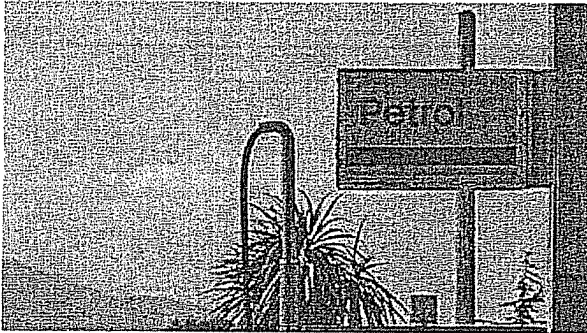


Will The Federal Gasoline Tax Be Grover Norquist's Next Hostage?

By Matthew Yglesias on Aug 2, 2011 at 10:01 am



With the debt ceiling controversy all but resolved, and hostage-taking once again proven to be an effective strategy for achieving conservative policy goals, Washington is wondering what the next fight will be. Byron Tau and Ben Smith in Politico plausibly speculate that the scheduled September 30 sunset of the federal gasoline tax may be the culprit. The gas tax, in addition to serving important environmental goals, is the means by which the federal government finances investments in transportation infrastructure. Traditionally, reauthorizing the tax for that purpose has been uncontroversial (though the idea of raising it to finance needed infrastructure upgrades hasn't been) but in this day and age everything could be on the table and Tau & Smith report that Grover Norquist seems to be at least considering the idea:

"In general, ATR has always supported the idea of ending the federal tax on gas and having states pay for their own roads," Norquist told POLITICO, but he declined to say whether he or his group plans to pressure congressional Republicans to let the excise tax expire.

"ATR would love to help begin such a dialogue," he said.

"We're monitoring the situation. I think that everyone on the Hill and most outside groups are pretty focused on the nation's debt crisis," said Barney Keller, spokesman for the conservative Club For Growth, who also wouldn't say whether his group wants the tax to expire.

There's no denying that the gas tax is a tax, so in that sense it's difficult to see why anti-tax groups wouldn't argue against its reauthorization. More broadly, the traditional reason reauthorization has been uncontroversial is that neither Republicans nor Democrats wanted to see infrastructure spending fall to \$0 so nobody was willing to use the gas tax as leverage for concessions. But by the same token, the traditional reason the debt ceiling hasn't been used as leverage for concessions is that neither Republicans nor

Democrats wanted to see the country default. This summer, however, the world has learned that Republican leaders can simultaneously agree that the debt ceiling needed to be raised while also demanding major policy concessions in exchange for agreeing to raise it. Transportation Committee Chairman John Mica (R-FL) is already pushing a transportation bill that will starve the country's infrastructure and devastate job creation in both the short- and long-term. If the gas tax becomes a new hostage, the situation will only get worse.

POLITICO

Gas tax may be next battle on Hill

By: Byron Tau and Ben Smith
August 1, 2011 11:40 PM EDT

In normal times, renewing the federal excise tax on gasoline would be another routine vote in Congress.

But as the past month of rancorous and intensely partisan debate about raising the debt ceiling has shown, the times are anything but normal.

And with most of the 18.4-cent tax per gallon of gasoline set to expire Sept. 30, renewing the tax could be the next political controversy to spark a brawl in an ever more deeply divided Capitol Hill.

Congress has already come to the brink of a government shutdown and is only now wrapping up an eleventh-hour compromise to save the country from a first-ever default. A legislative dispute has even temporarily shuttered the Federal Aviation Administration. With the level of partisan vitriol and anti-spending sentiment at an all-time high, some advocates are worried that the nation's highway fund will be the next victim — while some conservatives sense an opportunity.

"The White House is going to make a move to renew it. We'll see — but there will be Republicans who will be resistant to that," said Doug Heye, former spokesman for the Republican National Committee.

Gas prices, said Heye, are "really affecting families. If you have to drive 20 miles to work every day, those are real costs."

With the debt debate paralyzing Congress, the expiring gas tax has been off the radar — so far off the radar that some are getting nervous. Procedural delays could cause the tax to lapse even if a sizable majority would vote for renewal, as with the FAA's shutdown.

One transportation advocate who works on the issue told POLITICO that the relevant congressional committees barely seem aware the issue is pending and needs to be resolved.

"I was raising this issue because I consider it pretty important," said Jack Basso, director of program finance and management for the American Association of State Highway and Transportation Officials, a lobbying group of state highway officials. "They really don't understand that this thing is expiring."

Already, a handful of conservative groups are eyeing the expiration as the next potential front in the spending and tax fight — including Grover Norquist's influential Americans for Tax Reform group — but are mum about any potential legislative strategy.

"In general, ATR has always supported the idea of ending the federal tax on gas and having states pay for their own roads," Norquist told POLITICO, but he declined to say whether he or his group plans to pressure congressional Republicans to let the excise tax expire.

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The federal Highway Trust Fund — the largest source of cash for mass transit and road improvements — is funded by the tax on fuel. In 2008, when high gas prices kept consumers away from the pump, the fund temporarily ran out of money, forcing Congress to appropriate an additional \$8 billion to keep road projects on track.

Now, with many states facing budget shortfalls and cutbacks, it's unclear whether states could assume a larger role in maintaining their highways. Experts say that an expiration of the gas tax would throw the nation's transportation system into chaos.

"It's the most important transportation funding source we have," said Carl Davis, an analyst with the group Citizens for Tax Justice. "It would be absolutely devastating to that trust fund."

The Obama administration has already called on Congress to preserve the nation's current level of highway funding, telling POLITICO that it should be a nonpartisan issue.

"Extending surface transportation authorization, which has received bipartisan support, is crucial to America's long-term prosperity, and we're confident that lawmakers on both sides of the aisle can work together to protect our investment in transportation infrastructure in a fiscally responsible manner," said Meg Reilly, spokeswoman with the Office of Management and Budget.

Indeed, in past years, renewals — and even increases — of the fuel tax have been fairly noncontroversial. White House and Congresses controlled by both parties have overseen increases and extensions of a tax on petroleum dating back to 1932.

The Reagan administration raised the tax in 1982, and former President George H.W. Bush supported another increase in 1990. Former President Bill Clinton initially proposed a sweeping new energy tax but abandoned those plans and raised the tax to its current level in 1993. The rising tax revenues and balanced budgets at the end of the Clinton years helped end the issue of further increases, but the tax was renewed in 2005 as part of a big transportation spending bill. An attempt to roll back the tax in 2000 failed to attract much attention on the Hill, and a proposed suspension when gas prices were soaring in 2008 also failed to gain traction in Congress. "Nobody's wanted to increase it for a long time, but there hasn't been a big push to decrease it," said Emil Frankel, a scholar with the Bipartisan Policy Center who has advocated raising the tax rather than abolishing it. "It has generally been extended without much debate. But the atmosphere is very different now."

More policy-oriented conservative groups — even libertarian scholars — believe that the tax must ultimately be renewed.

"I have every expectation that will happen this time," the conservative Heritage Foundation's Ronald Utt said on renewing the tax. "If nobody has a bill to replace it, then they'll have to."

"It's no question that it should not expire," said Robert Poole, a transportation policy expert with the libertarian Reason Foundation. "There's certainly good grounds for rethinking the federal role as it has evolved," he told POLITICO. But "if it were to suddenly go away, it would be chaotic."

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