

PA12-004

SB0457

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H – 1124

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
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transmitted.

Thank you, sir.

Will the Clerk please call Emergency Certified
Bill 457.

THE CLERK:

Emergency Certified Bill 457, AN ACT CONCERNING
A CAP ON THE PETROLEUM PRODUCTS GROSS EARNINGS TAX AND
PENALTIES FOR ABNORMAL PRICE INCREASES IN CERTAIN
PETROLEUM PRODUCTS, LCO Number 2896, introduced by
Senator Williams and Representative Donovan.

SPEAKER DONOVAN:

To the House Chair of the General Law Committee,
Representative Joseph Taborsak, you have the floor,
sir.

REP. TABORSAK (109th):

Thank you, Mr. Speaker.

I move passage of the emergency certified bill.

SPEAKER DONOVAN:

Question is on passage of the bill.

Will you remark?

REP. TABORSAK (109th):

Thank you, Mr. Speaker.

Mr. Speaker, the Clerk has amendment LCO Number
2896. I would ask that the Clerk please call the

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amendment and that I be granted leave of the Chamber
to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO 2896 which will
be --

Excuse me, Representative. We're checking out
something.

The Chamber stand at ease.

(Chamber at ease.)

SPEAKER DONOVAN:

All right. The House will come back to order.
Representative Taborsak, you have the floor, sir.

REP. TABORSAK (109th):

Thank you, Mr. Speaker.

Mr. Speaker, I move passage of the emergency
certified bill.

SPEAKER DONOVAN:

And the question is on passage.

Will you remark?

REP. TABORSAK (109th):

Thank you, Mr. Speaker.

Mr. Speaker, high gas prices are hurting consumers

across the state. Unfortunately this is not a new issue for the people of Connecticut. It affects everyone who has to travel by car to get to work or doctor's appointments or to bring their kids to school, buy groceries, and the like.

Over the last several months, gas prices have soared in our state while no real changes have occurred in the supply and demand to justify these inflated prices. People need some relief at the pump, and they will not get it from big oil or from Wall Street speculators.

As a State Legislature we can and should provide some relief to consumers. We can also provide the people of our state with greater assurance that we will prosecute sellers of gasoline that take advantage of consumers during these times of extreme increases in the wholesale price of gasoline. The bill before the Chamber accomplishes both of these goals.

Section 1 places a cap on our gross receipts tax, setting the maximum per gallon value upon which the tax may be based at \$3 per gallon. Section 2 contains a safeguard provision to ensure that any savings realized by this cap on the gross receipts tax will be passed on to consumers.

It also provides the Commissioner of Consumer Protection with the authority to investigate any information or complaints tending to show a violation of this section may have occurred. Such violation shall be deemed unfair or deceptive trade practices.

Section 3 of the bill amends our price gouging laws by creating a new definition of abnormal market disruption. This new definition triggers our price gouging protections for a period of 30 days when the wholesale price of gasoline increases by 15 percent or greater within a 90-day period, provided that the increase results in a wholesale price of gasoline of \$3 or more.

The Commissioner of the Department of Energy and Environmental Protection, under this bill, will have to notify the Attorney General and the Department of Consumer Protection of such increases. At that time the Commissioner of Consumer Protection will have the ability to fine any large seller who violates this new provision up to the sum of a \$10,000 fine.

Lastly, Section 4 declares an abnormal market disruption, at the time this bill becomes law, for a period of 90 days continuing thereafter so that our price gouging protections would go into effect upon

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passage of this bill to ensure that consumers are treated fairly and not abused during this time of inflated gasoline prices.

Mr. Speaker, the bill before you will provide some much-needed relief to Connecticut's consumers at the pump and will increase our consumer protections from price gouging. I urge my colleagues to join me in supporting this measure, and I move adoption.

SPEAKER DONOVAN:

Thank you, Representative.

The question is on passage of the bill. Will you remark further on the bill? Care to remark further on the bill? Care to remark further?

Representative Rebimbas.

REP. REBIMBAS (70th):

Good afternoon, Mr. Speaker.

Mr. Speaker, through you to our colleague, the Chairman of the General Law Committee, please.

SPEAKER DONOVAN:

Please proceed, madam.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

Just a few points of clarification on the bill. I'm certainly happy that I'm rising here today asking

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some questions on a shared goal that we both share in getting this legislation passed, but I believe that just some clarifications are needed.

Regarding Section 1, paragraph 2, in the calculation of the cap of the excise to \$3 per gallon, could you just explain how that figure will be determined?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

Essentially what will happen is the gross receipts tax, which is in effect at the time, will be based upon a set value of \$3 per gallon of gasoline. And that \$3 value will not increase with the price of gasoline as it currently does. So under current law our gross receipts tax is at 7.53 percent. That is the effective rate. So that would be multiplied by \$3 to get to the tax amount.

I hope that answers the question.

SPEAKER DONOVAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

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Thank you, Mr. Speaker, and it does.

Also, in that same paragraph, I just need some clarification regarding it indicates in line 32 that the Commissioner of Revenue Services may suspend enforcement and it has -- be -- until the -- beyond April 15, 2012. I just want some clarification for the industry.

The word "may" means that it may possibly happen. It's not a definite, but for the industry to have some clarification, are we to believe that it will not be enforced until after April 15, 2012?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Taborsak.

REP. TABORSAK (109th):

My understanding of that language, Mr. Speaker, through you, is that it provides the Commissioner of Revenue Services a little bit of latitude for the implementation of these changes and -- but at the same time gives the public a firm deadline of April 15, 2012, at which point the provisions of this chapter will absolutely become effective if they haven't become effective prior to that point.

Through you, Mr. Speaker.

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SPEAKER DONOVAN:

Representative Rebimbas.

REP. ROBLES (6th):

Thank you, Mr. Speaker.

And I appreciate the response, and I think that that's why the clarification is so important because this is something that's going to take effect, but we need to let the industry and consumers know, in fact, when will be enforcement aspect -- they might be facing a penalty as a result of that.

Moving on to Section 2, Mr. Speaker, through you, Mr. Speaker, the question regarding the enforcement criteria. I'm a little uncomfortable with the language regarding the commissioner's -- Consumer Protection will have the sole discretion to make a decision with some very vague factors that are highlighted in this section.

If I can have a little bit more of guidance and clarification regarding those factors and why the sole discretion lies with one person, the commissioner.

Through you, Mr. Speaker.

Deputy Speaker Altobello in the Chair.

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DEPUTY SPEAKER ALTOBELLO:

Representative Taborsak.

REP. TABORSAK (109th):

Yes. Through you, Mr. Speaker, my understanding is that this new section gives the Commissioner of Consumer Protection new enforcement authority, but that language is intended to give him discretion on whether or not to exercise that authority.

I think that concerns were heard from the department that we wouldn't want to require the department to undertake a full extensive investigation on every information received on every possible complaint received, that we would rather entrust with the commissioner some discretion to pursue those complaints that are deemed to be credible.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Rebimbas.

REP. ROBLES (6th):

Thank you, Mr. Speaker. And thank you for that response.

Moving on to the following lines 51 through 54, again for clarification purposes. And it indicates that the commissioner may require the complaint under

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this section be reported on the department's website.

Would these be complaints that people are lodging with the department that they will be having to do through the commissioner's website? Or is this indicating that the commissioner will post on his website the complaints so that the public are aware of those complaints?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker. I believe that the intent of that language is to give the commissioner the ability -- although not mandating the commissioner -- but giving him the ability to post substantiated complaints on the department's website in an effort to notify consumers of entities, of companies that have violated the provisions of this bill.

But I think that, again there's an element of discretion there granted to the commissioner in making the determination of what level of complaints and to what extent these complaints should be posted on the department's website.

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Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

Just to follow up on that, regarding the complaints, I guess I just need to understand are these just complaints that are going to be submitted through the website or posted on the website?

Because one of the things I want to be cautious about is if complaints are going to be posted on a public website that haven't been properly investigated and determined to be a legitimate complaint or not, I'm just concerned about the public perception out there.

So through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker, I appreciate the good Representative's concerns.

I think that the way that the department handles these sorts of complaints in other matters, I do believe that they have to be substantiated complaints in order for the department to post them publicly. I hope that

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answers the question.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Rebimbas.

REP. REBIMBAS (70th):

It certainly does. Thank you for the response.

Through you, Mr. Speaker, regarding lines 55 through 59, it's pretty clear here that it says, on or after April 15th, that the penalties in this particular section of this, of this bill it's clear that it will only be post April 15, 2012. So there's a little bit more clarification there.

But the penalty indicates that the penalties that lie within this bill is in lieu of and not in addition to the penalties that are already in legislation in Chapter 227. Through you, Mr. Speaker, if the gentleman could just explain to us the difference between the two penalties.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I cannot, at this moment, describe the penalties

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imposed under Chapter 227. I do agree with the Representative that the penalty that this bill provides for is that a violation would be deemed an unfair or deceptive trade practice. So I do believe the language is clear, that it is in lieu of the penalties contemplated under Chapter 227.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

Mr. Speaker, through you, if it's known, is it your understanding that the current penalty that's being proposed in this bill is more excessive than what would be under Chapter 227?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Taborsak.

REP. TABORSAK (109th):

Thank you. My apologies, Mr. Speaker.

Through you, Mr. Speaker, it is my understanding that this clarifies the penalty provision. And if I could ask for a moment, Mr. Speaker, I will get clarification on this point of law.

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Through you, Mr. Speaker, my apologies.

As in my attempt to answer the good Representative's question, my understanding, which is that this is more of a clarification, is correct in that Chapter 227 deals more with penalties for violations related to nonpayment of the tax and those sorts of violations.

