



Connecticut
Petroleum Council

A Division of API

Steven Guveyan
Executive Director

44 Capitol Avenue
Suite 103-B
Hartford, Connecticut 06106
Telephone 860-246-8846
Fax 860-246-6495
Email ctpetroleum@comcast.net
www.api.org

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**Testimony Of Steve Guveyan, Connecticut Petroleum Council, Opposing HB-5363,
The Carbon Tax Bill**

The Connecticut Petroleum Council/ API is a trade association representing a wide range of companies in the oil and natural gas business including major oil companies, exploration & production firms, refiners, pipelines, and energy supply firms. We raise a series of “red flags” in opposition to HB-5363 because a Connecticut-imposed carbon tax could lead to higher costs for consumers and businesses---who have stated almost every day they don’t want fuel costs raised. Gasoline and diesel fuel are already taxed heavily. Key points in opposition to the bill:

- This bill imposes a state-level carbon tax that hits Connecticut (and potentially MA & RI) ---which are part of the 3-state trigger---disproportionately hard. Any carbon tax, if assessed, should be adopted economy-wide, which means it should be imposed upon all sectors in all 50 states, and not adopted by just one or a handful of states. A tax on only one (or a few states) hits them disproportionately hard compared to the rest of the U.S.
- The bill applies to natural gas and also to electricity---the costs for which are already the highest in the lower 48 states. A tax on both electricity and natural gas could result in higher costs for ratepayers. Homeowners and businesses could, therefore, get hit 3 times: once for the cost of electricity; once for heating fuel costs; and once for gasoline and/or diesel fuel. No state in the country has passed a carbon tax because fuel is already heavily taxed, and because of the risks that it could raise costs for consumers. Instead, let CAFÉ standards, appliance standards and Renewable Portfolio Standards (RPS) lead the way so there aren’t overlapping regulatory requirements for greenhouse gas emissions.
- So-called dividends rebated to consumers would not be based on energy use, but on the number of children or dependents under the age of 18. In effect, this is an income-redistribution program. Those without children or dependents would be rebated the same amount, regardless of energy usage, also an unfair result. In short, this bill is not revenue-neutral, and it clearly picks winners and losers.
- Finally, placing money collected by a carbon tax into a restricted General Account Fund provides no assurance that it will be rebated to consumers and not raided for other purposes. As you know, the Special Transportation Fund, the Underground Storage Tank Fund and the Clean Energy Fund were all raided in past years to close state budget deficits. If this tax is adopted, we express grave concern that a fund raid will occur again.

Thank you for considering our testimony.