

41



March 19, 2013

Co-Chair Gary D. LeBeau
Co-Chair Chris Perone
Senator Scott L. Frantz
Representative Gail Lavielle

Commerce Committee:

We are submitting testimony in **opposition to H.B. 6650**, which would place a tax for the first time in Connecticut's history on home heating oil, propane and kerosene.

The Connecticut Energy Marketers Association (CEMA) represents 576 petroleum marketers, principally made up of local family owned home heating oil dealers and gasoline distributors. CEMA's members employ over 13,000 people in our state and provide over 600,000 consumers with 500 million gallons of heating oil annually.

While we agree that efficiency is the only proven method to save consumers money on their heating bills, a tax is the worst possible way to accomplish this admirable goal. It is no secret that Connecticut has an atrocious track record when it comes to protecting dedicated revenue accounts and there is no evidence that would lead us to believe the one conceived of in H.B. 6650 would be immune to being raided for other purposes.

The petroleum industry only needs to look to the 2012 legislative session to be reminded of the damage and costs that a state tax can have on businesses and consumers when funds are no longer used for their intended purposes.

The state Commercial Underground Storage Tank Fund was established in 1990 as an environmental protection program. The Petroleum Gross Earnings Tax (GET) was assessed on gasoline and put into a separate fund to ensure that drinking water was protected. Unfortunately, last legislative session that program was ended by an act of the legislature, leaving local tank owners with over \$100 million in unreimbursed claims against the Tank Fund and a tax that continues to generate hundreds of millions of dollars each year that continue to go into the state coffers.

The GET monies that went to fund the Tank Program had very good intentions when the legislature created it, but because of the temptation to use these types of funds as a way to mitigate the state deficit, we have no reason to believe that H.B. 6650 won't suffer the same fate. Our history tells us that these funds can not be protected and will be used for purposes other than what they were created for.

Without any government programs or taxes, the heating oil industry has reduced the average homeowners' consumption from more than 1,300 gallons per year to nearly 800 gallons since 1973. That is a 35% reduction in fuel usage in less than four decades.

35 years ago CEMA opened a state certified technical training school. Our school (ITEC) prepares students to become S, B and D license holders. The entire purpose of our school is to train people to install and maintain heating and air conditioning equipment so that it operates at peak efficiency. Recently we have added solar thermal training, Building Performance Institute (BPI) [that is required to become a Home Energy Solutions Program contractor] classes and other energy savings programs.

Consumer need relief, not another tax that will ultimately be used to fund something other than what is was established to do. Our industry is proud of its history in reducing the consumption of fuel over the years. Taxes do not reduce consumption – they only increase the cost of fuel for your constituents and the businesses that serve them.

Finally, in recognition of the need for greater conversation efforts, last year our association sought approval from the U.S. Department of Justice (DOJ), Federal Trade Commission (FTC) and the state Attorney General (AG) [to avoid any question of antitrust violations] the creation of a voluntary fund that could be used to supplement the HES program. This unique system would make it impossible for the state to raid the fund, and provides our industry with the ability to withhold contributions if HES funding were diverted for other purposes. We are pleased to inform the committee that this program has been approved and we are undergoing efforts with our members to participate in it.

CEMA asks that the Commerce Committee **oppose H.B. 6650**. Taxing home heating oil, propane and kerosene is a bad idea that will disproportionately hurt low income and working class families.

Respectfully,



Christian A. Herb
Vice President