

Scott, Rider

From: Beth Ann Ray [bray@austinchamber.com]
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To: Vic Suhm; vboyer@samcoinc.org; Jim Reed; Jennifer McEwan; Scott, Rider; gebushell@aol.com; Lynda Rife
Subject: A fee by any name smells sweeter than a gas tax

In case you haven't seen this...

A fee by any name smells sweeter than a gas tax

Ben Wear, Getting There

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Give state Sen. Tommy Williams credit, at the very least, for actually trying to address the problem.

The problem, in this case, is the diminishing purchasing power of Texas' 20-cents-a-gallon gasoline tax, which the Legislature hasn't increased since 1991. Revenue from the tax has stalled out in the past three years and, given the effects of inflation and ever-improving vehicle fuel efficiency, is headed in the wrong direction.

Mind you, the Republican from The Woodlands isn't talking about increasing that tax.

The last chairman of the Senate Transportation and Homeland Security Committee who advocated publicly for doing that (repeatedly) is no longer the chairman of that committee. Williams is, and he'd probably like to keep that influential gig for a while. And calling for increasing a tax, any tax, is not exactly a career builder for a Texas Republican politician.

No, what Williams suggested last week was increasing the vehicle registration fee on the state's 21 million cars and trucks by about \$50 each. That would raise about \$1.2 billion each year, according to Texas Transportation Institute figures provided by Williams' office.

Sell bonds and use this extra registration fee revenue to pay them back over 30 years, the Texas A&M-based think tank estimates, and the Texas Department of Transportation could borrow more than \$16 billion to spend on roads and bridges now.

This would allow TxDOT, and the Legislature, to once again forestall a day of reckoning that has been threatening to arrive for several years now. TxDOT since 2005 has already borrowed, or been authorized to borrow, about \$19 billion, money that has more than made up for the gas tax's losing battle with inflation.

The Legislature, in fact, bestowed a beefy \$4 billion increase on TxDOT's two-year budget this spring even as the rest of the state budget was put on a liquid diet. But that hike was possible only because of that borrowing mentioned above, not new tax or fee revenue, and that cupboard is about to get bare.

So, Williams is floating the idea of that \$50 registration fee increase. Always better to raise a fee than a tax, right?

Here's where it gets interesting.

If you drive 12,000 miles a year and get 25 miles per gallon, you'll use 480 gallons in a year. So, in this case, to generate an extra \$50 in gas taxes over a year, the Legislature would have to increase the gas tax by just over 10 cents a gallon. Or, in other words, by 50 percent.

Whoa! The Legislature, asked a couple of sessions ago to index the gas tax to inflation, said no way. Which means that they weren't willing to countenance a 2 percent or 3 percent annual increase.

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But wait: Williams, remember, is suggesting is a fee, not a tax, which presumably makes it ... different, more palatable.

But the gas tax, in fact, is a user fee. The more you use (meaning the more you drive or if you drive with a car that gets poor gas mileage), the more you pay.

The vehicle registration fee, on the other hand, is a kind of a flat tax. As of Sept. 1, all Texas vehicles under 6,000 pounds pay \$52.75 a year, and it doesn't matter if it's a Mercedes or a Taurus, or how old the car is. The fee is the same whether the owner drives the wheels off, or parks it in the garage indefinitely. And you pay it all at once, not a little bit at a time like the gas tax.

A registration fee increase, Williams' staff points out, has at least one (apolitical) advantage over a gas tax increase. The revenue won't decrease over time as vehicles move toward the federally mandated average fuel efficiency of more than 50 miles per gallon. And that's true.

Again, kudos to Williams for openly acknowledging that the Legislature, one way or the other, is going to have raise revenue for transportation in the 2013 session. But it might be good to remember that a \$50 fee and a \$50 tax look pretty similar coming out of the wallet.

For questions, tips or story ideas, contact Getting There at 445-3698 or bwear@statesman.com.

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