

Needing money for roads, states mull gas tax hikes

WHERE STATES STAND ON GAS TAX STATUS

Institute on Taxation and Economic Policy
Frank Pompa, USA TODAY

Larry Copeland, USA TODAY (</staff/976/larry-copeland>) 10:13 a.m. EDT March 11, 2014

The federal gas tax hasn't been raised in more than two decades



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The federal gas tax, long used to help states pay for roads and bridges, hasn't been raised since Bill Clinton was president. The prices of asphalt, steel and heavy machinery — like everything else — have been climbing. And Americans are driving fewer miles per year in vehicles that get ever-better gas mileage, meaning there is less revenue.

Now, states that have been loath to increase their state gas taxes are viewing the idea more favorably. Others are changing their gas tax law in ways designed to bring in more money for roads and bridges.

Since the beginning of last year, six states — Maryland, Massachusetts, Pennsylvania, Vermont, Virginia and Wyoming — and the District of Columbia have either increased the gas tax or changed the way it's collected, so that the state tax drivers pay at the pump automatically goes up either with inflation or the price of fuel, according to the Institute on Taxation and Economic Policy.

At least four other states are currently considering similar measures.

Some examples:

- **New Hampshire.** The state, which hasn't raised its gas tax since 1991, moved a step closer last week to increasing its gas tax from 18 cents a gallon to 22.2 cents. The state Senate's powerful Ways and Means Committee approved the tax hike 4-1. The bill's main sponsor, Sen. Jim Rausch, a Republican from Derry, said he was optimistic about the bill passing. Two Democrats and two Republicans voted for the increase; one Republican opposed it. Gov. Maggie Hassan, a Democrat, has said she will sign it if it reaches her desk.
- **Utah** last raised its gas tax in 1997. The Legislature is considering a bill that would adjust the gas tax so it would increase along with gas prices. The bill, by Sen. John Valentine, a Republican from Orem, would mean the state's 24.5-cents-a-gallon tax would go up as gas prices rise, but the tax would never fall below 24.5 cents a gallon and there is no ceiling. The measure passed the House Transportation Committee last week and goes to the full House.
- **Washington.** The state Legislature, which last raised its gas tax in 2008, is considering legislation by Republican state Sen. Curtis King to raise the 37.5-cents-a-gallon gas tax by 11.5 cents to finance road projects.
- **Iowa.** The 21-cents-a-gallon gas tax was last raised in 1989. An effort to raise the gas tax led by Rep. Josh Byrnes, a Republican from Osage, appears to be headed toward failure. Gov. Terry Branstad, a Republican, told the *Sioux City Journal* last week that he doubts a gas tax increase will advance in the Legislature this year.

All the efforts face tough political battles. States have been extremely reluctant to increase the amount they levy at the pump: 24 states haven't raised the gas tax in at least a decade, and 16 haven't done so in 20 years or more, according to the Institute on Taxation and Economic Policy. Some states are trying to avoid protracted fights over hiking the gas tax by linking the gas tax to inflation or making it a percentage of the price paid per gallon. That way, it goes up automatically as inflation or gas prices go up.

Several states where the gas tax is already linked to inflation or fuel prices saw automatic state gas tax hikes this year. The federal gas tax is 18.4 cents a gallon, where it has been since 1993.

Currently, the gas taxes in 18 states and the District of Columbia are linked either to inflation or to fuel prices, says Carl Davis, senior policy analyst at the Institute on Taxation and Economic Policy. He says the current flat tax in most states "is not a sustainable design. In most states, it's been too long since they raised the gas tax. They need to raise it to offset the decline in purchasing power."

The erosion of that buying power has led to a somewhat counterintuitive trend: Several of the current efforts are being led by Republican legislators.

"I've been a little bit surprised at that, too," says Robert Poole, director of transportation policy at the Reason Foundation, a libertarian think tank. "That does show some recognition that while it's called a tax, it's sometimes more of a user fee. It's a recognition on their part that we've got to do it if our state is going to remain competitive.

"It's good that the states are stepping up to the plate and trying to do a better job for themselves rather than asking the federal government for them a bigger allotment of money," Poole says. "We're seeing a healthy trend of states being more

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Mar 11, 2014



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