this tax on the people of our state, but given the alternative, there is no other alternative. There is no other course. We have to. It is necessary and it is urgent. Mr. President, unless we want to be irresponsible, unless we want to turn our backs on what is our responsibility and our duty, then we can say, "notaxes,"

but who will suffer. Government, and in return, all of the people. We decry that there isn't a level of service in the agencies. The Motor Vehicle Department is crying out for more service. All of them, without exception, say give us more personnel. Where are we going to get the money to pay them? I ask these same people to examine in their hearts and in their consciences, how can you truly posture at this time and give the same political rhetoric. I have heard it for fourteen years. When you are in the minority, criticize the budget. As far as taxes are concerned, cut spending. This is irresponsible, just as irresponsible as when the Democrats said it. We have to run government. We have to run it efficiently. And the people of the State of Connecticut expect us to do so. So that this tax package, Mr. President, I reiterate, it is fair, it is equitable, it is living up to our responsibility to the ultimate.

THE PRESIDENT:

Will you remark further or are you ready to vote. Senator Bozzuto.

SENATOR BOZZUTO:

Mr. President, through you, I didn't quite follow Senator Fauliso's history of that request for a seven and one-half percent sales tax and I would ask, through you, sir, what year did that take place?

THE PRESIDENT:

Senator Fauliso, if you care to respond.

SENATOR FAULISO:

I have it in front of me, Mr. President, I will be glad to even make a copy.

SENATOR BOZZUTO:

Just the year, sir, it would be sufficient.

SENATOR FAULISO:

Yes. Augsut 23, 1971. And it is a Governor's office release and that's what it states here. Would you like to have a copy of this?

SENATOR BOZZUTO:

No, sir. I would not like to have a copy.

THE PRESIDENT:

Senator Bozzuto, you have the floor.

SENATOR BOZZUTO:

Thank you, sir.

THE PRESIDENT:

You are welcome, Senator.

SENATOR BOZZUTO:

And I would suggest this. I applaud the Legislature of 1971 because while Governor Meskill had the temerity to ask for seven and one-half percent, a courageous, Democrat General Assembly, evidently at that time in the majority with a split branch of government, had the courage to reject it. And I would ask today, Senator Fauliso, that you call your colleagues together and once again garner up that courage because we are going to tell you tomorrow where you can cut

the budget, and you know. Don't give us that nonsense that you don't know where we have suggested to cut. WE have told you specifically where to cut. You have not been listening, sir. You can cut and cut this budget by more than one hundred million dollars if you were not so concerned about building some future surplus for our reelection year for a new governor. And we have told you repeatedly over the last several years that we would stand with you and, sir, I remind you that last year the Republican members of this Senate circle said, "if you maintain a minimal increase, we would vote for the budget." Indeed, we did. And we did not have a twenty percent inflation rate. We can't afford a ten to twelve percent increase in spending with that kind of inflation. We can't afford to have that kind of impact on people. We have shown you. We have given you more than two days to look our section of cuts over. We have talked about these cuts during the entire course of this General Assembly session. And you, sir, have the audacity to say that we have not shown you cuts? Well, they are on your desk, sir. They have been on the table during the course of this entire session. We can maintain the level of employees at the current level. We don't need three thousand more state employees. Not when people are going hungry and can't afford to buy food. We don't need to increase the level of welfare. Not when working poor can't make it and we are forcing them to make economic decisions

against their best interests. We don't need out of state travel for the highest echelons of the state agencies. We don't need consultants. We've shown you the cuts, sir. We will outline them for you explicitly tomorrow, but today is a day, you can show the courage of that 71 session of the General Assembly. Reject the seven and one-half percent tax. It was too high in 71 and it is too high today. It was too high whether it was Meskill, it is too high for Grasso. That's the message that I hear. My phone does ring off the hook. Perhaps, Senator, your phone is out of order.

THE PRESIDENT:

Senator Fauliso, I believe it is for the third time, but perhaps his phone didn't record the second time. (Laughter) Does Senator Fauliso have leave of the chamber to speak for the third time. Senator Fauliso.

SENATOR FAULISO:

Mr. President, I know that my phone rings and I pay for the bill every month, and I am not too sure whether Senator Bozzuto's service is any to good either. But Mr. President, I must say that the Legislature in 1971 had a great deal of wisdom and it is true that there was a split General Assembly, and that Governor Meskill was Governor at that time. But we exercised what we thought was prudent. We gave direction to the Governor. Although I reiterate that he did advocate a seven and one-half percent.

Now, I heard in one breath some of the people who spoke here this afternoon talk about the wonderful things that have happened in the State of Connecticut. How many companies have moved in. How many people are employed. How our employment has reached a low point. 5.2 compared to six percent. I reiterate that although that wasn't mentioned. How people are coming here because of the lifestyle that we offer and because of the tax structure. All these things were done by design, Mr. President and we are continuing to do that. This is the kind of program responsible program that we offer. Now the Governor is not running in this election, this coming election. I assume Senator Bozzuto is seeking higher office and I want to wish him the best of luck. I think he is certainly advocating a position right now that is untenable. I hope he improves it. Now when he talks about the poor of the State of Connecticut my heart really goes out to him because when it comes to AFDC and general assistance, he stops there. I think he is talking about the poor in another country.

