Pennsylvania, other states worry about life after gas tax

John Finnerty

As more people plug in their cars, transportation planners are starting to wonder how Pennsylvania and other states will plug budget holes if gas tax revenue begins to decline.

That's the issue at the heart of a federally-funded study underway by a group called the I-95 Coalition, a transportation policy organization covering the states crossed by the interstate.

"The primary source for surface transportation revenues — the pay at the pump fuel tax, which is typically based on a fixed amount per gallon — is not keeping up with the increasing infrastructure and operational needs of the roadway networks, let alone future investment needs," said Patricia Hendren, I-95 Corridor Coalition executive director, in a statement.

"This is especially true of the Coalition's region, where the infrastructure is America's oldest and the need for capacity enhancements and continual maintenance and rehabilitation is most acute."

While electric and hybrid cars are just a tiny fraction of the 10.4 million vehicles on Pennsylvania's roads, their numbers are growing. Since 2013, when the gas tax was increased, the number of electric vehicles registered in Pennsylvania has doubled — from 1,653 to 3,599.

Combined, the number of hybrid and electric vehicles in the state has increased from 22,817 in 2013 to 28,394 last year.

The coalition, which includes all the departments of transportation and the major toll and turnpike agencies in the region, is focusing its $1.16 million project in Delaware and Pennsylvania on public education and a 50-motorist three-month pilot program to examine how the user-fee concept might work.

"This is a paper exercise to see how it might work: no money being collected, but just a process being designed to look at alternatives," said Jan Huzvar, a PennDOT spokeswoman.

"As more of the nation's fleet becomes efficient from a (miles per gallon) standpoint and more electric cars, there needs to be a fair mechanism for all vehicles to pay a user fee," she said.

The Pennsylvania state and federal gas taxes add 76 cents to every gallon of gas at the pump, according to the Tax Foundation.

Last year, the state gas tax poured $1.7 billion into the state's Motor License Fund, according to the state Department of Revenue.

The user fee could either replace or augment the existing gas tax. That would be "part of the questions to be dealt with in the pilot program," Huzvar said.

Any broad move to implement a user-fee tied to mileage would need to be based on legislation passed by the General Assembly.

The concept of replacing or augmenting the gas tax has been around for years, but there are daunting challenges, both with the practical aspects of adding the equipment and overcoming public resistance, said Jason Wagner, director of the Pennsylvania Highway Information Association.

A 2011 transportation funding advisory commission report that provided much of the justification for the state's landmark 2013 transportation funding law had called for the state to take a look at a mileage-based user fees.

But the 2013 law didn't include the user fees as lawmakers instead opted for the simpler course of hitting motorists with the nation's highest gas tax.

A study in Oregon involves 1,000 volunteer motorists who are charged 1.5 cents for every mile they drive, according to an analysis of the study done by the Cato Institute.

Tracking devices are placed on their vehicles and their user fees tacked onto their bills when they visit specially equipped gas pumps. The gas pumps swap the state's gas tax with the user fee, Wagner said.

The problem with launching such a system statewide is that there would be a huge cost in getting every motorist to add a tracking device to their vehicles, plus gas stations would need to get the special pumps, Wagner said.

Another of the concerns state policymakers have about rolling out user-fees based on tracking each vehicle's mileage is that it may be difficult to capture revenue from out-of-state vehicles, Wagner said.