



Senate Bill 32 Fact Sheet – Gas Tax Suspension

SUMMARY

SB 32 suspends over \$1 per gallon of the state's gas taxes and fees for one year.

BACKGROUND

California has the [highest gas taxes and fees](#) in the nation. The average cost for a gallon of gas in California as of November 30, 2022 was close to \$5, while the [national average was \\$3.50](#). Californians face this extremely high gas price partially due to required additional state gas tax of just over \$1 (made up of a state tax of 53.9 cents per gallon, Cap and Trade fee of about 25 cents per gallon, and a Low Carbon Fuel Standard fee of about 22 cents per gallon). This is on top of the 18 cents per gallon of federal taxes that motorists must also pay.

Over the past year, gas prices have also been spiking in California because the state is a “gasoline island,” meaning that California:

- 1) Requires special environmental blends of gasoline that other states don't require;
- 2) Has not worked with other states to build pipelines to bring gas into California;
- 3) Has extreme environmental rules that have discouraged the building of new refineries and the upgrades to old refineries; and
- 4) Relies on only in-state refined gas which makes the prices volatile if any of the existing refineries shutdown, even for normal maintenance.

Both the [Governor](#) and legislative leaders have recognized the financial impacts these gas taxes and regulations have had on struggling Californians. Earlier this year, Governor Newsom issued an executive order to allow winter-blend fuel sales early.

PROBLEM

Californians need financial relief for their necessary gas purchases. High gas taxes and fees totaling \$1.18 per gallon have negatively impacted the daily lives of Californians across the state. This has particularly taken its toll on disadvantaged communities, the unemployed/underemployed, single working parents, persons with low and moderate fixed incomes, and family-owned small businesses already struggling under government shutdowns the last two years.

[President Biden has called upon states to reduce gas taxes across the nation](#). While some states have headed that advice and lowered gas prices, California has failed to bring relief at the pump.

SOLUTION

SB 32 will suspend over \$1 per gallon of state gas taxes and fees for one year. This savings will allow Californian consumers to better afford basic necessities they have had to sacrifice in order to fuel up. Current programs – with the exclusion of High Speed Rail – will continue receiving funding from these fees by being backfilled from the General Fund. This measure requires the \$1 per gallon in savings to be applied directly to the consumer.

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