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News Update

Fuel tax debate hits: Chair of transportation committee speaks to local leaders

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With gas prices approaching \$4 a gallon, the issue of the federal fuel tax is front and center in Washington.

The tax was set to expire Saturday, but a last-minute extension was approved by Congress. The move all but ensures a similar stalemate will occur in three months when the extension expires. The extension is the ninth since the law authorizing the federal fuel tax expired in 2009.

While drivers might receive an 18.4-cent break at the gas pump if the tax is allowed to expire in three months, Texas needs the tax reauthorized long-term in order to have money for road construction projects, said State Rep. Larry Phillips, chairman of the House Transportation Committee. Phillips shared his thoughts on transportation issues with business leaders and elected officials as part of Collin County Day at Eldorado Country Club on Tuesday.

Of the \$21.7 billion in highway funds budgeted over the next two years in Texas, federal dollars make up about \$6 billion. The federal fuel tax is applied to each gallon of gasoline bought and is responsible for \$5 billion of the \$6 billion in federal funding, Phillips said.

"The tax is sent to Washington and they take 85 cents of every dollar and put it in the highway fund, and 15 cents of every dollar into the transit account," said Phillips, whose district is located north of Collin County in Fannin and Grayson counties. "When it comes back to us, Texas gets about 70 cents on every dollar back in highway spending, and about 8 cents in transit spending."

In addition to the federal tax, Texas drivers also pay a 20-cent state gas tax. The 38.4 cents paid by Texas drivers is one of the lowest tax totals in the country, with some states such as Connecticut, New York and California paying more than 67 cents in taxes on each gallon of gasoline purchased.

Transportation is a major issue in the state, Phillips said, because the roads have not kept up with the state's growing number of residents. He said the state's population has increased 54 percent in the past 25 years, while the use of roads and the highway system has increased by 60 percent. However, during that same timeframe, the road capacity only increased about 11 percent.

"We have all of those people on the same roadways," he said. "Demographics show that

over the next three decades the state population will probably grow to 35 million people, so just think about what that is going to do to our communities here."

There are currently 12 road projects under way in Collin County with a budget of more than \$3 million, Phillips said. There are also 11 more in the design phase with similar budgets. One of the major projects is the widening of U.S. Highway 75 from Spring Creek Parkway in Plano to State Highway 121 in Allen. The 7.3-mile stretch would be widened from six to eight lanes and cost \$63 million, which will come from tolls collected on the Sam Rayburn Tollway.

With so many projects under way and federal dollars potentially drying up, Phillips said the state must find new ways to fund road construction. He said many alternatives are being considered, but he finds one idea the most intriguing.

"When you buy a car you pay a 6.25-percent sales tax," he said. "I would love to capture that money and put it toward roads. That is a whole lot of money -- about \$3 billion annually -- and we would have to find money to plug that hole ... We are going to have to find additional resources."

Other ideas for increasing revenue include raising the vehicle registration fee, but this is a less attractive proposal because of the economy, Phillips said.

"Coming out of the worst recession in most of our lifetimes and with the gas prices as high as they are, it is going to be tough for us to consider any major revenue increases at this time," he said. "It is not the time to make those decisions."

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