



NEW YORK STATE SENATOR

Liz Krueger

Senator Krueger Speaks Out Against Gas Tax Bill: Says Gas Tax "Holiday" is a Vacation from Real Solutions

LIZ KRUEGER May 6, 2008

Senator Krueger today criticized Senate Republicans for passing S.7594-B which would create a gas tax "holiday" from Memorial Day to Labor Day. "I voted against this legislation because it is bad fiscal and environmental policy that will only result in windfall profits for oil companies and no real relief for consumers," said Senator Liz Krueger (D-Manhattan).

"My colleagues and I understand New Yorkers have been hit hard by rising fuel costs," said Senator Krueger. "However, we must not act foolishly by passing this gimmicky measure. We need to adopt policies that will create long-term solutions to the growing energy crisis facing our state and decrease our dependence on foreign oil."

S.7594-B, introduced by Senator Andrew Lanza (R-Staten Island), would exempt gasoline and diesel from the State's excise tax, Sales Tax, and Petroleum Business Tax, from May 23, 2008 to September 2, 2008. These taxes are currently used to provide funds for highways, roads, bridges, and mass transit. By suspending the taxes the Senate Republicans will create an estimated \$600 million budget gap for these necessary services.

"This bill is obviously meant to prey on the desperate need for relief of New York's suffering drivers," said Senator Liz Krueger. "In reality this bill will only worsen the economic crisis in New York, and at best result in little to none of the intended aid. Increased demand will lead

to higher prices and negate any positive effect the gas tax holiday was meant to have."

One of the biggest problems with S.7594-B is that it will not even ensure that the tax savings will be passed along to the consumer. The gas tax suspension will happen at the distribution level and there is no way to guarantee that prices will reflect this suspension when the consumer goes to buy their gas from a local retailer. Prices can be inflated at any point in the chain of fuel distribution, which goes from manufacturer, to supplier, to wholesaler, to distributor, and finally to the retail seller.

"There is currently no way to guarantee that the savings from a gas tax holiday will be passed on to the consumer," stated Senator Krueger. "Can we really afford to rely on the good will of the oil industry?"

Senator Krueger continued, "The current bill has no teeth. There have to be serious disincentives against price gouging. The legislation lacks any mechanism for determining which companies to sanction because of the difficulty of identifying where in the chain of distribution the price gouging occurred."

Democrats proposed a number of amendments and alternatives to S7594-B which included:

Initiating a middle income gas and diesel fuel tax rebate program, which will give a \$100 tax rebate to all New Yorkers, who earn \$75,000 or less, that live in and have a vehicle registered in New York.

Implementing a long-term solution to our dependence on foreign oil by increasing energy conservation and shifting New York to the use of renewable energy sources.

Instituting criminal penalties for price gouging and increasing fines of offenders to \$25,000.

Reducing the gas consumption by the State's motor vehicle fleet through the creation of a State workforce fuel reduction and conservation program.

Creating a task force to monitor gas pricing systems across the State.

"If our real aim today was to do what is most beneficial for New Yorkers then we must focus on developing a long-term energy policy that will reduce consumption and develop renewable, clean energy sources," concluded Senator Krueger. "Let's be a government of good policy over good sound bites."