



JIM DESMOND
SUPERVISOR, FIFTH DISTRICT
SAN DIEGO COUNTY BOARD OF SUPERVISORS

AGENDA ITEM

DATE: June 3, 2025

19

TO: Board of Supervisors

SUBJECT:
STOP THE PROPOSED STATE GAS TAX INCREASE (DISTRICTS: ALL)

OVERVIEW

Residents across San Diego County continue to contend with significant increases in the cost of living, driven largely by rising utility rates and surging housing prices. Among these financial pressures, the cost of gasoline continues to stand out as a particularly burdensome and unavoidable expense for working families and businesses alike. California consistently reports some of the highest gasoline prices in the nation. As of early 2025, the statewide average remains substantially above the national average, due in large part to the state's fuel excise tax—currently set at 59.6 cents per gallon, the highest in the country. This tax imposes a disproportionate burden on middle- and lower-income residents, particularly in regions like San Diego County where public transportation options remain limited and private vehicle use is a necessity.

Despite these ongoing challenges, the State of California is scheduled to implement an additional increase of 1.1 cents per gallon to the gas tax, effective July 1, 2025. This would push the total tax burden on drivers to nearly 61 cents per gallon. In light of California's current economic climate, particularly for us here in San Diego, such an increase is both untimely and unfair.

Today's action proposes that the San Diego County Board of Supervisors formally request a suspension of the scheduled gas tax increase. Doing so would reflect the County's commitment to fiscal responsibility and the economic well-being of our residents, especially those in unincorporated areas who will be disproportionately affected.

RECOMMENDATION(S)
SUPERVISOR JIM DESMOND

1. Direct the Chief Administrative Officer (CAO) to prepare and transmit a formal letter to the Governor of California and to the members of San Diego County's State Legislative Delegation, respectfully requesting the immediate suspension of the proposed July 2025 increase to the state gasoline excise tax.

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EQUITY IMPACT STATEMENT

A significant portion of the population in the unincorporated areas depends on personal automobiles for daily transportation due to limited access to public transit. While efforts to accelerate the adoption of electric and low-emission vehicles are noble, such options remain financially out of reach for many households. As a result, continued increases in the gas tax disproportionately affect lower- and middle-income residents. Pausing the proposed tax increase would provide modest but meaningful relief to individuals and families already contending with elevated living expenses, while reinforcing the County's commitment to equitable policymaking.

SUSTAINABILITY IMPACT STATEMENT

The County of San Diego recognizes the importance of advancing long-term sustainability goals. However, these goals must be balanced with present-day economic realities. Ensuring that residents are not overburdened by essential transportation costs is fundamental to the County's broader vision for sustainable, livable communities. Advocacy to delay the gas tax increase aligns with the County's responsibility to support both environmental progress and economic resilience.

FISCAL IMPACT

There is no fiscal impact associated with today's recommendation. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

California residents continue to pay the highest fuel prices in the nation. In San Diego County, the effects of these prices are especially magnified for individuals and businesses in unincorporated areas, where reliance on personal vehicles is virtually unavoidable. Compounding this issue is the broader inflationary environment, in which utility rates, housing costs, and prices for basic goods have all risen sharply over the past few years. Against this backdrop, the State of California's scheduled increase of 1.1 cents to the gasoline excise tax - set to take effect on July 1, 2025 - would further elevate the total per-gallon tax to nearly 61 cents. Though intended to sustain infrastructure funding, the timing of another tax increase, amid an ongoing affordability crisis, is deeply concerning.

While an increase of 1.1 cents may seem modest, other regulatory changes and potential shifts in taxation methods could have a far more significant impact on gasoline prices in California. For example, new regulations from the California Air Resources Board (CARB) under the Low Carbon Fuel Standard could add between 47 cents and 65 cents per gallon to fuel costs in 2025 alone. When layered with the proposed excise tax increase, the result could be a sharp and sudden spike in prices at the pump, exactly when San Diegans can least afford it.

Now is not the time to raise fuel taxes. Instead, state leaders should prioritize affordability, evaluate the efficiency of current transportation spending, and consider whether consistent annual increases

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remain appropriate. Californians deserve a thoughtful, transparent tax policy - not automatic, fluctuating hikes that add to the growing cost of living crisis without clear accountability to the taxpayers.

Lastly, a pause to the proposed gas tax increase should not be justification to negatively affect local governments' ability to fund essential road maintenance programs, such as the Department of Public Works' "Road to 70" initiative. Instead of relying on continuous tax hikes, the state should focus on addressing the root causes of high construction costs and ensure more efficient use of existing funds.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the *Community: Quality of Life* and *Economic Opportunity* Strategic Initiatives in the County of San Diego's 2025-2030 Strategic Plan.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Desmond", written in a cursive style.

JIM DESMOND
Supervisor, Fifth District