

Salvini Vows to Change EU Tax Rules as Aide Turns Fire on PM



Italian Deputy Premier Matteo Salvini vowed to change European Union rules in order to push through his promise of a 15% flat tax for everyone, as his top aide turned against Prime Minister Giuseppe Conte.

Salvini and his rightist League kicked off the week by opening fire on several fronts ahead of the European Parliament vote May 26, as tensions within the populist government escalated over immigration and other issues.

Salvini pledged at a pan-European rally of 12 nationalist parties in his hometown Milan on Saturday to push through the flat tax, a measure likely to raise concerns both in Brussels and among investors on how the government will draft the 2020

budget against the backdrop of a sluggish economy.

“The only way to create jobs is to reduce taxes, so we need to change some European rules and some limits imposed by Brussels,” Salvini told La7 television on Monday.

Changing deficit and debt caps would mean altering EU treaties, which in turn requires unanimity between member states and possibly referendums in some countries. Salvini has nonetheless continued to call those limits into question.

The deputy premier stayed on topic throughout the day on Monday, saying in a video interview on Facebook that tax cuts should initially be financed with a higher deficit, and that rules imposed by Europe are flawed.

Quarreling between the League and coalition partner the Five Star Movement, including over Salvini’s threat last week to challenge the EU limits, has spooked financial markets, widening the yield spread between Italian and German government bonds last week.

Now, Giancarlo Giorgetti, who’s also cabinet secretary, is adding fuel to the fire, voicing long-running frustration among League lieutenants about Five Star, which picked Conte a year ago.

“Conte is no longer impartial,” Giorgetti told newspaper La Stampa. The premier tries to act as a mediator between the League and Five Star but “when the clash becomes tough and he has to take a side, he goes for the stand of those who put him forward,” Giorgetti said. “The situation cannot last for ever.”

Questioning the premier’s neutrality “is not a serious allegation, it’s a very serious one,” Conte said later Monday in comments to reporters. The premier also acknowledged that clashes between the two parties in the coalition are becoming increasingly heated.

Conte, a former law professor, was plucked from obscurity by

Salvini and fellow Deputy Premier Luigi Di Maio of Five Star last year. While never a Five Star member himself, Conte was loosely affiliated with the movement in the past and Di Maio once named him as a possible candidate to head the Public Administration Ministry.

Salvini backed Giorgetti's remarks. "If everyone keeps their word and keeps their promises, we keep going for five years," Salvini said in the La7 interview. "The problem is the 'no's' on autonomy, the flat tax, unblocking construction projects."

Unprecedented Tensions

Both Salvini and Di Maio have repeatedly insisted the government won't collapse despite unprecedented tensions before the European elections. The partners have squabbled about everything from security and immigration to more powers for regions in the League's northern stronghold.

Senior officials in both the League and Five Star have said the infighting is mainly due to the election campaign, although uncertainty remains on the coalition's future.

Salvini, who has campaigned on an "Italy First" platform, also took a swipe at Chinese telecommunications giant Huawei Technologies Co. "China is surely not a democracy," he said on La7, adding that "sensitive data, what there is on our phones, the medical data of Italians, of our current accounts, must be Italian."

The impact of the Trump administration's threats to choke Huawei reverberated across the global supply chain on Monday, hitting some of the biggest component-makers. Alphabet Inc.'s Google cut off the supply of hardware and some software services to Huawei, a person familiar with the matter said.

Salvini, who's also interior minister and has insisted Italian ports remain closed to humanitarian ships carrying rescued migrants, protested on La7 Sunday night as he watched migrants disembark at a Sicilian port.

“Someone must have given the order,” Salvini said, as Five Star officials insisted no minister of that party had granted access to the ports. “That person has to account for his action.”

Salvini said he’ll propose giving his ministry powers over migrant vessels in territorial waters at a cabinet meeting he said will take place later Monday. Conte’s office said no time has been set for the meeting.

