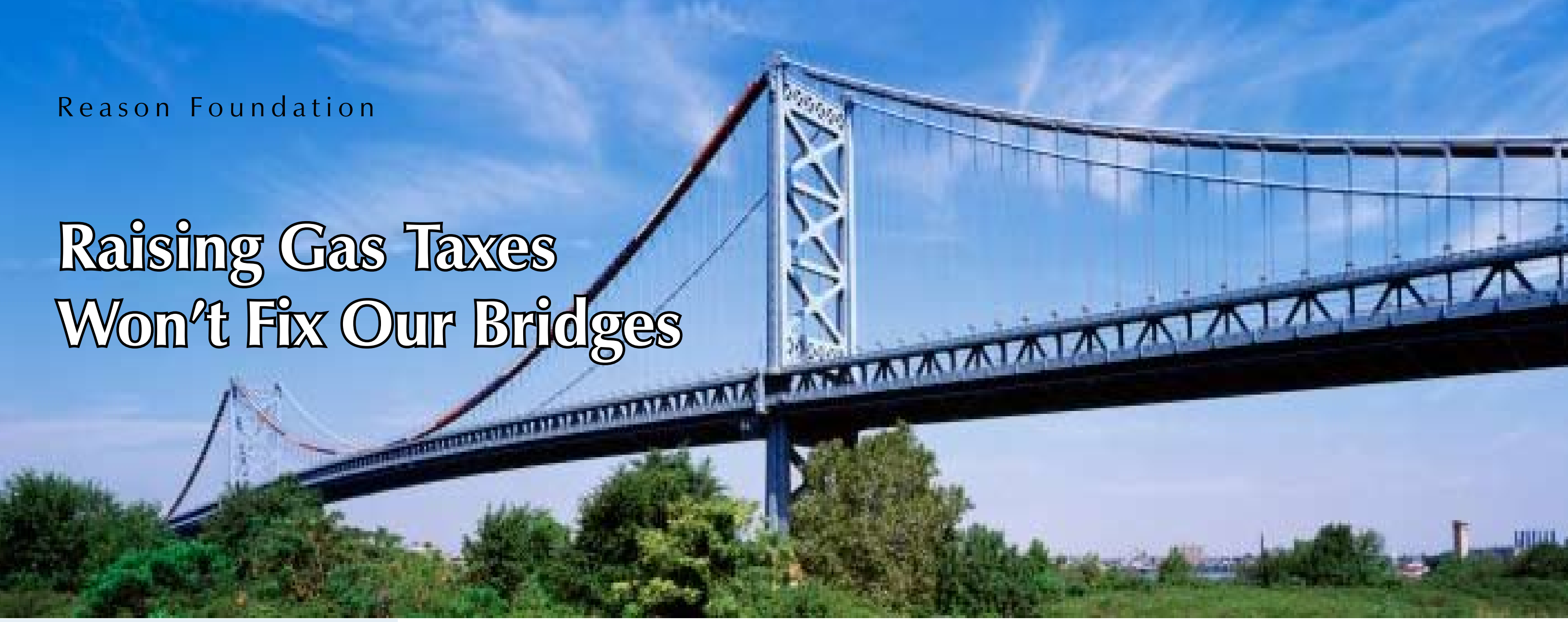

Reason Foundation

Raising Gas Taxes Won't Fix Our Bridges

By Adrian T. Moore, PhD

Summary

1. Lack of funding and the political nature of infrastructure funding caused this problem.

2. To avoid future disasters, we need to change the incentives in the system by basing funding on results. We must stop throwing good money after bad.

3. First we must examine how we spend transportation dollars now. Then we maximize the value out of those dollars. Finally, the last step is to address the need for additional revenue.

The I-35 bridge collapse in Minneapolis has revealed the ugly truth about our tendency to put off the maintenance of infrastructure. Indeed, the American Society of Civil Engineers estimates that our basic infrastructure needs an infusion of at least $1.5 trillion just to bring it into "good" condition.

Not surprisingly, many are calling for more funding to maintain our public infrastructure, including many proposals to infuse immediate cash into repairing bridges. Raising the federal and state gas taxes is one of the leading proposals.

Unfortunately, our infrastructure needs more than stop-gap financing. We need to ask the following questions first:

1. How did we get here?
2. Will a temporary boost in funding fix the problem?
3. What is the right way to deal with a funding crisis?

How the problem arose.

We don't invest enough in our core infrastructure. In a nutshell, that's why bridges like the one in Minneapolis are falling down. Building new infrastructure is expensive, complicated, takes a long time, and is often controversial.

Compounding this problem is the political nature of infrastructure funding. The ebb and flow of politics determines who and what gets funding and when. Without a lobbyist in Congress, infrastructure like roads and bridges often take a back seat. It's all too easy to put off maintenance until next year so that you can spend the money elsewhere this year.

Now the deferred maintenance bill is a $300 million annual deficit for roads, bridges, tunnels, and other infrastructure.

A temporary boost in funding won't fix the problem.

Bridges are just the tip of the iceberg. The transportation funding system has a bias toward underfunding infrastructure and letting maintenance lag. A temporary infusion of cash into bridges is just a feel-good measure. The average household in the United States pays about $214 in federal gas taxes and between $99 and $374 in state gas taxes (depending on their state) each year. Adding to that burden to throw more money into a bad funding system won't help.

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If we want to avoid future disasters and the other risks associated with poor infrastructure we need to change the incentives in the system. Our system of funding infrastructure rewards deferred maintenance, not proactive management. States and localities that underinvest in maintenance still get their appropriation of gas tax revenues the each year, regardless of their decision to allow the system to deteriorate.

Proposals for a temporary federal gas tax hike to fund bridge repairs would be a worst case scenario of rewarding bad behavior. Residents of states that have done a good job maintaining bridges would pay the higher gas tax, but their state would get little, if any, of the funds. Instead, the funds would go to those states that have poor bridges, i.e. those states that have shown they do a lousy job with their maintenance budgets. We would be rewarding failure and punishing success. Until Congress and state legislators base funding on results and refuse to throw good money after bad, this problem will continue.

What is the right way to deal with a funding crisis?

A sensible approach to America's transportation funding crisis, just like when dealing with the family budget, is to first look at managing your spending, then see what you can do about income. This is a three step process.

First, what are you doing with the money now? In the last transportation bill, individual Congressmen and Senators carved out special funding for 6,373 pet projects amounting to over $24,215,018,641. These "earmarks" are not subject to cost-benefit analysis or any form of prioritization other than the political strength of politicians on Capitol Hill.

In Minneapolis, state legislators spent a great deal of the past two years working on a special tax to pay for a new stadium for the Minnesota Twins. They did not spend that much time debating how to pay to fix deficient bridges.

Clearly, in the wake of the I-35 bridge collapse Congress and state legislators need to re-examine transportation priorities and base funding on objective needs, not politics.

Second, are we getting the most bang for the bucks we already spend? Some states do a better job than others at providing infrastructure. For example, a comparison of state road conditions shows that some states do a much better job with road maintenance money than do others. Missouri is working on a landmark public-private partnership to have all 800 bridges in the state brought up to snuff in the next five years. Several other states have used public-private partnerships to get more maintenance out of the same budget. Too often we say the problem is a lack of funding and the way we do things is fine, when we should be constantly seeking to change and improve how we maintain our transportation systems.

Third, and only third, address additional revenue. At the federal level, Congress has created two commissions to create recommendations for how to fund transportation in the future. We should invest now in the first and second steps, and wait for those recommendations before hastily increasing the gas tax.

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