So this is -- my understanding is that the reason why this is in lieu of, this penalty is in lieu of is to make it separate and distinct from these other violations which are not related to this new language and the type of violation that we're describing in the bill. I hope that helps.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Rebimbas.

REP. ROBLES (6th):

Thank you, Mr. Speaker.

And thank you for that response, although I think it just requires me to clarify then a little bit further. Because my understanding through the response, that it creates a new category of a penalty, but when we read, in lieu of, it's supposed to replace.

So is the understanding that someone would not be

penalized with both penalties? Even though it's a new category, I would think that there's always the possibility that both categories could be a penalty on someone.

So I guess, just for clarification purposes, if it is creating a new penalty, is it truly in lieu of that they could never be facing both? Or is there the possibility?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Taborsak.

REP. TABORSAK (109th):

I suppose, through you, Mr. Speaker, that if there were multiple violations, if there were violations of the bill before us and of other provisions under Chapter 227, there could be a scenario where an entity was prosecuted under multiple statutes.

But this language, I think, is meant to clarify that this particular conduct in Section 2 would result in a violation that would be deemed an unfair or deceptive trade practice, separate from the violations and the penalties under -- that are already under Chapter 227.

Through you, Mr. Speaker.

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DEPUTY SPEAKER ALTOBELLO:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker, and thank the gentleman for his response.

Through you, Mr. Speaker, does this bill incorporate diesel?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I believe the answer to that question is no.

DEPUTY SPEAKER ALTOBELLO:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker. And thank you for the response.

Moving on to lines 104, so forth, looking at the language in this bill, it's my understanding that this would take effect upon passage of this legislation. Is that correct?

Through you, Mr. Speaker.

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Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

That is correct.

DEPUTY SPEAKER ALTOBELLO:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

In addition, in this section it indicates then that, if this is effective upon passage, we automatically are considered for the next 90 days to be what's categorized and defined as an abnormal market disruption.

Through you, Mr. Speaker to the Chairman, what exactly -- what are the characteristics or what would deem that we are currently in an abnormal market disruption?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

The reason as contemplated in the bill and the basis for the abnormal market disruption that we would

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be in at the passage of this bill would be a result of wholesale prices of gasoline increasing by an about equal to or greater than 15 percent within a 90-day time period.

So we would essentially be in this period as a result of our new definition of abnormal market disruption based upon spiking wholesale gas prices.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

Mr. Speaker, just for clarification, so it's been determined here now that, based on the gas prices in the last -- is it 90 days -- that there has been a 15 percent increase that would deem it appropriate then to categorize that we currently are in an abnormal market disruption?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

Section 4 actually makes it, I think, abundantly

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clear that that language in the statute deems this -- deems that we will go into such a period of market disruption upon passage. The language itself does not state that we have seen prices spike over 15 percent in the last 90 days. The language of the bill does not state that.

I have not done the math myself. I do know that they have spiked drastically. I imagine that they probably have cleared that 15 percent hurdle, but I have not done the math myself on that.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

And thank you for that clarification, because I think it's important as we move forward exactly what kind of criteria we are implementing for the determination of being in the abnormal situation.

With that said, does the 90-day period began at the date that this legislation is passed? Through you, Mr. Speaker. And if so, what date would that be?

DEPUTY SPEAKER ALTOBELLO:

Representative Taborsak.

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REP. TABORSAK (109th):

Through you, Mr. Speaker.

It is my understanding that that period would begin upon passage, and that date is not yet known. The bill still has to pass the House and be signed by the Governor, but that is my understanding upon passage.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

And through you, Mr. Speaker, if the Chairman could explain what happens at the end of the 90-day period, whether or not what the criteria would be in making that period longer if we're still deemed to be in that abnormal situation.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I thank the lady for her question there. There is a provision in the bill before you, I believe, in Section 3, Subsection C, I believe, that allows for the

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continuation of the abnormal market disruption should the commissioner provide the proper notice and find that the issue still continues.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, just a further clarification regarding some criteria that's in this bill. In lines 139 through 148 it's determined that the wholesale price is going to be based on the Oil Price Information Services.

The clarification that I would request, through you, Mr. Speaker, is that the commissioner has the ability to compare prices from different spots, such as Hartford, Rocky Hill or New Haven. And for example, when later on they're trying to determine again any of the percentage increase, they can use a different spot for that determination.

So in other words, to simplify, Mr. Speaker, you might not be comparing apples and apples and oranges and oranges. How will that work, if I can have some clarification, if you're able to use other spots as

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opposed to comparing the same spot with the increase of percentage? And hopefully that's clear and if not, I'll certainly attempt to make it clearer.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I believe that, you know, the language, again does give the commissioner some latitude, some degree of latitude. And I think that he is required, under lines 145 to 148, to look to prices that are average prices at Hartford, Rocky Hill, or New Haven to the lowest of such calendar day average price at Hartford, Rocky Hill, or New Haven.

I think that that language is intended to ensure that the commissioner will look at everything, look at all the circumstances, look at what the market is doing in these different locations and act fairly and accordingly. I hope that that helps clarify the language.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Rebimbas.

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REP. REBIMBAS (70th):

Through you, Mr. Speaker.

And I want to thank the gentleman for the clarifications regarding the bill because it's certainly one that we're all here and we could support, and it's a shared goal that we have, as the Chairman had identified this as a goal that we would like to see passed.

So although it's been a long time waiting on this side of the aisle for this type of legislation that we've been trying to propose in very different ways since May, 2007, I'm proud to be here today in support of this legislation and hope that we can all join together in supporting the passage.

So thank you, Mr. Speaker. And thank you to the Chairman for answering all the questions.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Rebimbas.

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Ladies and gentlemen, today is a good day. Sometimes we have bad ones. Sometimes we have good ones. This is a good day. It's a good day because a

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good idea that's a long time in coming that many people in this Chamber have pushed for is finally coming to fruition.

I want to commend the majority party and those responsible for bringing this bill before us today because it's an important bill. And as we just learned from the dialogue between Representative Rebimbas and the Chairman of the General Law Committee, is that there are two parts to this bill. There's a price gouging part, which was just discussed in some detail, protecting our consumers against those who might take advantage of volatile conditions with regard to our energy and gas prices and situation. And the other part is capping the gross receipts tax.

The gross receipts tax is what we have called in the past that hidden tax. And for purposes of those who we represent who may be watching in or listening, we tax gasoline two ways. We have a fixed tax of 25 cents per gallon, and we have this gross receipts tax that's not so fixed. It's based on the wholesale price of gasoline, whatever that might be. As it rises so does the tax rise. Why?

Our taxes are a percentage of that wholesale price of gasoline. It currently is 7 percent. So when the

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wholesale price of gasoline rises upward, that 7 percent is assessed on that price and those tax revenues come to the State.

So the higher the price of gasoline, the more tax revenue we, as a state, received. It was called that hidden tax. In fact, as things sit here right today, our total gas taxes, that 25 cents along with the 7 percent assessed against the current wholesale price of gasoline, leaves the State of Connecticut with gas taxes of 49 cents, almost 50 cents per gallon.

That is twice as much, more than twice as much as our neighboring state in Massachusetts and, I believe, some 16 cents per gallon more than our neighboring state in Rhode Island. That's why we've heard the horror stories of people traveling to other states to fill up their gas and pick up other necessary items while there, because it's cheaper.

Who would have ever dreamed that we would see the prices per gallon that we've seen? And we're hearing right now that those prices will go even higher. And though in some parts of this country we hear about good news of this recession ending, we know that right here in Connecticut historically may be the last in in a recession and certainly the last out. We still have

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a lot of the people we represent and many people in this room who are still struggling.

Maybe they're looking for a job that they lost. Maybe they've lost their home or are in foreclosure. Maybe their savings account has been tapped, because every single thing that they do in life has gone up and nothing more directly hurtful, in my opinion, than this gas tax.

So the step we're taking today is to say the two parts of the gross receipts tax, one being the percentage that we assess against the wholesale price of gasoline, we're going to cap at least part of that. We're going to cap and say we will not assess that 7 percent on the wholesale price of gasoline that goes higher than \$3 a gallon. We'll cap it at that, and that's a good thing.

And though in this bill, and the -- my good friends on the other side of the aisle to bring this up we thought, you know what? We'll just do it until June 30th of 2013. And then to the credit of the Democratic leadership they said, no. Let's make it permanent. Let's make the cap on the wholesale price of gasoline upon which we assess that percentage permanent, and that's what this bill does.

But here's a fact that we have to understand. On July 1, 2013, that percentage, which is currently 7 percent, is going to jump up by over 15.7 percent to 8.1 percent. It's a tax increase, so that even though the amount upon which we could assess that percentage is staying as capped at \$3, the actual percentage is going up. It's going up by 15.7 percent. Any way you slice it, folks, it's a tax increase.

Now, you might argue that that tax increase will happen on the first day of the next biennium, and therefore, it doesn't affect this year's budget that we're currently in or next year's budget, and you would be right. But here's the problem, in less than a year, we or our successors will be back with a new legislative session, and we will be charged to come up with a two-year budget. And if we do not do anything about the percentage today, then we will make an assumption that there will be an automatic tax increase on the first day of the new biennium budget -- the first day.

And the way things are going now, the price of gasoline, as much as we've capped the wholesale price that we can assess the tax on, the price of gasoline is predicted to be even higher. So even with that cap at \$3, the fact that our percentage will rise from

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7 percent to 8.1 percent will be an immediate tax increase to those people we represent, to all of us in Connecticut. Where? At the gas tank. We could do something about that.

