

STATE REP. JEFF SPIGELEMAN SAYS A PROPOSAL TO RAISE DELAWARE'S GAS TAX IS A "NONSTARTER"

February 2014

Dear Editor,

Before lawmakers recessed at the end of last month, we were presented with a proposal by the Governor on how to help fund transportation projects in the First State. Without a doubt, I am disappointed in the proposal and have heard only negative feedback from many of my constituents since the initiative was unveiled.

The Governor is proposing a 10-cent per gallon tax on the Motor Vehicle Fuels Tax. He has said that the proposed gas tax increase will go toward helping to finance transportation projects by an additional \$100 million annually over the next five years. According to the Governor's proposal, the gas tax hike would fund \$50 million a year for transportation, while another \$50 million would be generated through increased borrowing.

The gas tax proposal is a nonstarter, in my opinion. Having voted "no" on the bill to raise the minimum wage, I also plan to vote against a gas tax hike. Combined with other increased costs impacting individuals, families, and small businesses, a tax on gas is regressive in nature and tends to disproportionately affect those in the lower income brackets more so than those with greater income means. This would be just another unnecessary financial hit on Delawareans who are trying to make ends meet. The tax could also have a negative effect on our vital \$2 billion a year tourism industry by making travel in Delaware more expensive which could cost the state jobs and money.

Delaware's tax on gasoline is currently 23 cents per gallon. With the proposed 10-cent increase, the First State would be higher than neighboring Maryland's current 27-cents per gallon tax and New Jersey's 15-cents per gallon tax.

My colleagues and I are proposing a less costly and more sustainable proposal to generate additional funding for transportation projects in Delaware. It starts with repairing the structurally-impaired Transportation Trust Fund (TTF), which is funded by motor vehicle taxes and fees, including the gas tax. The TTF was originally created to fund transportation projects solely, but over the years the TTF's mission statement morphed and the fund now also pays for DelDOT's operating expenses. The legislative decision to finance DelDOT's operating budget out of the TTF was made in the early 1990s when the TTF experienced a surplus. The decision was viewed as a way to avoid some other tough budgetary choices. In any event, transportation projects are competing for funding against DelDOT's operating costs, resulting in a reported delay of more than 55 road projects throughout the state. The need to repair the TTF's structural problem is long overdue.

We are proposing to restore the TTF to its original intended purpose of only funding road repairs and other transportation projects in Delaware. We recommend transitioning DelDOT's

\$230 million budget back to the General Fund over seven years, in annual installments of \$35 million to \$40 million, allowing for more than \$1 billion to be used for road construction over that period. Our proposal not only would eliminate the need for the gas tax, but there would be enough money generated to not have to increase borrowing. Our plan is not new. It was actually recommended by a non-partisan task force a few years ago as a viable option on how to provide more capital money for transportation projects in Delaware. The report never went anywhere, but the recommendation is certainly worth reconsidering, especially now.

With the Joint Finance Committee's work currently underway on crafting this year's spending plan, now is the time to make the commitment to transition DelDOT's operating budget back to the General Fund. It will certainly take some tough budget choices as they relate to where and how to spend taxpayer money, but the challenge can be met at this early stage of the budget writing process.

The gas tax proposal should come off the table completely. Families and small businesses in Delaware do not need another financial burden thrown on them, especially when there are better options available. Belt-tightening starts at home. Let us, as the state, set a good example and rein in spending, instead of automatically hitting the tax button.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Jeff Spiegelman', with a stylized flourish at the end.

Jeff Spiegelman
State Representative
11th District