

House Republican Press Release

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Harkins: Hidden Gas Taxes Spiral Up Under Democrats



NO RELIEF IN NEW FISCAL YEAR

HARTFORD - State gas taxes will continue to increase because Democrats have refused to cap the price at which the gross receipts tax kicks in, said Representative John Harkins (R-Stratford) who joined House and Senate Republicans this week calling for a special session to address rising gas taxes.

In effect, Connecticut places a “tax on a tax” for fuel and other services that reap million from consumers without them fully understanding how the tax system works. The windfall gross receipts tax is estimated to produce an additional \$148 million more than budgeted this fiscal year. *When the legislature convened Feb. 6 the wholesale price of gas was \$2.24 per gallon, but by 10 a.m. July 1, the price had shot up to \$3.56.*

With the onset of the new fiscal year that was supposed to keep gas taxes in check, the taxes levied at the pump continue to climb as the wholesale price increases, a trend that would have stopped had the Republican alternative fuel relief plan been adopted.

“It is highly misleading for the Democratic majority to sell what we did last month as a ‘cut’ to the gas tax,” said Harkins. “Stopping a scheduled increase is not a cut, and gas taxes continue to rise in this state and are the highest here than anywhere else in the United States. Unless we place a cap on the gross receipts tax, Connecticut motorists will continue to pay higher and higher prices at the pumps.”

Harkins noted that the June 11 special session was simply recessed and not formally ended and Republicans challenged the Democrats to resume work and cap the gross receipts tax.

The gross receipts tax was scheduled to increase July 1st from 7 to 7.5 percent but that was scuttled when the legislature voted June 11 to delay the hike. But the effective rate of the gross receipts tax actually already is 7.5 percent because the state places a “tax upon the tax,” Harkins said.

“This is a regressive, hidden tax, and it is built into the system where wholesalers pass it on to retailers, and then to customers,” Harkins added. He also noted that since the legislature adjourned in May 7th, gasoline prices have increased an average 4 cents per gallon.