And by the way, for those who believe that if we mess too much with the gross receipts tax we're actually hurting our special transportation fund, I would argue with you that that's not true. Because by statute we, as a Legislature, have determined exactly how much, in advance, we'll go into the special transportation fund from the gross receipts tax, and we've met that mark every single year. The problem is that all the excess goes into the general fund, or what some might call the black hole.

And, you know, I came from a family that sometimes they say the more you make the more you spend. And boy, with all due respect, we've had a history of that here in Connecticut. That's why we have a spending cap and try to control our spending.

For instance, in 2007, the gross receipts tax brought in over \$309 million, and yet we only transferred 141 million of it by statute to the special transportation fund. In 2008, the gross receipts tax brought in \$367 million and yet we only put 127 of it

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into the special transportation fund.

Most recently, in 2011, this gross receipts tax is on the way of bringing in \$334.5 million, and yet by statute we're only transferring less than half of that, 165 million to the general fund. So this isn't a question of shortchanging the special transportation fund. We have more than enough revenue to fill that according to the statute. This is a question of preventing a tax increase.

Now we've come two thirds there. We've capped the amount upon which we'll tax, and we made it permanent. I would ask that we consider taking an extra step.

And with that, Mr. Speaker, the Clerk has Amendment LCO Number 2911. I'd ask that he call and I please be allowed to summarize.

DEPUTY SPEAKER ALTOBELLO:

Would the Clerk please call LCO 2911; shall be designated House Amendment Schedule "A."

THE CLERK:

LCO number 2911, House "A" offered by Representatives Cafero, Klarides, and Candelora.

DEPUTY SPEAKER ALTOBELLO:

Representative Cafero, please proceed, sir.

REP. CAFERO (142nd):

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Thank you, Mr. Speaker.

Mr. Speaker, the amendment before us simply removes the scheduled increase on July 1, 2013, taking the percentage upon which we assess the tax from 7 percent to 8.1 percent. It removes that and would keep the percentage at 7 percent, and I move adoption.

DEPUTY SPEAKER ALTOBELLO:

The question before the Chamber is adoption of House Amendment "A."

Further?

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Ladies and gentlemen, it is a rare time that we get to prevent a tax increase well before it happens. Now is that time. We are saying to the public that we believe they are being paid too much at the pump, so much so that we're taking this extraordinary action by capping the wholesale price of gasoline upon which we can assess that percentage tax.

Let's take it that next step. Let's -- if we're going to cap and freeze something, let's freeze the percentage as well. There's a fiscal note on this, and what it means is that in the next biennium \$55 million

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of revenue will not come in based upon us leaving the tax at 7 percent.

In other words, to put it in the reverse, if we allow this tax as scheduled to go from 7 percent to 8.1 percent, it is a \$55 million tax increase on the citizens of the State of Connecticut. Let's go the extra step today. Adopt this amendment, keep the percentage at 7 percent while we're already capping the wholesale price of gasoline upon which we can assess that.

Thank you, Mr. Speaker.

Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Cafero.

REP. CAFERO (142nd):

Thank you. Mr. Speaker, I would ask that when the vote be taken, it is be taken by roll.

DEPUTY SPEAKER ALTOBELLO:

Thank you. Did you move adoption, Representative Cafero?

REP. CAFERO (142nd):

I thought I did at the beginning. If I didn't, I move it now. Thank you.

Move adoption.

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DEPUTY SPEAKER ALTOBELLO:

Doesn't hurt to do it twice.

The question before the Chamber is whether or not, when this vote is taken, it be taken by roll. All those in favor of having a roll call on this item please indicate by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ALTOBELLO:

The threshold has been met. When the vote is taken, it shall be taken by roll.

Further on the amendment?

Representative Taborsak, on the Amendment House
"A."

REP. TABORSAK (109th):

Thank you. Thank you, Mr. Speaker.

And, I thank the good Minority Leader for his comments. I think he raises a number of points that are certainly worthy of our time and debate and consideration. But I think that we'll be in a better position to look at these issues next session before the July 2013 tax increase takes place.

The bill before you deals with today. It deals with the issues that we face today and provides

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consumers with some much-needed relief at the pump and greater consumer protections. And it does so without tying our hands in any way and leaves us free to look at this issue and the issues raised by Representative Cafero next year before that increase takes place that he has pointed out to the Chamber. And, for these reasons, I urge my colleagues to reject the amendment.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Taborsak.

Representative Widlitz of the 98th, you have the floor, madam.

REP. WIDLITZ (98th):

Thank you. Thank you, Mr. Speaker.

I rise to concur with the esteemed chairman of the General Law Committee. What we're talking about is something that would come into effect 15 months out. Now, next year we do a two-year budget. We do a biennial budget, and there will be sufficient time to examine the budget within -- actually the entire scope of the budget to look at our revenues, to look at our expenditures. And we will have ample time to adjust this rate if we so choose. I think it's very prudent to wait and to do that discussion within the parameters

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of the biennial budget.

And you know, we have actually not implemented increases in the past. And I think it would be just a very wise decision to review this in the general context of the budget next year. So I would oppose the amendment.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Widlitz.

Representative Williams of the 68th, you have the floor, sir.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker and good evening.

Using only the equipment now that's been assigned to me for the evening, so I appreciate your indulgence.

Mr. Speaker, ladies and gentlemen, I rise to support the amendment that has been put before us. And with due respect to the chairs of both finance and general law, next year is the worst time that we can deal with this issue. This is the best time we can deal with this issue.

You know, we need to give certainty to all of our constituents, to all the people who are dealing with these massive tax increases that we've imposed upon

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them in the last few years, and now we can give them some certainty. We can give them certainty that going forward, at the very least, the government is not going to reap a windfall profit on the increasing price of gasoline either next month or next year.

We imposed or increased over 70 new or increased taxes in the last budget, the largest tax increase in history of this state. And if we can get some certainty to motorists who live here who pay taxes here, who work here, not just this month, but in the out years, I think we ought to do that here today.

I think what we're doing is very laudable. I'm very supportive of the underlying bill, but let's go that extra step. Let's give people that certainty as we go forward.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Williams.

Further on House "A"? Further on House "A"?

Representative Sharkey, Majority Leader, you have the floor, sir.

REP. SHARKEY (88th):

Thank you, Mr. Speaker.

Mr. Speaker, just very briefly, I would urge my

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colleagues to not support this amendment. While I think we appreciate the intent of the amendment and the desire to try to protect our consumers from increased taxes, we are already doing that in the underlying bill.

And I think what makes this particular amendment troublesome is that we are tying the hands of a future legislature to try to determine how best to balance our next biennial budget, not the budget that we're in right now. It's certainly an idea and concept that we can revisit next year as the Chairman of the Finance Committee has already indicated. It's something that we probably should review at that time.

But to tie our hands now for something that is not going to occur for another 15 months, I think at this time with the fragility of the budget situation that we have currently and going forward, I think it's best that we hold off on that decision until next year and our next biennial budget.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Mr. Majority Leader.

Further on House "A"? Further on House "A"? If not, staff and guests please retire to the well of the House. Members take your seats. The machine will be

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open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the Chamber. The House is voting House Amendment Schedule "A" by roll call. Members to the Chamber, please.

DEPUTY SPEAKER ALTOBELLO:

Have all members voted? Please check the board to make sure your vote is properly cast. If all members have voted, the machine will be locked. The Clerk, please take a tally. And would the Clerk please announce the tally.

THE CLERK:

House Amendment "A" on Senate Bill 457.

Total number voting	147
Necessary for adoption	74
Those voting Yea	53
Those voting Nay	94
Those absent and not voting	4

DEPUTY SPEAKER ALTOBELLO:

House "A" is not approved.

Further on this bill? Further on this bill? If not, staff and guests please retire to the well of the House. Members take your seats. The machine will be

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open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the Chamber. The House is taking a roll call vote. Members to the Chamber, please.

DEPUTY SPEAKER ALTOBELLO:

Have all members voted? Have all members voted? Please check the board to make sure your vote is properly cast. If all members have voted, the machine will be locked. The Clerk, please take a tally. And would the Clerk please announce the tally.

THE CLERK:

On Emergency Certified Senate Bill 457.

Total number voting	146
Necessary for adoption	74
Those voting Yea	146
Those voting Nay	0
Those absent and not voting	5

DEPUTY SPEAKER ALTOBELLO:

The bill passes.

Representative Sharkey.

REP. SHARKEY (88th):

Good evening, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

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Good evening. Pleasure.

REP. SHARKEY (88th):

Good to see you. Good to see you up there.

I would move that we suspend our rules for the immediate transmittal of the afore voted on emergency certified bill to the Governor.

DEPUTY SPEAKER ALTOBELLO:

The question before the Chamber is immediate transmittal of S.B. 457 to the Governor. Is there objection? Is there objection? Hearing none, so ordered.

Representative Sharkey, further?

Representative Riley.

We'll be doing referrals?

Would the Clerk please call --

Would the Clerk please call Calendar 64, six four.

THE CLERK:

On page 7, Calendar 64, Substitute for House Bill Number 5094, AN ACT CONCERNING THE "MOVE OVER" LAW, favorable report by the Committee on Public Safety.

DEPUTY SPEAKER ALTOBELLO:

Representative Riley, you have the floor, madam.

REP. OLSON-RILEY (46th):

Thank you, Mr. Speaker.

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Calendar 94, Calendar 100 and Calendar 101, would mark all of those times as go, Madam President, to be taken up following our deliberations on the emergency certified bill.

THE CHAIR:

Seeing no objections, so ordered, sir.

SENATOR LOONEY:

Thank you, Madam President.

