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Texas' top transportation lawmakers pick vehicle sales tax as preferred way to boost highway fund

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By Tom Benning / Reporter
tbenning@dallasnews.com
4:46 pm on January 30, 2013 | Permalink

Texas' top transportation lawmakers have now made official their preferred method for infusing the Texas Department of Transportation's highway fund with much-needed cash.

Robert Nichols and Larry Phillips — the chairmen of the state Senate and House transportation committees, respectively — jointly filed bills Monday to dedicate to TxDOT the 6.25 percent sales tax levied on new and used vehicle purchases.

The proposal would allow the state to build up a large pool of money — up to \$3 billion a year, eventually — to pay off debt payments, boost TxDOT's maintenance budget and build roads, bridges, and other needed infrastructure projects.

Nichols, R-Jacksonville, said in a news release that any long-term solution must be predictable, constitutionally dedicated, transportation-related, independent of fuel source and automatically adjusted for inflation.

"The motor vehicle sales tax does all of these," he said.

Added Phillips, R-Sherman, "What could make more sense than to dedicate the taxes that we currently pay for vehicles to the roads and bridges they are dependent upon?"

As we wrote last month, Texas's \$10 billion annual transportation budget is tight because the state's 20-cents-a-gallon motor fuels tax hasn't been raised since 1991 and because funds have been diverted to other state agencies.

Several ideas have been proposed to better fund highway projects: increasing annual vehicle registration fees by \$50, ending the diversions to other departments and using billions from the Rainy Day Fund for a transportation infrastructure bank.

And Nichols has said his committee will entertain any and all proposals.

But the vehicle sales tax had long been pegged as a favorite, especially since Nichols

The measure could again face resistance because it takes away money from the general fund by proposing that the shift in funds would occur over a decade, 10 percent at time.

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Ken Duble · Top Commenter · Title Coordinator at Banking and Finance

Here's an idea: Simply remove the exemption of motor fuels from the state sales tax and dedicate that as well. This wouldn't be a new tax. It would merely be removing an exemption that never should have been there. At today's prices, this would double the current 20 cents-per-gallon we're collecting now. And as oil prices climb over time, revenue will increase.

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I like the way you think.

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Tim Ogden · Top Commenter · Package Handler at United Parcel Service

Wasn't Ricky P. just saying yesterday that he was going to cut all our taxes because we have more money than we know what to do with?

Reply · 1 · Like · Wednesday at 7:41pm



Help DFW Fight Against Highway Cancer

Gov. Good Hair is just trying to win back some conservative graces after his political nose dive of a presidential campaign. He also want to dip into the rainy day fund for infrastructure. How much sense does that make? Cut taxes to dip into the rainy day fund?

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Ken Duble · Top Commenter · Title Coordinator at Banking and Finance

It's a really cynical business. Republicans typically deliver permanent tax cuts based on temporary surpluses. This means successors left with righting the ship later are obliged to raise taxes to cover the shortfalls. This makes the successors look like bad guys.

Reply · Like · 3 hours ago



Help DFW Fight Against Highway Cancer

Simply focusing the VST doesn't solve the problem. Look at it this way, lets say 95% of the current VST is diverted. So, focusing it would go along way to fixing our problem right? No, it just rearranges money. The last time I checked, our education system wasn't exactly flush with cash. Now we are going to take more from it? That sounds like an investment in our future.

Reply · Like · Yesterday at 4:53am

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