



Budget Model

Three-Month Federal Gas Tax Holiday: Estimated Cost Reductions to Households

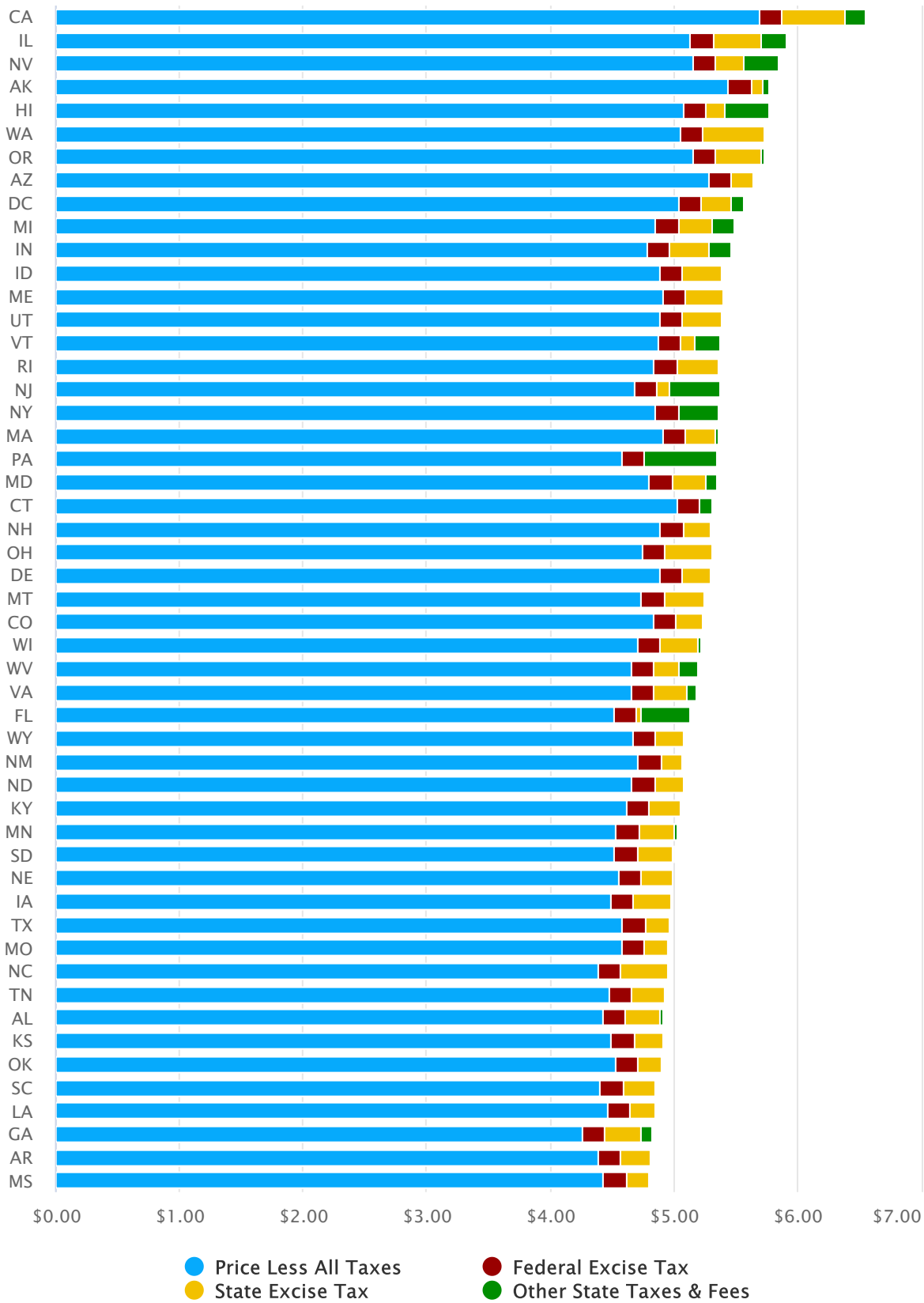
Summary: We estimate that suspending the federal excise tax on gasoline from July to September this year would lower average gasoline spending per capita by between \$4.79 and \$14.31 over three months, depending on geographic location and modeling assumptions, and lower federal tax revenue by about \$6 billion during that period.