Would ask the Clerk to call the emergency certified bill from Senate Agenda Number 2.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Calling from Senate Agenda Number 2, dated Wednesday, March 28, 2012, Emergency Certification Senate Bill Number 457, AN ACT CONCERNING THE CAP ON THE PETROLEUM PRODUCTS GROSS EARNINGS TAX AND PENALTIES FOR ABNORMAL PRICE INCREASES AND CERTAIN PETROLEUM PRODUCTS, introduced by Senator Williams of the 29th and Representative Donovan out at the 84th.

THE CHAIR:

Senator Doyle.

SENATOR DOYLE:

Good afternoon, Madam President.

THE CHAIR:

Good afternoon, sir. How are you today?

SENATOR DOYLE:

Good.

THE CHAIR:

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Good.

SENATOR DOYLE:

I move acceptance of the emergency certified bill and passage.

THE CHAIR:

On acceptance and approval of the bill, will you remark further, sir.

SENATOR DOYLE:

Yes. Thank you, Madam President.

What -- what we have before us is a bill that has been described as a circuit breaker for our gross receipts tax to keep it no higher than -- to keep it at a cap of \$3 per gallon.

What it does is, basically, it caps our gross receipts tax at \$3 per gallon at the level of the distributors, and this bill ensures that distributors or wholesalers do not collect the gross receipts tax above \$3.

And this bill has important provisions in it to ensure that the tax is, in fact, made -- capped at \$3 and there are -- if any distributor were to continue to collect it and pocket any taxes above \$3, our DCP commissioner will have -- would have the ability to investigate and ultimately fine any distributor that did such a -- an act. And this bill is important because of these additional CUTPA and protections by our -- the consumer protection commissioner.

We also amend our gas price gouging bill to -- under current law, the -- the trigger or the -- the implementation of our gas pricing bill has to happen under certain circumstances, weather events and the like. In this bill, we have explicit language that says when you have large increases in the gross receipts price, or the pump price of 15 percent within 90 days, this -- the implications of the oil gouging bill will kick in, there -- therefore, then our DCP commissioner will have the authority immediately to begin investigating and

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to -- to seek to determine whether or not there is -- a gouging event has occurred.

Currently, the only way an investigation can be done is if the attorney general so declares. So it would be clear, we have in this bill -- if the large increase that goes through C tax occurs, automatically we -- our DC commissioner can then investigate when this abnormal market disruption event is created.

This bill also provides similar protections for our -- our petroleum and our heating oil. So that was -- that's in addition to the -- to the underlying oil and gasoline or gasahol provisions.

So, again, to be clear, it also will ultimately protect our home consumers and give our DCP commissioner the ability to investigate any gouging events for home heating oil. We had a mild winter, but, of course, next year who knows. And this could definitely come into effect.

This bill is a -- important bill to me because things have changed. Back in -- when I was in the House years ago, in 1997 and '98, I supported, like some people in the Chamber, at the time, we -- we voted to cut our gas tax 14 cents. I supported it at the time thinking it was a good thing for our consumers. The year or so after -- after the history of it, I became concerned that that money never hit the pump. That 14 cents, we cut -- I don't believe the full amount ever benefited the consumers. From that point forward, I wanted to always make sure that our gas tax cuts were to hit the consumers and -- and our consumers would benefit.

With that in mind, in 2007, we had a bill in this Chamber that sought to suspend the motor fuels tax and gasoline. That was Senate Bill 1059. I was the only member of this -- of the circle to vote against it. My rationale was I was not convinced that this suspension of the tax would get to the pocketbooks of the consumer. So from my '97 ruling -- my '97 decision up to 2007, I decided we had not -- we didn't have the proper protections.

I believe, today, I'm comfortable voting for this bill because we do have the consumer protections in here, so it's not a simple bill that says the cap -- that gas tax is capped at \$3 per gallon. To me, the most important part

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of this bill is we have protections in here for our DCP commissioner to move forward to ensure that the tax is not still imposed on our consumers at the pump, and the benefits of this legislation do hit our consumers who we care about.

Now, the bill has a few other provisions that I want to point out. In the OLR fiscal -- sorry -- OFA fiscal note, there's a reference there to the -- to the fine -- the ability of the DCP commissioner to impose fines. In -- in this bill, currently, the DCP commissioner has to go -- to get CUTPA fines, he has to go through the AG and go to court. This bill gives the DCP commissioner the -- the authority on his own to implement and impose fines of up to \$10,000 without going to court if he finds that a distributor, in fact, did -- did do price gouging and did not properly reduce the gross receipt tax above \$3. That's an important power in this bill that's clearly distinguished from the current law.

Now, in the fiscal note, there's a reference to revenue lost from penalties because, I think, it's a mistaken assumption that the -- any fines collected by the DCP commissioner would be a revenue loss from the Department of Revenue Services. The fact of the matter is we're talking about here new fines. Revenue Services still retains its authority to do other fines. So I'm not certain how there could be a revenue loss when we've created a new ability for the DCP commissioner to impose fines up to \$10,000.

And in the bill itself, there also is, in connection with fines, there -- I just want to clarify in Section 3, Subsection F, the description is the fine can be imposed on any petroleum products. I just want to clarify that we are talking about here gasoline or gasahol only. We're not talking about other things.

The fining authority, of course, is -- we're talking about gasoline and -- and gasahol only and not other petroleum products. But, again, Madam President, the importance of this bill is, I believe -- the actual benefit in the pump may not be great, but really it's a hedge or a circuit breaker against the future.

If our gas taxes are to go up, God forbid, four fifty or five dollars, the gross receipts tax will not go up.

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There will be some immediate benefit from the \$3 up to the three twenty-five gross price today so you'll see some benefit at the pump. But really, I think we're dealing with the -- it's really a hedge or protection or circuit breaker on the -- any future large increases.

So, again, I think this is an important bill but I think we all have to be clear that I don't think this bill is going -- no one will see radical price decreases at the pump. It'll be protections against the future. But personally, I think the best way to address it is federally in Washington where we have to look at some legislation to regulate the oil speculation on Wall Street in terms of the commodity market. There's some proposals out there. I hope -- that, I think is a -- is a -- is an effort that should be done in conjunction with ours. And that's the best way, I think, to be done on a national basis.

So, again, I thank you, Madam President. At this point, I would like to yield to Senator Daily.

THE CHAIR:

Senator Daily, will you accept the yield?

SENATOR DAILY:

I will, Madam President. Thank you.

THE CHAIR:

Thank you.

SENATOR DAILY:

I think that Senator Doyle has done a wonderful job explaining a bill that could be a complex bill. And in terms of the tax part of it there will be a slight revenue loss going forward. The anticipation of the -- what the increases in gasoline likely would have been and what would come into our coffers as a result. So, as Senator Doyle has said, all of the consumers out there can be guaranteed that they won't see an increase in the gross receipts tax no matter what happens with our taxes. So I think it's a good bill for consumers and a good thing for us to do going forward.

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I think another thing we'll want to do going forward is make sure that the gross receipts tax that we're counting on and relying on to pay for new rail expenses, the New Haven rail yard and the rail cars go into a designated fund so that, again, consumers are made aware that we're protecting their money and we're using the money for the purpose it was collected. So we hope to do all those things going forward.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark further? Will you remark further?

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President.

THE CHAIR:

Good afternoon, sir.

SENATOR SUZIO:

I rise to support the bill in front of us. I do want to express thanks to my colleagues across the aisle for agreeing to impose some kind of a limit on this growing gross receipts tax which has added a terrible burden to Connecticut families at the pump. At least -- this doesn't stop the -- the petroleum gross receipts tax. It doesn't reduce it significantly but it does stop it from growing and it does provide some relief. And, furthermore, I want to thank my colleagues across the aisle for agreeing to make it a permanent rather than a temporary cap.

During the public debate about this issue, a lot of my colleagues expressed concern about speculators and speculation and the impact of those activities on high gas prices here in Connecticut. There was also some charges of price gouging.

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I don't know how much you can ascribe to speculation and price gouging. The evidence is obscure. Even the Hartford Courant, which doesn't support the item of capping the petroleum gross receipts tax, said in its (inaudible) the other day that there's little evidence to substantiate those accusations, that -- that speculation has a significant impact on gas prices.

But one thing is very obvious and nondebatable. When you look at Connecticut gas prices relative to our immediate neighbors to the north and to the east, our gas prices are significantly higher and it's no coincidence that are tax -- taxes on gasoline are significantly higher.

Massachusetts imposes a levy of only twenty-three and a half cents a gallon. Today, Connecticut effectively combine -- has a combined tax on gas of about 50 cents a gallon. In Rhode Island, the price -- the gas tax is 33 cents a gallon. So there's 17 cents a gallon difference.

Clearly, aside from any issues about speculation and price gouging, the main driving force between -- that's -- that accounts for the disparity with Connecticut gas prices and our neighbors is our own tax policy. We don't have to look offshore at boats waiting outside of New Haven harbor, or to look in -- down on Wall Street for speculators, we only have to look at ourselves because we have imposed some of the highest gas taxes in the country, and that directly has driven Connecticut gas prices to the highest level of almost any state in the country. And clearly, that is the one thing we have in our control.

There's not much we can do to (inaudible) is any speculation or price gouging but there is something we can do about exorbitant taxation on Connecticut's hard-pressed families.

Now, some people have said that this won't provide a lot of relief immediately. They equated it to maybe a penny and a half at the pump. And I want to say I wish it could be greater right now. In fact, if my colleagues across the aisle would care to make it a more significant cut, I think they would find widespread support on my side of the aisle.

