

Essex County ponders gas-tax relief

Written by LOHR McKINSTRY, Staff Writer
Thursday, April 19, 2007

ELIZABETHTOWN — In theory, Essex County residents could see gasoline prices declining by about 3 cents a gallon in June. That's if the County Board of Supervisors passes a local law in May and fuel wholesalers and station operators cooperate by not raising prices to negate the decrease.

Under 2006 state legislation, counties and cities can cap the sales tax they receive from gasoline sales. The state capped its tax at 8 cents a gallon, and the County Finance Committee voted Wednesday to do the same.

SAVINGS

That means that when prices exceed \$3 a gallon, drivers should save about 4 cents on the state's 4-percent sales tax and about 3 cents a gallon on Essex County's 3.75-percent tax. Supervisor Gerald Morrow (D-Chesterfield) said he thought the county had acted last year but found nothing had been done.

"With gas over \$3 a gallon, I'd like us to cap it at \$2 a gallon, just like the state did. A lot of (our) sales-tax increase is from people paying those high gas prices."

Essex County Treasurer Michael Diskin said county sales-tax receipts are up \$226,000 over last year for January and February.

DISAPPOINTING RESULTS

Diskin said only 10 counties and five cities in the state have now adopted the gas-tax cap. "In Albany County, nobody saw the effect of this," Diskin said. "I'm not trying to discourage you. The wholesalers were just figuring out another way to keep the money."

He said a study by the Albany County Comptroller's Office showed gas wholesalers now make 48 cents a gallon profit, compared with 7 cents a gallon before the so-called gas-price crisis started.

"I'm hoping this (markup) doesn't happen in Essex County, if you do it," Diskin said. "They (Albany County) didn't bring the price down."

He said that after Albany County capped its tax on gas, it was selling for \$2.98 a gallon in Albany County and \$2.97 in nearby Rensselaer County, which didn't cap the tax.

"It was a penny less where they hadn't adopted the cap. The wholesalers were just making it up in Albany County."

The law requires vendors to reduce their prices by the amount of the cap savings and includes \$5,000-a-day fines for violators, but Diskin said that doesn't seem to have been effective.

The Albany County Comptroller's Report said the day after the cap went into effect, most vendors, including Stewart's Shops, had not reduced their prices by the required amount.

"It's primarily the wholesaler who gained the money," Diskin said. "The little guy who runs the gas station isn't making any more."

'WORTH A SHOT'

Morrow said the county could impose the tax cap, then assess whether it was working and opt out if it isn't. "Clinton County is taking a lot of heat for not doing it. At least we're doing

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something. I think it's worth a shot."

The County Finance Committee passed the tax cap, and it will be voted on at the Ways and Means meeting April 30, then at the regular session May 7, if it passes Ways and Means.

"You can opt in any point, and it begins the next quarter," Diskin said. "That's June 1."

Scozzafava said that if the scenario of wholesalers simply upping their profit margins ensues, the county could back out of the cap.

"Gas companies are turning in record profits."