

United States Senate

WASHINGTON, DC 20510

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APPROPRIATIONS
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BANKING, HOUSING, AND
URBAN AFFAIRS
SELECT COMMITTEE ON
INTELLIGENCE
INDIAN AFFAIRS

October 2, 2026

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear President Trump:

I write to urge you to use your authority under the Defense Production Act to help domestic refineries expand their capacity. Democrats are telling the American people that the conflict with Iran is the sole cause of high fuel costs and that, if the conflict ended today, fuel prices would magically plummet tomorrow. As you know, that is false. Oil is flowing through the Strait of Hormuz.¹ The prices at the pump are being driven by a global shortage of refining capacity—a weakness in the global fuel supply chain that we should start addressing here at home.

Severe refining deficits across Russia and the Middle East have left the United States and China as the last major refining powers standing. Americans feel the impact of this refining bottleneck every time they fill up at the pump, but farmers can't stop their tractors and combines in the middle of harvest, and truckers can't quit running their routes. We need to act now to bring down the price of diesel. The solution is one that you have promoted since your first Administration: unleash American energy dominance. In this case, that means invoking the Defense Production Act to expand domestic refining capacity.

Your authority under the Defense Production Act is tied to national defense, which Congress defined to include "programs" for "energy production or construction."² The Act authorizes you to prioritize contracts relating to "materials, equipment, and services" in order to "expand . . . refining"³ and to "provide for the modification or expansion of privately owned facilities."⁴ You also have the authority to incentivize domestic refinery expansion through loans and loan

¹ Georgi Kantchev & Summer Said, *Middle East Oil Exports Rebound as Iran's Chokehold on Hormuz Breaks Down*, WALL STREET JOURNAL (Sept. 28, 2026), <https://www.wsj.com/world/middle-east/middle-east-oil-exports-rebound-as-irans-chokehold-on-hormuz-breaks-down-4ffde655>. The Wall Street Journal reports that crude oil exports from major Middle Eastern producers have risen to nearly 13 million barrels a day, compared to 19 million barrels a day in February, and shipments were delivering almost 80% of their normal regional flows.

² 50 U.S.C. § 4552(14).

³ 50 U.S.C. § 4511(c).

⁴ 50 U.S.C. § 4533(e).

guarantees,⁵ subsidy payments, and purchase commitments.⁶ Together, these authorities can be wielded as powerful tools to expand refining capacity, including refining capacity that is already online. We won't see the results overnight, but the sooner we start, the better.

More broadly, we need to ease permitting requirements and cut through the other bureaucratic red tape obstructing American fuel production. As we clear these regulatory logjams, we also need to confront the bigger question of why no new major refinery has opened in the United States since the 1970s.⁷ Oil and gas companies are understandably hesitant to invest billions in new refineries when a change in the political winds could spell disaster. After all, onerous regulations and high compliance costs in California, a notoriously oil-and-gas-unfriendly state, recently forced two refineries to close. We need laws and policies that give oil and gas companies confidence to invest in large-scale refineries here at home, not regulations that stifle the industry.

These broader regulatory changes will of course take time. What we can and should do right now is explore suspending the federal gas tax through the end of the year to give Americans immediate relief. The federal gas tax is 24.4 cents per gallon on diesel fuel and 18.4 cents per gallon on gasoline.⁸ To offset the loss of revenue to the Highway Trust Fund, Congress can consider authorizing a one-time transfer from the General Fund. I also strongly encourage States to consider suspending, or at the very least reducing, their own gas taxes. The average State gas tax is 35.5 cents per gallon on diesel fuel and 33.3 cents per gallon on gasoline.⁹ Suspending both federal and State gas taxes would amount to an average savings of 60 cents per gallon on diesel fuel and 52 cents per gallon on gasoline. Those savings would make a huge difference for the American people.

Please let me know how I can be of assistance. I greatly appreciate your consideration.

Sincerely,



M. Michael Rounds
United States Senator

⁵ 50 U.S.C. § 4531(a), § 4532(a).

⁶ 50 U.S.C. § 4533(a), (c).

⁷ *When Was the Last Refinery Built in the United States?*, U.S. ENERGY INFO. ADMIN., <https://www.eia.gov/tools/faqs/faq.php?id=29&t=6>.

⁸ *How Much Tax Do We Pay on a Gallon of Gasoline and on a Gallon of Diesel Fuel?*, U.S. ENERGY INFO. ADMIN., <https://www.eia.gov/tools/faqs/faq.php?id=10&t=5>.

⁹ *Id.*