



March 27, 2014, 06:00 am

Congress faces gas tax dilemma



Getty Images

If not the gas tax, then what?

That's the dilemma facing Congress as it seeks to plug a growing hole in transportation funding that state and local governments say is reaching crisis proportions.

While the gas tax has long been the bedrock of the transportation trust fund, the revenue is drying up as cars become more fuel-efficient and people spend less time on the roadways.

House Republicans have ruled out an increase in the tax, leaving lawmakers to search for an alternative method of funding.

But some of the ideas circulating in Washington, such as an expansion of toll roads, would likely be unpopular with the public, leaving lawmakers without an easy solution.

The Congressional Budget Office has projected that the Department of Transportation's Highway Trust Fund will run out of money as early as August. The trust fund's coffers traditionally have been filled by the 18.4 cents per gallon federal gas tax, but infrastructure expenses have outpaced receipts in recent years by as much as \$20 billion annually.

With the shortfall looming this summer, some groups that lobby on transportation funding are pushing to get their proposals in front of lawmakers.

International Bridge, Tunnel and Turnpike Association Executive Director Patrick Jones said there is more support for tolling among state and local governments than meets the eye.

"One of the reasons tolling is a great option is because it's a proven option," Jones said in interview with The Hill.

"People want to know where their money is going," Jones said. "When they drive underneath a gantry or an overpass with a toll booth, they know some of the money is going to pay off bonds that were used to construct the road, another portion goes to operations ... and another portion is going to maintenance."

Jones said tolling has a leg up on other potential funding sources, like redirecting funding from corporate tax reform, because it ensures that highway users bear the burden of paying for transportation projects.

President Obama and House Ways and Means Committee Chairman Dave Camp (R-Mich.) each have released proposals for transferring more than \$125 billion in revenue from tax reform to the Highway Trust Fund.

Jones said relying on transfers from other areas of the federal government would upend the user fee system that has existed since the gas tax was first enacted in the 1930s.

"It doesn't look like anybody in Congress is standing up to be a champion for increasing the fuel tax," Jones said. "Corporate tax reform isn't the gas tax. It isn't a user fee. It's transferring money from other areas of the government."

Federal law mostly prohibits states from adding tolls to existing highway lanes where drivers are already allowed to travel for free.

Congress has approved pilot toll programs for states such as Virginia, North Carolina and Missouri, but there has been staunch resistance to allowing a 50-state expansion to close the funding gap.

"Since its inception, the federal Interstate Highway System has facilitated unrestricted commerce and travel throughout the country," Alliance for Toll-Free Interstates member Jay Perron said in a statement to The Hill earlier this month.

"It is vital to the U.S. supply chain and has revolutionized the way America does business," Perron continued. "Tolling existing interstates would reverse this progress, raising costs for travelers, businesses, and consumers, and harming the many businesses and communities located along interstate routes subject to new tolls."

Pete Nonis, the AAA Auto Club's manager of congressional affairs, said his organization has not given up on a gas tax hike and noted that the move has the support of some heavyweights in Washington.

"We've come out in favor of a 15 cents per gallon increase in the gas tax," he said. "Obviously we weren't the only ones. Other stakeholders such as the U.S. Chamber of Commerce and the American Trucking Association have also come out in favor of it."

The gas tax has not been increased since 1993, and it is not indexed to inflation. Rep. Earl Blumenauer (D-Ore.) has introduced a bill to gradually increase the gas tax to 33.4 cents per gallon, but the measure has failed to gain traction in Congress.

Nonis said he wasn't surprised that there's opposition among lawmakers to increasing the gas tax during the summer travel season.

"It's not shocking this hasn't been enacted into law yet," he said. "One of the reasons this was introduced is to jumpstart a conversation, and I think that has happened. The president has released a proposal for increasing funding in the near term and AAA is still comfortable in our position."

Nonis said a gas tax increase this year "is not a short-term patch."

"We think it's a sustainable funding source as we work through the fuel tax that can fund the next transportation bill and the next one after that," he said. "I think the gas tax is as likely [to be increased] as any of the other things that have been mentioned because it's difficult to find a sustainable funding source."

AFL-CIO Transportation Trades Department President Ed Wytkind agreed.

Wytkind said his organization was going to "continue to press the gas tax as a clean way to address a severe shortfall" in transportation funding.

He acknowledged the gas tax hike faces long odds this year, however.

"There's a lot of headwinds facing tax issues on Capitol Hill, and there's a lot of saber-rattling that is going to get louder in an election year," Wytkind said.

Wytkind said it was good that the conversation in Congress has shifted from whether or not transportation funding should be increased to how it should be paid for.

"We're feeling good that the president has put a dollar amount on the table that he wants to get to," Wytkind said of Obama's proposal to use \$150 billion in corporate tax reform money to help pay for a new four-year, \$302 billion transportation bill.

"Getting from here to there is going to be a difficult task in an election year," Wytkind added.

He said it was important that transportation advocates refrain from competing with each other with funding ideas.

"The last thing we need to be doing is throwing cold water on any of the funding sources that have been put out there," Wytkind said. "We think everything should be on the table."

TAGS: Transport, Taxation, Fuel tax, Transport economics

Like Share 89 Tweet 87

The Hill 1625 K Street, NW Suite 900 Washington DC 20006 | 202-628-8500 tel | 202-628-8503 fax
The contents of this site are ©2014 Capitol Hill Publishing Corp., a subsidiary of News Communications, Inc.
