

Contractors urge increase in fuel taxes

TDOT says it has no plans to push for gas levy hike

By Don Jacobs

Tuesday, September 15, 2009

Higher fuel taxes, anyone?

The refrain from the road construction industry in Tennessee is that federal and state funding of the transportation infrastructure is erratic, inadequate and dwindling.

The state hasn't increased gasoline taxes since 1989, and the last time the federal government increased the gas tax was during Bill Clinton's first term in office.

Toss in the decrease in miles driven because of high gas costs and better fuel economy in newer vehicles, and the funding formula is out of kilter, said Kent Starwalt, executive vice president of the Tennessee Road Builders Association.

"The backlog of identifiable projects is tremendous," Starwalt said. "We as Americans have not done a good job of maintaining our assets."

Paul Degges, chief engineer for the Tennessee Department of Transportation, said he has "about \$6 billion worth of work in the hopper right now." The \$736 million that TDOT spent last year for road and bridge construction didn't make a dent in the to-do list.

Tennesseans pay 39.8 cents in state and federal taxes per gallon of gasoline while the national average is 47 cents, according to the American Petroleum Institute. State taxes total 21.4 cents per gallon. Federal taxes, set in 1993, are 18.4 cents per gallon.

Tennesseans fare even better buying diesel.

Tennesseans pay a combined 42.8 cents in state and federal taxes per gallon of diesel. The national average is 51.4 cents per gallon, according to the API. The state imposes a tax of 18.4 cents per gallon while the federal government deemed in 1997 it would collect 24.4 cents for every gallon.

Trying to build and maintain today's roads with tax rates set 20 years ago has left funding short, noted Wes Stowers, who runs a heavy equipment dealership in Knoxville.

"The funding mechanism for our infrastructure is broken," he said. "And the cost of construction per mile has doubled in the past 10 years. I think it's going to be essential

to raise the user fee if we're going to maintain our system."

The federal highway funding bill expires Sept. 30 and there are few hopes a new funding mechanism will be in place by then. That leaves states wondering how much money they can expect from the feds next year and road contractors floundering in economic uncertainty.

"Our highway funds - state and federal - are busted," said Jerry Britton, vice president of Mountain State Contractors in Mount Juliet. "They've got to do something to replace that money.

"When you talk to politicians, their pat response is no one gets elected supporting a tax increase. And we need to use the gas tax on roads."

Of Tennessee's 21.4 cents gas tax per gallon, 12.8 cents goes to TDOT, with the remainder funneled to cities and counties and the state general fund.

Starwalt said there appears to be no surge of political will to grapple with the anti-tax landscape of the nation.

"Our transportation system is in crisis mode, but most people just don't realize it," he said. "Because it's not a sexy issue, it gets ignored."

Degges said TDOT has no plans to push a fuel tax hike.

"The governor has stated he will entertain discussions, but he needs to see a bipartisan effort," Degges said. "The fear of raising taxes just makes you a target."

Don Jacobs may be reached at 865-342-6345.



© 2009 Scripps Newspaper Group — Online