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Senate Republican Caucus

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March 14, 2022

The Honorable Gavin Newsom
Governor of California
1021 O Street, Suite 9000
Sacramento, CA 95814

RE: Request for a Full Gas Tax Holiday

Dear Governor Newsom

In the past several weeks, the average price of gasoline in California has jumped to record high levels as a result of rising inflation, and the growing conflict in the Ukraine. While it is nothing new for Californians to pay the highest gas prices in the nation, coming on the heels of the pandemic, working families simply cannot continue to support the level of taxation imposed by the Legislature. You are well aware of the adverse impacts of high gas prices and taxes that disproportionately impact our low- to middle-income residents, increase the cost of living, business costs and food prices, hampering our relief efforts and economic recovery. After all, it was just these considerations that led you to propose a limited gas tax holiday earlier this year and to announce a yet to be described rebate program during your State of the State speech.

Californians currently pay \$1.27 more per gallon of gasoline compared to the national average. They pay 51.1 cents per gallon (cpg) of gasoline excise taxes, which absent your proposal to curb the inflation adjustment for a year, will rise to 54.1 cpg on July 1. At a time when the state budget is enjoying historic surpluses, we need to take bold action to help everyday Californians. Your proposal to postpone increases for a year is a small step in the right direction, but falls far short of protecting California working families and the economy from the devastating impacts likely to result from an extended conflict in Eastern Europe that disrupts oil supplies.

We can afford to think and act much bigger. A full moratorium on the gasoline-excise tax would immediately reduce the cost of gasoline by 54.1 cpg. The resulting revenue loss to the state of \$8.1 billion is less than a fifth of the administration's own forecast in January of a \$45.7 billion budget surplus. The Legislative Analyst's Office February update states that there is a good possibility of the surplus exceeding the initial estimate by \$6 billion to \$23 billion. This tax cut would spur the economy, just when we need it most and would represent much needed relief for working families struggling through the pandemic and those transitioning back from remote work. It would dramatically reduce the cost of living by driving down retail prices, and help control inflationary impacts on the economy that are driven by, among other things, the cost of gasoline. All this still possible without putting infrastructure projects at-risk if those funds are instead backfilled through the state budget.

For years, Democratic legislative leadership has refused to take a responsible approach to prioritizing infrastructure investments and have instead used general fund revenues that should be invested in infrastructure as a source of funding for other pet projects, while demanding ever-increasing taxes from motorists. It is past time for Sacramento to begin investing in real priorities, and using record budget surpluses to give Californians working families a break from California's high cost of living and that includes the state's high taxes and gas prices.

We appreciate your statements about your openness to working with legislative leadership to help Californians struggling with high gas prices, which is why we are renewing our call from last year. For these reasons, we undersigned members of the California Senate Republican Caucus, call upon you to work with us to establish a full gas tax holiday for Californians and look forward to working with you on additional relief. Should you or your staff have any questions, you can reach me directly on my cell, or call my office at (916) 651-4021.

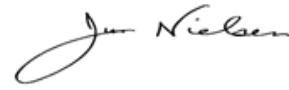
Sincerely,



Scott Wilk
21st Senate District



Brian Dahle
1st Senate District



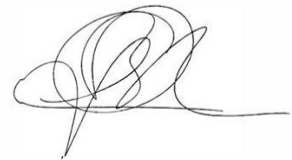
Jim Nielsen
4th Senate District



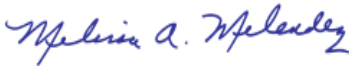
Andreas Borgeas
8th Senate District



Shannon Grove
16th Senate District



Rosilicie Ochoa Bogh
23rd Senate District



Melissa Melendez
28th Senate District



Patricia Bates
36th Senate District



Brian Jones
38th Senate District

CC: Senate President pro Tempore Toni Atkins
Assembly Speaker Anthony Rendon
Senate Budget & Fiscal Review Committee Chair Nancy Skinner
Assembly Budget Committee Chair Phil Ting