When this budget was put together at the beginning of this current fiscal year, the effective petroleum gross

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receipts tax that was built into the budget was 20 cents a gallon. For every penny that we collect extra, we collect \$15 million per year. So that means, basically, where we're capping it at 24 cents, roughly, per gallon, that's 4 cents above that. We're going to collect \$60 million over what was originally built in to the budget to begin with.

Now, without the cap, of course, it could go higher. In fact, there would be no limit. And I did a calculation and I determined that if gas reached \$5 per gallon, the petroleum gross receipts tax could go as much as 31 cents a gallon. And that would be 11 cents above what was implicit in the budget. It would be the tantamount to \$165 million of money in the budget that was never budgeted for when the budget was initially put together.

So I think there is room. I think there's room to go beyond what we've done. I'm not going to submit any amendment to do so today. But I would suggest to my colleagues across the aisle that we ought to examine whether we can do more. I don't think it's right for Connecticut to reap a windfall while Connecticut consumers are suffering, Connecticut families are suffering at the pump.

Furthermore, I think it's a dangerous thing to predicate our budgets going forward on high gas prices because, as the gas prices come down, and we all hope they will someday, we will see a dramatic decrease. It can turn around. The petroleum gross receipts tax collections which have been a windfall for us this year and in recent years can go in the opposite direction. And if we have predicated a budget on those higher prices and consequently the higher taxes, we are setting ourselves up for a fiscal debacle next year.

So I think it's an imprudent thing to create a budget that's predicated even on the capped price that we're talking today, which is tantamount to about 22 cents a gallon or something close to that.

I would believe that it would be fiscally prudent for us to keep it at the level it was originally budgeted. And, furthermore, I think it's -- it puts us in a position almost where we are profiting as prices go up, as we have done. We've done it this year. Again, as I say, in the

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latest budget update I've seen, we've got \$65 million extra incorporated in the budget because of this windfall. And it's not because of the volume of transactions going up; it's simply because it's price-driven.

So I won't make up any further issue about this. I am very pleased and very happy to see that my colleagues across the aisle who resisted this for so long have agreed and seen the pain that Connecticut families are suffering right now and have agreed to collaborate in a bipartisan fashion to limit that. But I would ask -- I would ask everybody here, I think we can do more. I hope we will do more. We have to do more for Connecticut families because they can't continue to pay these prices that are higher than even a state like Massachusetts, which we used to laughingly call "Taxachusetts" because of their tax policies. And now, our own gas taxes are more than double theirs.

And I know -- I know I've heard about the tolls, but we all know that Connecticut has no tolls because we get a massive federal subsidy in lieu of the tolls. And as far as I know, Massachusetts has one toll and that's on the turnpike but not on all the other roads. And I don't believe Rhode Island has any tax -- any tolls at all, except for the toll going over the Newport Bridge. So tolls don't explain the need for us to have higher taxes on a gasoline, particularly to the extent that we do. More than double Massachusetts and 17 cents a gallon more than Rhode Island.

So I will close by just saying this is a start. But I consider it to be only a start. There's a lot more we've got to do to help Connecticut families, Connecticut small businesses, who, by the way, have been hurt just as much as Connecticut families. I got it, by the way, an e-mail from a constituent who delivers gas to a station down in Groton, Connecticut. And that gas station has lost 800 fill-ups per week. They calculated it was 8,000 gallons. So we lost all the gross receipts tax and the excise tax on that. And they calculated for -- three-quarters of the -- the transactions they have, these lost 800 transactions, people would have purchased coffee, cigarettes, and other items normally, so we lost all the economic activity that would have been associated with those transactions and we lost the tax revenue as well.

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In my opinion, this is a counterproductive -- our high taxes on gasoline are counterproductive to our own best interest. But, again, I will close by thanking my colleagues across the aisle. I know it's been a difficult battle, and I appreciate the collaboration and working together in a bipartisan fashion.

Thank you very much, Madam President.

THE CHAIR:

Thank you.

Senator Meyer.

SENATOR MEYER:

Thank you, Madam President.

Senator Suzio indicates doubt as to whether there's price gouging of gasoline in Connecticut. And I want to share some market factors with you which I think suggest that there is price gouging in Connecticut.

We have had a 16 percent increase in the price of gasoline in Connecticut in the last 90 days. The bill before us says that if -- if the increase in 90 days is over 15 percent, that will constitute price gouging for purposes of investigation.

Now, that kind of an increase comes with remarkable market factors that suggest that the price of gasoline actually should be lower not higher. The big five oil companies in America had a profit last year of \$137 billion. And that -- let me just put that figure in context. That was 75 percent more than 2010. The companies are reducing the supply of gasoline available in the United States by the closing of refineries.

ConocoPhillips and Sunoco have both closed refineries in the Philadelphia area with another refinery scheduled to close this summer. That is an indication the oil companies are not cooperating with the customer. In 2011, oil production in the United States reached its highest level in eight years. We reversed a reliance on -- on the Middle East and we increased our own production to the highest in eight years. And for the

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first time in a decade, imports last year accounted for less than half the oil consumed in America in 2010.

So you have an increase in American production of oil, a decrease in dependence on the Middle East, oil companies making humongous profits, an increase right here in our state of the price of gasoline by 16 percent in just 90 days, and I think it suggests that maybe the most important part of the bill we're debating today is -- is the profiteering and price gouging provisions of this bill. Let's -- let's adopt it.

THE CHAIR:

Thank you.

Senator Kissel.

SENATOR KISSEL:

Thank you very much, Madam President. Good afternoon.

THE CHAIR:

Good afternoon, sir.

SENATOR KISSEL:

I'm delighted to stand in support of this proposal and, at the outset, I'd like to thank Senator McKinney, Representative Cafero, Senator Suzio and -- and other folks that really drove this issue.

There was huge petition drives out there. There was talk on radio, television, letters to the editor. And this issue really came home when the public responded. I am hopeful that in the future, especially this coming summer, that gasoline is not four-fifty, five dollars a gallon.

But at this point in time -- I've been lucky enough to be a state senator for the last 20 years. And I remember not that long ago, a little over 10 years ago, we had a cap the tax and drive down the tax effort in this Legislature as well.

Representing border towns in north central Connecticut, I am uniquely situated to tell you that many of my

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constituents respond to Connecticut's tax policy by simply driving a few minutes up the road to Massachusetts. The figures given by Senator Suzio bear that out. A 27 cent tax differential between Massachusetts and Connecticut for a gallon of gas. That just jumps right out at you on their signs.

And while you're up in Massachusetts, you may want to purchase alcohol because they have initiative and referenda and they through out their tax on that. So that if you look at other commodities, other products, it's less expensive in Massachusetts. Now, as Senator Suzio aptly pointed out, for folks up in our neck of the woods, for the longest time it was fun to ridicule and mock "Taxachusetts." They also have pretty bad drivers on left-hand turns sometimes. You've got to watch out for that.

And I can say that family and friends and colleagues come from Massachusetts, it's all okay. But what has baffled me over the years is seeing how slowly and steadily -- and I think thoughtfully and with a mission -- they have changed their policies around to take advantage of us.

We pride ourselves on being the land of steady habits, but sometimes that can enure to our detriment. We're a small state. We need to be a much more nimble state. I have stated this when it comes to policies regarding Sunday sales and alcoholic beverages, tobacco, and clothes, and our, you know, our -- we took away the tax credit for clothes, and now it's gasoline.

We need to be thoughtful. Now, to Senator Daily, always mindful about the financial strictures, it can't happen overnight. We've got budget projections. We've got responsibilities. We're going to need to think about this long term. I think we need to reign in spending. I think we need -- need to make difficult cuts. You can't always say, well, if we lose the revenue from here, let's go make it up over here. If we lose it on the gas tax, let's have tolls. That's the wrong way to think about this. It's not all driven by revenue.

Much of this debate has got to be driven by spending. But I am of the firm belief that if you reach a certain point regarding cross-border revenue streams, where people can go from Massachusetts to Connecticut or Connecticut to

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Massachusetts, from New York to Connecticut or Connecticut to New York, and from Connecticut to Rhode Island or Rhode Island to Connecticut, target those areas, become competitive, and your volume will drive your revenue right back up.

I remember when I first started here in the Legislature. A friend and colleague, Carl Schiessl, was the House cochair of the finance committee. And maybe it was because Carl lived up in Windsor Locks, he understood the cross-border battles that we had to face. When it came to the simple notion that if we drive down our tax rates, we're going to increase volume because, (a), we'll have less people going to another state to make purchases, but, (b), if we get to a certain point, we can drive business into our state. He understood that.

I urge my colleagues round this circle, let's get back to that fundamental notion. We're a small state. We're a smart state. We just need to be nimble about our tax policy. I would grant you there are some things that it's not going to make a difference and people don't shop around or they can't shop around. And so, with that, you project what you want to raise in revenues and it's relatively stable. And you know what, people don't have an awful lot of choice.

But things like the gasoline tax and other taxes where people can move and make purchasing decisions, we need to get smart about our policies, because I am convinced that the folks in the New York Legislature, that they're folks in the Massachusetts's Legislature, and there are folks in the Rhode Island Legislature, examine our policies each and every year and they say how can we get one step ahead of them, how can we take advantage of those people.

Don't kid yourself. It is not by accident that there are large package stores on the border in Massachusetts. That they have opened up sales on Sunday. That Rhode Island just wanted to get federal authority to put a toll right across the border from Connecticut. That New York wants to open up casinos. We're not living in a bubble. They are all looking around us and looking to take advantage of us. Let's defend ourselves with sound and stable policies to help the taxpayers of the State of Connecticut, protect our revenues, but also be cognizant that we live in a very competitive world. And there is

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no reason that they should be able to get the best of us. That we have all the wherewithal and intelligence to get the best of them for the benefit of those in our state whose needs we have to meet.