– *With assistance by Nikos Chrysoloras, Dan Liefgreen, and Marco Bertacche*

(Updates with Salvini on Facebook in sixth paragraph.)

Opec signals intention to keep limits on oil supply all year amid Russia doubts



Bloomberg Moscow/London

Key producers in Opec signalled their intention to keep oil supplies constrained for the rest of the year, while pledging to prevent any genuine shortages.

It was less clear how far Russia, their main partner in the wider Opec+ producers' coalition, shared that view. While most nations at a meeting in Saudi Arabia on Sunday supported extending production cuts to the end of 2019, Russian Energy Minister Alexander Novak talked about potentially relaxing the curbs and wanted to wait and see what happens in the next month.

"We need to stay the course, and do that for the weeks and months to come," Saudi Energy Minister Khalid al-Falih told reporters after the meeting in Jeddah.

The contrasting messages underscore the uncertainty in the global market. If ministers don't agree to an extension next month, the production cuts that ended the worst oil-industry downturn in a generation will expire. Yet their decision is clouded by the impact of US sanctions on Iran and the risk to demand from President Donald Trump's trade war with China.

In a market where the preponderance of risks are on the supply side – with Venezuela and Libya also facing disruptions – what Saudi Arabia chooses to do with its ample spare production capacity may be a crucial factor in the coming months.

On Sunday, al-Falih gave a strong indication that prices were the priority and he wasn't about to open the taps.

Benchmark Brent crude rose as much as 1.7% yesterday, and traded up 0.5% at \$72.58 a barrel as of 10.40am in London.

Continuing the Opec+ accord into the second half wouldn't rule out a production increase. Saudi Arabia has been cutting far deeper than required under the deal and could boost output by about 500,000 barrels a day – equivalent to almost half Iran's exports – without breaching its limit.

Yet al-Falih said production in May and June will be held at the current level of 9.8mn barrels a day. Regardless of what Opec+ decides next month, output in July won't exceed the

kingdom's limit in the deal of 10.3mn barrels a day, he said. The meeting of the Joint Ministerial Monitoring Committee, which oversees the deal between the Organization of Petroleum Exporting Countries and its allies, was generally supportive of an extension, and nobody rejected the idea, Nigerian Oil Minister Emmanuel Ibe Kachikwu said in an interview.

Even so, the committee didn't make a formal recommendation to prolong the supply curbs, concluding instead that further monitoring of the market was necessary, with a focus on managing inventories and keeping supply and demand in balance. The fate of the group's production cuts, which amounted to about 2% of global supply last month, will be decided on June 25 to 26 in Vienna, just days before they expire. That's a volatile situation for the oil market, giving traders very little time to adjust if there's an unexpected shift in policy.

Russia's Novak affirmed his commitment to the historic alliance, saying the production cuts have "proved very efficient." But before and after the meeting he also spoke of the possibility of relaxing the cuts. "We need to promptly react to the situation now and potential developments in the second half," Novak said before the meeting. "If the demand grows, if a deficit is there, we are ready to consider a relaxation of the current parameters, partial output recovery."

Extending the deal is also on the table, and Russia would comply with any agreed output limit in the second half of 2019, Novak said.

Climate-action delay to cost

investors more than \$1tn in 15 years



Delays in tackling climate change could cost companies about \$1.2tn worldwide during the next 15 years, according to the UN. That's the preliminary analysis of a UN Environment Finance Initiative project that brought together 20 global fund managers to measure the impact of climate change on 30,000 of the largest listed companies. The group has created a guide for investors to assess how their holdings would respond to different levels of global warming and policy making. "Investors have a central role to play in moving the world to a low-carbon future," said Maurice Tulloch, chief executive officer of Aviva Plc, one of the participants in the project. "This collaboration shows how we can all take better decisions, for our customers and for the environment." Extreme weather events, including floods, tropical cyclones, and extreme hot and cold days are already hitting business operations. Should governments install tougher policy in the push for cleaner technology, emission-intensive companies will increasingly struggle to compete. As well as Aviva, the investor group included companies such as Manulife Asset Management, M&G Prudential Ltd and DNB Asset Management

