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Loose talk about gasoline taxes

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Talk is cheap, but talk of an increase in the federal tax on gasoline could be costly, indeed. Such talk is not the message the economy, still struggling to get up from its knees, wants to hear. President Trump is trying to overcome eight years of inertia from anti-growth Obamanomics, and until the great American economic machine swallows all the coughs and hiccups and roars fully back to life, taxes are for cutting, not raising.

The president himself raised the possibility of socking it to the motorists. In an interview in the Oval Office he conceded that boosting the federal gasoline tax is “something that I would certainly consider. The truckers have said that they want me to do something as long as that money is earmarked toward highways.” The (mostly) men who haul the American economy understandably crave a smoother ride, and in his previous life as a New York developer, Mr. Trump had a special place in his heart for concrete and steel. He frequently gives a Bronx cheer to the nation’s “crumbling infrastructure.” But there are other ways to fix the infrastructure short of raising the federal tax on gasoline.

The 18.4 cents collected by the federal government on every gallon of gasoline goes into the Highway Trust Fund, and is supposed to be spent on the nation’s highways. But 25 percent of that is siphoned for projects that have nothing to do with highways, and is spent on railroads, buses, streetcars and even sidewalks, bicycle paths and recreational trails. Worthy projects, some of them, but not with stolen money.

Inflation has taken a large bite, and improved fuel efficiency of cars and trucks, which means less gasoline burned and less to tax, contributes to an annual shortfall of up to \$23 billion, according to the Congressional Budget Office. Congress has been postponing depletion of the Highway Trust Fund with occasional appropriations from the general fund. States have raised their own gasoline taxes — seven times this year alone.

The president should persuade Congress to redirect money that goes for mass transit and highway upgrades back to the Highway Trust Fund. The trust fund’s mass-transit account finished March with a balance of \$17.2 billion. That would pay for a lot of concrete and asphalt.

Automobile travel is a bargain, averaging about 24 cents per passenger mile, according to Cato Institute. Mass transit is comparatively expensive, at \$1.15 per passenger mile, of which 87 cents is subsidized with public funds. California’s high-speed rail, sometimes described as high-cost rail, is seven years behind schedule and is expected to cost twice the original estimate of \$33 billion.

Before pushing higher gasoline taxes, Mr. Trump and Congress should make sure that every penny in the Highway Trust Fund is spent on the nation’s highways. Tax increases clash with the president’s plans for personal and business tax cuts. With U.S. gross domestic product only generating 0.7 percent growth in the first quarter of 2017, lighter tax burdens will be necessary to move an economy left idling by his predecessor.

