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Road Fund Fix Eludes Lawmakers

(Editor's Note: This is a reprint of an article published today by The Associated Press. WVBT will provide more on this report once it is released on Wednesday.)

CHARLESTON, W.Va. -- West Virginia's Legislature hopes to get a few new ideas this week as it revisits a problem that has vexed the Mountain State for much of this decade: Funding for its sprawling road system.

Professor Tom Witt is scheduled to update lawmakers during interims on his study of the State Road Fund. "Unfortunately, there are no easy solutions," Witt told The Associated Press last week. "I'm going to be laying out options, and some I imagine will be dead on arrival."

Witt is an associate dean at West Virginia University and heads its Bureau of Business and Economic Research. He says the traditional ways to pay for road building and repairs no longer keep pace with needs. Rising costs of such basic materials as concrete and asphalt are, meanwhile, blunting the buying power of available revenues. "It's a challenge every state is facing," Witt said. "What we're seeing in West Virginia is just the tip of what you will find overall across the rest of the country."

Like many other states, West Virginia has sought to fuel its road fund by applying the benefits-received principle, Witt explained. Individuals who pay the taxes into the system reap the benefits from having a modern highway network, he said. But revenues from the fund's user-based sources ---- taxes on gas, vehicle sales and registrations -- have flattened in recent years and are projected to remain so. The recession, higher gas prices and even improved car fuel efficiency have also contributed to the problem.

These three taxes supply 99.7 percent of the state's share of the road fund, which also benefits from federal highway dollars. But the state portion, expected to yield \$631.6 million during the budget year that ends June 30, ended November \$14.6 million below estimate.

"They have been flat over the last several years. We're continuing to work with the same amount of money we've always had in the face of increasing costs," said Brent Walker, a Division of Highways spokesman. "At times, it seems impossible to keep with inflation, keep up with costs. What happens? We delay maintenance; we delay projects."

The legion of motorists who traveled West Virginia's roads over the recent holiday experienced the results. State officials consider the stretches of interstate and other federally aided roads to be in good shape.

"The stimulus, that was certainly a shot, but it was a one-time shot," Walker noted.

But West Virginia's state government is also responsible for the nation's sixth-largest share of roadway within its borders. Witt counted it among just four states where oversight of highways has been so centralized. In the rest of the states, county and local governments share varying degrees of the burden for maintaining roads and can also raise revenues on that level for them, Witt said.

"You take our state roads; we think they are fair to good," Walker said. "You look at secondary roads and county roads; we put them in the poor to fair category."

The road fund came up for debate during last month's special session. Lawmakers tweaked the state's gas tax and transferred \$27.3 million into the fund. The transferred money is earmarked for secondary roads. That bill passed the state Senate unanimously, while Delegate Troy Andes was the sole House member to vote against it. Citing the recurring debate over the road fund, the Putnam County Republican said he plans to oppose such supplemental appropriations until highway officials "get their financial house in order."

The gas tax measure limits future annual changes to part of that levy that depends on average wholesale fuel prices. It also makes permanent a nickel-a-gallon portion of the tax adopted in 1993 as a temporary increase but since repeatedly extended.

Requested by Gov. Joe Manchin, the legislation would keep the tax at 32.2 cents per gallon, the 13th highest nationwide according to October figures from the American Petroleum institute. Before a largely party-line 64-23 vote with a dozen absences, the minority Republicans had argued that the measure would deprive recession-wracked taxpayers several future breaks from the current rate.

House Finance Chairman Harry Keith White countered by citing the estimate that every penny of the gas tax brings in \$12 million to \$15 million annually to the road fund. But White, D-Mingo, also said after the floor debate that he, too, would like to see a major overhaul of the fund and its revenue sources.

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