

May 16, 2011

To State Senator Eileen Daily
State Representative Patricia Widlitz
Gian-Carl Casa

From Michael J. Riley, President, Motor Transport Association of CT

First, on behalf of the members of Motor Transport Association of Connecticut, I thank you for your willingness to consider our proposal to avoid the repeal of the property tax exemption on new commercial motor vehicles. As hard as it is to increase the diesel fuel tax one cent per gallon, it was far preferable to take that hit, than to lose what has become an important incentive to upgrade Connecticut truck fleets. We appreciate the need to share the sacrifice. We are willing will do our part.

This brings us to the second reason for this letter. The budget which was submitted in February included a three cent per gallon increase in the tax on gasoline and a two cent per gallon increase in the diesel fuel tax. The budget which was signed into law did not increase the gasoline tax but, increased the diesel fuel tax by three cents. We agreed to one of those cents and will stand by our agreement. However, in light of the programmed increases in the diesel tax, because of the dramatic rise in the cost of diesel fuel, we would like you to consider removing the extra 2 cent increase through a budget implementer.

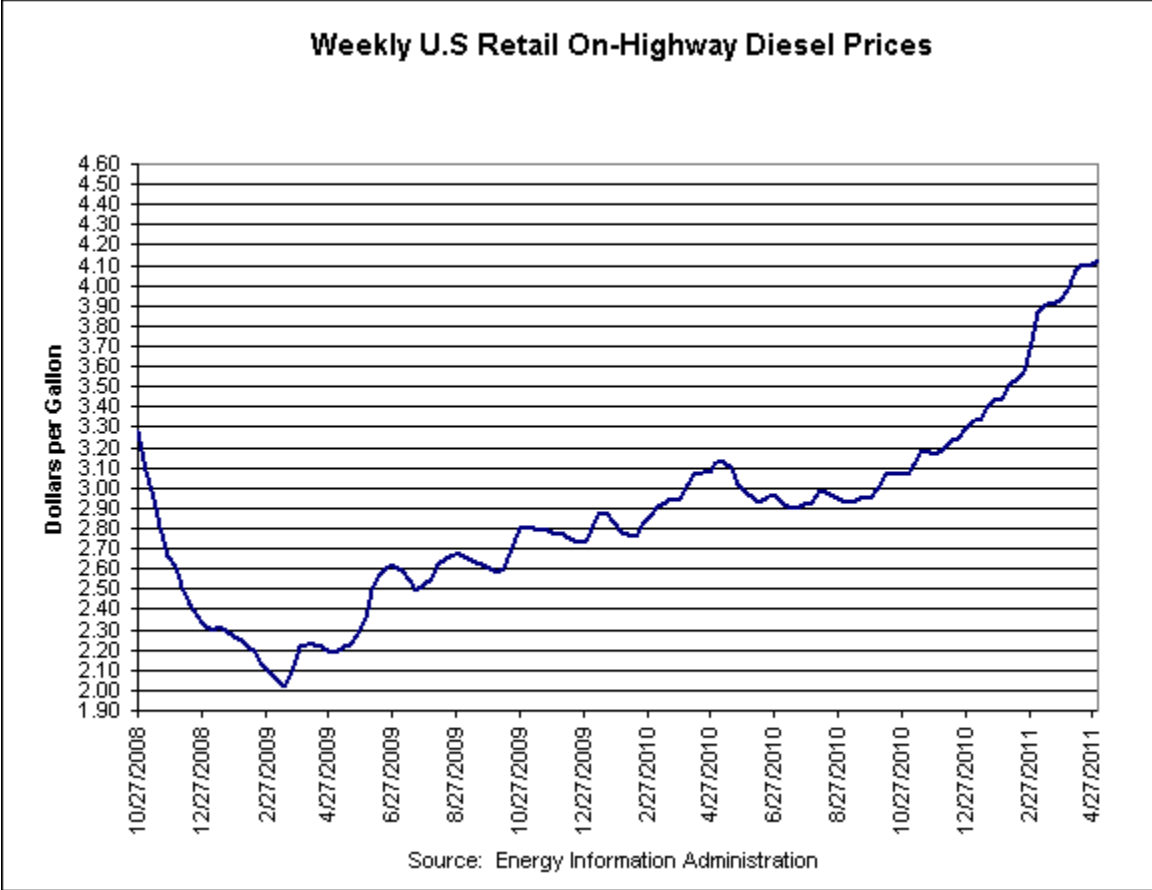
As you know, Connecticut's Diesel Fuel Tax is set by two factors. The first factor is the "base" tax which is currently 26 cents per gallon. The second factor is adjusted every July 1, based upon the average wholesale cost of diesel fuel over the previous year. This average price is multiplied by the rate of the Gross Earnings Tax on Petroleum Products (GET), currently 7% of the first sale in the state. The Department of Revenue Services has crunched the data and knows what the increase will be effective July 1, 2011.

