Modernizing the Federal Gas Tax

**Issue:**

The federal gas tax is adjusted manually, subject to political whims and has not been increased since 1994. Because of this, it is out-of-step with economic conditions and is unable to significantly reduce consumption.

**Solution:**

Increase the federal gas tax according to a formula based upon real market data, freeing the gas tax from political pressure and allowing it to meaningfully reduce fuel consumption.

**Actual tax per gallon**

- M1: Tax adjusted according to CPI-U
- M1a: Tax adjusted by CPI-U + 0.5%
- M2: Tax adjusted by GDP growth

**Benefits:**

- Increased revenue to fund infrastructure, mass transit, sustainable energy
- Tax credits to offset the impact on lower-income households
- Reduction in gasoline-originated greenhouse gas emissions by 25%
- More predictable fuel costs for businesses and families
- Market-based incentives to increase efficiency