

Dear members of the Connecticut State Tax Panel,

My name is Peter Frederiksen, I am a US citizen residing in Weston, Connecticut, and I'm submitting the following written testimony for your September 16, 2015, public hearing:

My propane delivery company recently brought to my attention that, going forward, an 8.81% "Gross Earnings Tax (GET)" will be assessed on all my propane deliveries because my propane tank is connected to a generator.

I had my emergency backup generator installed a couple of years ago, having it connected to the existing propane installations in my home, after our area had experienced back-to-back years of power outages, sometimes lasting one week or longer. Getting it installed, and since then regularly serviced, has cost me tens of thousands of dollars, some of it State sales taxes, of course, and given work to local companies. All because I had grown tired of relying on an antiquated electric infrastructure, or rather, not being able to rely on it and no longer wanting to risk discomfort as well as serious damage to my property from not having heat in the winter, etc. Not to mention how, repeatedly, all levels of government had touted, and continues to do so, the idea that the citizenry prepare for storms and other emergencies.

At the time, it seemed like installing a backup generator for emergencies was the sensible thing to do – a way to prepare. It did not seem akin to flying first class or driving a Rolls Royce. If anything, it was more like an insurance not to get kicked off economy class in case the plane was overbooked. I wasn't looking to disconnect from the grid, and "fly a private jet", either; after all, grid electricity is much more affordable than home generator electricity and "feels" much the same as long as it's flowing. However, now it appears that the powers that be consider my emergency backup generator, and generators of others who listened too closely to the government propaganda, a luxury punishable at a tax rate in the hundreds of percent. That is the unbelievable consequence of this tax. The simple calculation is the following: In normal times, when electricity flows to my home from the grid, my generator will only run once a week, for maintenance exercise, lasting 10-15 minutes. The propane use from that is inconsequential, well below five percent (5%) of my overall propane use. The other 95%-plus of my propane use goes to different kinds of heating around my home and would be exempt from the tax, were it not for my minimal generator propane use. But I have a generator, so the entire propane use gets taxed. That means that my generator propane is taxed at a minimum of 20 times (the inverse of <5%) the 8.81% tax rate, or at least 176.2%. I ask you, where else in the developed world do we find such effective tax rates? Not on cigarettes, but on emergency preparations? Who thought of that, or should I ask, who didn't think enough about that?

I could shut off the gas supply to my generator and save the tax, but then what would the purpose be of my big investment? Where would the foresight requested by my government officials have gone? Indeed, down the drain. Or I could choose the other work-around and install a separate tank for the sole purpose of feeding the generator and avoid the GET, but my propane company loosely estimates the cost of doing so at \$7,000. Plus the mess. And for no other reason than to skirt an unconscionable and poorly thought out tax.

I'm not just looking for an exemption from the tax for certain purposes, such as home heat. My home heat happens to be oil heat, not propane. So I'm looking for the propane tax to be repealed entirely. In fact, my generator enables my oil furnace to start in times of no grid electricity grid, just as it supplies electricity to other appliances. Why should that count for less than having a propane furnace and a generator hooked up to the same propane tank? So please don't make new exemptions which would only create new winners and losers in this random and unfair piece of tax legislation. Just scrap the tax completely.

I thank you for your service and your time, and I trust that you will agree with me and work to put an end to the propane gross earnings tax.

Sincerely,

Peter Frederiksen

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