

# The Columbus Dispatch

February 24, 2019

THE COLUMBUS DISPATCH

## Gas Tax Likely, But When Then?

By Matt A. Mayer

It became clear within days of ending his tenure as Ohio's governor that, other than monetizing the Ohio Turnpike, which provided far too little funds, John Kasich did little else to solve the transportation-funding problem that existed the day he entered office. Gov. Mike DeWine and his team now must work with the Ohio General Assembly to figure out how to ensure that Ohio's surface-transportation needs are met in the coming years.

So far, the entire conversation has consisted of one solution: raise the state gas tax. That tax, at \$0.28 per gallon, hasn't been raised since 2005 and is not indexed to inflation to grow over time. We've been told that a penny increase would generate roughly \$67 million in new taxes.

To meet Ohio's estimated needs, we need roughly \$1 billion more per year, which would require the state gas tax to be raised by \$0.149. DeWine has proposed a \$0.18-per-gallon increase; lawmakers have not committed to any tax increase or the amount thereof.

We need to take this opportunity to inject other actions into this tax-increase discussion.

First, DeWine should use this opportunity to champion federalism, with the goal of decentralizing power and money on transportation issues from the federal government to the states.

In addition to the state gas tax, every gallon of gas carries a federal tax of \$0.184. Thus, replacing the federal gas tax with an increase in the state gas tax likely would be a net wash or, at worst, provide slightly less overall funding.

In my 2013 report *Leveraging the Constitution to Rebuild America*, I noted that every \$1.00 sent to Washington, D.C., comes back with \$0.15 to \$0.35 skimmed off the top to pay for bureaucracy, waste, fraud and abuse. If the gas tax currently sent to Washington never left Ohio, we could use 100 percent of those funds to maintain our transportation infrastructure and overcome any loss from eliminating the federal gas tax.

If the state gas tax must be increased, can't we institute some reforms that would ensure that we get the greatest bang for the tax bucks? DeWine and the Republican-controlled General Assembly should eliminate any and all prevailing-wage and project-labor-agreement requirements on all transportation projects in Ohio.

These two reforms would eliminate the requirement to hire union workers and to pay higher union rates than required to

get the work done. We can still require adherence to all health and safety laws to prevent inferior services or higher injuries, as the unions complain could occur without their workers.

The Mackinac Center for Public Policy estimated that the elimination of prevailing wage on public projects would save between \$250 million (5 percent savings) and \$500 million (10 percent) per year in Michigan, which repealed its prevailing-wage law last year. In 2018, Ohio collected roughly \$1.91 billion in state gas-tax funds. Eliminating prevailing wage would translate to saving between \$95.5 million and \$191 million. Imagine how much more transportation work could get done across Ohio if we didn't pay artificially high wages.

Finally, the DeWine administration should provide taxpayers with a long-term estimate on Ohio's surface-transportation needs. We've built a lot of roads over the last hundred years. How many more new roads truly need to be built over the next 25 years?

Similarly, once we cycle through the bridge repairs needed, those bridges should last a very long time. Providing answers to these questions would allow us to determine if any state gas-tax increase should be accompanied by a sunset provision eliminating the tax increase or a portion of it once the current demand decreases as we finish roads and fix all of the bridges.

The bottom line is, the current debate about Ohio's state gas tax should include a broader discussion of other reforms we can make to justify any tax increase. Let's use this dilemma as an opportunity to truly fix the problem.

---

*Matt A. Mayer is President of Opportunity Ohio.*