

Summer Gas Tax Holiday Plan Still Alive

(from ASCE)

Despite the hard work of ASCE Key Contacts that blocked Sen. John McCain's (R-AZ) proposal to impose a summer gas tax holiday last week, the issue continues to garner support from policymakers. Echoing the plans set forward last week by Sen. McCain, Sen. Hillary Clinton (D-NY) this week indicated that she would also consider a gas tax holiday this summer. Citing recent gasoline price increases, she said on Larry King Live Monday evening that as part of a multi-step plan that would investigate the causes of high prices and seek to release strategic oil reserves, she would consider a gas tax holiday. Unlike McCain's initial call for a gas tax holiday, Sen. Clinton does want to ensure funds are replaced in the Highway Trust Fund, although she did not specify how. Sen. McCain later stated that he would seek to make up the lost revenues in the Trust fund. Despite these assurances that Trust Fund revenues would be replaced, there is no guarantee gas prices would fall.

Sen. McCain originally planned to attach an amendment to the SAFETEA-LU technical corrections bill that was up for Senate approval last week, but eventually withdrew it. The amendment was co-sponsored by eight other Senators including Sen. Jon Kyl (R-AZ), Sen. Richard Burr (R-NC), Sen. Mel Martinez (R-FL), Sen. John Warner (R-VA), Sen. Joe Lieberman (I-CT), Sen. Lindsey Graham (R-SC), Sen. Saxby Chambliss (R-GA) and Sen. Roger Wicker (R-MS). Following the defeat of that amendment, Sen. Olympia Snowe (R-ME), introduced the Diesel Tax Parity Act to reduce the federal diesel tax from 24.4 cents per gallon to 18.4 cents per gallon, the same tax rate as gasoline. Under Snowe's proposal, the diesel tax rate would be reduced through the end of 2008 and the resulting lost Highway Trust Fund revenues would be reimbursed from the federal general fund.

When asked by the media, Sen. Barack Obama (D-IL) indicated that he opposes a gas tax holiday. "We're talking about 5 percent of your total cost of gas that you suspend for three months, which might save you a few hundred bucks that then will spike right up," said Obama.

ASCE opposed Sen. McCain's amendment last week and successfully joined with coalition partners to block its adoption. We will continue to oppose any proposals that threaten revenues to the Highway Trust Fund. To read more about this issue or let us know what you think, visit ASCE's [Our Failing Infrastructure Blog](#).