

Transportation Construction Coalition

www.transportationconstructioncoalition.org

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Transportation Proposal Pushed by Conservative Activists Would Force States to Raise Gas Taxes An Average of 23.5 Cents-Per-Gallon

Alaska Would Need Largest Gas Tax Hike of \$1 Per Gallon, Followed By Montana at 44.5 Cents-Per-Gallon To Keep Current Funding Levels Under Plan to Gut Federal Funding For State Highway Capital Investments

(WASHINGTON)—Transportation legislation being pushed in Congress by Heritage Action, the Club for Growth and like-minded conservative activist groups would force states to raise their gasoline and diesel motor fuel taxes, on average, about 23.5 cents-per-gallon by 2020 if they wanted to maintain their current annual investment in highway and bridge improvements and public transportation, an analysis of federal and state data shows. The states' only other options, if the proposal was enacted, would be to raise other taxes, redirect an equivalent amount of revenue from other state programs, or slash their road, bridge and transit improvement program.

The analysis, released by the Transportation Construction Coalition (TCC), illustrates the reliance state governments have on the federal highway program for funding their road and bridge capital investments—52 percent, on average, from 2010 through 2012.

The legislation, the “Transportation Empowerment Act,” (TEA), which was sponsored in the last Congress by Sen. Mike Lee (R-Utah) and Rep. Tom Graves (R-Ga.), would force states to significantly boost their gas tax rates or enact other fundraising increases to avoid further deterioration of their transportation infrastructure. Indeed, seven states would face the prospect of having to raise their gas tax by 30 cents or more—or find the revenue equivalent of such an increase—just to maintain their current highway and bridge investment: Alaska (\$1.00), Montana (44.5 cents), Vermont (44.2 cents), Rhode Island (41.4 cents), South Dakota (35.9 cents), West Virginia (32.5 cents), Wyoming (30.5 cents). [Review a state-by-state chart.](#)

“The Transportation Empowerment Act and the rationale these groups offer for it show a gross misunderstanding of how the federal-state partnership to provide a core function of government—providing citizens and U.S. businesses safe and efficient mobility through transportation infrastructure—works,” Pete Ruane, TCC co-chair and president and CEO of the American Road & Transportation Builders Association, said. “It would be, at best, irresponsible for a Member of Congress to put their name on this legislation unless they first commit to leading the charge in their state to raise their gas tax, or other state taxes, or cut other specific state programs to fill the funding gap this legislation would create.”

“All this legislation would do is force drivers to pay more at the pump without delivering any improvements to the quality of safety of the roads and bridges they use,” said Stephen E. Sandherr, chief executive officer of the Associated General Contractors of America and the Co-Chair of the TCC. “In particular, gutting the federal transportation program will force residents of large, less populous states to pay a lot more to maintain highways that benefit shippers and travelers from all over the country.”

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The Heritage Action proposal would, over five years, lower the federal gas tax from 18.4 cents-per-gallon to 3.7 cents, and the federal diesel motor fuel tax from 24.3 cents-per-gallon to 5 cents. The groups contend the lower fuels tax rates—which would generate about \$6 billion per year—would be enough to rebuild and maintain the 60 year-old, 48,000-mile Interstate Highway System.

The U.S. Department of Transportation's 2013 biennial report to the Congress on the nation's highway and bridge capital needs, however, says just maintaining current Interstate System physical conditions and performance requires almost \$19 billion per year. The annual capital investment necessary to optimize the System's condition, performance and safety, the report says, is \$35 billion.

The federal investment in state highway and bridge programs during FY 2015—which in addition to providing support for interstate highways also assists state investments in more than 120,000 miles of other major roads that connect the Interstate to the nation's major military facilities, airports, ports, rail, truck and pipeline terminals and other strategic transport facilities—is just over \$40 billion.

The analysis, prepared for the TCC by Dr. William Buechner, a former senior economist for the Congressional Joint Economic Committee and Dr. Alison Black, ARTBA's chief economist, is based on state motor fuel tax rate data for 2014 from the Federation of Tax Administrators and Federal Highway Administration data on federal apportionments for highway program investments to the state transportation departments.

The Transportation Construction Coalition (TCC) includes 31 national associations and labor unions whose members have a direct market interest in federal transportation programs. The TCC focuses on the federal budget and surface transportation program policy issues.

A chart showing how the Transportation Empowerment Act would impact individual states can be accessed at www.transportationconstructioncoalition.org.

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