And for that, Madam President, I am happy to support this legislation.

THE CHAIR:

Thank you, senator.

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

I stand -- stand today in strong support of this legislation. I'd like to thank all here in the Legislature who've agreed to move forward with an idea that the taxpayers of Connecticut have simply asked for -- for many, many, many months. And I'm thankful, also, to the people across Connecticut who signed a petition to raise to this Legislature just how important this idea is and strongly support it.

Thank you very much.

THE CHAIR:

Thank you, Senator McLachlan.

Senator Bett -- Boucher.

SENATOR BOUCHER:

Thank you, Madam President.

Madam President, I also rise to support this very good bill. As we all know, Connecticut is the only state in the nation with a petroleum gross receipts tax which, for those that are listening in today, is a percentage tax on top of already high excise tax.

It's also gratifying to find the majority party coming together with Republicans to pass this particular cap,

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which I would consider onerous, and also an increasing a tax that has been going up as the gas price -- the price of gas has gone up -- knowing that's it layered on top of another tax.

And although this percentage tax shouldn't be, many of us believe, a part of Connecticut's tax structure, nor -- nor actually has it been used for its original stated purpose, it -- and it makes us less competitive as a tax, this is certainly today a step in the right direction for our beleaguered taxpayers.

And I think the consumers will probably see some relief at the pump, small as it may be. I hope they do notice it after today's meeting to reduce this portion of the tax just as the prices are reaching historically high levels. I have to add, also, I had over 200 of my own constituents add their voice to this debate and I think they feel good about the fact that they could make a difference.

Again, gasoline prices are predicted to go much higher this summer due to a very persistent threat. It seems to be with us all the time about military action between Israel and Iran. And so it's obvious that the issue of gas prices will be with us for some time as the debate now rages between how to supply our ever-increasing need for fuel and searching for economically feasible alternative energy sources.

I guess the demand is so high for energy because of the continual introduction of technology advances that permeate our society and that weren't with us when we were young. Certainly, Madam President, growing up we could not have envisioned the numbers of devices that we're all using every day and has become almost a requirement to be able to either work or study.

One thing, though, we can agree on is that we do need to relieve our country of its dependency on foreign sources of energy and look more internally to resolve this very major -- which many believe is a -- is a severe national security issue.

I'd also like to take this opportunity to thank my fellow state Senator Len Suzio for championing this cause and leading the charge on such an important consumer issue.

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Thank you, Madam President.

THE CHAIR:

Thank you, senator.

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President. I appreciate that very much. And I rise in strong support of the -- the bill as well.

What I want to say very briefly is to the taxpayers and the citizens of Connecticut, all of whom presumably buy gas, assuming that they are of driving age, and that lesson is -- is this, is that public input is really critical in terms of getting the best result out of the capital on a regular basis.

Senator Len Suzio, who led the charge on this -- on this effort, showed up at a press conference with what looked like about 30 pounds of -- of petitions that people had signed, and letters and e-mails, and all sorts of things like that, which I think drove this debate forward. And within that debate, the -- the positive outcome that evolved into what we're voting on today is a template for what I think is something that we have to, as Legislators, pay very close attention to. In fact, we can't afford not to because, if you do the simple math, as Senator Kissel pointed before, our cost structure is large and its growing and its fixed more and more these days than ever before.

We know that it's very difficult to keep these revenues up in -- in line with what the increasing expenditures of the state are. So if we address these issues, we know for a fact that there are 367 taxes on the books here in Connecticut. It may even be more after last session. My math may be a little incorrect there. But my plea to anybody watching today and all the taxpayers of the state of Connecticut is take a look at many of these taxes.

Some of them you've never heard of before, like the gross receipts tax. Who had ever heard of that before? You don't think that when you go into the gas station and fill up your -- your car with 15 or 20 gallons worth of gasoline,

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you may take the time and look at what the tax component is on a gallon of gasoline and do the simple math on that, 20 times 27 cents or 35 cents, whatever the case was when you were filling up your tank. And you can do the simple math on that. You know you're paying a lot in taxes. We have to remain competitive, not just on this front, on all fronts.

So my plea to everybody watching this proceeding today is, please take a look at these taxes that have somehow found their way onto the books and what they mean to the revenue structure of the State of Connecticut and if, in fact, that is a sustainable source of revenue, given where the money comes from, i.e., you the taxpayers, versus what the cost structure of the state is.

This is a great day for the taxpayers of Connecticut and anybody, for that matter, who drives a car and has to buy gasoline. And, hopefully, it's a harbinger of what's to come, public input, great leadership, bipartisanship work on this particular issue.

Thank you, Madam President.

THE CHAIR:

Thank you, senator.

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Good afternoon.

THE CHAIR:

Good afternoon, sir.

SENATOR KANE:

I, too, rise in favor of this bill, Madam President. I was elected in 2008 and I remember in campaigning that we talked about this, the gross receipts tax, and how it was such a hidden tax, as Senator Frantz mentioned. And most people aren't aware of this tax and they weren't aware of how this occurred and the percentage base and how it works.

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So I'm reminded of that commercial for that company, BASF, where they say, well, we don't make the tires but we make the tires better, or we don't make this but we make it better. I remember that commercial vividly but -- and -- and for that, I -- I recommend that we thank Senator Suzio, because he certainly took this bill, took this subject, if you will, and made it better because he took it to a whole new level by holding press conferences, by having petitions at all the gas stations, by being on every radio and television and newspaper. He really drove this through the -- through a matter of public opinion. And -- and public opinion is what matters most to the 36 of us that sit around this room because those are the people that we represent back in our district. So I do want to congratulate him on this day.

But if I might, I still need one piece of a clarification, if I may, Madam President. So, through you, may I ask a question to the proponent of the bill?

THE CHAIR:

Senator Doyle --

SENATOR KANE:

Thank --

THE CHAIR:

-- please proceed, sir.

SENATOR KANE:

-- thank you, Madam President.

My question is, this is cap on the gross receipts tax at \$3 a gallon at the wholesale price. Is the percentage being capped as well?

Through you, Madam President.

THE CHAIR:

Senator Doyle.

SENATOR DOYLE:

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Through you, Madam President.

I'll try to answer it, and Senator Daily can join if -- if she has a further comment. But it's a cap at the -- the -- we're capping at \$3. No tax whatsoever, whether graduate or not, above \$3.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

And that, I'm -- and that, I'm -- I know. Thank you, Madam President. What I'm asking is the percentage right now, I believe, is 7 percent or thereabouts?

Through you, Madam President.

THE CHAIR:

Senator Doyle.

SENATOR DOYLE:

Yes. Through you, Madam President.

We're not dealing with percentages here. We're dealing with the actual dollar value per gallon so we're not capping the actual percentages. It's just the -- the amount that it's imposed above -- anything above \$3.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

So the percent -- the percentage now is 7 percent, though -- through you -- if -- if I can understand what the percentage is currently.

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Through you, Madam President.

THE CHAIR:

Senator Doyle.

SENATOR DOYLE:

Yes. Through you, Madam President.

Currently, the -- the percentage is 7 percent.
Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And that percentage is scheduled to increase as of July
1 of next year. Am I correct?

Through you.

THE CHAIR:

Senator Doyle.

SENATOR DOYLE:

Through you, Madam President.

Yes, you are correct.

SENATOR KANE:

Okay. Thank --

THE CHAIR:

Senator Kane.

SENATOR KANE:

-- thank you, Madam President.

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So we are capping it at \$3 a gallon but the percentage is still scheduled to go up, so 7 percent of \$3 is (a), 8 percent of \$3 is (b), so we still see a rise in the gross receipts tax.

Through you, Madam President.

THE CHAIR:

Senator Doyle.

SENATOR DOYLE:

Through you, Madam President.

On July 1, 2013, there is a scheduled increase to 8 1 -- 8.1 percent that's not addressed today. But at -- the future Legislature next year can address it and try to determine. But, at this point, it's not addressed but we are dealing with the immediate problem of capping it at \$3.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Great. Thank you, Madam President.

I thank Senator Doyle for -- for his answers, and I will support the bill.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator Kane.

Will you remark?

Senator Fasano.

SENATOR FASANO:

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Thank you, Madam President.

Madam President, I'd like to associate myself with many of the remarks around the circle, in particular, in joining forces and passing as quickly as possible in the session early on this cap on the tax.

However, in light of some of the things that Senator Kane said, which is it's true that starting July 1, 2013, there is a tax that would appear to go up to eight and one tenth percent. So the excise tax would go up after 2013. And so after that \$3 we're at 7 percent, and then starting 2013, it would therefore go up to that 8 percent, a little bit over that.

Madam President, Senator Doyle had indicated that in front of us is not the opportunity to reduce that and we can do that at a later date. With that, Madam President, I would ask the Clerk to call LCO 2908, and I request permission to summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 2908, will be designated Senate -- Senate Amendment Schedule A.

THE CHAIR:

Senator Fasano.

SENATOR FASANO:

Thank you. I would move the amendment and request permission to summarize.

THE CHAIR:

On acceptance of the amendment, please proceed, sir.

SENATOR FASANO:

Thank you.

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Madam President, essentially what this amendment does -- and ladies and gentlemen of the Chamber, would -- it would leave the current excise tax at 7 percent. Therefore, after July 1, 2013, it deletes any possibility of the excise tax to go up.

As we're aware, we -- the outcry that we've heard in this Chamber and from our constituencies is the fact that these taxes keep going up. It's more expensive for gasoline. And based upon what we have in front of us here today in this economic climate, we all got together, Republicans and Democrats, House and Senate, presumably the House will pass it shortly thereafter, and we decided to cap -- that after \$3 it will only be 7 percent.

