



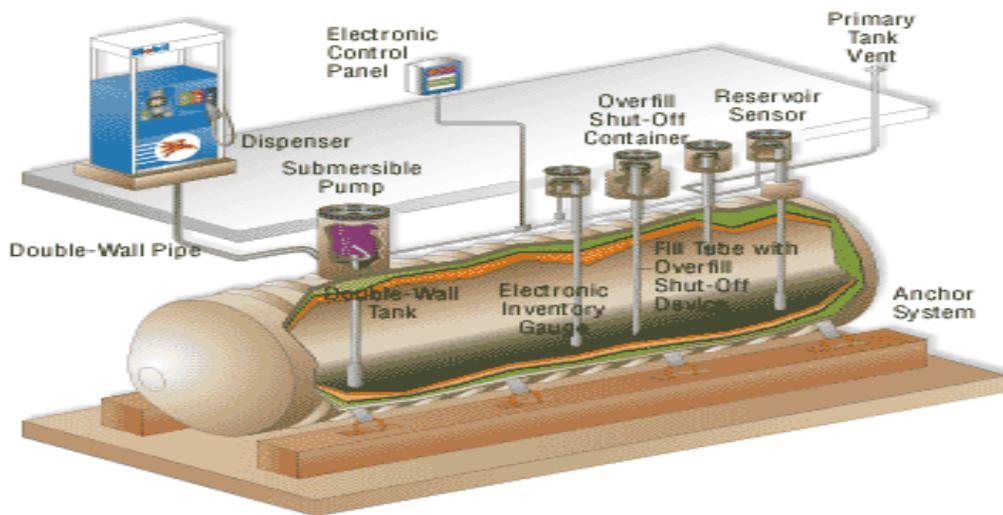
***GASOLINE & AUTOMOTIVE SERVICE
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*Our Members are responsible for selling over 60%
Of the 1.5 billion gallons of gasoline sold annually in the State!*



ENVIRONMENT COMMITTEE

By Michael J. Fox, Executive Director

March 16, 2012

Good morning Senator Meyer and Representative Roy and members of the Environment Committee. My name is Michael Fox, the Executive Director of the Gasoline & Automotive Service Dealer's of America, Inc. a trade association representing over 450 local service station owners who are responsible for pumping over 60% of 1.5 billion gallons of gasoline sold in Connecticut.

We come here today to support HB-5082 and to oppose SB-375 and ask the entire bill be scrapped and work with our industry on a much better way to not put Connecticut small business service station owners out of business. If SB-375 were to pass in its present form, it is our estimation that over 650 local mom and pop service station owners/operators would close their doors because that would not be able to meet the Federal Requirements that have been required for over 15+ years. The resulting closures will also increase unemployment somewhere between 3000 to 4000 jobs.

In HB-5082 we ask for a minimum of \$30 million dollars per year be allocated to the Connecticut Underground Tank Fund. While \$30 million dollars is a lot of money, it is only 8.7% of the total tax generated which was put into place to fund this program and still allow for the State's General Fund to receive over \$310 million dollars based upon what was collected in the last fiscal year. Since the Gross Receipts Tax (GRT) which is the funding tax for this program is a percentage of the wholesale cost of gasoline, and wholesale gasoline costs continue to rise, the State's General Fund should receive more in the next fiscal year.

The Fund which was started in 1990 was put into effect to address the Federal Governments mandate of gasoline service station owners having insurance, a bond or show proof of enough capitol to self-insure. In Connecticut, since insurance for gasoline tank leaks was not and still is not available in a commercially reasonable manner, Connecticut decide to create the Fund, place a tax on the wholesale price of gasoline and created a model that was the "best in the industry" at that time. In 1995 the State received Federal approval of this Fund!

What brings us here is the years of tinkering and abuse of the revenues generated by this hidden tax on the wholesale price of gasoline and the numbers in the pages provided to this committee bear this out. These numbers are from the State DEEP and Department of Revenue Service. These are NOT industry numbers and the "facts" are undisputed.

I have only provided this committee with the revenue collected since fiscal year 2001 to 2010. Please remember the fund was created and the tax levied starting in 1990, some 10-years earlier. Simply put, the revenue numbers are missing 10-years of additional income.

