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Failure of Gas-Tax Bill Could Cost State Roads \$70 Million, DOH Says

(Editor's Note: This is a reprint of an article in the March 10, 2009 edition of The Charleston Gazette)

CHARLESTON, W.Va. - State Division of Highways officials were scrambling Thursday over the imminent demise of a bill that would freeze the adjustable portion of the state gas tax for 2010 - a move that would cost the already cash-strapped state Road Fund \$70 million a year. The bill (SB 680), which would continue the current freeze on the state fuel tax at 32.2 cents per gallon through the 2010 calendar year, was stuck in the House Finance Committee Thursday.

Deputy Highways Commissioner Paul Turman said that, without the freeze, state Road Fund collections will fall by \$70 million next year - effectively leaving the division without sufficient money to maintain state secondary roads. "Basically, about the only thing we'll be able to afford to do for two-thirds of the roads in the state is patching potholes and cutting grass," he said.

As of Thursday, the bill was stuck in committee, and presumably dead, unless House leadership makes an exception and agrees to suspend the rule that a bill be read on the House floor on three separate days before passage. The final day to pass 2009 regular session bills is Saturday.

House Speaker Rick Thompson, D-Wayne, said Thursday he supports Finance Chairman Harry Keith White's stand to let the bill die. "Make no mistake about it: this bill, if passed, would amount to a tax increase on the fuel that people need to get to work and to earn a living," Thompson said. "By opposing this gas tax increase, we have the opportunity to offer consumers a modest tax break in the midst of an economic downturn the likes of which this nation has not seen in several generations," he said.

Legislators imposed the freeze last year to keep the gas tax from going up as retail prices approached \$4 a gallon. The adjustable portion of the tax is recalculated each January 1, based on average prices from the previous July through October. Without the rate freeze, Turman said the 2010 tax should drop next January by about a nickel a gallon.

Complicating matters, he said, is that the state master plan for road construction projects assumes the gas tax will remain at 32.2 cents through the end of 2014 - potentially bringing the total amount of lost Road Fund revenue to \$350 million. By comparison, the state's share of federal stimulus funding for highways totals \$210 million.

Mike Clowser of the state Contractors Association said the loss of gas-tax revenue would force highways to postpone road building projects that would have begun this summer and fall. He said many of the road projects funded this spring from stimulus funds will be nearing completion by then, leaving construction workers jobless. "We're going to need the equivalent of another stimulus bill just to keep our people employed," he said.

Senate Finance Chairman Walt Helmick, D-Pocahontas, said he could not believe the House would allow the tax rate freeze to die. "People don't understand that this is a huge issue for the highways of West Virginia," he said. "Anybody who drives knows the deteriorating condition of our highways. Helmick had argued against the current freeze, as well as a previous freeze in 2007, which cost the Road Fund \$142 million in lost revenue.

Matt Turner, spokesman for Gov. Joe Manchin, said the governor is concerned about the potential loss of Road Fund dollars - and the loss of road building projects.

As to whether Manchin would put the issue on a special session call when the session reconvenes in May, Turner said, "It's too early to say, but I will say he's very concerned about having adequate revenue to maintain our roadways."

Turman said the freeze would mean minimal savings for state drivers - an average of \$40 a year. "That's might mean they would have to take the family to McDonald's after church one less day a year," he said.

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