Now Mr. President, we can stop all this. This is the rhetoric that we hear all the time. I expected this this afternoon. I didn't know I had to wait until five thirty, but we got it. We got it in full measure. Our cup overfloweth. And indeed I wonder whether or not we can drink from it. But nevertheless, Mr. President, I think the Finance Committee, and Senator Beck, in her own inimitable

style, her intelligence, the work of that committee has put forth truly a program that in my book is attractive and it represents the conscientious effort of a committee of a majority of the members of that committee. And that tax package should be adopted.

THE PRESIDENT:

Senator Prete, FOR the second or third time, the Chair has lost track.

SENATOR PRETE:

I see it is five minutes to six and we should have five more minutes of time for debate, let me say that I intend to vote against the tax package. It certainly is a departure from the last twenty or so tax packages which I voted for. I had to examine my conscience and I intend fully to vote against the tax package. We should not bring politics into this, certainly, not politics of 1971 because it was Governor Meskill's office that I walked into with a hundred and fifty thousand petitions from the people of the State of Connecticut protesting the increase in tax. It was up to the Democratic controlled General Assembly to come back and knock out the income tax, and that was our responsibility and that's what the people of this State of Connecticut wanted and that's what we did. I go back long enough to know that in 1969 the mini-Republican budget was enormous budget. They were intent on outspending the Democrats. Senator Morano must remember that.

I think that we have to put aside the party politics and the accusations. I think that we have to act in a responsible way. We have to look to the needs of the people of the state, their ability to pay for services. That's what determines how much in services we offer. The ability to pay the tax. We cannot decide how much service we are going to offer and then raise taxes to the amount necessary to pay for those services because I can think of another billion dollars worth of services that I woul like to be able to offer to the people of this state. We have to spend money within our means. And as simple as that statement might be, and as much of cliche as it may have become in this chamber, that's exactly what we ought to be doing. It's the responsible thing to do. And that's how I intend to vote.

THE PRESIDENT:

Are you ready to vote, ladies and gentlemen? Senator Lieberman.

SENATOR LIEBERMAN: (10th)

Mr. President, I am ready to vote. I just want to remark to the circle that I have been advised by a learned member of the circle that under the Federal Election Laws, I am actually entitled to equal time to Senator Bozzuto's earlier remarks. But I am going to waive that right and simply say as I listened to the debate, gone through this long day, leading up to the debate, and I suppose I feel

as through some poignancy, since I am leaving this chamber, how grateful I am for the leadership, Senator Beck has shown, in bringing this package together. We are very fortunate to have a person of her grace and also her brainmatter and diligence in such a difficult and sensitive position. I wanted to say that for the record before we vote.

THE PRESIDENT:

Thank you, ladies and gentlemen. You are prepared to vote. Announce an immediate roll call in the Senate, please.

THE CLERK:

An immediate roll call has been called for in the Senate. Will all senators please take their seats. An immediate roll call has been called for in the Senate. Will all senators please be seated.

THE PRESIDENT:

The machine is open. Have all senators voted? The machine is closed and the Clerk will take a tally.

The vote is 20 Yea - 16 Nay. THE BILL AS AMENDED IS PASSED.

THE PRESIDENT:

Senator Lieberman.

SENATOR LIEBERMAN:

Mr. President, I move for suspension of the rules to allow for immediate transmittal to the House.

THE PRESIDENT:

Without objection, the suspension of the rules

SENATOR CUNNINGHAM (27th)

Objection, Mr. President. I object on the basis that I believe that there are many members in this chamber who feel that we may make substantial changes tomorrow in the spending package which would mean that it would be proper at that point to reconsider this and perhaps reduce in some portion this tax package passed today. And I believe that it is more desirable to follow our rules and keep it so that it could be reconsidered tomorrow.

THE PRESIDENT:

A motion has been made to suspend the rules and an objection has been made to the motion to suspend

SENATOR CUNNINGHAM:

And, Mr. President, I would request that the vote be taken by roll.

THE PRESIDENT:

It has to be, Senator, because it takes two-thirds to suspend the rules in this chamber. The motion before the chamber is to suspend. An objection has been made. If you wish to suspend the rules to immediately transmit this item to the House, you will vote Yea. If you wish to hold the matter within the chamber and not suspend the rules, you will vote Nay. Two-thirds of the membership is required.

The machine is open.

THE CLERK:

A roll call is in progress in the Senate. A roll call is in progress in the Senate.

THE PRESIDENT:

Have all senators voted? The vote we are taking, ladies and gentlemen, is to suspend the rules to transmit the item to the House. Those that are in favor of suspending the rules to transmit immediately will vote Yea; those that are opposed would vote Nay. A two-thirds vote is needed to suspend. Has everybody voted in the proper way. The machine is closed. The Clerk will take a tally.

The vote is 24 Yea - 12 Nay. The rules are suspended. THE BILL IS TRANSMITTED.

THE PRESIDENT:

Senator Lieberman.

SENATOR LIEBERMAN:

Mr. President, we will meet tomorrow at 11:00 a.m., and we intend to start more punctually tomorrow than we did today. We have had so much preparation already for the Appropriations side that the caucus should be brief.

Mr. President, I would move that the Agenda on our desks be adopted and acted upon as indicated thereon and incorporated by reference into the Senate Journal and Senate Transcript.