



States Raise Gas Taxes but Spend Revenues on Transit, Bike Paths

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If the highways in your state have congestion and potholes, it may be because your government is taking money... and diverting it to other activities...

Several states are hiking their fuel taxes as residents demand better roads—but more often than not, a large percentage of the money raised is diverted to non-highway uses.

Seven states—South Carolina, Ohio, Arkansas, Alabama, Indiana, Tennessee and Oklahoma—have approved additional taxes at the gas pump.

Not only have each of these states been led by Republican governors and legislatures since 2017, but President Trump swept them easily in 2016.

Their willingness to implement a fuel tax is a major departure from the Republican Party's decades-long commitment to no new or higher taxes.

But Republican lawmakers in the states have argued that pressure from their constituents led them to it.

“Motorists are experiencing firsthand the poor conditions of Alabama’s infrastructure,” Gov. Kay Ivey said during her State of the State address. “We have urban roads in poor condition. Our drivers are experiencing major congestion on our freeways.”

Arkansas Gov. Asa Hutchinson approved a 24.5-cent-per-gallon gas tax and said it will “improve the quality of life” for the state’s residents.

“Our farmers need good roads to deliver their crops to the market,” she said as she 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.”

Opponents said increasing fuel taxes will do little to help fix the main problem: fiscal mismanagement.

Russ Latino, vice president at Americans for Prosperity, told McClatchy D.C. that instead of raising taxes, state legislators should take a look at where the current gasoline tax money goes.

He estimated that nearly 28 percent goes to expenses other than roads and bridges.

“Currently, federal gas-tax dollars are being diverted to projects that have nothing to do with roads and bridges, or which are inherently local in nature,” Latino said in a statement.

“Additionally, lawmakers must streamline and roll back the overly burdensome regulations, permitting processes, and other regulatory barriers that slow projects and increases cost.”

According to the Cato Institute, state governments raised more than \$44 billion from fuel taxes in 2016, and they diverted 24 percent—14 percent to transit and 10 percent to other activities.

For example, Texas diverted 25 percent of its fuel taxes to education spending.

The states also raised \$38 billion from vehicle fees, according to the Federal Highway Administration. They diverted 34 percent of those funds—13 percent to transit and 21 percent to other activities.

In total, states raised close to \$82 billion from fuel taxes and vehicle fees. Around \$59 billion, or 72 percent, was used on highways, but \$23 billion, or 28 percent, was used for other miscellaneous purposes.

“If the highways in your state have congestion and potholes, it may be because your government is taking money raised from highway users and diverting it to other activities,” the Cato Institute’s Chris Edwards wrote.

California drivers pay, on average, \$750 per year in transportation taxes and fees at the state and federal level, according to The Mercury News. The state legislature approved a 12-cent tax increase last year, bringing the total up to 39.8 cents. Along with the federal gas tax of 18.4 cents, Californians now pay 58.2 cents in excise taxes per gallon.

The state increase generated roughly \$16 billion in fuel taxes and vehicle fees for the state. But only \$9.5 billion was used for highway repairs, maintenance, and public transit, The Mercury News reported.

Twenty-two percent of the funds were diverted to enforcement and regulation, and 7 percent was used to pay off transportation-related debt. Another 7 percent went toward the Department of Food and Agriculture and the Department of Parks and Recreation, and the remaining percent went to miscellaneous funds that the state did not disclose.

In 2017, South Carolina’s governor Henry McMaster vetoed a gas-tax increase: “Over one-fourth of your gas tax dollars are not used for road repairs,” he said. “They’re siphoned off for government agency overhead and programs that have nothing to do with roads.”

Higher gas taxes are even being considered at the federal level. When asked at a Senate hearing last month if she would consider raising the gas tax, Transportation Secretary Elaine Chao said “nothing is off the table.”