

# The Federal Flyer

## Senate Votes to Drop Gas Tax Rollback Proposal *Action May Signal End to Fuels Tax Debate*

By a vote of 43 to 56, the Senate on April 11 decided not to place a time limit on consideration of S. 2285, the Federal Fuels Tax Holiday bill. Approval of 60 Senators, three-fifths of the Senate, would have been required to limit debate. **Texas Senators Phil Gramm and Kay Bailey Hutchison** voted in favor of the cloture motion. Failure of the motion to invoke cloture allows debate on S. 2285 to continue unlimited. In practice, however, a measure on which a cloture motion fails is usually set aside and the Senate moves on to other business.

**Background.** On March 30, the Senate voted 86 to 11 to proceed to consideration of S. 2285. Prospects for Senate approval of S. 2285 appeared mixed at best, however. During Senate debate on the FY 2001 budget resolution (S. Con. Res. 101) on April 6, the Senate approved (66 to 34) an amendment by **Senator Robert Byrd** (D - West Virginia) that put the Senate on record in opposition to a repeal of any portion of the gas tax this year. Byrd's provision said that motor fuels taxes should be continued and used to fully fund federal transportation programs.

**Bill Provisions.** S. 2285, sponsored by Senate Energy and Natural Resources Committee **Chairman Frank Murkowski** (R - Alaska), would temporarily reduce by 4.3 cents per gallon the federal motor fuels taxes on gasoline, diesel fuel, kerosene, and the federal tax on aviation fuel and fuel used in commercial transportation on inland waterways during the period beginning after April 15, 2000, and ending before January 1, 2001. If the national average price of unleaded regular gasoline reaches or exceeds \$2.00 per gallon during the period, the federal taxes on gasoline, diesel fuel, and kerosene (but not fuel used in commercial transportation on inland waterways) would be reduced to zero. This elimination of the federal motor fuels tax would last from 7 days after that determination until January 1, 2001. **Senate Majority Leader Trent Lott** (R - Mississippi) and Senator Hutchison are listed as cosponsors of S. 2285.

The bill also purports to protect both the Highway Trust Fund and the Airport Trust Fund from loss of revenue as a result of the tax reduction. It would require that, in determining the amounts to be appropriated to the Highway Trust Fund under section 9503 and the Airport and Airway Trust Fund under section 9502, an amount equal to the reduction in revenues to the Treasury by reason of this subsection shall be treated as taxes received in the Treasury under this section.

The bill also contains a "Sense of Congress" provision stating that Congress wants the benefit of the tax reduction to be passed on to consumers immediately and suggesting that transportation motor fuels producers and other dealers reduce fuels prices to reflect the tax reduction. The Comptroller General of the United States is required to conduct a study to determine whether the reduction was in fact passed through to consumers, and to report back to Congress by September 30, 2000.

The *Federal Flyer* is a publication of the TxDOT Legislative Affairs Office. It is intended to provide up-to-date information on major legislative activities in the 106th Congress for the management of the Texas Department of Transportation, state leaders, and others interested in Texas transportation issues. This report will also feature key activities in the national transportation community. Sources include news services and staff reports.

Coby Chase, Director of Legislative Affairs, serves as publisher and can be reached at (512) 463-6086. The department's federal legislative analysts are Joe Guzzo (202-638-3927), Tonia Norman Ramirez (512-463-9957), and David Soileau (512-463-6081). Please contact any of the staff for information on federal transportation and legislative issues.

This publication will be filed with the State Publications Clearinghouse in the State Library in accordance with the Texas State Depository Law.

