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High gasoline prices having additional impact

The same high gasoline prices that are forcing drivers to conserve are putting a squeeze on the very system that funds highways.

It's an unusual situation. Energy independence is a laudable goal, but anybody stuck in traffic understands that transportation funding is also important. The problem is that our system for paying for roads is largely based on user fees, in this case gas taxes. When consumption goes down, so does the pot of money available for highway projects.

Gasoline was only 30 cents a gallon and the excise tax on it was just 3 cents in 1956 when Congress created the highway trust fund. As gasoline prices increased, so did the tax, up until 1993. Since then Congress has held the tax at 18.4 cents even though gas prices have nearly tripled and construction costs have soared.

For decades, that money went into a transportation trust fund. For decades, it was able to keep pace with expenses. But unless something happens, by 2009 the demands on the fund will exceed the money available to pay for them. At the end of 2000, the highway trust fund had a balance of almost \$23 billion, according to The Associated Press. By the end of 2006, that balance had decreased to \$9 billion. The Congressional Budget Office predicts the fund will run a deficit of \$1.7 billion at the end of 2009 and \$8.1 billion by the end of 2010, when the current highway program expires and Congress will write a new one.

That leaves two options and little time. Lawmakers need to find other revenue or fund fewer projects. Like it or not, those are the choices.

The state is in the same boat. At nearly 30 cents per gallon, North Carolina's gas tax is higher than that of many states, but so is its responsibility. North Carolina maintains nearly 79,000 miles of roads, compared to 18,400 maintained by local governments. Georgia maintains 18,000 miles of roads, leaving 95,600 miles to local government. Drivers may pay less at the pump in taxes, but the money still has to come from some place, quite likely local property taxes.

North Carolina isn't alone. Other states are grappling with the same issue.

—Georgia increased its construction program from \$911 million to \$2 billion, largely through a sales tax on gasoline that goes up with fuel prices, unlike the frozen federal levy.

—Indiana, facing a \$1.8 billion gap in money needed for road improvements, negotiated a \$3.85 billion deal with an Australian-Spanish consortium to lease and operate the Indiana Turnpike for 75 years. Voters expressed their displeasure, electing Democrats to replace a Republican-run House that signed

off on the deal.

—In Florida, more than 90 percent of new roads since the early 1990s have been toll roads.

—Voters in Washington state approved a 14.5-cent increase in state gasoline taxes over a five-year period.

—In California, voters decided to borrow the money, approving bond issues totaling \$19.9 billion to be used for highway and transit projects over the next 10 years.

With gas at \$3 a gallon, nobody likes to think about the price going higher, but drivers need to understand why they might have to.

By the middle of the next decade, the highway trust fund will be providing \$100 billion to \$150 billion below real needs for building highways and bridges, predicted Rep. Peter DeFazio, chairman of the House Transportation and Infrastructure subcommittee on highways and transit.

“In the long run, we’ve either got to admit we are going to under invest and accept more gridlock and congestion” or find new revenue sources, said DeFazio, D-Ore.

What is clear to him is that raising taxes of any kind for the highway trust fund is possible only if people are convinced that more spending will mean less congestion, safer roads and a cleaner environment.

The public will not support new taxes “just to throw money in the maw of the federal government,” DeFazio said.

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