

## Despite Democratic resistance, Biden pitches federal gas tax suspension

Though many lawmakers from his own party offered only lukewarm support for—or even outright opposition to—the policy, President Biden this week called for a three-month suspension of federal excise taxes on gasoline and diesel fuel.

### ‘Breathing room’

In a fact sheet released June 22, the White House acknowledged that the proposal—which would suspend the 18.4 cents-per-gallon tax on gasoline and the 24.4 cents-per-gallon tax on diesel fuel through September 30—would not be a cure-all; nonetheless, President Biden has indicated that he still sees virtue in providing even modest relief to consumers facing historically high fuel prices.

**URL:** <https://www.whitehouse.gov/briefing-room/statements-releases/2022/06/22/fact-sheet-president-biden-calls-for-a-three-month-federal-gas-tax-holiday/>

The administration also made clear that any gas tax holiday would have to be passed by Congress and could not be executed by the White House alone.

“President Biden understands that a gas tax holiday alone will not, on its own, relieve the run up in costs that we’ve seen,” the fact sheet states. “But the president believes that at this unique moment when the war in Ukraine is imposing costs on American families, Congress should do what it can to provide working families breathing room.”

**Make the Highway Trust Fund whole:** The White House fact sheet also calls on Congress to ensure that the full cost of the three-month gas tax moratorium “has no negative effect” on the financial status of the Highway Trust Fund, but is instead backfilled by a commensurate transfer from the government’s general fund—a practical necessity coming in the wake of enactment last year of the nearly \$1 trillion, bipartisan Infrastructure Investment and Jobs Act (P.L. 117-58).

**URL:** <https://www.congress.gov/bill/117th-congress/house-bill/3684/text>

“With our deficit already down by a historic \$1.6 trillion this year, the president believes that we can afford to suspend the gas tax to help consumers while using other revenues to make the Highway Trust Fund whole for the roughly \$10 billion cost,” the fact sheet states.

This emphasis on ensuring the Highway Trust Fund is made whole also features in recent congressional proposals to suspend the gas tax, such as the Gas Prices Relief Act of 2022 (S.3609), which was introduced earlier this year by a handful of Democrats who face tight re-election races in November, including Sens. Mark Kelly of Arizona, Maggie Hassan of New Hampshire, and Raphael Warnock of Georgia.

The Biden administration’s proposal this week also calls on state lawmakers to complement the proposed federal holiday by enacting their own moratoriums on state-level gas taxes.

## Unlikely to gain traction

Despite high gas prices and general consumer price inflation running at roughly four-decade highs, however, the prospects for any near-term action on a federal gas tax holiday appear very dim, with some congressional Democrats—ranging from party leaders to the chairs of committees overseeing tax and infrastructure policy—panning the idea in fairly blunt terms.

“I have not been a proponent of the gas tax [holiday],” House Majority Leader Steny Hoyer, D-Md., said June 21. “There’s no guarantee that the sellers, either wholesale or retail, will reduce their prices. And then, of course, we’ve got to backfill [the Highway Trust Fund]. I just don’t know that it gives much relief.”

House Transportation and Infrastructure Committee Chairman Peter DeFazio, D-Ore., also expressed concern that any gas tax reprieve would not be fully reflected in the price at the pump.

“As discussions on possibly suspending the federal gas tax continue, I urge my colleagues to see this for what it is: a short-sighted proposal that relies on the co-operation of oil companies to pass on miniscule savings to consumers.”

House Ways and Means Committee Chairman Richard Neal, D-Mass., made the same point to reporters—at least with respect to the manner in which recent proposals to suspend the gas tax have been structured.

“I’m not committed to it,” Neal said. “I want to talk to the speaker about it, and we’re going back and forth. I want some assurance that the money is going to go to the consumer.”

And across the Capitol, even Democratic Sen. Maggie Hassan of New Hampshire, who backed a moratorium in recent months, came out against the White House proposal from the opposite angle, arguing it did not go far enough—demonstrating that the policy would likely face long odds in the evenly divided upper chamber where near-unanimous GOP opposition seems likely.

“I think that we should be suspending the gas tax for at least the next year,” Hassan told reporters on June 22. “So no, I don’t think 90 days is enough.”

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