Penny Wise and Pound Foolish?

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The Missouri House voted earlier this month to reject, by an overwhelming majority (51-103), the latest proposal to raise the state’s gas tax. The plan, which originated in the Senate last year, would have sought voter approval for about a six-cent increase to the current tax (which is about 17 cents per gallon—one of the lowest gas taxes in the nation). This decision is fiscal responsibility at its worst.

Why the defeat? As stated in the Post-Dispatch, “opponents to the bill said it was up to the state to better manage the money in its coffers and not expect Missourians to cough up more out of their paychecks.”

Just how much would the average Missourian have coughed up if the tax actually passed? Using national figures, a rough estimate is that the average family—two adults and two driving children—put about 45,000 miles a year on their automobile(s). With a reasonable assumption that the cars used would get 25 miles per gallon, the average family uses about 1,800 gallons of gas a year. The six-cent, one-time increase would increase the family’s annual cost of driving by a paltry $2 a week. So the House’s vote protected the public from a decision about whether to increase our tax burden by less than the cost of a cheap coffee a week.

The case for increasing the fuel tax has been made many times before by Show-me Institute writers. Such a tax increase is a sound method for funding the repair and upkeep of Missouri’s deteriorating highways and bridges. Unlike the ill-conceived sales-tax approach suggested in the
past, at least raising the tax on fuel levies the tax on those who actually use state roads.

The inability to raise funds needed by the Missouri Department of Transportation for maintenance and improvements of the state’s roadways will not enhance economic growth in the state. This most recent decision by political leaders is instead likely to solidify Missouri’s position as one of the slowest-growing states in the nation.

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