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NORTHFIELD FUEL

WHERE ESSENTIAL ENERGY MEETS LEGENDARY SERVICE

Good Morning Chairman LeBeau and Perone and members of the Commerce committee. I am here today in opposition to HB 6650. Thank you for allowing me a few minutes in your busy days. My name is Clay Bassett and I am the General Manager of Northfield Fuel. We service homes in Fairfield County with heating oil, propane, electricity, furnaces, air conditioners and stand-by generators. This is my 49th year of providing heat to the residents of CT. I would like to emphasize our company, and the other 500 heating oil companies that employ 10,000 people in CT, are family owned businesses. We are not "big" oil. Our businesses and our families are committed to, and involved in, our communities. In the case of our company – five consecutive generations have been serving our community since 1863.

We wholeheartedly endorse energy conservation and improving efficiency. We have positioned Northfield Fuel in our marketplace as the company of conservation. It may seem counter-intuitive for an energy company to embrace conservation – but we do. Our technicians each carry a \$2,000 instrument that analyzes the combustion gases coming from the homeowner's furnace and allows the technician to fine tune the furnace to get the best "miles per gallon." Our technicians have been trained to look for areas or equipment that is wasting energy during every home visit. Our heating system designers have been certified by the Building Performance Institute to audit homes for energy waste. We regularly replace heating systems that lower the homeowner's energy bill up to 40%. Our industry as a whole has decreased the consumption of the average home by 35% in the last forty years. And I might add, those savings were accomplished through industry efforts not with state tax dollars. Our training school, which is State Certified and funded by our industry, has trained industry technicians how to achieve these efficiencies.

However, we are opposed to placing a tax on heating oil in CT. Over the years many administrations have considered a sales tax on heating oil and, fortunately, they have all had the wisdom to vote it down.

A sales tax is regressive. We know the financial status of each family we serve. Contrary to popular belief most homeowners in Fairfield County are not wealthy. We talk daily with our elderly customers who are struggling on fixed incomes and having a hard time paying their bills. We talk daily with our customers who have lost a job and are struggling to pay their bills and keep their homes. We talk daily with our customers who have a family member undergoing serious medical issues and are having a hard time paying their bills. Many of these conversations are very painful. These are good people about to run out of oil and have no heat or hot water and who cannot pay their bill. They plead with us to give them more credit and one more delivery. They certainly cannot afford to pay an additional tax on their heating oil, propane or kerosene. A sales tax is regressive and has a negative effect on these residents.

CT administrations have a long history of misappropriating tax revenue that was designed for special funds. There is a strong track record of eventually raiding those funds and using those dollars to balance the general budget. A case in point is the Commercial Underground Storage Tank Fund established in

1990. It was enacted to provide the funds to remediate polluted tank sites. The revenue was created by a Petroleum Gross Receipts Tax that was assessed to gasoline. Unfortunately, in the last session the program was ended leaving over \$100 million dollars in unpaid claims while the tax remains and is generating hundreds of millions of dollars annually.

We believe the current tax on homeowner's electric bills, which was enacted for a similar purpose of increasing energy conservation in the home through energy audits, has also, in effect, been misappropriated. The tax is levied on every homeowner's electric bill and the utilities distribute those funds. Less of those monies go to homeowner's who heat their homes with oil than homeowner's who heat with electricity or natural gas – even though all those oil heat homeowner's use electricity for lights, air conditioning and to run their furnaces. We had heating oil companies invest in establishing departments and employees to perform those energy conservation audits and then were told by the utilities the funds were gone. Those heating oil companies were then forced to lay off those employees and close those departments down. This kind of misappropriation is wrong.

With regard to the concept of a sales tax being charged to eliminate "harm" caused by heating oil, we do not think taxing is the way to accomplish improvement to our environment. We have proposed to the legislature a change in the CT specification for cleaner heating oil to mirror that just enacted by NY. To date our legislature has not accepted this concept but we ask for further consideration and enactment.

In summation, the proposed sales tax in bill HB 6650 has the appearance to me of being proposed, not to accomplish conservation but to compliment the governor's previously stated plan of eliminating oil heated homes in CT. I cannot understand a mission to destroy the heating oil industry in this state. For our citizen's energy source to be secure, it needs to be diversified. It cannot be solely dependent on natural gas. Our industry has proven to care about, and has delivered, energy conservation. I am opposed to this tax, and therefore to H.B. 6650, as it places an unneeded burden on those who cannot afford it.

Please oppose HB 6650.