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Drivers Pay Secret Road Tax in \$15 Billion for Car Repair

By Andrew Zajac - Apr 30, 2012

Gil Giro doesn't need a license plate to tell where a car is from -- he just looks underneath the chassis.

"Every time we see a car that comes in from the district, you can see that its suspension is torn up," said Giro, the owner of [Gili's Automotive](#) in Rockville, [Maryland](#), outside Washington. "It's almost like the vehicle has been driven off- road."

The nation's capital isn't alone in offering motorists teeth-rattling rides as U.S. lawmakers tussle over how to pay the bill for mending battered roads. Mechanics such as Giro say they see the hidden tax car owners pay every day in torn tires, misaligned front ends and bent axles.

Drivers won't get relief anytime soon.

The [U.S. Highway Trust Fund](#), which helps pay for road and transit projects in Washington and all 50 states, has been bailed out by Congress three times since 2008 for a total of \$34.5 billion. The gasoline tax that supports the fund hasn't been raised in 19 years, and with the cost of materials such as steel and [asphalt](#) on the rise, the fund is expected to have a deficit of about \$10 billion this year.

Car owners already are shelling out far more than that to repair damage done to their vehicles by America's ruined streets and highways, industry and academic researchers say.

Motorists pay \$67 billion annually for increased fuel consumption, body dents, worn tires and premature wear wrought by pitted roads, according to [The Road Information Program](#), a Washington-based research group. The group's board includes representatives from construction-equipment makers [Caterpillar Inc. \(CAT\)](#) and [Deere & Co. \(DE\)](#), as well as [Vulcan Materials Co. \(VMC\)](#), a Birmingham, Alabama-based asphalt and concrete producer.

\$324 Per Driver

That works out to \$324 per licensed driver, says Frank Moretti, TRIP's director of policy and research. The figure is an average of all vehicles and can vary widely between cars and large commercial trucks, which are prone to costlier damage, he says.

[Karim Chatti](#), a professor of civil and environmental engineering at [Michigan State University](#) in East Lansing, estimates that damage linked to poor roads probably runs between \$15 to \$25 billion annually for car owners, not including tire damage and fuel-efficiency costs.

Chatti's lower estimate of \$15 billion would cover this year's projected deficit in the highway trust fund; an additional \$10 billion would help prevent the nation's highways and arterial roads from slipping further into disrepair.

'True Cost'

"It is a true cost to the nation, there's no doubt," says Chatti, who has conducted research for the National Academies on how pavement conditions affect vehicle operating costs. "You start adding them up and you get into the billions."

Justin Nisly, a spokesman for the Department of Transportation, said in an e-mailed statement that Transportation Secretary Ray LaHood has often stated that "America's transportation infrastructure is in desperate need of repair, which is why it is so important that Congress pass a transportation bill."

[Washington](#)'s lawmakers aren't close to a consensus on a long-term solution for the nation's road network -- or even how to pay to keep highways from deteriorating even further.

The last comprehensive highway policy and funding bill passed in 2005 and ran through 2009. Highway funding has continued since then through nine extensions, the most recent of which is set to expire June 30.

The House has passed a 10th extension that would continue funding through Sept. 30. The Senate approved a two-year bill which the House hasn't considered.

Long-Term Bill

"The key is passing a long-term funding bill," says [Michael Green](#), a spokesman for the American Automobile Association, a non-profit motor club and leisure travel organization with 53 million members in [North America](#). "Without that, states and counties can't implement projects."

President [Barack Obama](#)'s 2013 budget proposal calls for highway funding to be paid for through savings assumed from the scaling back of wars in Iraq and [Afghanistan](#).

There is no proposal before Congress to increase the 18.4-cent-a-gallon gasoline tax, last raised in 1993, during the administration of [Bill Clinton](#). Both Obama and [Congressional Republicans](#) have said they oppose any increase in the tariff.

Senator Mike Enzi, a Wyoming Republican, last month withdrew a proposal to index the tax to inflation when it didn't attract support. If his proposal had been adopted last year, the tax would have increased to 18.9 cents, according to Daniel Head, a spokesman for Enzi.

"Senator Enzi's proposal would not cover all of the revenue needed to fund the Highway Trust Fund, but is about starting a conversation on a long-term fix," Head said in an e-mailed statement.

Clinton-Era Value

Still, to match Clinton-era purchasing power, the gasoline tax would need to rise to 29 cents, according to the Bureau of Labor Statistics [inflation calculator](#).

The funding crunch has been magnified in recent years by a decline in gasoline tax proceeds as consumers drive cars with better mileage and curtail gasoline purchases. Fuel taxes raised a total of \$33.7 billion for road projects in 2006, compared with \$30.1 billion in 2009.

One automaker has built a sales pitch around the dire state of America's roads.

An ad campaign for [Volkswagen AG \(VOW\)](#)'s Audi A6 2012 sedan, touting the luxury car's navigation system, features apocalyptic scenes of pockmarked and litter-strewn roads, noting in one ad that "over 100,000 miles of highways and bridges are in disrepair." In another, the ad's voiceover says that "highway maintenance is underfunded, costing drivers \$67 billion a year and countless tires."

Funding Crisis

The funding crisis is even more pronounced because the cost of key materials has increased faster than inflation, according to the [American Association of State Highway and Transportation Officials](#).

Steel prices increased 105 percent in the five years to 2009, while asphalt was up 70 percent in the same span. Diesel fuel costs, used to power heavy equipment, soared 305 percent, according to AASHTO.

Washington's endless legislative wrangling is good news for Maryland mechanic Giro and bad news for his customers. He says the replacement of front and rear struts for [Toyota Motor Corp. \(7203\)](#)'s Corolla can run as much as \$800.

"I can definitely tell you that bad roads cause extra damage to cars," Giro says.

Moretti of TRIP says the situation won't improve until car owners realize they are already paying a stealth tax through vehicle repairs and pressure their lawmakers for a long-term overhaul of U.S. roads.

Drivers "are going to pay for keeping the roads in good shape, or they're going to pay a lot more money for keeping the system in poor condition," Moretti says.

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