



## **A Guest Editorial from The Susquehanna Valley Center for Public Policy**

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### **PENNSYLVANIA MUST LOOK BEYOND THE GAS TAX**

As lawmakers and others continue to focus on our state's transportation funding challenges, they'd be wise to look beyond the gasoline tax as a long-term solution.

Raising the gasoline tax fails to reflect a major shift in national energy policy; Americans' changing driving habits and, finally, hard political realities here in Harrisburg and in Washington, DC.

The fact that the gasoline tax no longer works as the principle means of funding transportation projects should be axiomatic by now: if it did work, we would not be in a crisis. We simply have no choice in Pennsylvania but to look beyond the gasoline tax.

In December, President Bush signed into law an energy bill that mandates a 40-percent improvement in vehicle mileage standards by 2020. This law tightens Corporate Average Fuel Economy (CAFE) standards that regulate the average fuel economy in the vehicles produced by each major automaker.

This may be sound energy and environmental policy – that's a debate for a different day - but there can be no question that it will weaken our transportation system. More efficient cars and light trucks by definition will result in less gas tax revenue.

The fact that Congressional leaders delivered the legislation to President Bush in a hybrid vehicle is telling – not for the photo op it provided – but for the change in our national driving habits the ploy represents.

In 2007, for the first time in our nation's history, the total of Vehicle Miles Traveled went down. At the same time, the sales of hybrid vehicles continue to climb. As Americans drive less and use less gasoline when they are driving, the gap in our transportation funding will continue to widen.

The federal gas tax of 18.4 cents a gallon has not been increased since 1993. Pennsylvania's gas tax of 32.3 cents a gallon – the 4<sup>th</sup> highest in the nation -- has not been increased since 1997. There is absolutely no reason to believe that the General Assembly will embrace an increase to the gasoline tax.

The debate surrounding the state's new transportation funding law – Act 44 – and other alternatives will intensify in the coming weeks as we move into the annual budget season. We plan on playing a role in that debate.

In August, 2007, The Susquehanna Valley Center for Public Policy issued a policy paper “*The Yellow Brick Road Really is Gold: The PA Turnpike and Transportation in the Commonwealth*” which examined some of the inherent shortcomings in privatizing the Turnpike.

One of the principal issues we raised persists: Why should the Turnpike's users shoulder the responsibility for all of any new revenue for transportation funding projects around the state? Under Act 44, the burden is shared by the Turnpike's users – through increased tolls – and I-80 motorists through new tolls. Under a lease, every dollar comes from the Turnpike's customers. This is not an equitable solution.

We are currently engaged in researching a second paper that takes a more detailed look at transportation funding solutions in practice or under study across the nation. We expect to issue that report in the coming months.

We already know that many states are crafting alternative solutions. Commuters in six states are engaged in a study to determine whether it makes sense to pay a fee for the number of miles they've driven – as opposed to a gas tax.

The Road User Charge Study mirrors an effort in Oregon to study a GPS-based road tax system on a pilot basis which levels taxes based upon miles driven. If applied statewide, the state would not lose revenue with every resident that purchases a more fuel efficient vehicle. In Virginia, a new law empowers the Northern Virginia Transportation Authority to collect seven new regional taxes and fees for transportation projects.

Lawmakers and Gov. Rendell need to continue the work that was started with passage of Act 44 to ensure that our Commonwealth has a viable transportation infrastructure and a fair and balanced means of maintaining that infrastructure.

Recent news articles from around the U.S. outlining toll increases (including plans for toll hikes in most bordering states) demonstrate that tolls – a users' fee - are being counted on by state governments to finance crumbling highways and bridges more than ever before.

Taxes on fossil fuels represent the past in highway and bridge financing, not the future.

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