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Gas tax holiday to be introduced by Graham

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WASHINGTON -- U.S. Sen. Lindsey Graham said he will propose suspending the federal tax of 18.4 cents a gallon for the summer in a measure on the Senate floor as early as next week.

"On a very short-term basis, I think Sen. (John) McCain's got a really good idea -- relieve that tax," said Graham, R-S.C.

The idea also has been widely touted by Democratic presidential candidate Hillary Rodham Clinton. Democratic candidate Barack Obama has dismissed it as a political gimmick that will not solve the real problems of soaring demand and dwindling supply.

Although presidential candidates have been talking about the gas tax holiday for weeks, there has been no vote yet.

But Graham's measure will face opposition from many Democrats, who argue that there's no guarantee the price of gas will drop if the tax is suspended and that oil companies might just reap larger profits. Sen. Jim DeMint, R-S.C., supports the gas-tax holiday.

Voters frustrated about energy costs are pressuring lawmakers to do something.

"It's become the hottest topic," said Rep. Bob Inglis, R-Travelers Rest. "It's really sort of pushed out things like Iraq and immigration."

But Inglis opposes suspending the gas tax this summer because he said it won't save consumers much money and will add to the federal deficit or take away money to build roads.

The average price of regular gas topped \$3.50 a gallon in South Carolina for the first time Friday, according to AAA. That's 30 cents higher than a year ago.

Lawmakers have responded with proposals that range from imposing a windfall tax on oil companies to opening up Alaska's Arctic National Wildlife Refuge (ANWR) for oil drilling.

But many experts say Congress can do little in the short-term about gas prices because they are tied to high oil costs. Also, Congress has been bitterly divided between most Democrats who want to require conservation measures and Republicans favoring more oil and gas production.

GOP senators will offer proposals this month to lift a moratorium on oil shale drilling in the Rocky Mountains, allow for oil drilling in ANWR and offer energy leases along the East and West coasts that currently are off limits to development.

Graham, DeMint, Inglis and Rep. Gresham Barrett, R-Westminster, support increasing U.S. production.

The Democrats have countered with proposals to roll back tax breaks for oil companies, impose a

windfall profits tax on oil companies and allow the U.S. attorney general to bring enforcement action against the Organization of Petroleum Exporting Countries (OPEC) or nations that illegally collude to set prices.

The first issue the Senate is likely to take up is a measure to stop oil shipments to the Strategic Petroleum Reserve -- the nation's emergency oil stockpile. The proposal, originally offered by Democrats, has bipartisan support and proponents say the move could put more oil on the commercial market and lower prices.

"That does seem to have a lot of appeal," said Bill Wicker, a spokesman for the Senate Energy and Natural Resources Committee. "This is likely the only thing to get done this year" on energy.

Congress is sharply divided on energy as well as other issues that prevent solutions, said Norm Ornstein, a scholar at the American Enterprise Institute. The two sides cannot break from their narrowly focused battle between conservation and drilling, said Ornstein, who wrote "The Broken Branch," a book about how Congress has been damaged by partisan fighting.

"It's gotten to a point close to absurdity, I'd have to say," he said. "It's going to take, at minimum, a new president to maybe change the dialogue here."

But there has been some progress, said Paul Bledsoe, executive director of the National Commission on Energy Policy, which represents businesses and environmental groups. Congress passed a law last year to increase mileage standards on vehicles for the first time in 30 years, he said.

Higher gas prices will drive Congress to require conservation, increase global energy supplies and reach for alternative energy, he said.

Inglis doesn't see many short-term solutions but thinks Congress can adopt a longer-range energy policy after the November presidential election.

"When oil is at \$125 a barrel, it should drive us to find solutions," Inglis said. "The key is to develop a solution-centered approach that doesn't seek to use energy as a divisive political tool."
