



TFIC Opposes Federal "Gas Tax Holiday"

In response to spiraling gasoline prices, Senators McCain and Clinton have proposed that the 18.4 cent federal gas tax be eliminated for the summer. This is a bad idea.

- It would cost the Highway Trust Fund an estimated \$9 billion -- at a time when the Highway Account is already projected to run into cash problems in FY2009. This would only exacerbate that problem.
- Reimbursing the Highway Trust Fund with a General Fund subsidy, as some have proposed, would:
 - Undercut the long-standing user fee principle, i.e., construction and repair of surface transportation facilities paid by fees imposed on the users.
 - Add to the General Fund deficit.
- It is likely that little, if any, of the gas tax reduction would be passed on to consumers.
- Even if all the reduced gas taxes were passed on to consumers, it would save the average motorist only \$28.
- It could prove tough to reinstate the gas tax after Labor Day (and just months before the election).