



Building Momentum for Gas Taxes

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Topic: [Demand/Consumption](#)

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We've had many [good discussions](#) here at TOD about the efficacy of various measures to better curb our nation's consumption of oil products, in particular gasoline. But we know that most people in the US think gas prices are already [unfair](#). In particular, we've talked a lot about raising CAFE standards versus increasing gas taxes, which are now at 18.4 cents a gallon. And many of the economists over at [Environmental Economics](#) have agreed that if you want to truly create a good incentive to consume less, gas taxes are probably the best way to do it.

Now, the NY Times has written a [strong editorial](#) endorsement of the idea that keeping gas prices higher through taxes would be good because:

"There's no serious disagreement that two major crises of our time are terrorism and global warming. And there's no disputing that America's oil consumption fosters both."

They go on to say that

"The best solution is to increase the federal gasoline tax, in order to keep the price of gas near its post-Katrina highs of \$3-plus a gallon. That would put a dent in gas-guzzling behavior, as has already been seen in the dramatic drop in the sale of sport-utility vehicles. And it would help cure oil dependency in the long run, as automakers and other manufacturers responded to consumer demand for fuel-efficient products."

And they realize that some of the money collected needs to be earmarked to offset the regressive nature of this tax to some parts of the rural poor that will be hit hardest:

"A bolstered gas tax would raise huge amounts of revenue, roughly \$1 billion for every penny of additional tax. Some of that money would have to be used to provide offsetting tax breaks to low-income households, such as an increase in the earned income tax credit."

One part of their editorial that I'm not completely on board with is the SUV buy back idea: "...lawmakers could consider would be to use some of the revenue to buy back S.U.V.'s. The buyback notion is a variation on the "scrappage" idea from earlier crises, when it was proposed that the government buy up old clunkers so that their owners could more quickly upgrade to less-polluting cars"

This seems like a waste of money and energy, but it could make the higher gas taxes somewhat more appealing if you were able to trade-in a low efficiency car for a higher one and stimulate demand for hybrids, etc.

In any case, this is the debate we need to start having as a nation. Many of our current problems

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begin with oil dependency and our future is not bright if we continue that dependency. Raising gas taxes seems like the best practical and equitable measure to start down the road to a lower level of oil dependency.



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