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STATE SENATOR

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Seeking Solutions for State Road Budget

By

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A tall man stopped me in the hall of the Capitol. “Can’t you just increase the gas tax?” he asked me. “I’m here to ask my Republican Senator to increase the gas tax. We need to fix the roads.”

He smiled. Then said, “Hi, my name is Steve. I’m a Republican. I just don’t think it’s conservative to keep borrowing to maintain the roads. We’ve got to pay for what we spend.”

Steve was earnest in his desire to find a solution to the road budget. I’ve heard similar concerns from folks attending my recent town hall meetings.

Many people asked me to raise the gas tax. This tax is the largest part of the road fund, accounting for over half of the fund. The gas tax hasn’t been increased since April 2006.

Prior to 2006, the law required automatic indexing or changing the tax to follow inflation. If indexing wasn’t repealed, we’d be paying seven cents more for fuel according to the nonpartisan Legislative Fiscal Bureau (LFB).

As Steve and I talked about road funding problems and possible solutions, he shared, “My Republican Senator said increasing the gas tax wouldn’t solve all the problems.”

Increasing the tax by five cents a gallon would generate about a third of the money needed to close the budget gap. This change is a good first step.

Increasing the gas tax by a nickel would cost the average driver of a vehicle that gets 30 miles per gallon (MPG) about \$14 a year. For those of us with old farm pickup trucks getting 15 MPG and driving 16,000 miles a year, we’d pay about \$53 more a year.

Most of us are actually paying less in gas tax than we did ten years ago because our vehicles are more fuel efficient. In 2006, the average fuel economy was 20 MPG. LFB reported this fuel economy average will increase to almost 23 MPG by the end of the next

state budget. Analysts estimated the average Wisconsin driver will be paying almost \$21 a year less in fuel tax by the end of the next budget than we did in 2006.

LFB analysts remind us that drivers paying less in fuel tax for the same miles driven means that “while the state’s roads receive the same impact [wear and tear], fuel tax revenues associated with those miles driven have fallen, making it more difficult for the state to maintain and reconstruct its roads.”

Increasing the gas tax is a change that would be easy for the state to administer. It would put money in the state’s coffers from the folks who are actually using the roads, including our many wonderful tourists from neighboring states.

Finding votes to increase the tax has been difficult and accounts, in part, for the delay in passing the budget. Unlike some states, Wisconsin continues to operate under the details of the old budget until the Legislature passes a new budget.

But a recent memo from LFB suggests there are some warning signs to lawmakers who think they have all summer and fall to answer the question, *How to pay for roads?*

A delay of three months would mean the Department of Transportation could not proceed with some projects as planned. A delay of four months would affect the ability of counties, cities and towns to plan for the coming year and set their property tax levies. A delay into August could affect how much federal money the state receives for roads.

Fiscal Bureau analysts explained to lawmakers in the memo that the feds redistribute road money not used by states as their fiscal year closes. To be eligible for new money, states must show they are ready to use the money. A delay in passing the state budget would likely limit the ability of the state to comply with the rules feds attach to the money.

Leaving federal money on the table makes no sense. We’ve got to find solutions and get the budget passed.

While raising the gas tax won’t solve all our problems, getting agreement on a modest fuel tax increase would be good first step.