The programmed increase in the Diesel Fuel Tax will provide significant additional revenue to the Special Transportation Fund. When the Governor's Budget was being drafted the additional 2 cents tax may have been proposed to do the same thing. Now that the high price of fuel has resulted in additional revenue, we would like you to consider removing the extra 2 cent tax. This would decrease revenue to the Special Transportation Fund of \$5.4 million which would be more than offset by the programmed increase in the Diesel Tax. This cost might be offset additionally by a transfer from the General Fund revenue generated by the Gross Earnings Tax on Petroleum Products.

As the attached chart demonstrates, the average on highway retail cost of diesel fuel, in the United States, has increased from just under \$3.00 per gallon one year ago to over \$4.00 per gallon today.

We have also attached a list of the ranking of the diesel fuel taxes, state by state, as of January 1, 2011. As you can see, but for one tenth of a cent per gallon, Connecticut would be tied with California for the highest fuel tax in the country.

Thank you for your consideration.



STATE DIESEL FUEL TAX RATES & RANKING
Rates as of January 1, 2011

<u>Rank</u>	<u>State</u>	<u>Diesel Fuel Tax Rate</u> <u>Cents per Gallon</u>
1	California	39.7
2	Connecticut	39.6
3	New York	39.55
4	Illinois	38.9
5	Pennsylvania	38.1
6	Washington	37.5
7	Michigan	34.875
8	Kentucky	33.1
9	Wisconsin	32.9
10	North Carolina	32.5
11	West Virginia	32.2
12	Florida	32.07

13	Rhode Island	32
14	Maine	31.22
15	Vermont	29
16	Montana	28.5
17	Ohio	28
18	Nevada	27.81
19	Minnesota	27.5
20	Arizona	27
20	Indiana	27
20	Kansas	27
23	Nebraska	26.7
24	Idaho	25
25	Utah	24.5
26	Maryland	24.25
27	South Dakota	24
28	District of Columbia	23.5
28	Iowa	23.5
30	North Dakota	23
31	Arkansas	22.8
32	Delaware	22
32	New Mexico	22
34	Virginia	21.6
35	Massachusetts	21
36	Colorado	20.5
37	Louisiana	20
37	Texas	20
39	New Hampshire	19.625
40	Alabama	19
41	Mississippi	18.4
41	Tennessee	18.4
43	New Jersey	17.5
44	Missouri	17
45	South Carolina	16.75
46	Hawaii	16.12
47	Georgia	16
48	Wyoming	14
49	Oklahoma	13
50	Alaska	8
51	Oregon	0

This chart was compiled by the American Trucking Associations. It represents the total state diesel fuel tax paid by motor carriers in each jurisdiction as of January 1, 2011. Local taxes are not included, except where they are uniform statewide. For more information, contact ATA's Bob Pitcher at bpitcher@trucking.org.

STATE GASOLINE TAX RATES & RANKING
Rates as of January 1, 2011

<u>Rank</u>	<u>State</u>	<u>Gasoline Tax Rate</u> <u>Cents per Gallon</u>
1	California	47.005
2	Connecticut	41.6
3	New York	41.25
4	Michigan	38.421
5	Washington	37.5
6	Illinois	35.1
7	Wisconsin	32.9
8	North Carolina	32.5
9	West Virginia	32.2
10	Rhode Island	32
11	Pennsylvania	31.2
12	Maine	30.48
13	Kentucky	30.2
14	Oregon	30
15	Florida	29.87
16	Indiana	29
17	Ohio	28
18	Montana	27.75
19	Minnesota	27.5
20	Nebraska	27.3
21	Idaho	25
21	Kansas	25
23	Utah	24.5
24	South Dakota	24
25	Nevada	23.81
26	District of Columbia	23.5
26	Maryland	23.5
28	Delaware	23
28	North Dakota	23
30	Colorado	22
30	Iowa	22
32	Arkansas	21.8
33	Virginia	21.6
34	Tennessee	21.4

35	Arizona	21
35	Massachusetts	21
		<u>Gasoline Tax Rate</u>
<u>Rank</u>	<u>State</u>	<u>Cents per Gallon</u>
37	Louisiana	20
37	Texas	20
37	Vermont	20
40	New Hampshire	19.625
41	Mississippi	18.4
42	New Mexico	18
43	Missouri	17
44	South Carolina	16.75
45	Hawaii	16.12
46	Alabama	16
46	Oklahoma	16
48	Georgia	15.1
49	New Jersey	14.5
50	Wyoming	14
51	Alaska	8

This chart was compiled by the American Trucking Associations. It represents the total state or provincial gasoline tax paid by motor carriers in each jurisdiction as of January 1, 2011. Local taxes are not included, except where they are uniform statewide. The provincial rates shown assume the currencies are at par. For the details of what these rates include, see ATA's **State Laws Newsletter** of March 25, 2011. For more information, contact ATA's Bob Pitcher at bpitcher@trucking.org.