



Youngkin revives gas tax holiday push as consumers see record prices

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RICHMOND, Va. (WRIC)- Governor Glenn Youngkin is reviving his push for a gas tax holiday in Virginia as the nation grapples with record prices at the pump.

Youngkin's proposal, which sought to suspend the state's 26-cent per gallon gas tax for 90 days, was recently left out of a bipartisan budget compromise after widespread opposition from primarily Democratic lawmakers.

On Wednesday, Youngkin released a budget amendment that seeks to eliminate the entire state tax from July 1, 2022 through September 30, 2022. Unlike one previous proposal, an aide for Youngkin said the full tax would come back starting in October, rather than being phased in over a two-month period.

The General Assembly will consider this and 37 other proposed changes to the state's spending plans after they return to Richmond on Friday.

"Five dollar gas...five dollar hurdles to Virginians living their lives. This is so important for us to get done but I need our Senate Democrats to put down politics and do what's right for Virginians," Youngkin said when asked about the amendment at an event on Wednesday morning.

Opponents have argued that a gas tax suspension would boost profits for distributors without guaranteeing savings for consumers.

However, states that have already approved gas tax holidays appear to be seeing some relief.

On March 18, when Maryland began a 30-day pause to its 36 cent gas tax, the average price per gallon was \$4.16, compared to \$4.13 in Virginia, according to data from AAA.

By March 21, AAA says Virginia's gas price average was down 3 cents to \$4.10, whereas Maryland's average was down 35 cents to \$3.81.

Maryland continued to post lower prices than its neighbor until after the suspension expired. On April 19, Maryland's average price was \$4.03 and Virginia's was \$3.94.

Those numbers were a surprise for Peter Van Doren, a senior fellow at the CATO Institute.

"I would not have predicted that the Maryland experiment would've done much but it did, I think," said Van Doren.

Meanwhile, a similar trend appears to be playing out with Georgia's gas tax holiday, which was recently extended until mid-July.

According to AAA, Georgia currently has the lowest prices of any state in the country with an average of \$4.49 per gallon compared to \$4.86 per gallon in Virginia.

Doren said, unlike tampering with the federal gas tax, lowering gas taxes at the state level appears to be incentivizing an increase in supply in those areas, therefore decreasing prices temporarily as compared to neighbors with higher tax rates.

"At the national level the supply is pretty fixed so it wouldn't have any effect. It would create more profits for companies. At the state level, yes, you can divert supplies from other states. Is it worth it for three months? I don't know," Van Doren said.

Van Doren said the impact of a possible pause in Virginia remains uncertain. He said comprehensive research on short-term gas tax holidays is essentially nonexistent. He said there are likely more effective ways for lawmakers to give relief to consumers, as record gas prices will likely disguise a temporary tax cut.

"Doing it in the context of the summer peak, I would be much more hesitant to argue we would see something obvious other than it's going to go up less fast than it otherwise would," Van Doren said.

Youngkin's proposal faces an uphill battle in the Democrat-controlled Senate, where lawmakers have rejected several previous attempts to pause the gas tax.

Skeptics have generally argued that a gas tax suspension with uncertain savings for consumers isn't worth losing hundreds of millions of dollars that would otherwise go towards much-needed road repairs.

There are no signs that those lawmakers have changed their minds since the last time there was a vote on this.

