



BRIEF ANALYSIS

Repairing Bridges without Raising Gas Taxes

by Heidi Sommer and H. Sterling Burnett

In the wake of the August 1, 2007, Minneapolis bridge collapse, Rep. Jim Oberstar (D-Minn.), chairman of the House Transportation and Infrastructure Committee, proposed a 5-cents-per-gallon increase in the federal excise tax on gasoline. Oberstar believes the hike would raise \$25 billion over three years for critical bridge repairs across the United States. But his proposal flies in the face of growing public concern over sustained high gas prices. For instance, a 2006 CNN-ABC News poll found that 70 percent of respondents felt that gasoline price hikes had caused them personal hardship, and 59 percent believed gas prices had reduced their standard of living.

While there are legitimate concerns about the safety of the nation's infrastructure, increasing the federal gas tax is unnecessary and will ultimately hurt America's poor and low-income citizens. Fortunately, Congress can better ensure the soundness of the nation's bridges and overpasses without raising taxes, simply by shifting existing funds within the transportation budget.

Current Gas Taxes. The gas tax is an excise tax. Like the taxes on cigarettes and beer, it is paid only by those who purchase the product. The 1956 Federal-Aid Highway Act established the Highway Trust Fund and stipulated that 100 percent of the gas tax be deposited into this fund. The trust fund financed highway building and maintenance across the nation. Currently:

- The federal government imposes a gasoline tax of 18.4 cents per gallon.
- States levy additional gas taxes at rates ranging from a low of 8 cents per gallon in Alaska to a high of 44.4 cents per gallon in California.
- Combined federal and state gas taxes now average about 45 cents per gallon.

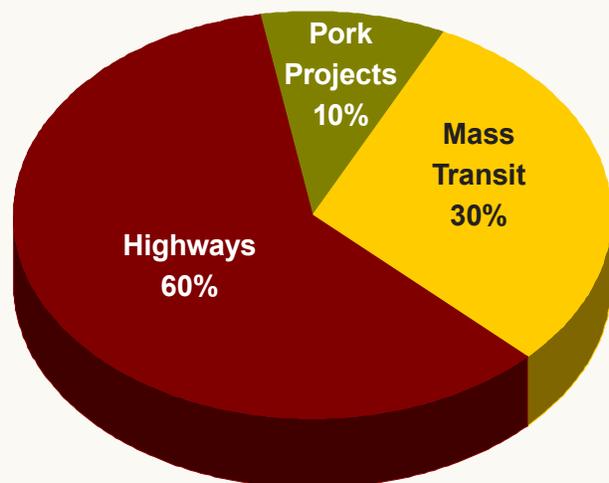
However, a substantial portion of the federal gas tax is diverted to nonhighway projects.

Who Pays the Gas Tax? Proponents of the tax increase insist that the hike would be barely noticeable. But the reality is that a 5-cents-per-gallon jump would cost American motorists an estimated \$25 billion over the next three years. With this tax increase, most motorists would pay more than \$7.50 in taxes alone for an average fill-up.

A recent study by the Federal Reserve Bank of Chicago reported that households in the top one-fourth of earners devoted 3.3 percent of their total income to gasoline, while households in the bottom quarter spent 3.8 percent. The same study found that families earning \$24,000 per year spent almost 5 percent of their income on gas, while families earning \$132,000 per year spent less than 2 percent. Thus, a gas tax hike would have the most dramatic effect on the working poor, who spend a higher proportion of their income on gasoline than any other group.

Diverting Gas Taxes. According to the U.S. Department of Transportation (DOT), 12 percent of the 597,340 bridges in the United States are structurally deficient

Uses of the Highway Trust Fund



Source: PBS *Newshour*, interview with Secretary of Transportation Mary Peters, August 15, 2007.

— requiring significant maintenance, rehabilitation or replacement.

Despite past debate on the poor condition of the nation’s bridges, the situation was largely ignored before the recent Minneapolis bridge collapse. As they have for decades, Congress diverted Highway Trust Fund dollars away from potentially life-saving construction and repair to pork-barrel and earmarked projects. Earmarks are projects requested by individual members of Congress for their constituencies. The majority of these bypass normal state and federal review and selection processes. Although labeled “high-priority,” these projects only benefit certain constituent groups; the rest of the country would likely prefer funding for more immediate needs.

For instance, the 2005 highway bill contained \$2 billion annually for bridge reconstruction. The House Transportation Committee considered increasing that figure to \$3 billion a year, but instead Congress stuffed the bill with nearly 6,500 pork-barrel projects costing more than \$24 billion. This is about the same amount Rep. Oberstar’s proposed tax increase would raise. “High-priority” transportation projects in the 2005 legislation included:

- \$315 million for the infamous “Bridge to Nowhere” intended to replace a 7-minute ferry ride to the Ketchikan Airport in Alaska;
- \$5 million to improve air quality in the Sacramento region of California;
- \$4 million for bike paths and public parks near New River in Calexico, Calif.; and
- \$4 million for streetscape, pedestrian improvements in Clarkson, Ga.

The 2008 transportation appropriations bill seems likely to continue this trend, with more than \$2.2 billion in earmarks. Indeed, many billions of dollars have been diverted from highway funding to other programs. As the figure shows, according to Transportation Secretary Mary Peters:

- Only 60 percent of federal gas taxes goes to the construction and maintenance of highways and bridges.
- Thirty percent goes to subsidize construction and maintenance of public transit facilities, such as bus terminals, light rail and subway systems.

- The remaining 10 percent is diverted to other projects — currently 6,000 projects — including bike paths, museums, nature trails, historic building repairs and so forth.

This is especially unfortunate since passenger rail lines, for instance, cost two-and-one-half to five times as much per mile to construct as a highway, though the only rail line in the nation that carries as much passenger traffic as a single lane of freeway is in New York City, and only six urban rail lines in the country carry as much as 3 percent of all travelers in the area they serve.

“Only 60 percent of federal gas taxes are spent on highways.”

Despite these facts, Rep. Oberstar told the *Rochester Post-Bulletin*, “If you’re not prepared to invest another five cents in bridge reconstruction and road reconstruction, then God help you.” Ironically, Oberstar recently boasted that he had “secured more than \$12 million in funding” for his state in a recent federal transportation and housing bill, none of which went for bridge repair. Instead, the funding Oberstar secured included \$10 million for a commuter rail line, \$250,000 for a bike and hike trail, \$200,000 for bus services in Duluth and \$150,000 for the Mesabi Academy of Kidspace in Buhl.

Conclusion. Fifty years ago, the federal government played an important role in creating a national transportation system. The federal gasoline tax financed this effort, ensuring that drivers paid for the system. The Highway Trust Fund should be dedicated to building and maintaining roads and bridges. If trust fund spending were properly prioritized, bridge repairs could be funded by current national and state fuel taxes.

To protect poorer American citizens as they struggle to make ends meet, Congress should end pork-barrel projects and earmarks, and devote the monies in the Highway Trust Fund to critical infrastructure repair and expansion. If bike paths and public transit are worthwhile priorities, an excise tax could be levied on bicycles and jogging shoes, and fees for public transit could be raised.

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