Now, please hold on to your seats – since 2001 until 2010 the State of Connecticut collected \$2 billion, 34 Million 16 thousand 489 dollars and .50cents \$2,034,016,489.50. The State paid out since 1992 the first year after the start of the fund, a total of \$179 million, 988 thousand, 71 dollars and \$.40 cents 179,988,071.41! This means the Underground Tank Fund should have a balance of \$1 billion 854 million, 28 thousand, 418 dollars and \$.09 cents \$1,854,028,418.09.

Instead, because of constant tinkering, and I think the correct word is robbery, as of the last meeting of the Underground Tank Review Board which I attended, the program has \$16.9 million in “approved” unpaid claims and \$81.6 million submitted but not yet approved claims on the books today!

Mr. Chairman and members of the committee this is a classic example of how the state gets itself into hot water and a \$3 billion dollar budget deficit. There is NO time for blaming one party or the other, one governor or the other, the facts are clear all parties are to blame, some more or less than other, but today we need action, not promises and not political posturing!

Why – if something is not done to fix this problem, over 650 small business service stations owners will be forced to close their doors, the price of gasoline in those stations remaining open will sky rocket, unemployment would increase, more business would close due to the high cost of gasoline and more unemployment. This is a “Perfect Storm of Disaster”!

If the State had left the money in an account that \$1.8 billion dollars at 3% interest would be generating over \$54 million dollars more than enough to fully fund all the needs of the program and provide revenue to the general fund of approximately \$30 million dollars or more per year. Second, the retail price of gasoline today for all State residents would be approximately \$.27 cents LESS per gallon; small family run service stations would be more competitive with surrounding states selling more gasoline generating additional gasoline tax revenue, additional sales tax and income tax revenue for the State. These gallons are currently being lost to surrounding states with cheaper retail gasoline prices! Those tax revenues are going to those surrounding States as well. Mr. Chairman and members of the committee these are undisputed numbers!

We know this problem will not be corrected overnight, but we ask that we begin the process of fixing these issues for the long term, not just the short term. Real solutions, to real problems! These discussions must begin today, as there is no tomorrow for over 650 service stations in Connecticut.

Total Gross Earning Tax	Amount Collected	Amount Collected Gas	Total Amount Collected in Gas & Gross
Collected by Fiscal Year	Gross Receipts Only	Tax Only	Receipts Tax
2001 to 2002	\$100,113,928.89	\$430,285,551.80	\$530,399,480.69
2002 to 2003	\$125,451,234.89	\$457,993,450.29	\$583,444,685.18
2003 to 2004	\$139,895,375.02	\$464,468,315.79	\$604,363,690.81
2004 to 2005	\$179,047,465.99	\$483,796,835.53	\$662,844,301.52
2005 to 2006	\$279,590,420.22	\$395,448,506.68	\$675,038,926.90
2006 to 2007	\$309,403,944.97	\$393,076,196.63	\$702,480,141.60
2007 to 2008	\$367,783,239.57	\$495,125,319.38	\$862,908,558.95
2008 to 2009	\$267,813,157.20	\$495,024,627.03	\$762,837,784.23
2009 to 2010	\$264,917,722.75	\$503,655,620.24	\$768,573,342.99
	\$2,034,016,489.50	\$4,118,874,423.37	\$6,152,890,912.87

Underground Storage Tank Petroleum Cleanup Account

Commercial Total Payments by Year

FY 2012 TOTAL (to date)	
FY 2011 TOTAL	
FY 2010 TOTAL	
FY 2009 TOTAL	\$7,465,486.67
FY 2008 TOTAL	\$11,914,867.82
FY 2007 TOTAL	\$13,412,481.69
FY 2006 TOTAL	\$5,641,864.62
FY 2005 TOTAL	\$8,860,134.76
FY 2004 TOTAL	\$6,880,637.55
FY 2003 TOTAL	\$13,031,005.44
FY 2002 TOTAL	\$10,758,851.30
FY 2001 TOTAL	\$8,356,442.44
FY 2000 TOTAL	\$15,450,263.69
FY 99 TOTAL	\$19,315,558.92
FY 98 TOTAL	\$16,264,713.13
FY 97 TOTAL	\$9,820,029.02
FY 96 TOTAL	\$10,347,977.44
FY 95 TOTAL	\$12,362,170.29
FY 94 TOTAL	\$4,486,110.33
FY 93 TOTAL	\$2,201,483.17
FY 92 TOTAL	\$3,417,993.13
TOTAL EXPENDITURES/CLAIMS	=====
	\$179,988,071.41