And I would suggest that that's a great start. And I'm glad that over the last two weeks it's become permanent, to say after \$3, and that's not going to diminish as the prior proposal suggested years later. But nevertheless, the excise is going to go up. And I think we can solve that problems now because we can cap not only after \$3, but we can cap it at 7 percent. And if we don't pass this amendment, it will go up without any further authority from this Chamber, on July 1, 2013, to eight and one-tenth percent.

So, Madam President, I look forward to the circle joining me in supporting this amendment and capping not only at \$3 but also capping at the 7 percent, and then I think we've done a job well done.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark? Will you remark?

Senator Daily.

SENATOR DAILY:

Thank you, Madam President.

It would be nice if we could join my seat mate in supporting this amendment and continue this bipartisan day. But

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it's just not a practical or responsible thing to do.

The reason that there were scheduled increases in the gross receipts tax is to pay for the rail program, the New Haven rail yard construction and the new cars. That whole program has seen some delays and the cost are different than we knew in the first place.

I only today received a progress report on the facilities improvement program. So we need to take a careful at the monies we need to pay those bills. And certainly, we hope going forward -- and we intend going forward -- that we would be able to eliminate that jump year -- a year from now. But we can't do it responsibly until it's all plotted out and we know exactly what we're doing in dollars and cents.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark?

Senator McKinney, good afternoon, sir.

SENATOR MCKINNEY:

Good afternoon, Madam President.

Madam President, I rise in support of the amendment. The fiscal note on this amendment says that the cost would be \$55 million to the State of Connecticut in fiscal year 2013. I bring that to your attention because, for some who think that the acts of capping the gross receipts tax or false -- or forestalling future tax increases amount to pennies, I would say to you just look at the fiscal note. A \$55 million tax increase is avoided if you vote for this amendment. That's what we're talking about. That's a lot of money. And it's money that would directly come from taxpayers and citizens of the state who are already paying the highest gas prices anywhere around us, with the highest gas taxes anywhere around us.

In the Governor's proposed budget adjustments, there's \$45 million in 2013 in gross receipts tax revenue that were unexpected and unanticipated when he -- when he introduced his first biannual budget and that budget was passed.

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That's 45 million additional taxes that were going to be taken out of taxpayers pockets because of an increase in the gross receipts tax linked to the increase and the price of oil and the price of gasoline.

So we can talk about what we want to do about budgeting later on, but here's what I'm willing to say. Here's what I'm willing to say and here's what I'm willing to do with any member of this circle.

First -- and the Governor has done a better job than previous -- all of the money from the gross receipts tax that we get goes to the transportation fund to pay for our roads and our bridges, and let's not forget about the underground storage tanks. Let's keep that promise and commitment to the people of the State of Connecticut instead of sucking too much of it off into the General Fund.

Then let's look at our fiscal picture. And if we need that \$55 million, I'll work with anybody to trim the budget anywhere along the line and reduce our priorities by \$55 million, because that is what this discussion is ultimately about, priorities. Do we need that extra \$55 million in gasoline tax increases from people of the State of Connecticut or can we live without?

We're going to spend \$20 billion in the 2013 year -- fiscal year. I would say we can do without that \$55 million in tax increases and make that decision now. That makes this a perfect bill rather than just a good bill. And so I would urge support from my colleagues.

Thank you.

THE CHAIR:

Thank you, senator.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, speaking in -- in opposition to the amendment, one of the concerns we have in this whole issue

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of dealing with the -- the price of gasoline is how volatile it all is. And that is one of the challenges that we're facing.

As we all know, the wholesale price of gasoline three months ago was about \$2.76. Now, it's about \$3 -- approximately \$3.19. It's gone up over 43 cents in a relatively short period of time, and it is difficult, even in -- in short period of time, to predict how volatile the price might be. This amendment asks us to make some assumptions about what the situation might be 15 months from now, not just three months from now. And for that reason, I think it is -- it is somewhat premature.

So, for instance, if -- if we're fortunate and the wholesale price, for some reason, drops substantially over the -- over the next year, we might be in a position then to -- to look at what the rates might be going forward as of July 1, 2013, under -- under one set of assumptions, as opposed to if the -- if the price continues to -- if the wholesale price continues to rise, I think we would be looking at it under a very different set of projections and circumstances.

So that volatility is something that we need to take into account. And we should realize at this point, 15 months from that date, our experience over the last three months should lead us to be cautious about making those predictions or setting something in -- in stone as a, sort of, predicator about future conditions that we know are entirely speculative.

The projected revenue loss from this amendment, we know, is based upon certain assumptions that may or may not turn out to be -- turn out to be accurate. That \$55 million is based upon certain assumptions about what market conditions might be at that time. And in reality, the conditions have been so volatile recently that the level of -- of accuracy that can be predicted is something we probably wouldn't want to bet on right now.

So I would argue that what we're doing today under the underlying bill provides immediate relief for the people of Connecticut, something that they want. We know -- we know that the wholesale price of gasoline has recently risen and we are capping it at \$3 -- at our -- our gross receipts tax at the amount of \$3, not collecting anything

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beyond that \$3 level.

Clearly, from when we come back into session next January, we may be able to make some -- a more accurate and reliable predictions about what conditions might look like only a few months in the future rather than 15 months into the future.

So for that reason, I would suggest that we -- that we wait until that time to make -- to consider any further adjustments in the gross receipts tax. But do today what we know will be helpful to the people right now. And for that reason, I would urge rejection of the amendment.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator Looney.

Will you remark?

Senator Williams.

SENATOR WILLIAMS:

Thank you, Madam President.

I rise to associate my remarks with Senator Daily and Senator Looney. I, too, believe that we must strike the -- the right balance between taking a look at our tax structure and what we can do to provide relief to consumers and, at the same time, keep our commitment to those very same consumers in terms of safe roads, safe bridges and our commitment to keeping the infrastructure in good repair.

As Senator Looney has just said and Senator Daily mentioned as well, we have time to come back. That particular increase that our Republican colleagues are talking about does not take effect until July 1, 2013. We have the rest of this year and half of next year and the entire long session next year to take stock of where we are at the time.

I mean, the last time that we had a tremendous spike in gasoline prices a couple of years ago and it hit

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approximately this level, it did fall back almost a dollar a gallon afterwards. No one can predict whether that's what's going to happen this time. We certainly hope that it what -- what happens. We don't know, certainly, that that will happen. For all we know, the price could continue to rise or fall back, but it certainly makes sense, since we have that time, to follow the market closely and then make that -- that decision at a more appropriate time.

Thank you, Madam President.

THE CHAIR:

Thank you, senator.

Will you remark?

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President.

Very briefly, I rise to support the amendment. Although we've taken a small step in the right direction with this particular proposal, there's all expectation and most leading world economists predict a spike in oil and it could be as severe as not just five, six, some have even predicted even higher than six or seven dollars per gallon.

With that being said, that any of the benefits derived by today's action could be severely diminished, if not moving backwards, if -- if that 8 percent increase and that percentage tax should appear on July 1st in 2013. For that reason, I rise to support the amendment.

Thank you.

THE CHAIR:

Will you remark?

Senator Guglielmo.

SENATOR GUGLIELMO:

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Just quickly, Madam -- just -- I request the vote be taken by roll call.

THE CHAIR:

Yes. The request is (inaudible) made by roll call and, at the end of this vote, it shall be done.

Any -- will you remark? Will you remark?

If not, Mr. Clerk, I will open the machines and if you will call for a -- a roll call -- a roll call vote, please.

THE CLERK:

An immediate roll call has been ordered in the Senate. An immediate roll call has been ordered in the Senate. Will all senators please return to the Chamber.

THE CHAIR:

Have all members voted? Have all members voted?

If so, the machine will be closed and, Mr. Clerk, will you call the tally.

THE CLERK:

Total Number Voting	36
Necessary for Adoption	19
Those Voting Yea	14
Those Voting Nay	22
Those Absent and Not Voting	0

THE CHAIR:

Amendment fails.

Will you remark? Will you remark further?

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

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On the bill as amended, I think it's important for Connecticut consumers to understand that today we have taken a baby step when we had the opportunity to take a giant step. And while no one should be disappointed that a baby step has been taken, everyone should be disappointed that we neglected to take a full measure of relief for the motorists in Connecticut.

Madam President, our failure to adopt the amendment that was before us previously means that consumers in Connecticut, on July 1, 2013, had better hold on to their hat. Because absent further action by this body, they're going to be paying an 8.8 percent tax effective rate on petroleum products, gasoline in particular.

Madam President, it's very hard for me to articulate a rationale that says it was smart to cap the tax at \$3 a gallon at 7.1 percent this year, but that we're prepared to expose Connecticut consumers to an 8.8 percent tax in 14 months. I'm sorry we didn't go the whole way for the taxpayer in Connecticut. I'm glad that we went a little bit of the way.

Thank you, Madam President.

THE CHAIR:

Thank you, senator.

Will you remark? Will you remark?

If not, Mr. Clerk, I will open the machine if you'll call for a roll -- oops, sorry, Senator McKinney. Oops. Tried but --

SENATOR MCKINNEY:

No. Thank you, Madam President.

I -- I got up on the amendment thinking I had given others an opportunity to get up, and so I wanted to make sure that was the case this time as well, so I appreciate the chance.

Madam President, you know, I want to share with you quickly that I -- last night I received a very nice phone call from Senator Williams that said that indeed we were going to go forward today, and was excited that we would finally

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get to a point where together, Republicans and Democrats, we would be capping the gross receipts tax.

