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Delaware Lawmakers Talk ‘Temporary’ Gas Tax Hike

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Delaware legislators are preparing to unveil a bill that would temporarily increase the state’s excise tax on gasoline by 10 cents a gallon, to 33 cents, a 47 percent increase.

Including state and federal gasoline taxes, Delaware residents currently pay more than 40 cents in taxes for each gallon of gasoline they purchase.

Lawmakers in the state’s House of Representatives debated the issue in February, circulating a draft bill, but no public bill has yet to emerge. The draft bill, if approved by the legislature and signed into law, would increase the gas tax for only one year, unless lawmakers vote to extend the tax hike.

Revenues Have Been Increasing

State Rep. Mike Ramone (R-Middle Run Valley) says he is opposed to the proposal. Ramone says the government already gets enough money from people filling up at the pump.

“If you research the history of gas tax income in the state, you will see we have incurred an increase in gas tax income more often than we have not,” Ramone said. “This increase in income is a direct result of the volume of the State of Delaware’s gas sales each year. If we sell more gas, we make more money, more cars drive on the roads, and we have more income for maintenance and repairs.”

Gas Tax Competition

Ramone says Delaware’s gas tax rates, which are lower than those of its neighbors, are encouraging people to fill up in Delaware instead of in nearby states.

“More people are buying gas in Delaware than ever before,” Ramone said. “We have raised millions of dollars more in gas-tax income this year over last year, simply because we have been selling so much more gas. Much of those sales [are the result of] people [who reside] in our neighboring states and those who pass through Delaware by way of I-95 filling up in Delaware.”

Temporary Taxes Are Not Temporary

Randal O'Toole, a senior fellow with the Cato Institute, says Delaware lawmakers spend existing gas tax revenues irresponsibly.

"I note that Delaware collected \$114 million in gas taxes, of which \$62 million went to highways and \$52 million went to transit," O'Toole said. "If I were a Delaware auto driver, I would probably resent the fact that nearly half of my gas taxes, and a similar share of motor vehicle registration fees, went to transit."

Poor Spending Priorities

O'Toole says gas taxes almost always go up and are rarely reduced.

"Once increased, gas taxes are rarely decreased," O'Toole said. "In the long run, it costs as much to maintain roads as it does to build them, so decreasing them would soon lead to crumbling infrastructure if some other tax or fee weren't increased to replace them."