



Are anti-tax Republicans softening on the idea of a gas tax increase?

David Lightman

April 24, 2019

Higher state gasoline taxes have won approval in seven Republican-run states since President Donald Trump took office, an unusual step for a party adamantly opposed to more taxes and a sign that raising the federal gasoline tax may no longer be politically damaging.

The Trump administration has not ruled out an increase, and most congressional Democrats are enthusiastic about the idea.

The willingness to raise gasoline taxes is counter to the one major policy position that has united Republicans around the nation for more than 30 years: No new or higher taxes.

Republican supporters in the affected states explain that constituents are demanding better roads and bridges, and the gas tax can be shown to produce a tangible benefit.

“Roads were just so bad they had to do something,” said David Woodard, a Republican consultant in Clemson, South Carolina, of his state’s decision.

The South Carolina legislature two years ago approved increasing the gasoline tax by 2 cents per year for six years to 28.75 cents a gallon by 2022. Gov. Henry McMaster vetoed the plan but the Republican-led legislature overrode the veto. The tax had last been increased 30 years earlier and was the nation’s second lowest.

Democrats are quick to cite the GOP tax increases in the Trump states, and maintain they won widespread support because weak infrastructure has wide impact. People at all income levels “suffer from damage to their cars and are stuck in traffic for hours, burning gas and not getting to work,” said Rep. Earl Blumenauer, an Oregon Democrat and leading advocate for new infrastructure revenue sources.

The seven states – South Carolina, Ohio, Arkansas, Alabama, Indiana, Tennessee and Oklahoma – not only have had Republican governors and legislatures since 2017, but Trump won all seven easily in 2016.

In an eighth state, West Virginia, the Republican-run legislature adopted a gas tax increase in 2017, and it was signed into law that June by Gov. Jim Justice, then a Democrat. Five weeks later, he became a Republican.

When Congress returns later this month from its spring recess, lawmakers are expected to try to craft a proposal to improve infrastructure, one of the few areas where the White House and Democrats are somewhat hopeful they can find common ground.

“We are going to meet,” said Senate Minority Leader Chuck Schumer, referring to a potential meeting in the next few weeks with House Speaker Nancy Pelosi, D-California, and Trump to talk about infrastructure.

Some of the most dangerous stretches of I-77 are in York, Chester and Lancaster counties and officials are hoping to repair them. There were 37 reported fatal or serious injury crashes from mile markers 60 to 90 on I-77.

Asked if he was willing to raise the gas tax, Schumer would not discuss specifics, though the New York Democrat added, “We believe we want to put really significant money in there, okay?”

The biggest obstacle is where to get that money. The federal gasoline tax of 18.4 cents a gallon and the diesel tax of 24.4 cents a gallon were last raised in 1993. Asked at a Senate hearing last month if she and Trump would be receptive to raising the gas tax, Transportation Secretary Elaine Chao said “nothing is off the table.”

Most federal spending on highways and mass transit is supposed to come from the Highway Trust Fund, which gets revenue from the gas tax and other sources. But since 2008, the tax has not been able to cover the costs, so money has been transferred from the general budget.

Supporters of a higher federal gas tax still have strong obstacles to overcome. While Senate Finance Committee Chairman Chuck Grassley, an Iowa Republican, said “we could consider it in committee,” Senate Majority Leader Mitch McConnell of Kentucky, Chao’s husband, has long been opposed to increasing the federal gasoline tax.

McConnell said last week that while he wants an infrastructure package, Trump and Pelosi have to agree on a way to pay for it. He told reporters that no one has developed a reasonable way to pay for such a plan at this point.

Chris Edwards, director of tax policy studies at the libertarian Cato Institute, said the states may have done opponents of a higher federal tax a favor. “It’s good that the states are solving this problem. It means we don’t need more federal money for highways,” he said.

Adding fuel to the opposition are influential conservative groups.

Instead of higher taxes, Congress should look closely at where current gasoline tax money goes, said Russ Latino, a vice president at Americans for Prosperity. He estimated that some 28 percent goes to expenses other than roads and bridges.

Congress is reluctant to adjust regulations that could save taxpayers money on highway projects, Latino said. Among the items he would trim: the lengthy permit process.

But some of the nation's most conservative states are among those that have adopted higher gasoline taxes in the last two-and-a-half years.

TENNESSEE

In 2017, lawmakers approved raising the tax 6 cents per gallon over three years. That means by this summer, the tax will be 27.4 cents a gallon.

Republican Gov. Bill Lee, elected last year, when asked during the 2018 campaign about the gasoline tax increase, said he opposed raising taxes but “would not offer a definitive opinion” about it, according to the Tennessee Star.

INDIANA

About three months after taking office in 2017, Vice President Mike Pence's successor, Republican Gov. Eric Holcomb, signed into law a 10 cents a gallon increase, raising the tax to 28 cents.

OKLAHOMA

State lawmakers approved an increase in 2018, months before the election. The excise tax, last raised in 1987, went up 3 cents a gallon to 19 cents. The funds will be used to improve infrastructure.

Republicans swept all statewide offices in November and four of five congressional seats.

ALABAMA

Gov. Kay Ivey, a Republican, called a special session of the state legislature last month to consider a transportation infrastructure plan that included a higher gasoline tax.

The GOP-run House and Senate complied, increasing by 10 cents a gallon to 28 cents over three years, the first increase since 1992.

Ivey discussed the increase in her State of the State address. “Motorists are experiencing firsthand the poor conditions of Alabama's infrastructure,” she explained.

“We have urban roads in poor condition. Our drivers are experiencing major congestion on our freeways,” she said.

OHIO

The latest GOP-dominated state to increase its gasoline taxes was Ohio.

Gov. Mike DeWine, a Republican who took office in January, signed into law on April 3 a tax increase of 10.5 cents a gallon to 38.5 cents.

ARKANSAS

Gasoline taxes will go up 3 cents to 24.5 cents a gallon after Oct. 1. Like other Republican chief executives, Gov. Asa Hutchinson explained the increase would produce easy-to-see benefits.

“Our farmers need good roads to deliver their crops to the market,” Hutchinson said as he signed the bill. “We need great highways if we are going to compete for the industry and business that are crucial to continuing to improve our quality of life.”