AS. The work was guided by advisory and modelling firms Carbon Delta AG and Vivid Economics Ltd. Investors are playing an increased role to protect financial stability against climate change. The research work will enable them to better understand climate-related risks and opportunities, in line with the recommendations of the Task Force on Climate-related Financial Disclosures, a part of the Financial Stability Board global regulator, the UN said. The task force is chaired by Michael Bloomberg, the majority owner of Bloomberg LP. To cut investor risks, governments probably need to put in place consistently rising carbon taxes or markets that will spur a shift to cleaner technology, Christopher Hope, a policy modelling expert at the University of Cambridge, told funds managers gathered in London on Friday.

Hungary will have to buy Russian natural gas if Exxon waits on offshore project, says minister



HOUSTON (Reuters) – Hungarian Foreign Minister Peter Szijjarto said on Wednesday his country would again turn to Russia for natural gas supplies if Exxon Mobil Corp has not decided by September whether to invest in a massive Black Sea offshore project.

Romania's Black Sea reserves pose a potential challenge to Russian Gazprom's dominant role supplying Central and Eastern Europe, according to consultancy Deloitte. Tapping those fields could diversify the region's gas supplies and bring the Romanian government revenue of \$26 billion by 2040.

"Exxon Mobil can be the game changer in the energy supply of Europe. But they should finally make their final investment decision," Szijjarto told Reuters during an interview in Houston where he was opening a consulate office.

"If they don't make that decision until September, I will have to make another long-term agreement with the Russians."

Exxon and Austrian energy group OMV's Romanian subsidiary, OMV Petrom SA, have put on hold a decision on tapping the natural

gas field pending legal framework revisions. The field has been estimated to hold 1.5 trillion to 3 trillion cubic feet (42 billion to 84 billion cubic meters) of natural gas.

Exxon is weighing several factors while deciding whether to invest in the Neptun Deep project in Romania, spokeswoman Julie King said on Wednesday.

A decision would require “competitive and stable fiscal terms, a liberalized Romanian gas market that enables free trade, and sufficient interconnectivity with neighboring free and liquid markets, in each case, for the duration of our concession agreement,” King said.

Hungary’s landlocked location in Central Europe puts it at a disadvantage in getting access to needed imports of natural gas, which is used by 85 percent of the households in the country, Szijjarto said.

“The question of whether we will be able to diversify gas resources depends on four allies of ours: Croatia, Romania, the United States and Austria,” he said. “It’s a strange situation where we are encouraged by our friends and allies to diversify, but basically it’s up to them.”

Development of a liquified natural gas (LNG) terminal on the Croatian island of Krk, would help it diversify from the current, east-to-west logistics system established during the Cold War when the Soviet Union dominated Eastern and Central Europe, Szijjarto said.

Reporting by Erwin Seba; Editing by Peter Cooney

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Argentina is about to export first LNG cargo



Bloomberg/Singapore

Argentina is offering its first-ever liquefied natural gas cargo, putting the nation on the verge of becoming a regular exporter of the fuel.

YPF SA, the state-run oil and gas producer, is seeking to sell a partial cargo from the Tango floating liquefaction unit, or FLNG, at Bahia Blanca, according to traders with knowledge of the matter. The company is currently negotiating the sale of the 30,000-cubic-metre shipment on a free-on-board basis for loading this summer, said the traders, who asked not to be identified as the information isn't public.

A YPF spokesman declined to comment on the cargo.

