

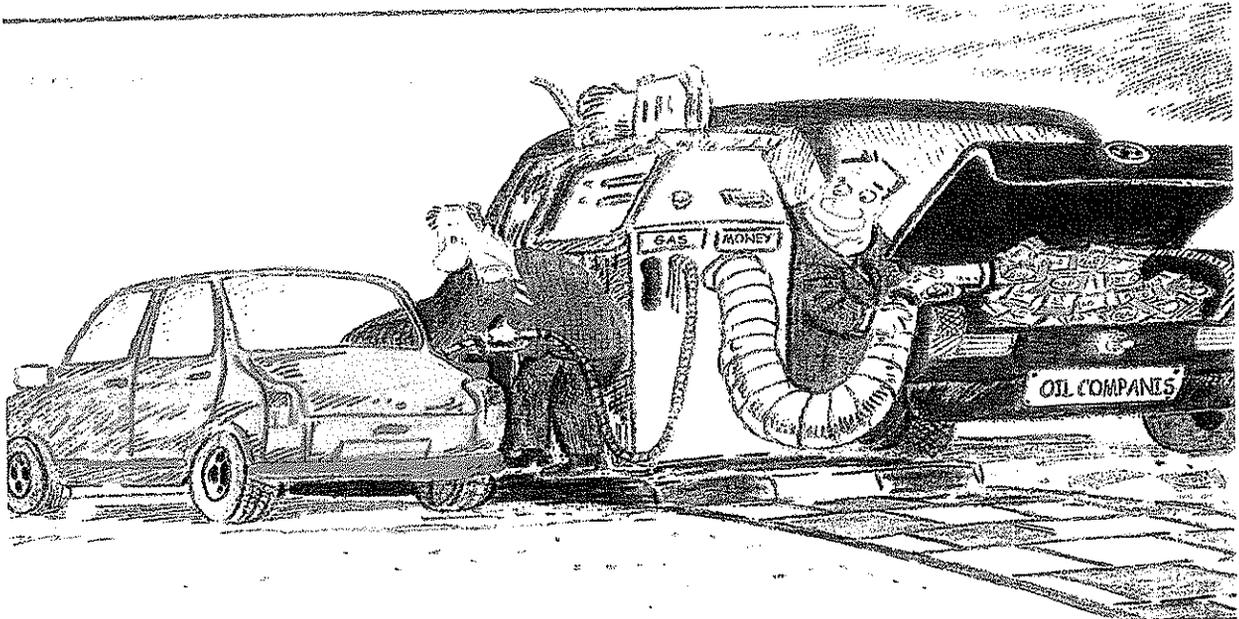


**GASOLINE & AUTOMOTIVE SERVICE
DEALERS OF AMERICA, Inc.**

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*Our Members are responsible for selling over 60%
of gasoline sold annually in the State of Connecticut!*



**FINANCE, REVENUE & BONDING
COMMITTEE PUBLIC HEARING**

**Testimony on Senate Bill 930 An Act Concerning the Cigarette
Tax, the Tobacco Products Tax and the Alcoholic Beverages
Tax**

By Michael J. Fox, Executive Director

February 23, 2009

Senator Daily and Representative Staples and members of the Finance, Revenue & Bonding Committee. Thank You for the privilege of testifying today, my name is Michael Fox and I am the Executive Director of The Gasoline & Automotive Service Dealer's of America, Inc. a trade association representing over 450 franchise small business owners in Connecticut.

We oppose part of Senate Bill 930 specifically the sections dealing with increasing the cigarette tax. We support the section on increasing the Alcoholic Beverages Tax and do so because according to the Tax Foundations Center for State Fiscal Policy since 2000 to 2009 alcohol taxes have only moderately increased for beer, while table wine and spirits taxes have not increased at all. (See attached chart)

Before increasing taxes further to the cigarette category, which by the way has seen substantial tax increases since 2000 and is facing a larger Federal Tax increase on April 1st, fundamental tax fairness calls for spreading the pain. Alternatively, to put it bluntly, it is the other category's turn. Please remember, convenience stores sell beer, so we are accepting a tax on ourselves.

In addition, we would like to recommend this committee consider increasing the minimum markup on cigarettes from the current 8% rate to 10% or more. The resulting increase would generate more income which increases income tax collected by the state and at the same time would generate additional sales tax to the state. This type of increase would be consider pro small business as it would help struggling small business owners increase margins, while increasing tax revenue to the state without actually increases taxes. As you can, again we accept and share the pain in our recommendation.

I would also like the committee to consider what surrounding states are doing by increasing their cigarette and alcohol tax rates to look at the bottom line price the consumer will pay and adjust what Connecticut does to create a "better purchasing opportunity" for Connecticut businesses. Gas retailers know all too well the ill effects of an uncompetitive final price for a product they are trying to sell and the resulting border crossing or "fleeing" the state by consumers. By pricing Connecticut more competitive than our neighbors will have a very dramatic and positive effect for Connecticut's business owners and the resulting additional sales will generate the much needed tax revenue the state needs to escape from the deficit it faces. We have seen this work before when this committee passed gas tax reductions and the resulting increase in gasoline sales, resulted in additional gas tax revenue. This type of tax policy helped was a win, win for the station owner and the state. Please consider this type of plan for our future as the small business owners backs are breaking and cannot stand much more before they collapse! Thank you for allowing me to speak and I will answer any questions you may have!

State Sales, Gasoline, Cigarette, and Alcohol Taxes

As of January 1, 2009

State	Sales Tax (a)	Gas Tax (Per Gallon) (k, l)	Cigarette Tax (Per Pack)	Spirits Tax (Per Gallon)	Table Wine Tax (Per Gallon)	Beer Tax (Per Gallon)
Alabama	4%	\$0.209	\$0.425	\$16.17 (n)	\$1.70	\$1.05 (u)
Alaska	none	\$0.08 (f)	\$2.00	\$12.80	\$2.50	\$1.07
Arizona	5.6% (b)	\$0.19	\$2.00	\$3.00	\$0.84	\$0.16
Arkansas	6%	\$0.218	\$0.59	\$2.58	\$0.77	approx. \$0.21 (3%)
California	7.25%	\$0.353	\$0.87	\$3.30	\$0.20	\$0.20
Colorado	2.9%	\$0.22	\$0.84	\$2.28	\$0.28	\$0.08
Connecticut	6%	\$0.343	\$2.00	\$4.50	\$0.60	\$0.20
Delaware	(c)	\$0.23	\$1.15	\$5.46	\$0.97	\$0.16

The Tax Foundation's Center for State Fiscal Policy

State Sales, Gasoline, Cigarette, and Alcohol Tax Rates by State

As of January 1, 2000

(1999's noteworthy changes in bold italics)

State	Sales Tax (Percent)	Gasoline Tax (Per Gallon)	Cigarette Tax (Per Pack)	Spirits Tax (Dollars Per Gallon)	Table Wine Tax (Dollars Per Gallon)	Beer Tax (Dollars Per Gallon)
Alabama	4%	16¢	16.5¢	(b)	1.70	0.53
Alaska	None	8	100	5.60	0.85	0.35
Arizona	5	18	58	3.00	0.84	0.16
Arkansas	4.625	19.5	31.5	2.50	0.75	0.23
California	6	18	87	3.30	0.20	0.20
Colorado	3%	22¢	20¢	2.28	.32 (c)	0.08
Connecticut	6	32	50	4.50	0.60	0.19
Delaware	None	23	24	3.75	0.97	0.16