

THE GAS TAX SQUEEZE

Chicago gas hits \$3.79/gal as Brent crude whipsaws between \$92 and \$120. Hormuz is 95% shut. G7 mulls a 400M-barrel SPR release. People's Gas still wants \$202M. Here's what you can do about it.

"We have a temporary period of elevated energy prices, but it will not be long. In the worst case this is weeks. This is not months."

--- Chris Wright, U.S. Energy Secretary, Face the Nation, 9 March 2026

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EXECUTIVE SUMMARY

Two days ago this report pegged Chicago's average gas price at \$3.52. Today it is \$3.79—and a Shell station at Armitage and Damen hit \$4.69. Brent crude touched \$119.50 Monday morning before Trump suggested the war “could soon be over,” crashing it to \$92 by afternoon. The Strait of Hormuz remains 95% shut with 400 tankers idle. The G7 meets Tuesday on a 300–400 million barrel SPR release that buys weeks, not months. Chicago's \$0.90/gal tax stack amplifies every cent.

- Chicago avg gas: **\$3.79/gal** (up 27c since Mar 8); peak station: **\$4.69/gal**
- Brent crude whipsawed **\$92–\$120/bbl** on March 10 alone
- Strait of Hormuz traffic down **95%**; **400 tankers** stranded in the Gulf
- G7 considering **300–400M barrel** SPR release; energy ministers meet Tuesday
- Illinois gas taxes: up to **\$0.90/gal** in Chicago—no tax holiday planned
- People's Gas **\$202M rate hike** pending; **146,899** customers behind on bills
- Rideshare drivers earning **< \$13/hr** while platforms take **50%+** of fares



BRENT CRUDE AT 6AM: \$120
BRENT CRUDE AT NOON: \$92

Oil traders experiencing the full range of human emotion before lunch

WHAT'S DRIVING IT

The War

The U.S. and Israel launched Operation Epic Fury on February 28. Iran's IRGC declared the Strait of Hormuz a "closed military zone" on March 2, and backed it up: drone strikes on two tankers March 7, P&I insurance pulled March 5, traffic down 95%. Four hundred tankers sit in the Gulf with nowhere to go. Trump authorized naval escorts but zero tankers have accepted. The G7 is meeting Tuesday on a coordinated 300–400M barrel SPR release—but at 20M barrels/day of disrupted flow, that covers less than three weeks.

The Tax Stack

Chicago's "tax on a tax" structure amplifies every global price swing. Federal excise (18.4c), state excise (48.3c), county/city taxes, plus a 6.25% sales tax calculated *on top of excise taxes*—up to \$0.90/gal total. No tax holiday is in effect or planned.

Component	Chicago	National Avg
Base fuel cost	\$2.89	\$2.89
Federal excise tax	\$0.184	\$0.184
State excise tax	\$0.483	\$0.288
County/city taxes	\$0.08	—
Sales tax (on fuel + excise)	\$0.23	—
Total at pump	\$3.79	\$3.48

GasBuddy warns of another 10–20c increase from the summer-blend transition. Prices vary 60 cents between neighborhoods, and 30–50c cheaper across the Indiana border.



**IRAN CLOSES THE STRAIT OF HORMUZ
CHICAGO GAS TAXES: "FINALLY, A WORTHY
OPPONENT"**

The only force that can outprice a geopolitical crisis is Illinois fiscal policy

WHO GETS HIT

Gig Workers

Chicago’s 85,000 rideshare drivers earn under \$13/hr after expenses while platforms take 50%+ of fares. The new \$1.50 congestion surcharge reduces demand on top of the cost squeeze. A proposed pay ordinance (\$1.50/mile, \$0.625/min, \$7 minimum per trip) goes before City Council this summer—with gas eating more of per-mile earnings, the stakes are higher than when it was introduced.



UBER TAKES 50% OF YOUR FARE
GAS TAKES THE OTHER 50%
Driver keeps the vibes

Everyone Paying a Heating Bill

People's Gas wants \$202M more from ratepayers—\$10–11/month per household—to fund a pipe replacement project that's \$1.3B over budget (\$3.3B actual vs. \$2B planned). Parent company WEC Energy Group posted \$1.2B profit in 9 months. Meanwhile, **146,899 customers** are 30+ days behind on bills, owing \$65.2M collectively. The ICC decides by year-end; they slashed 40%+ of Ameren and Nicor's recent requests.

Electricity bill. Oil on canvas.



PEOPLE'S GAS: BUDGET \$2B, ACTUAL \$3.3B
PARENT COMPANY PROFITS: \$1.2B IN 9 MONTHS

But sure, the ratepayers should cover the overrun

Everyone Buying Groceries

The Sun-Times tracked 35 items at Jewel: cart up \$21.80 YoY (\$263 □ \$285). Beef projected up 9–17% nationally. Walmart, Target, Amazon, and Home Depot have announced fuel surcharge adjustments. Labor shortages from immigration enforcement add pressure—labor is half the cost of food on the shelf.

grocery stores be like:



EIA IN JANUARY: "CHEAPEST GAS YEAR SINCE COVID"

IRAN IN FEBRUARY: "LOL"

Forecasters and the Strait of Hormuz: a love story

SCENARIOS

Scenario	Prob.	Impact on Chicago
Negotiated Wind-Down (Trump deal, 30–60 days)	20%	Gas drops to \$3.20–3.40. Summer blend adds 15c. Brief pain, fast relief.
Prolonged Closure (3–6 months)	35%	Gas hits \$4.50–5.00. SPR buys 2–3 weeks. Cascading food/delivery costs. Gig worker exodus.
G7 Stabilization (SPR + escorts)	20%	Gas holds \$3.50–4.00. Volatile but managed. CTA ridership surges.
Escalation (wider conflict)	15%	Gas exceeds \$5.50. Emergency state tax relief. Food bank demand spikes.
OPEC+ Flood (non-Gulf surge)	10%	Gas stabilizes \$3.30–3.50. Tax burden persists.

Oil headed to the moon Meme



Photographer: James MacDonald/Bloomberg

Markets

Biden Orders Release of U.S. Oil Reserves in Challenge to OPEC+



ENERGY SECRETARY: "WEEKS NOT MONTHS" 400 TANKERS IN THE GULF: "SURE, BRO"

When the reassurance needs its own reassurance

WHAT CHICAGO RESIDENTS CAN DO

1. **Track gas prices:** GasBuddy. Prices vary 60c between neighborhoods. City avg \$3.79 vs suburbs \$3.67.
2. **Fill up in Indiana:** NW Indiana avg \$3.50—29c cheaper. South side, it pays for itself.
3. **Take CTA:** Fares NOT raised for 2026. 30-day pass (\$75) < one tank. The transit bill redirects gas tax revenue to fund better service.
4. **Apply for utility help:** LIHEAP + People's Gas hardship programs. **Call 1-877-411-WARM** or visit CEDA.
5. **Fight the People's Gas hike:** ICC reviewing through year-end. Public comments work—they slashed 40%+ of other utilities' asks. **Call 800-524-0795** or file at the ICC website.
6. **Gig workers—get organized:** Pay ordinance (\$1.50/mile, \$7 min) goes to City Council this summer. Contact **Chicago Gig Alliance** via The People's Lobby.
7. **Batch groceries:** Beef up 9–17%. Delivery adding surcharges. Costco/Aldi bulk runs beat per-item pricing.
8. **Watch Tuesday's G7 meeting:** SPR release decision will move prices within days.

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