



# COUNTY OF SAN DIEGO

## BOARD OF SUPERVISORS

1600 PACIFIC HIGHWAY, ROOM 335, SAN DIEGO, CALIFORNIA 92101-2470

### AGENDA ITEM

**DATE:** March 15, 2022

**TO:** Board of Supervisors

#### **SUBJECT**

**REQUEST FOR TEMPORARY SUSPENSION OF STATE GAS TAX (DISTRICTS: ALL)**

#### **OVERVIEW**

With soaring gas prices, increasing utility costs, skyrocketing housing costs, and the rising cost of consumer goods due to inflation, many San Diegans struggle, now more than ever, to afford basic needs. Many seniors, living on fixed incomes, struggle to pay their monthly bills. In late February, San Diego County recorded its highest average gas prices in history. Global gas prices are rising, and California residents are experiencing the most exorbitant rates in the nation. To alleviate the financial burden of the climbing gas prices in California, a temporary suspension of the \$0.51 per gallon state gas tax is necessary.

Traditionally, the state gas tax is used to pay for road maintenance and repairs throughout the state. To compensate for the tax suspension and cover road maintenance and safety costs, the Governor and State legislature should use the estimated \$45 billion state budget surplus. For Fiscal Year 2021-22, the State's gas tax is expected to raise approximately \$6.8 billion from gasoline purchases for vehicles using public roads, according to the State's Legislative Analyst Office. Using only 15% of the projected State surplus can lower gas prices by 51 cents per gallon throughout California this year.

Today's action would request a one-year suspension of the State gas tax and utilization of the budget surplus to ensure maintenance of California's roads and infrastructure. By supporting this proposal, the Board of Supervisors can advocate for a temporary solution to the increasing financial burdens experienced by San Diego's residents and businesses.

#### **RECOMMENDATION(S)**

##### **SUPERVISOR JIM DESMOND AND SUPERVISOR JOEL ANDERSON**

1. Direct the Chief Administrative Officer to draft a letter to the Governor and San Diego County's State legislative delegation requesting a temporary one-year suspension of the State of California's gas tax and a request to back fill the funds using the State's budget surplus.

**SUBJECT: REQUEST FOR TEMPORARY SUSPENSION OF STATE GAS TAX  
(DISTRICTS: ALL)**

**EQUITY IMPACT STATEMENT**

The majority of San Diegans use gasoline powered vehicles as their primary mode of transportation. Gas prices throughout the state are at an all-time high and continue to rise. Many San Diegans are unable to afford low and zero-emission vehicles, leaving the financial burden of the gas tax on lower income people. This puts our underserved communities and communities of color and those impacted by the pandemic at an even greater disadvantage. The County of San Diego has committed to advancing equity and established a goal supporting a strong and equitable recovery while improving the quality of life throughout the region. Alleviating the financial burden of rising gas costs is critical to advancing our efforts.

**FISCAL IMPACT**

In the Fiscal Year 2021-22 Operational Plan in the Department of Public Works (DPW), gas tax revenues of \$103,611,740 are included. The funding source is State Highway User Tax Account (HUTA) and Road Maintenance Rehabilitation Account (RMRA). If the gas tax is suspended for one year, to maintain current service levels, DPW would request \$103,611,740 in State budget surplus funding for that period to continue delivering program requirements to maintain the County's 2,000 centerline miles of public roads and associated facilities, continue the Road Resurfacing program to get County roads to a pavement condition index (PCI) of 70, and execute the Capital Improvement Program to address critical infrastructure projects throughout the unincorporated areas. There will be no change in net General Fund cost and no additional staff years.

**BUSINESS IMPACT STATEMENT**

If approved, these recommendations will have a positive impact on the business community by lowering gas and travel costs for businesses and their employees and by providing additional consumer spending opportunities.

**ADVISORY BOARD STATEMENT**

N/A

**BACKGROUND**

In late February, San Diego recorded its highest average gas prices in history. Global oil prices continue to rise, and California residents are experiencing the most exorbitant fuel rates in the nation. With soaring gas prices, increasing utility costs, skyrocketing housing costs, and the rising cost of consumer goods due to inflation, many San Diegans now struggle more than ever to afford basic necessities.

97% of San Diegans use personal vehicles as their primary method of transportation and are subject to paying the gas tax every time they fill up at the pump.

The national average gas price sits at \$3.528 per gallon while California's average is \$4.728 per gallon. San Diego's average gas price per gallon surpasses the state average of \$4.744 per gallon, increasing by \$1.21 per gallon in the last year. Temporarily suspending the \$0.51 per gallon state gas tax will help reduce the financial strain posed by record high gas prices, while taking advantage of California's enormous budget surplus to compensate for the lost tax revenue.

**SUBJECT: REQUEST FOR TEMPORARY SUSPENSION OF STATE GAS TAX  
(DISTRICTS: ALL)**

To alleviate the financial burden of the climbing gas prices in California, it is critical that a temporary suspension of the \$0.51 per gallon state gas tax be enacted. The Governor’s January draft budget projected a \$45.7 Billion surplus, and the Legislative Analyst’s Office is projecting a budget surplus of between \$51 billion and \$68 billion for the current year. A portion of this surplus can be returned to taxpayers by using this funding to maintain our roadways during the temporary suspension of the state gas tax.

As a result of the recent passage of the federal infrastructure bill, the State of California is also expected to receive several billion for infrastructure projects, including:

- \$25.3 billion for highway projects
- \$4.2 billion for bridge replacement
- \$9.45 billion for transit
- \$3.5 billion for drinking and clean water
- \$1.5 billion for airport improvements
- \$384 million for electric vehicle charging stations
- \$100 million for broadband

Temporarily suspending the state gas tax is a feasible relief measure for our region, considering that the State’s budget surplus would help San Diegans through extraordinarily tough financial times. According to the Legislative Analyst’s Office, in Fiscal Year 2021-22, the State’s gas tax is expected to raise \$6.8 billion from gasoline purchases for vehicles using public roads. Using only 15% of the projected State surplus can lower gas prices by \$0.51 cents per gallon throughout California this year. By supporting a gas tax suspension, the Board of Supervisors can advocate for a temporary solution to give relief to San Diego’s residents and businesses.

**LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN**

Today’s proposed action to request a temporary, one-year suspension of the State gas tax and a request to back fill the funds using the State’s budget surplus supports the Sustainable Environments Strategic Initiative in the County of San Diego’s 2022-2027 Strategic Plan by strengthening the local economy and protecting San Diego’s natural resources to promote opportunities for residents to engage in community life and civic activities.

Respectfully submitted,



JIM DESMOND  
Supervisor, 5<sup>th</sup> District



JOEL ANDERSON  
Supervisor, 2<sup>nd</sup> District

**ATTACHMENT(S)**

N/A