

House Republican Press Release

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Sawyer Proposes Utility Tax Cut



Bill Would Lower Energy Costs for Consumers

HARTFORD-State Representative Pam Sawyer (R-Bolton) has introduced legislation this session of the General Assembly that will provide a tax cut to energy consumers. The bill, HB 5359, An Act Concerning a Reduction in the Utility Companies Tax, which she co-sponsored with Representative Clark Chapin (R-New Milford), is currently before the Energy and Technology Committee. The legislation would create a cut in the tax, and would require that the cut be reflected in the rates charged to consumers.

The cost of electricity has grown enormously over the past year, with United Illuminating and Connecticut Light and Power both subjecting state consumers to large rate increases. In the case of Connecticut Light and Power, customers were subjected to a 22.4% increase last year. In December CL&P received the approval of the Department of Public Utility Control to enact an additional 7.7% increase, which took effect January 1, 2007.

These increases are the result of industry deregulation, and increased costs in generating power. When the state legislature approved deregulation in 1998, it was expected that rates would be lowered and the production of new generation facilities would be encouraged. A rate cap was put in place which was intended to safeguard consumers while a free market for power had a chance to get established. That cap expired in 2005.

“The legislature truly needs to act quickly to effect meaningful relief to ratepayers,” said Representative Sawyer. “The best way we can do that right now is to cut the tax on utilities, and require those savings be passed on to consumers. If we reduce the utility tax by 40%, it would put \$60 million back in the pockets of ratepayers. Seeing as this year we are projecting over \$500 million in budget surplus, it is clear that we can afford to offer significant savings to power customers. This means residents, towns, businesses, hospitals, and schools will all benefit. We can do this now while working on more long-term solutions during this session.”