The cargo – while relatively small compared with standard shipments – will mark Argentina's transition from one of Latin America's biggest LNG importers into an exporter. That's being driven by growing gas production from the Vaca Muerta shale play. Another factor is the country's recession, which is hurting domestic demand. It's still an importer, however: In

March, it bought nine LNG cargoes in a tender. Argentina is following the path of other nations, which recently resumed exports after domestic output surged. Last year, YPF signed a 10-year contract with Belgium's Exmar NV to deploy an FLNG plant to produce and export the fuel. The Tango FLNG docked at the port of Bahia Blanca in February. Energy Secretary Gustavo Lopetegui said in April that YPF would ship its first cargo as soon as August. The plant will produce as many as eight cargoes per year from the Vaca Muerta at the Neuquen Basin, Exmar said last year.

<https://www.gulf-times.com/story/631920/Argentina-is-about-to-export-first-LNG-cargo>

BP's investors unite over fears it's 'falling behind' on climate



When BP Plc meets with shareholders next week, it'll be facing one of the clearest signals yet that the fossil-fuel business is facing an adapt-or-die reckoning.

A resolution at the company's annual general meeting on May 21 will ask BP to prove in a series of reports how individual capital investments, and its overall business strategy, are aligned with the goals of the Paris climate accord. The proposal already has the backing of almost a tenth of the company's shareholders, including seven of the oil major's 20 largest stockholders, such as Legal & General Investment Management Ltd., and UBS Asset Management.

The resolution is intended to make BP address climate change sooner and is one of many examples of investors seeking to pressure companies. Shareholders have forced the issue now because at least four years of talks on the issue with management were "moving slowly," said the director of stewardship at Hermes EOS, who took the lead on speaking to BP.

"We felt the company was falling behind other competitors in terms of its ambitions," Bruce Duguid, at Hermes, said in an interview. Right now "there's not a clear demonstration that the company's strategy is consistent with the goals of the

Paris agreement.”

BP said earlier this year it supports the resolution and asked all shareholders to vote for it at the meeting. If a majority do, it will be legally binding.

The company said it will begin including the information requested in its 2019 annual report, which will be released in about a year. It should show which projects are high-cost or most polluting, the riskiest sorts of investment in a world trying to wean itself off carbon.

Talks with BP became especially pointed last year as competitor Royal Dutch Shell Plc defined its long-term ambitions around climate change, which is to halve its net carbon footprint by 2050 and ultimately pivot to cleaner fuels.

BP in contrast has been focused on paying more than \$60 billion in fines and legal costs associated with spilling millions of barrels of crude into the Gulf of Mexico in 2010. The company has now returned to sound financial footing and plans to rapidly expand its oil and gas output to reach near parity with its larger peers.

“The fact that the company has now come through the Gulf of Mexico litigation and is now back to a growth strategy, is a key cause of the concern,” Duguid said.

While BP Chief Executive Officer Bob Dudley has spoken about his support for climate change action, he has taken aim at some measures the company has been asked to adopt. He said detailed disclosures can be fodder for class action lawyers which look to profit from minor and unpreventable inconsistencies.

The company has instead supported efforts such as the Oil and Gas Climate Initiative, which invests in low-carbon technologies. It has also bought stakes in solar and other renewable energy companies and it purchased an electric car-

charging company last year.

Duguid said BP still has fallen behind its competitors in defining how it will “transition” as the world cuts carbon from the energy system. He said he drafted the resolution in the autumn, with other investors, without knowing whether BP would support it. Ultimately 58 investors signed on as co-filers.

The engagement with BP was also aided by an 18-month old coalition of investors called Climate Action 100+. The group, which oversees about \$33 trillion in assets, is asking more than 150 of the largest corporate greenhouse gas emitters to align their business strategy with the Paris accord. Climate Action 100+ has already persuaded Shell to adapt short-term climate targets and convinced Glencore Plc to cut coal production.

“There’s 161 companies on the focus list, so around the world we’ve got groups of investors engaging with each one of those,” said Stephanie Pfeifer, head of the Climate Action 100+ group’s European arm. “There’s plenty of time to have more dialogue, and sort of ratchet up the asks, as well.”

