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Gas Tax Holiday in USVI Would Have to Be a Legislature-Led Action, Governor Says

Business / **Published On June 21, 2022 05:21 AM /**

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The cost for one gallon of regular unleaded gasoline at Shuama Gas Station in Sunny Isle as of last week. By. ERNICE GILBERT/ V.I. CONSORTIUM

A gas tax holiday in the U.S. Virgin Islands — where the government pauses all taxes it collects on gasoline transactions in an effort to bring relief to residents — would have to be a Legislature-led action, Governor Albert Bryan told the Consortium Monday.

The governor of Puerto Rico last Tuesday signed a measure that [suspended gasoline taxes for 45 days](#), and President Joe Biden says he is near a decision to pause taxes collected on each gallon of gas in the U.S.

“I hope to have a decision based on the data I’m looking for by the end of the week,” he said Monday after a Democratic-led effort to pause a tax of 18.4 cents per gallon failed amid Republican opposition.

The moves to provide gas tax relief come as inflationary pressures and Russia's war in Ukraine have led to record-setting gas prices. The average for a gallon of gas on St. Croix surged past \$5 per gallon for regular unleaded, and over \$6 per gallon for regular unleaded on St. Thomas.

The local government currently levies a 14 percent road tax, or 14 cents per gallon, which is passed on to consumers. There's also the gross receipt tax of 5 percent on all sales that is also passed on to consumers, though all private businesses pay the GRT. Additionally, truckers charge between 4 cents to 5 cents per gallon of gas to transport fuel from Limetree Bay to gas stations. For example, if a trucker delivers 8,000 gallons of fuel to a gas station, this trucker would charge the gas station \$400 at 5 cents per gallon for delivery.

According to the Wall Street Journal, critics of the tax holiday say "oil companies may only pocket the tax relief without passing savings on to consumers. Others point out that the tax makes up only a small part of the overall cost of gasoline. And some say state and federal gasoline-tax decreases could jeopardize much-needed road and bridge improvements, including projects to be funded by last year’s \$1 trillion bipartisan infrastructure law."

A pause on the collection of gasoline taxes in the territory would further impede a government already tight on cash and [facing a \\$40 million shortfall in the 2023 executive budget](#). And while Mr. Bryan is expected to sign into law such a measure if one arrives on his desk, he is of the opinion that a gasoline tax holiday is "not a significant move."

The territory's leader instead has focused on subsidizing fuel costs for the V.I. Water and Power Authority, providing the utility with \$4 million a month on average since March to cover those costs and hold the Levelized Energy Adjustment Clause, which is the cost of fuel passed on to consumers, at current levels.

"Currently power is costing WAPA 62 cents [per kWh] and we are paying 41 cents a kWh," the governor [told the Consortium earlier this month](#). "That’s a 21-cent gap. They presented a great plan but mostly to spend more money that we may not have. Gas has gone up 40 percent and the Levelized Energy Adjustment Clause (LEAC) has remained the same. That’s not by magic, we are subsidizing rates. I made a commitment and I’m sticking to it for now."