Infrastructure

Ryan Takes Gas Tax Hike Off Table; Says Short-Term HTF Fix Inevitable

by Jim Watts
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DALLAS - The chairman of the House Ways and Means Committee has ruled out raising the federal gas tax to support a multiyear transportation funding bills and says another short-term fix for the Highway Trust Fund is inevitable.

"We are not raising the gasoline tax, plain and simple," Rep. Paul Ryan, R-Wis., said at the committee's Wednesday's hearing on finding some $100 billion of additional revenue needed to supplement the federal fuels taxes dedicated to the Highway Trust Fund over the next six years.

"I'm against raising the gas tax," Ryan said in his opening statement. "There's not much happening in this economy to help it grow, but lower gas prices is one of them."

Finding a revenue solution will require at least until the end of the year, which means another transfer of general fund revenues into the HTF this summer, he said.

"I was hoping last month that we could have extended the HTF through the end of the year, but that ran into last-minute opposition," he said. "It's going to be difficult to reach consensus on a permanent solution."

Ryan said he had hoped the $11 billion transfer last year that extended the HTF's solvency through May 31 would have been the last one. The five transfers since 2008 have totaled more than $63 billion.

"A general fund transfer this fall is all but inevitable," Ryan said.

"Five times we've come up with temporary solutions and transferred money from the general fund into the trust fund, which, in English, means we've patched a pothole and not fixed the problem," he said.

Congress could resolve the projected shortfalls in the HTF by either cutting transportation funding to match the dedicated revenues, raising the gasoline tax or other levy, or continuing the transfers from the general fund, said Chad Shirley, deputy assistant director for microeconomic studies at the Congressional Budget Office who testified before the committee.

Expenditures from the HTF in fiscal 2015 will total $52 billion while slightly more than $39

billion of revenues are expected, Shirley said.

A CBO report said the $39.4 billion of collections from the six taxes dedicated to the HTF include $24.4 billion from the gasoline tax of 18.4 cents per gallon, $9.7 billion from the diesel fuel tax of 24.4 cents per gallon, and $3.8 billion from the federal sales tax on heavy trucks and trailers.

The Joint Committee on Taxation said in a report on the HTF issued in advance of the hearing last week that if the federal tax on gasoline and diesel had been indexed to inflation when they were last raised in 1993, the current tax rate would be 31 cents per gallon of gasoline and 41.2 cents for diesel.

An increase in the gasoline tax is the best and quickest revenue solution, said Rep. Earl Blumenauer, D-Ore., a member of the committee who has sponsored a bill that would the tax rate by 15 cents over three years.

"We could hold a hearing on it next week and come back in July to wrap it up in a week," Blumenauer said. "This is not complex. The gas tax is well known and simple."

Bill Graves, a former governor of Kansas who heads the American Trucking Associations, agreed with Blumenauer on the need to raise fuel taxes.

"An increase in the fuel tax, with indexing, can meet current and future highway investment needs," Graves said. "Why are we afraid to do this?"

Congress could pave the way for more transportation public-private partnerships by doubling the cap on transportation-related private-activity bonds to $30 billion and providing more money for Transportation Infrastructure Finance and Innovation Act loans, said Robert Poole, director of transportation policy at the Reason Foundation.

Giving states more flexibility to levy tolls on existing interstate highways to fund work throughout their road system could be part of the revenue solution, Poole said.

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