

Hello, my name is Erin Santa. I work for Santa Energy located in Bridgeport – I am part of the fourth generation of our family business. We have been in business for over 75 years, providing services to thousands of customers in Fairfield County and employment to many people in the area.

Thank you for the opportunity to testify in opposition to HB No. 5363, AN ACT ESTABLISHING A CARBON PRICE FOR FOSSIL FUELS SOLD IN CONNECTICUT, which would tax the fuel that our customers purchase from us.

We work with our customers to provide outstanding service at a fair price. If passed, HB 5363 would increase the cost to heat a home adding to the already high cost of living associated with being a resident of Connecticut.

While this bill may intended to help our state, all it will do is drive up the cost of heating and cooling.

I am opposed to HB 5363 for the following reasons:

- Governor Malloy has complained that Connecticut is already one of the highest cost energy states in the country. This tax just "doubles down" on those costs to consumers and businesses, and will result in more people, capital and business fleeing the state.
- Half the homes in the state are heated with fuel oil. A 16.55 cents/gall tax on home heating oil would cost homeowners \$166 per year individually, or over \$72 million per year in aggregate. And that's just in year one. By year 5, the tax goes to 38.61 cents/gall costing the homeowner \$386 on a thousand gallons; and by year ten, the tax grows to 66.18 cents/gall, costing the homeowner \$661 on a thousand gallons. Likewise for propane, the 9.55 cents/gall tax in the first year will cost \$10.5 million in aggregate (for all propane use - fireplace, cooking, heating, grills, etc.).
- A 13.27 cents/gall tax on gasoline will cost CT motorists over \$211 million in the first year of the tax, growing thereafter, and this doesn't even apply the 8.81% gross receipts tax on top of that added cost.
- Truckers who use diesel fuel will pay \$44 million dollars more in the first year of the tax, which will be passed on to consumers as increased prices on every product sold in the state.
- Total CO2 emissions in CT, according to latest figures from the Energy Information Administration are 35.1 million metric tons or 38.6 US tons. In year one of the tax, the total tax at \$15/ton will be \$579 million; and since the tax increases by \$5 per year forever, by year five it will be \$1.35 billion and by year ten it will be \$2.3 billion and so on, ad infinitum.
- Fuel dealers in New York will have a price advantage that will hurt local oil and propane dealers when they attempt to sell their untaxed fuel by crossing state lines to steal customers from CT companies (presumably this tax will only go into effect if both Massachusetts and Rhode Island adopt something similar, so no threat from them!).

- This tax is regressive, and impacts low-income residents disproportionately since they have less discretionary funds and lack opportunity to change their energy consumption. Approximately 320,000 households in Connecticut face "crushing financial burden" regarding their energy bills, according to Operation Fuel, and all of them will be impacted by the tax, whether they heat with oil, gas, electricity, or propane. Though the proposed legislation allows consumers to receive a partial rebate, low-income consumers will not likely receive back their full cost associated with the tax, and so will be harmed by it.
- Regarding the rebate, all consumers will receive an equal share of 50% of the proceeds of the tax. That means you get the same amount, rich or poor. You get the same amount of rebate, whether you try to conserve energy or not. There is no incentive to save energy through the rebate program. And while businesses will also receive a rebate, they're likely just to pass on the costs of the tax to their customers during the year, and then pocket their rebate at the end when they get it.
- The tax is a "feel good" tax that won't affect climate change. According to a U.S. News & World Report article, even if the U.S. completely stopped emitting all CO₂, it would reduce world temperatures by only 0.08 degrees C by the year 2050. That's because China and India will dominate global carbon emissions for the next century, and there's little the U.S., let alone Connecticut, can do to affect this. Besides CT is already doing its job in reducing its carbon footprint. Its carbon emissions of 35 million metric tons is actually a decrease of 18.4% from a decade earlier. We're already reducing our CO₂ even without a carbon tax.

I urge the Committee to oppose HB No. 5363, AN ACT ESTABLISHING A CARBON PRICE FOR FOSSIL FUELS SOLD IN CONNECTICUT.

Respectfully,

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