Overview

President Biden has recently [proposed suspending](#) the federal gasoline tax for three months. We provide the following calculations for expediency that are discussed in detail in our [March 11, 2022 analysis](#). We will soon release more analysis that includes a federal tax holiday applied to excise tax on diesel fuel.

Figure 1. Federal, State Taxes and Retail Gasoline Prices by State as of June 22, 2022

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Source: AAA Gas Price Website, American Petroleum Institute

Table 1: Change in Federal and State Tax Revenue, Gasoline Consumption and Expenditure

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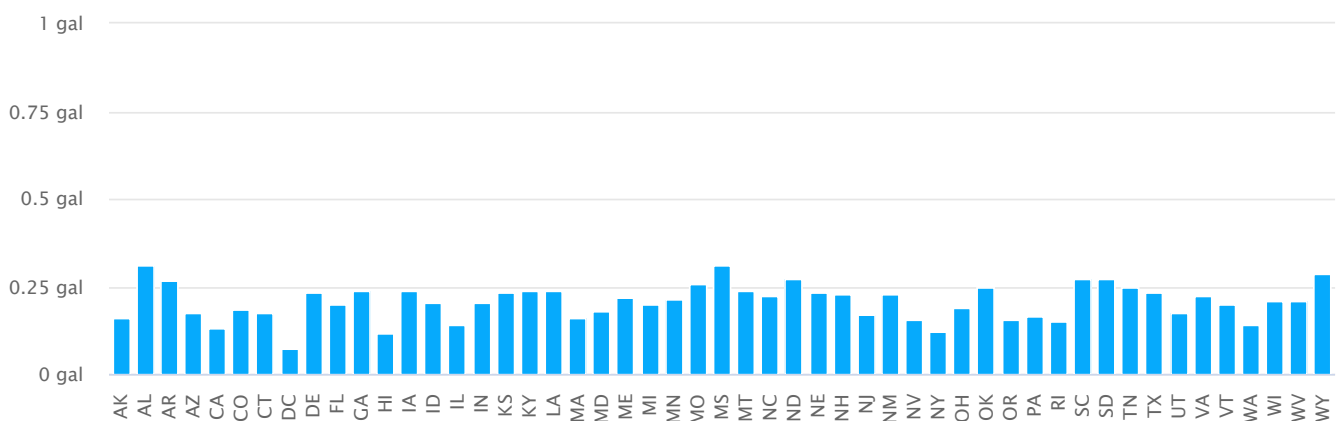
Demand Elasticity	Change In Federal Tax Revenue (billion \$)	Change In State Tax Revenue (billion \$)	Average Consumption Change (gallon)	Average Expenditure Change (\$)
-0.07	-6.028	0.024	0.206	-14.306
-0.40	-6.028	0.070	0.608	-4.789

Figure 2. Estimated Change in Gasoline Consumption and Expenditures per capita, by State

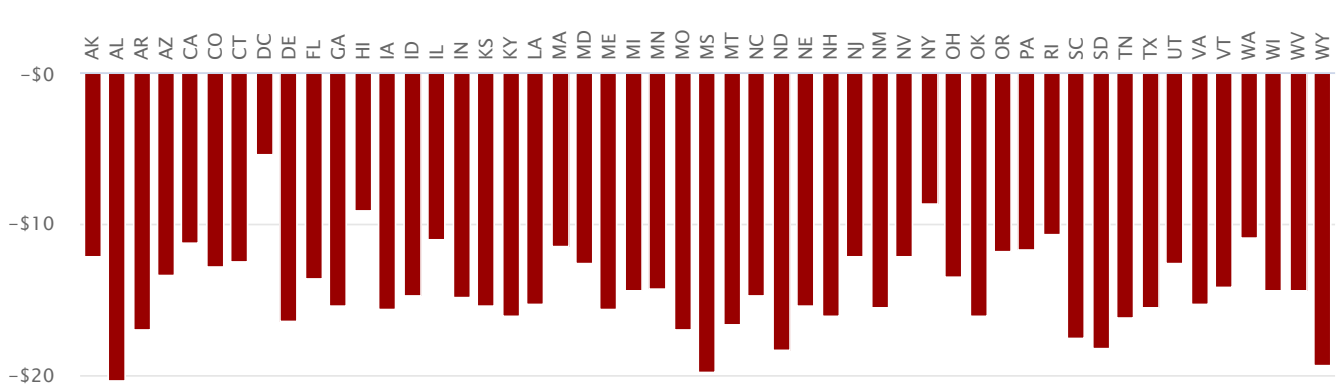
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Elasticity = 0.07

