



Nebraska Lawmakers Approve Gas Tax Hike

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Nebraska lawmakers approved hiking the state's gas tax by \$0.06 per gallon of fuel, ignoring Gov. Pete Ricketts' (R) threatened veto. If Gov. Ricketts carries out his threat and vetoes the legislation, 30 lawmakers would have to vote to override Ricketts' veto, voting to increase the price of fuel from \$0.256 to \$0.316 over a four-year period.

Nebraska state Sen. Dave Bloomfield (R-Hoskins) says the state's transportation department should look to cut wasteful spending before seeking tax hikes to fund infrastructure construction.

'Room to Cut'

"I think there is waste in the 'roads' budget system throughout. Counties are forced by unreasonable regulations to overbuild bridge structures and roadways. There is room to cut spending instead of increasing funding."

Instead of hiking taxes, Bloomfield wants to explore how the state's Department of Roads can work more efficiently.

"I would first attempt to lower the cost of needed repairs before just throwing more money to the Department of Roads," he said.

Cato Institute Senior Fellow Randal O'Toole says gas taxes are not the best way to fund road construction and repair.

'A Mediocre User Fee'

"Gas taxes are a mediocre user fee for several reasons. They don't automatically adjust for inflation, they don't automatically adjust for more fuel-efficient cars, they tend to cover the costs of state highways, but not local roads," he said. "They don't send highway managers signals

about where people really want to go. They don't send highway users signals about when demand is high, thus leading to congestion."

"Raising gas taxes temporarily fixes the first two problems, but not the rest," O'Toole said.

Instead of gas taxes, O'Toole says states should use more targeted methods of revenue collection to fund road constructions.

From Taxes to Tolls

"It is time to start experimenting with a transition to mileage-based user fees. The reason the states chose gas taxes instead of tolls in the 1920s, or, in Oregon's case, 1919, was because tolls were expensive to collect."

O'Toole says technological advancements make user fees more feasible today.

"With electronic tolling, that is no longer true. Mileage-based user fees can solve all of the problems listed above without invading people's privacy. Oregon, the first state to adopt a gas tax, is also the first to plan a transition to mileage-based user fees," he said. "Nebraska can follow this example."

Roads in 'Excellent Condition'

O'Toole says governments generally waste road money.

"In general, there is already sufficient money for repairs of state-owned roads. Reason Foundation's 2014 performance report on state highway systems ranks Nebraska second in overall performance partly because of the excellent condition of Nebraska's interstate highways," he said.

O'Toole says hiking the gas tax is not an optimal solution for Nebraska.

"Locally owned roads may not be in as good a condition, but raising the state gas tax provides no guarantee that local governments will get any of the money," he said. "A mileage-based user fee system can be designed to insure that people pay for the roads they use and the owners of those roads are compensated for that use, thus providing local governments with the funds they need for maintenance and repairs."