



Economist says gas tax is "fairest" way to fund roads

Wednesday, February 18, 2009, 9:37 AM

By [O.Kay Henderson](#)

An Iowa State University economist says the gas tax is the "fairest" way to raise money for road construction and maintenance.

I.S.U. economist David Swenson told members of the House and Senate Transportation Committees he analyzed the impact of a 10-cent-per-gallon increase in the state tax on gasoline. "Nearly all of us drives to work so we want to get a handle on the commuting costs of a gas tax," Swenson said.

According to Swenson, the average Iowa commuter would pay from \$33 to \$100 a year more a year if there's a 10 cent hike in the state gas tax. The range accounts for variations in fuel efficiency of the cars Iowans drive as well as the miles Iowans drive to work. Swenson warns if gas prices rise again to the \$4 level -- and Iowans begin driving less -- the amount of state gas taxes will go down as well.

Swenson also points out as Iowans buy more fuel-efficient cars, the amount of gas they'll be buying will also decline. "So what you're getting out of the gas tax is an upfront level of revenue that you would expect to tail off over time," Swenson said.

The Senate Transportation Committee is considering a bill which would increase the state tax on gasoline by eight cents a gallon. According to Swenson's calculations, an eight-cent hike in the gas tax would have little impact on the driving patterns of Iowans.

Gasoline today in the state's capitol city is selling for \$1.67 per gallon. The average price in Iowa is currently \$1.89 per gallon. At its peak on July 16, 2008, pump prices reached \$4.02 per gallon in Iowa.

The state of Massachusetts has begun exploring the idea of charging motorists a tax based on the number of miles they drive.