Lawmakers Announce Plans for Relief at the Pump

SHANNON YOUNG,Associated Press

HARTFORD, Conn. (AP) — With gas prices continuing to rise, Connecticut's lawmakers are announcing plans to provide relief at the pump and add protections against price gouging.

The six-point plan, released by Democratic leaders Monday, includes provisions to cap the fluctuating gross receipts tax rates on wholesale gasoline that costs $3 or more per gallon and to give the attorney general and Department of Consumer Protection commissioner additional authority to impose fines on distributors found in violation of profiteering laws.

The gross receipts taxes at a rate of 7.5 percent for each dollar of wholesale gas. Although this tax is imposed on wholesalers and distributors, it affects the overall cost at the pump. This rate is expected to increase in 2013.

Additionally, the Democratic plan calls for an amendment to the petroleum profiteering statute to further protect against price gouging and to include the proposed protections on home heating oil prices.

The plan does not affect the fixed state tax on gas.

Under the proposal, the cap would end in June 2013. Democratic leaders said they would re-evaluate the cap at that time.

Senate President Pro Tempore Donald Williams Jr., D-Brooklyn, said at a news conference that the plan would give the state many tools to guard against future price gouging by gasoline wholesalers.

"We want to take charge of this situation to the extent that we can in Connecticut," said Williams.

Williams and other Democrats blamed speculation on Wall Street as the reason behind recent increases in gasoline prices, saying there are no issues or interruptions in the products' supply or demand.

Majority Leader Rep. Brendan Sharkey, D-Hamden, said the tax cap would force the state to live within its means, as it could lose revenue going into the general and special transportation funds.

"We don't want to benefit from rising gas prices in terms of increased revenue to the state," he said.

Democrats did not say specifically how much money Connecticut residents could save under the plan. They said the proposed cap would freeze the gross receipts tax at $3 per gallon rates for wholesale gas, meaning if the price rises above this, the tax does not increase. Under the proposal, wholesale gas that falls below the $3 price point would not be affected by the cap.

If the wholesale price dips below $3 per gallon, however, the tax rate does, as well.

The gross receipts tax on gas is expected to increase to 8.1 percent in 2013.

The current wholesale gas price stands at $3.18 per gallon.

Republican lawmakers later thanked their counterparts for supporting a tax cap. They said they have unsuccessfully proposed to cap the gross receipts tax for gas and other measures to address prices on eight separate occasions since 2008.

Despite this, Democrats said their multi-tiered proposal better protects consumers and guards against price-gouging than the Republican proposed cap.

"It is a great day to hear that our majority leaders — our colleagues — are willing to cap the (gross receipts wholesale gas) tax and move forward with this plan," said Republican Leader, Rep. Lawrence Cafero Jr.

Cafero, of Norwalk, said with the new bipartisan support on the measure, the bill could potentially pass as emergency legislation by the end of the week.

Sen. Leonard Suzio, R-Meriden, who has been pushing for such legislation for nearly a year, however, criticized the Democratic plan for making the tax cap a temporary measure. He said if the tax cap bill is introduced in the Senate, he will push for an amendment making it permanent.

"The people of Connecticut need a permanent tax break, not something that's given by the good will of the Democratic majority, that they may very well take back next year," Suzio said.

Republicans said they will hold a news conference for their legislative proposals on the issue Wednesday morning.

A spokesman for Gov. Dannel P. Malloy said the governor supports the concept of the tax cap and looks forward to reviewing the legislation.

According to AAA, the average price for regular unleaded gasoline in Connecticut is slightly above $4 a gallon — up 27 cents from last March.

Earlier this month Democratic U.S. Reps. Chris Murphy and John Larson, of Connecticut, came to the state Capitol to discuss federal legislation that would force the oil industry to increase domestic oil production.

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