



MEMORANDUM

Date: April 3, 2015

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **March 31, 2015 Article in *The Atlantic* Regarding State Trend Toward Increasing Gasoline Taxes**

The attached article from *The Atlantic* reports that states are increasingly willing to raise their gas tax to balance state budgets and repair deteriorating transportation systems. In the last two years, six states have raised their gas tax, and as many as 12 more states could do so this year.

The most recent gas tax increases passed in the conservative states of Utah and Iowa and did so with little protest. In addition, Michigan, Georgia and South Dakota are considering gas tax increases proposed by top Republican leadership in their states.

Carlos Braceras, Executive Director of Utah's Department of Transportation, said of its new five-cent gas tax increase:

"The users of the system need to be the ones that pay for the system, and I believe that's a core Republican principle."

I will continue to recommend an up to 10-cent increase in Arizona's state gas tax as the best and most equitable method of transportation funding. Without such an increase, we cannot compete economically with other states willing to invest in their transportation systems by increasing user fees.

CHH/mjk

Attachment

c: Hank Atha, Deputy County Administrator for Community and Economic Development
John Bernal, Deputy County Administrator for Public Works
Tom Burke, Deputy County Administrator for Administration
Jan Leshar, Deputy County Administrator for Medical and Health Services



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How Red States Learned to Love the Gas Tax

By Russell Berman

Don't believe the axiom that Republicans reflexively oppose tax increases: Outside the Beltway, it just doesn't hold up.

States across the country are raising their fuel taxes to pay for the upkeep of deteriorating roads and bridges, and in a surprising number of those states, the governors and legislative leaders pushing those changes are Republicans, not Democrats. In Utah, GOP Governor Gary Herbert [signed a law last week](#) passed by the state's Republican-controlled legislature that raises the gas tax by 5 cents and ties future increases to prices at the pump. A month ago, Iowa's Republican governor, Terry Branstad, [approved a gas-tax hike that sailed through the legislature in under two weeks](#). Top Republicans in Georgia, Michigan, and South Dakota have proposed similar increases, and as many as 12 states could raise fuel taxes in 2015 alone, after six did so in the last two years, [according to an analysis by Carl Davis of the Institute on Taxation and Economic Policy](#).

The movement is a breakthrough for many states that have gone more than 20 years without touching the levy on gasoline, and it presents quite the contrast with the dynamics in Washington. The combination of low oil prices and urgent infrastructure needs [has given little momentum](#) to calls for an increase in the federal gas tax, which is the main revenue source for the nearly bankrupt Highway Trust Fund and hasn't gone up in 22 years. Republican congressional leaders have ruled it out, and the Obama administration isn't even proposing a gas-tax hike in its ambitious long-term infrastructure plan.

Related Story



[The Tax That Dare Not Be Hiked](#)

Tax hikes remain anathema to just about every Republican in Congress, nearly all of whom have signed Grover Norquist's written pledge to oppose them. The last significant increase resulted from the fiscal

cliff in early 2013, when a minority of Republicans joined most Democrats to raise income taxes on the wealthy and end a temporary cut in the payroll tax. The Republicans who supported that agreement did so only to prevent an even larger increase if Congress failed to act. And recall the 2012 GOP presidential primary, when during an early debate, every single candidate said they would oppose a deficit-reduction agreement even if it contained \$10 in spending cuts for every dollar in tax increases.

The mere proposal of a tax hike in Washington sends lobbyists scrambling and conservative activists mobilizing in opposition. Yet the most fascinating part of the recent gas-tax debate in at least some of the states is the absence of any visible ideological fights. The plan in Iowa "flew through the legislative process," said Drew Klein of the [state's Americans for Prosperity affiliate](#), which opposed the measure. In Utah, the five-cent increase marked the first time the state had increased its gas tax since 1997. But by the time it passed this month after three years of debate, there wasn't a significant protest. "There was no discussion on: 'Should we even do this?'" said Carlos Braceras, executive director of Utah's Department of Transportation. "It was around the details of how should we do this, and how should we address it."