We did that once before here in the circle. I think 2008, but the House decided not to take the bill up for final passage. So this will be the first time that, as a Senate, Republicans and Democrats, and the House Republicans and Democrats, will pass a cap on the gross receipts tax. And as one who, I think, first voted on this in 2007, I'm -- I'm happy that its day has come.

I got a little nervous this morning when I read the news clips, which is what I think most of us probably do, when it said, you know, Senate drops gas cap, you know, moves to circuit breaker. And I had a little panic and said, wait a minute, I had a great discussion with Senator Williams last night, and what happened, but obviously was happy to see the bill. And, you know, I'm -- I'm comfortable if people want to call it a circuit breaker that caps the gross receipts tax or a cap that puts a circuit breaker on the gross receipts tax. It all does the same thing, and it will provide relief to people.

I think one of the reasons why we're here today is because we've reached the tipping point. You know, people don't like higher taxes. We know that. People are frustrated and hurt in this recession. But there's always that tipping point where it turns into widespread frustration and even anger. And I think the people of Connecticut, with respect to gasoline prices and gasoline taxes, are well beyond that point.

I think it is their voices that have spoken loud and clear and we, as their elected representatives, are acting in their benefit and on their behalf, in recognizing that we need to put some controls, to the extent that we can, as a state, on the price of gasoline and on the future of gasoline taxes.

We have enough money in gas tax revenue to support our roads and bridges. We have all failed in making sure that all of that money goes into the transportation fund. And we need to be committed, as I said earlier, to work to correct that. If there are shortfalls in other areas, we can have that debate. But it is frustrating to know that the gross receipts tax gets siphoned off into the General Fund, and yet, here, people constantly talk about needing

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other revenue sources, like tolls, or more revenue in higher gasoline taxes because we don't have enough money for our roads and our bridges.

So let's move all of the gross receipts tax, just like all the excise taxes, into the special transportation fund. Let's find out what our priorities for that special transportation fund. Maybe we shouldn't be doing bus ways and the like. And then, if we need more money to fix our roads and bridges, we can have that conversation at that time. But I am one who has long believed and continue to believe -- and today we are taking a step in the right direction -- that our people are paying too high a gasoline tax.

My last point, Madam President, clearly, in very different economic times, and that is an important factor, but there was a time long -- not too long ago, and I was serving in this Legislature when we actually cut the gasoline tax, and revenues to the state came in higher than the had before we cut the tax. So higher taxes on gasoline doesn't always mean more revenue. And I think Senator Kissel said it very well.

We'd probably have less people going to Massachusetts, and going to Rhode Island, and going to New York, for their gasoline with lower tax prices. And that brings a lot of economic activity back to the state. Because when they go from Enfield into Massachusetts, they're not just buying their gasoline. They're buying milk. They're buying eggs. They're buying supplies. They're buying other things, maybe cigarettes, although nobody should smoke but they do. Right? They're buying other things, and it's revenue lost to the State of Connecticut.

So I'm glad we're here. I'm glad this is being done in a bipartisan fashion, and am proud to support a cap on the gross receipts tax.

Thank you, Madam President.

THE CHAIR:

Thank you, senator.

Senator Looney.

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SENATOR LOONEY:

Thank you, Madam President.

Speaking in support of the bill, Madam President, would like to commend Senator Doyle for his work on this bill in the consumer protection aspects, and Senator Daily as -- as well, and to talk about some of those aspects of the bill, Madam President, because, in this bill, we are doing more than capping the wholesale price to which the gross receipts tax is applied. We are building in some very significant and important consumer protections.

We are, under the bill, deeming the 90 calendar days after its passage to be a period of abnormal market disruption in the price of energy resources and establishing the amount of any future increase in the wholesale price that must be deemed an abnormal market disruption. So we are trying to deal with this issue of volatility, to the extent that we can. Obviously, there are so many forces at -- at work in the setting of gasoline prices that are beyond the -- the power of an individual state.

But under our -- under our current law, an abnormal market disruption occurs when -- when there is stress to an energy resource caused by weather conditions, acts of nature, failure or shortage of any energy resource, strikes, civil disorder, war, national or local emergency, oil spill, other extraordinary adverse circumstance.

In this bill, we are declaring this 90-day period to be an abnormal market disruption without necessarily pegging it to any particular triggering event, as the -- as the current law requires. So that is an effort, I think, to -- to deal with what we are all experiencing, in the terms of just the -- the breathtaking and alarming volatility of prices in a circumstance where there is no clear explanation of why it's happening in terms of the international market.

So that, under the bill, after the deemed 90-day market disruption, another disruption is deemed whenever the wholesale price of gasoline or gasohol would increase by at least 15 percent on any day over its price on any prior day within a 90-day period and this -- resulting in a price of more than \$3 per gallon.

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So we are trying to step up and enhance our -- our consumer protection provisions by giving enhanced authority to the Department of Consumer Protection under this bill and to the Attorney General. We are providing that the DCP commissioner may impose up to a \$10,000 fine per violation on any large seller of gasoline or gasohol. This would be someone engaged in the wholesale or retail sale of petroleum products in the state who must register with the DEEP commissioner.

So we are -- we are dealing with the potential gouging practices in the marketplace, to the extent that we can, under state law. So for that reason, I think we are doing more than just capping the -- the wholesale -- the gross receipts tax at a particular price. But we are attempting to respond to the concerns of our constituents by also looking at it as a consumer protection bill, enhancing the investigative powers of the Department of Consumer Protection and the Attorney General as well.

So I think that that -- those aspects of the bill make it meritorious, wholly apart from the issue of capping the price itself.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator Looney.

Senator Williams.

SENATOR WILLIAMS:

Thank you, Madam President.

I rise to support this Legislation. Consumers around the State of Connecticut and around our country are very concerned about the rising price of gasoline and what -- what it will do to our economy, and what we all hope will be an ongoing economic recovery.

We know that at the state level we can't control all of the aspects that go in to the increasing price of gasoline. So much of it is out of our hands, driven by speculation around the world, driven by speculation on Wall Street. But it is our obligation to do everything that we can that

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is within our control at the state level to moderate, if not reduce the price of gasoline. We owe that to our constituents.

I certainly want to thank Senator Doyle, Senator Daily. I want to thank my colleagues across the aisle who have worked on this. Senator McKinney is right. This is not the first time that Democrats and Republicans have joined together on this issue in this circle. We have stood together on this very issue in the past, and we are doing that again today.

I also want to thank Governor Malloy and his team in the Executive Branch. Quite frankly, this is a somewhat complicated bill. And we needed to work not only with our colleagues here in the circle and our colleagues in the House but with the Executive Branch and with Governor Malloy in order to make this happen. And he made it very clear to us that he, too, is very concerned about the price of gasoline in the State of Connecticut and its impact on the citizens in this state, particularly lower and moderate income citizens who feel the pain the most and who sacrifice the most by not buying other essentials when they have to buy gasoline that costs more to get to work and to stay fiscally afloat.

So it truly is a bipartisan coalition here today, and the Legislative Branch joining with the Executive Branch in order to make this happen. So it's true, we provide a circuit breaker cap on the gross receipts tax at \$3 at the wholesale level.

Now, if the gas price goes up in the future, that will have an effect that consumers will see. But we must not mislead consumers and make them think that think, you know, there's going to be some big price decrease. Overall, the price of gasoline is driven by those external forces I talked about, speculation abroad and on Wall Street.

However, when that speculation reaches into the State of Connecticut and becomes price gouging, then this bill will help Connecticut consumers. And it does provide more powers for our Department of Consumer Protection, the Attorney General's Office, and our Department of Energy and Environmental Protection to take action, to fight price gouging, prosecute, if necessary, to ensure that our

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consumers here in Connecticut are being treated fairly.

In addition, Madam President, as to that circuit breaker on the gross receipts tax, we know that in the past, when the gas tax has been cut, that some dealers, wholesalers or retailers will put that savings in their pocket and not pass it on to consumers. This bill has a provision requiring that those retailers, that those dealers, pass on the savings to consumers so that consumers reap the benefit, not big oil companies putting those dollars in their pocket.

So, Madam President, for all of those reasons, I support this bill and I join with -- with my colleagues in a bipartisan vote today.

Thank you, Madam President.

THE CHAIR:

Thank you, senator.

Will you remark? Will you remark?

If not, the machines will be open, and -- and, Mr. Clerk, will you call the roll call vote, please.

THE CLERK:

An immediate roll call has been ordered in the Senate. An immediate roll call has been ordered in the Senate. Will all senators please return to the Chamber.

THE CHAIR:

Have -- he's here?. Okay. He's coming?

Have all members voted? If all members have voted, the machine will be closed.

Mr. Clerk, will you please call a tally.

THE CLERK:

Total Number Voting	36
Necessary for Apoption	19
Those Voting Yea	36

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Those Voting Nay 0
Those Absent and Not Voting 0

THE CHAIR:

The bill has passed.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, move for immediate transmittal to the House of Representatives of Emergency Certified Senate Bill 457.

THE CHAIR:

Seeing no objection, so ordered, sir.

SENATOR LOONEY:

Thank you, Madam President.

THE CHAIR:

Mr. -- sorry. Senator Looney.

SENATOR LOONEY:

Yes. Madam President, if the Clerk might return to the calendar to the items previously marked.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Calling from the Senate Calendar, for Wednesday, March 28, 2012, Calendar Number 43, Senate Joint Resolution Number 5, RESOLUTION CONFIRMING THE NOMINATION OF THE HONORABLE KEITH (sic) L. SHLUGER OF GLASTONBURY TO BE A JUDGE OF THE SUPERIOR COURT -- Judiciary Committee.

THE CHAIR: