As he moves into his final year in office, President Obama has decided to tackle an issue he didn't dare touch during his first term as he looks to cement his own legacy: a stealth tax on gasoline by proposing a $10-per-barrel fee on oil.

The thinking behind this proposal is troublesome at best. In order to try and fund projects which have questionable long-term viability, the White House has decided to fall back on the tired trope of bashing Big Oil, and pick on an industry which has the temerity to provide consumers with an affordable product they actually want to buy. Essentially, the president wants to raise the cost of gasoline because he wants to promote "alternatives" that are even more expensive.

The proposal has precisely zero near-term benefits – not that that is a concern to the president, who will be out of the door at the end of this year. Nor is it a concern to the well-heeled Tesla owner, whose $7,500 tax credit for buying the luxury car is funded by middle-class taxpayers across the country.

But the short-term costs will be a real setback for the millions of people across the U.S. who cannot afford a Tesla – especially those in society already struggling to make ends meet. Thanks to cheap domestic oil, the poorest and most vulnerable have at last had some wiggle room in their household budgets. This new proposal threatens to take that vital breathing space away.

The $10-per-barrel hike will also be used to fund research and implementation of electric vehicle charging stations and other initiatives. This is yet another body blow to working class taxpayers, who are already footing the bill for the existing research. Perhaps electric vehicle manufacturers can pay for it themselves.

The final insult to the injury outlined above is that fact that taxing oil moves the point of taxation upstream, making the cost less transparent to customers. It also allows alternative energy sources to strain infrastructure without paying for anything. How do drivers of electric vehicles pay into the highway trust fund under this plan? Don't they essentially get a free ride?

An outlandish proposal like this will raise many questions, but it also answers some. This current administration is happy to let the poorest, and most vulnerable, in our society bear the brunt and foot the bill for luxury energy subsidies benefiting those more fortunate.

Print as PDF:

Tags

Obama

Electric Vehicle (EV)

Oil Tax