The main opposition to the move came from the [Utah Taxpayers Association](#), which wanted the increase in the gas tax offset by tax cuts or spending cuts elsewhere. Billy Hesterman, the group's vice president, said the state's reputation for conservatism, at least among its Republican legislators, is somewhat overstated. "I think Utah's lawmakers are social conservatives, and they're still learning about what it means to be a fiscal conservative," he told me. Still, Republicans in the state said that Utah's conservative representatives in Congress—particularly Senator Mike Lee, a Tea Party favorite—did not get deeply involved in the local debate. Neither did the major Beltway-based conservative-advocacy groups, which have made surprisingly little noise about the GOP apostasy on taxes out in the states. Norquist's Americans for Tax Reform [has gotten worked up mostly about the proposed gas-tax increase in Georgia](#), which is supported by the state's newly-reelected Republican governor, Nathan Deal.

If nothing has changed in Washington, why are Republicans so tax-happy on the state level—at least when it comes to fuel? "The difference is states have to balance their budgets," Davis said. Unlike Congress, state lawmakers can't simply borrow money and accumulate debt when the coffers run dry, and the sorry state of the nation's transportation infrastructure has been well-documented. "States have a tough list of options they can choose from," Davis explained:

They can raise the gas tax, they can raise a different tax, or they can cut spending on education and other parts of the budget and spend that money on roads and bridges instead. Because you can only let your infrastructure get so bad before you have to find a way to deal with it.

While Davis works for a left-leaning think tank, I didn't hear much protest from Republicans in Utah and Iowa. Braceras said that funds got so low a few years ago that the state couldn't afford to pre-treat its roads. "We would just react to potholes," he told me. "We didn't have enough money to treat them proactively. Good roads cost less—it's the best, most cost-effective way to treat roads." Even in Washington, the need to spend tax dollars on infrastructure has traditionally drawn bipartisan support. Business interests, like the Chamber of Commerce, campaign aggressively in favor of funding for roads and bridges on the grounds that decaying infrastructure is a drag on the economy. Republicans have also argued that raising taxes to boost spending now is fiscally responsible because

as roads and bridges deteriorate, it becomes more expensive to repair and replace them. "No one wants to raise taxes less than I do," South Dakota's Republican governor, Dennis Daugaard, [said in his State of the State speech earlier this year](#). "But as I've said before, there is a difference between being cheap and being frugal."

Republicans aren't only considering increases for the gas tax—Utah enacted a property tax hike, and [other GOP-led states are debating higher duties on cigarettes and alcohol](#). But the gas tax is an easier levy for Republicans to stomach because it taxes consumption rather than income. To avoid the dreaded T-word, supporters often describe it as a user fee. "That's an important concept," Braceras said. "The users of the system need to be the ones that pay for the system, and I believe that's a core Republican principle." Some conservatives, however, are beginning to push for states to find other ways to pay for infrastructure, arguing that as fuel efficiency standards increase and fewer drivers take to the road, gas tax revenue won't be able to keep up with costs. In Iowa, Klein said the state should have closed its \$200 million infrastructure deficit by tapping the general fund, a move that likely would force the legislature to cut spending elsewhere in the budget to prioritize roads and bridges.

Whatever longterm challenges state-level gas taxes face, though, they remain useful for legislatures confronting failing bridges and potholed roads. "It might be dying but it's not dead," said Kevin Van Tassell, a Republican state senator in Utah, "and it's probably the cheapest and most effective tax we have to administer and to collect." It's a defense of taxation you're unlikely to hear in Washington, but from a Republican living 2,000 miles away, it's beginning to sound like a party line.

This article available online at:

<http://www.theatlantic.com/politics/archive/2015/03/how-red-states-learned-to-love-the-gas-tax/389084/>

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