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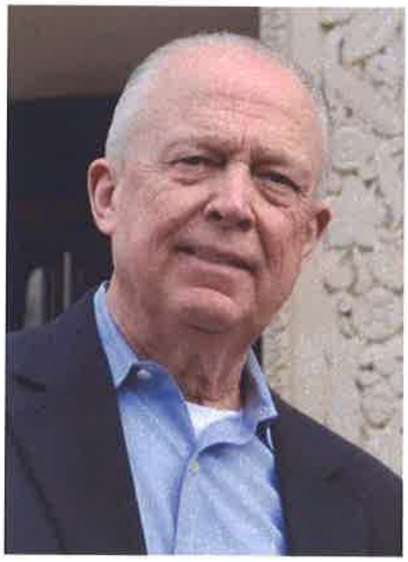
Reneging on the gas tax promises

By Richard Eckstrom May 10, 2019 Updated 1 hr ago



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Among the arguments offered by opponents of South Carolina's recently-enacted gas tax hike was that the state's highway maintenance spending had historically been inefficient and poorly prioritized. Why should we believe these new tax dollars would be wisely spent, they asked.

So legislators who were advocating the new tax made an important promise: that the spending of this extra tax money would be restricted only to fixing our existing highways and bridges. They vowed this money would not be siphoned off for agency overhead, new construction projects, or anything unrelated to priority repair needs. That pledge became a central argument in its favor.

Certainly, the law's passage fueled frustration among many taxpayers who were fed up with politicians setting sights on their wallets and skeptical that the state would honestly uphold its end of the deal. If there was ever a time for state leaders to honor their commitments, this was it.

Unfortunately, they've been quietly chipping away at those promises. I'll explain.

The fuel tax is actually one of several taxes and fees added or increased under the S.C. Infrastructure and Economic Development Reform Act of 2017. It raised vehicle registration fees, increased the sales tax cap on vehicles from $300 to $500, created a $250 fee for registering vehicles from out of state, and imposed fees on electric and hybrid vehicles.

Most of the additional dollars are to be deposited in a newly-created "Infrastructure Maintenance Trust Fund" which was supposed to be dedicated solely to fixing our existing roads and bridges. The one exception is the out-of-state vehicle registration fee; those funds were earmarked by the new law to pay for a special tax credit for S.C. taxpayers to offset their cost of preventive vehicle maintenance, such as tires and oil changes.

But somebody's estimates were off. Out-of-state registration fees came up $13 million shy of the estimated $40 million needed to pay for the tax credits. How is the state covering the shortfall? With funds intended to fix roads. Lawmakers slipped an item into the budget allowing DOT to divert money from the new highway maintenance fund to the tax credit account – a significant departure from the promises made just two years earlier.

DOT has also received lawmakers' blessings to dole out additional money to counties — known as "C funds" – by taking this money from the new highway maintenance fund rather than DOT's existing state highway account, which it had used in the past. It has so far dispersed some $35 million from the new revenue to counties. That too fails to square with the "road-repairs only" pledge, especially since the state has little oversight of how the counties use these dollars and no assurance they'll be spent on maintaining roads.

Which is to say, the state is reneging on an important commitment it made.

That's a shame. Regardless of one's position on the gas tax law, we all now have a stake in ensuring the money is spent on fixing roads as promised. That's why my office launched a Gas Tax Transparency webpage — to allow for greater oversight and, I'd hoped, reduce the chance that this money would be siphoned off for other uses.

Most folks don't yet know about these changes, and it remains to be seen how much this all matters to the public. But it's sure to matter a great deal if we look back years from now, billions of dollars and thousands of potholes later, and wonder why our serious needs for basic repairs remain unmet — a real possibility given our state's track record.

It's bad government. It's sure to erode public trust. And there could be repercussions the next time the politicians need to whip up support for a similar initiative.

Which could be soon, as the hunt for transportation dollars continues. Some state officials recently ramped up a push for toll booths on I-95, which they say would bring in billions for interstate improvements. Maybe so, but pitching the plan will be much more difficult if they can't be taken at their word. And if it turns out to be a tough sell... well, that's a self-inflicted wound.

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