



# HARRISBURG REGIONAL CHAMBER & CREDC<sup>SM</sup>

## POSITION STATEMENT Proposed Electricity Surcharge (Systems Benefit Charge)

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### **Background:**

Governor Edward G. Rendell has proposed a Systems Benefit Charge, an Electricity Surcharge (tax), to fund his \$850 million Energy Independence Fund by adding a charge of \$0.0005 per Kwh to all electric bills in the Commonwealth, to be capped at \$10,000 per year. Average commercial users will see an annual increase of \$36 per year and average industrial users will see an annual increase of \$888 per year.

### **Reasons to Oppose:**

- The surcharge is a tax. Small businesses are likely to be negatively affected. Businesses will face increases in electric rates of up to \$10,000 a year. Residential customers will also face a monthly surcharge that will increase their monthly electric bills.
- Rate caps under electric deregulation law passed 10 years ago will soon be lifted (2009/2010) which could result in more dramatic increases in electric costs to businesses and consumers.
- To offset an increase in electricity costs faced by businesses, the consumers of the goods and services offered by the business will have the cost of this tax passed back onto them and therefore, indirectly be taxed twice.
- Businesses in Pennsylvania will be negatively impacted economically and this tax may deter businesses moving into the Commonwealth.
- Existing state revenues could be used to finance the Energy Independence Fund.

### **Summary:**

The Harrisburg Regional Chamber & CREDC is opposed to the creation of an Electricity Surcharge (tax) in Pennsylvania. This additional tax will have an adverse impact on businesses in the state. The tax will create an increase burden on both the consumer and the business community.

**Date:** November 1, 2007

**Chamber Position:** OPPOSE

**Chair & Vice-Chair:** Michael Warfel and Russell Swanger **Committee:** Government Relations

**Harrisburg Regional Chamber Board of Directors:** November 14, 2007