

# VINCE FONG

MEMBER FOR THE 34TH ASSEMBLY DISTRICT



## FACT SHEET

### ABX1-2 – Gas Tax Holiday

#### IN BRIEF

Assembly Bill X1-2 will suspend the state's 53.9 cent per gallon gas tax for one year to provide immediate relief to California drivers and families. This tax is scheduled to increase on July 1, 2023 further draining families pocket books.

The bill will also backfill funding from the General Fund for transportation projects that rely on revenue from the gas tax.

#### BACKGROUND & ISSUE

In 2022, gas prices hit an all-time high as the world reeled from Russia's invasion of Ukraine, the supply chain slowed across the United States, and domestic production of oil and gas decreased.

California is an energy island. Due to a lack of pipeline infrastructure and shipping costs, the state is limited in its ability to import oil from other states. Californians consume over 1.8 million barrels of oil a day, but only 370,000 barrels are produced in-state each day. This results in an increased reliance on foreign sources of oil, shipped in on tankers from other countries like Ecuador, Saudi Arabia, and Iraq.

The cost of a gallon of gasoline in California includes multiple fees, costs for crude oil and refining, and local, federal, and state taxes. As domestic refineries closed and the world's oil and gas supply shrunk, the price of gas increased. During this time, families also struggled with record double-digit inflation and increasing interest rates putting them under even more financial pressure.

In response to this crisis, Connecticut, Florida, Georgia, and Maryland suspended their state gas

taxes. Colorado, Illinois, and Kentucky delayed their planned increase in the gas tax.

Gas prices in California on average are still \$4.44 per gallon – over a dollar higher than the national average.<sup>1</sup> On July 1<sup>st</sup>, 2022, the gas tax increased another 2.8 cents bringing it to 53.9 cents per gallon.

#### SOLUTION

To deliver California families an affordable, reliable energy supply, this bill will immediately suspend the state gas tax to reduce the cost of gas by over 50 cents per gallon.

Any cost savings by a suspension of the tax would also be required to be passed on to the consumers, ensuring maximum economic relief to families. In this way, the state legislature can ensure that people across the state are able to afford the fuel that is essential within our transportation sector.

#### SUPPORT

Pending

#### CONTACT

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<sup>1</sup> California Average Gas Prices, AAA,  
<https://gasprices.aaa.com/?state=CA>