



AB 16 – Stop the Gas Tax Hike

Background

AB 16 will create an opportunity to pause the gas tax for low-income and middle class families when the price at the pump is surging.

In 2017, SB 1 increased fuel and vehicle taxes by more than \$5 billion annually. SB 1 automatically increases the state's gas tax every year on July 1st based on inflation.

Last year, Governor Newsom's budget proposal included pausing the gas tax increase, however the Legislature rejected the proposal and the gas tax increased by 5.6% on July 1, 2022.

Problem Being Addressed

Californians pay the highest gas prices and gas taxes in the nation. The Legislative Analyst's Office (LAO) estimates that the average driver pays about \$530 a year in gas taxes alone.

The current gas tax is at 53.9 cents per gallon. Since adoption, SB 1 is responsible for 24.2 cents of the total per gallon tax. The gas tax is separate from additional taxes and fees put on the sale of gasoline. In total, drivers pay over \$1.30 in taxes for each gallon of gas.

With the cost of inflation at a 40-year high, Californians cannot afford higher taxes on gas. It is vital that we expand opportunities to reduce the burden of inflation on low-income and middle class families in California.

AB 16 allows the Governor suspend the annual gas tax increase on Californians due to hardship.

Which code section is affected?

This bill will amend Section 7360 of the Revenue and Taxation Code.

Summary

AB 16 allows the Governor to issue a proclamation that suspends the annual gas tax increase finding that the higher tax would impose an undue burden on low-income and middle class families.

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Supporters

Pending