**First Annual Eastern
Mediterranean Energy
Leadership Summit**



Interest in the Eastern Mediterranean has increased during the last years with the discovery of major gas fields such as Tamar, Leviathan and the giant Zohr field in Egypt. These have opened up major opportunities for new discoveries, but also for oil and gas investments in the region.

The **First Eastern Mediterranean Energy Leadership Summit** will be held at the **Divani Apollon Palace & Thalasso** in Athens, Greece, from **June 24 -25, 2019**. The event is organized by the Transatlantic Leadership Network, the University of Piraeus – MSc in Energy: Strategy, Law & Economics of the Department of International & European Studies, and SGT S.A.

Held at the Ministerial level, the Summit will gather together senior government officials and business executives from the energy market to identify crucial opportunities and challenges for continued commercial and geopolitical cooperation. Invited countries include the United States, members of the Three Seas Initiative, and countries surrounding the Eastern Mediterranean Region. During the conference diverse thoughts, ideas and best practices will be presented on how Eastern Mediterranean countries can best take advantage of their geographical positions and exploit available energy resources to secure a more reliable, self-sufficient and environmental sustainable energy supply.

Topics of discussion:

- The Future of Oil & Gas in the Eastern Mediterranean: Alternative Scenarios and Policy Perspectives
- Security Dimensions of Transatlantic Energy Cooperation: The Effects on the Eastern Mediterranean
- Opportunities for Energy Cooperation in the Eastern Mediterranean: Project View
- Building a Framework for Regional Energy Cooperation and Integration
- Energy Developments in South East Europe. The Challenge for the Region
- Market Trends: Predicting Winners and Losers
- Regional Electricity Market Dynamics
- Investment Outlook: Required Financial Resources and Remaining Challenges
- Removing Barriers and Exploiting Opportunities

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Prices stable amid lack of end-user buying



LONDON (Reuters) – Liquefied natural gas (LNG) prices in Asia held largely steady this week, taking a breather after recovering from a significant dip in March.

LNG for delivery in northeast Asia in June is estimated at \$5.60 per million British thermal units (mmBtu), the same level as last week.

The July price is seen at a slight contango – a market structure in which prompt prices are below later-dated prices – and is estimated at \$5.65 mmBtu.

Demand kept coming from trading and portfolio companies who are optimizing their positions in the Far East. Deals for June cargoes were done between \$5.50-5.60 in the Platts market on close (MOC) window this week.

Several companies are in talks to optimize their July positions as well, an LNG trader said.

One is the trading arm of Russian producer Novatek, which is looking to buy a cargo in the Pacific basin to cover a July delivery position in Asia, two market sources said.

A lack of end-user demand kept prices from rising however,

with some buyers offering to sell cargoes. China's PetroChina was offering a cargo in the Platts MOC window for late June delivery.

A spot cargo offered from Malaysia's Bintulu for early June loading likely didn't find a buyer, a shipping market source said.

In Europe, Spain's delivery prices are increasing on the back of higher gas demand in the country, two trade sources said.

Offers rose to above the level of the Dutch gas hub benchmark price as sellers see Spain having to compete for cargoes with other markets, one of the sources said.

There were several spot cargo offers in Europe. Novatek is selling a late May delivery cargo to northwest Europe from the Yamal plant, two sources said.

PetroChina, another offtaker from Yamal, has offered three cargoes for June delivery to Europe, one industry source said.

Front-month gas prices in the Netherlands and Britain fell by around 20 cents to around \$4.63 and \$4.24 per mmBtu respectively.

There were two diversions of cargoes from Europe to Mexico in the past week, indicating more attractive prices in the recent tenders of Mexican utility CFE compared to Europe.