Per Capita Consumption Change

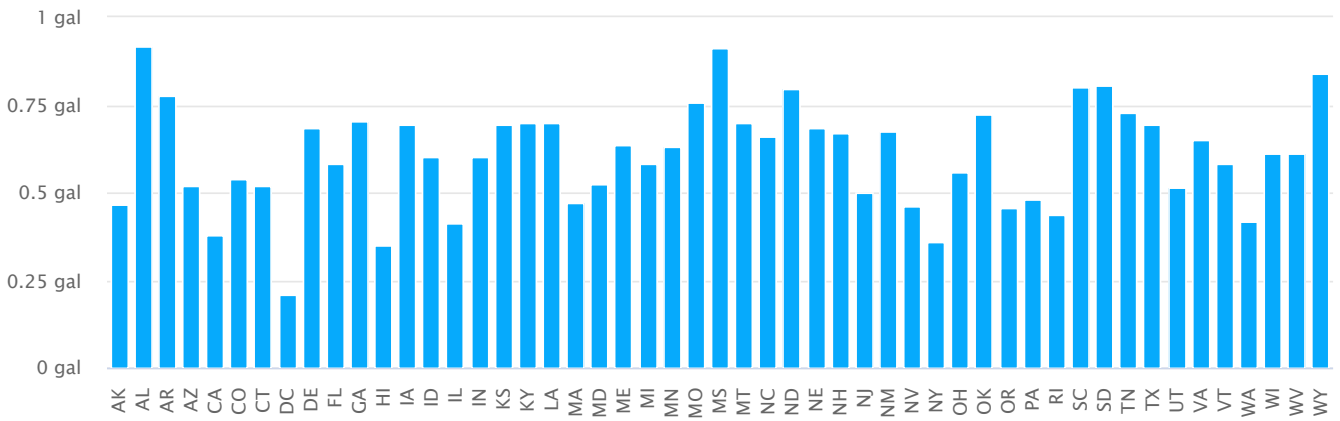


Per Capita Expenditure Change

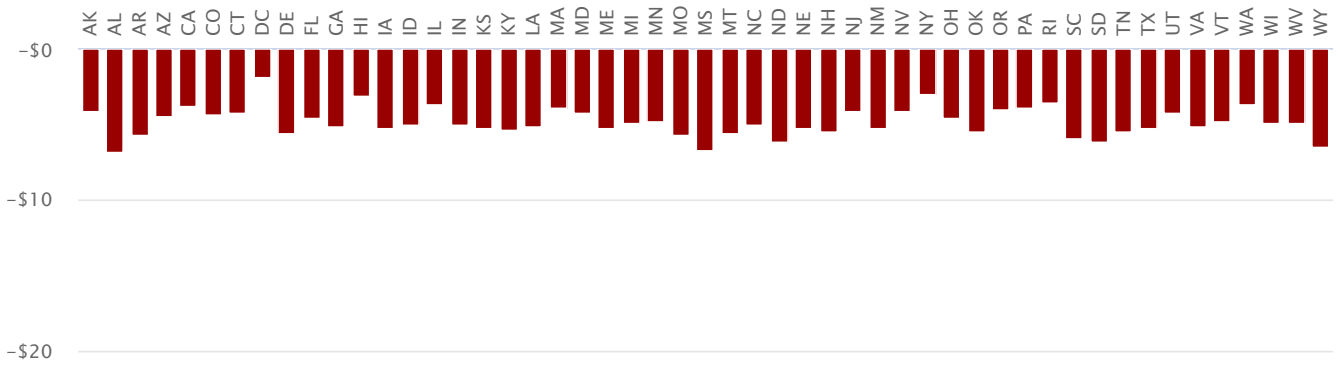


Elasticity = 0.4

Per Capita Consumption Change



Per Capita Expenditure Change



Source: U.S. Energy Information Administration

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