America's LNG exports could

triple with Venture Global plan



Venture Global LNG Inc revealed a massive expansion of its plans to send super-chilled US natural gas overseas, a move that would almost triple the nation's ability to export the fuel. The Arlington, Virginia-based company will work with Baker Hughes to develop projects that could produce as much as 60mn tonnes of liquefied natural gas a year, double the previously announced amount. The increase is "based on customer demand," Venture Global said in a statement on Thursday. If Venture Global's plans come to fruition, the company would leapfrog Cheniere Energy Inc as the top US exporter, based on capacity. Venture Global just won approval to build its \$5bn Calcasieu Pass terminal in Louisiana and aims to break ground on another one twice the size by the end of this year. But competition in the industry is fierce. More than a dozen projects are vying to be part of the so-called second wave of US LNG exports, capitalising on the surge of gas production from shale basins. Demand for the fuel is climbing worldwide as nations including China and

India shutter or cancel coal plants in an effort to crack down on pollution. "This is going to be a strong year for LNG expansion and that will probably continue next year and beyond, simply because China and Asian demand for LNG is so strong," Stephen Ellis, equity strategist for Morningstar Inc in Chicago, said in a telephone interview. America's growing clout in the global energy market, including LNG, helps advance the nation's policy goals and contributes to security of supply across the world, Energy Secretary Rick Perry and Secretary of State Mike Pompeo said last week at the CER-AWeek by IHS Markit conference in Houston. To meet growing gas demand, the US needs to build more LNG export projects than it has planned, Perry said. For developers like Cheniere and Venture Global, signing long-term contracts is a critical part of securing financing and starting construction. But two projects backed by major oil companies got the green light without such agreements in place: LNG Canada, the \$30bn British Columbia terminal backed by Royal Dutch Shell Plc, and the \$10bn Golden Pass project being built by Qatar Petroleum and Exxon Mobil Corp in Texas.

Gas Tax for Infrastructure Sparks Fears of Political Backlash



Democrats and Republicans are quick to talk up a bipartisan infrastructure deal. Yet neither party wants to take the political risk of paying for it when all options are toxic – including the obvious choice of raising the national gas tax.

Increasing the gas tax is so politically fraught that it hasn't been touched in 26 years and it didn't even come up at a meeting at the White House Tuesday between President Donald Trump, House Speaker Nancy Pelosi and Senate Minority Leader Chuck Schumer to discuss an infrastructure plan.

While they agreed broadly on the need to upgrade roads, bridges and airports, they put off for three weeks the tougher conversation about coming up with ways to fund an estimated \$2 trillion in public works.

Taxes on fuel in the U.S. are among the lowest in the developed world, at 18.4 cents per gallon for gasoline and 24.4 cents per gallon for diesel, and infrastructure advocates see raising the levies for the first time since 1993 as the best short-term option to generate needed revenue.

Still, a measure that would disproportionately affect poor and rural drivers raises opposition at all levels of the political spectrum. It's also created strange bedfellows – aligning members of the conservative House Freedom Caucus, born from the Tea Party movement, and progressives such as Senator Elizabeth Warren of Massachusetts, a Democratic presidential candidate.

“Working people who have got to get to their job, get their kid to a medical appointment, shouldn't get hit again when multinationals are enjoying their big tax breaks and causing much of the wear and tear to the road,” said Ron Wyden of Oregon, the top Democrat on the Senate Finance Committee, who was at the meeting.

Roll-Back Cuts

Some Democrats, including Wyden and Schumer, have said they'd only consider increasing the gas tax if it's paired with a roll-back of tax cuts that benefited the rich in the 2017 tax overhaul. The 2018 Senate Democratic infrastructure plan called for raising taxes on top earners and corporations.

Even though Trump campaigned on a promise to invest at least \$1 trillion in infrastructure, the plan he released last year included only \$200 billion over a decade – mostly in incentives to spur investments by states, localities and the private sector.

Democrats said after their meeting with Trump on Tuesday that he offered no plan for financing infrastructure projects. They said they won't make any offers and will wait for the White House to make its proposal in three weeks. Democrats said Trump indicated he's soured on a public-private approach.

The White House statement after the meeting made no mention of an amount an amount or where the money would come from.

While Trump has said he's eager to work with Congress on

infrastructure, Democrats say Republicans won't go along unless the president publicly endorses a plan – especially if it includes a tax increase.

Closed-Door Meeting

Lawmakers who attended a closed-door meeting with Trump a year ago said he told them then that he'd support a 25-cent-per-gallon increase in the gas tax and take the political heat. But Republican congressional leaders were opposed, and Trump never backed the idea publicly.

Now Trump's signaling that he's unlikely to support a gas-tax increase. In a tweet last Friday, he said the fuel tax in California "is causing big problems on pricing for that state" and "speak to your governor about reducing." California approved a 12-cent-per-gallon increase in 2017 to help pay for road and bridge projects, and voters defeated a Republican-led ballot measure to repeal it last November.

Asked by reporters on Tuesday whether Trump would raise the federal gas tax to help pay for an infrastructure package, White House adviser Kellyanne Conway said "this president is the president who lowers taxes."

Michael Ireland, the president and chief executive officer of the Portland Cement Association, said, "They're all afraid to go first."

"The truth is only the president can provide cover for his caucus," added Ireland, whose group backs a gas-tax increase. "Likewise, only the speaker and the Senate minority leader can provide cover for their members."

'D-Plus Level'

Advocacy groups as diverse as the U.S. Chamber of Commerce, the AFL-CIO, the American Trucking Associations and others are advocating raising federal fuel taxes as the only realistic

way in the short term to generate the funding needed to address upgrades to public works from a “D-plus” level that the American Society of Engineers has estimated would cost \$2 trillion.

Still, a gas tax increase wouldn’t solve the problem. The Tax Foundation estimates that even raising the gas tax to 50 cents per gallon and indexing it to inflation would only generate about \$306 billion over a decade. That means lawmakers would have to agree on a whole package of tax measures – which is unlikely following the passage of Trump’s tax overhaul.

“Democrats are interested in raising income and corporate tax rates, but Republicans are not interested in unraveling their big signature achievement,” said Marc Gerson, a former House Ways and Means Committee aide who’s now at law firm Miller and Chevalier. “There is no agreement.”

Koch Campaign

Americans for Prosperity, the flagship political organization of the network led by billionaire Charles Koch, recently began a campaign targeting 20 states and 30 congressional districts with digital ads and a report with Freedom Partners Chamber of Commerce showing the impact of a 25-cent increase.

“Lawmakers in Washington must finally step up and focus on targeting transportation dollars toward critical road projects and reforming outdated and costly regulations,” the groups said.

Senate Majority leader Mitch McConnell, a Kentucky Republican, said last month that he’s willing to take up the infrastructure issue “once the president and Democrats and everybody says, ‘OK, here is how we’re going to pay for it.’”

State Increases

Some 30 states have raised their fuel taxes since 2003 – including Republican-led Ohio, Arkansas and Alabama this year – according to the Institute on Taxation and Economic Policy. States tack on an average tax of nearly 29 cents per gallon, according to the U.S. Energy Information Administration.

While infrastructure advocates point out that state lawmakers haven't lost elections as a result, the local increases have eaten away at additional taxes that the federal government could try to put on gasoline.

Representative Sam Graves of Missouri, the top Republican on the House Transportation and Infrastructure Committee, favors a system that charges a tax for every mile a vehicle travels. Even though some transportation experts say such a system poses privacy concerns and is still years away, Graves argues that a costly political battle to raise the gas tax would be a waste with greater fuel efficiency and more electric cars making it obsolete.

“I think where we're going to go ultimately is some kind of vehicle miles traveled tax,” said Senator Tom Carper, a Delaware Democrat. “Some of the discussions this week will be what will the bridge be that gets us to that future.”