

January 19, 2010

## It's time to end diesel tax break

No one likes the idea of raising taxes in a grim economy, but a proposal to raise the diesel tax from 15 to 19 cents per gallon is a worthy exception.

The bill's sponsor, state Sen. Jud Gilbert, R-Algonac, estimates the higher tax would raise nearly \$40 million a year. Under his proposal, the money would be dedicated to bridge repairs.

Gilbert is chairman of the Senate Transportation Committee, which approved the legislation last month. The bill's fate probably rests with Senate Majority Leader Mike Bishop, R-Rochester, who thus far has resisted pressure to balance Michigan's out-of-whack budget with higher taxes.

While we applaud Bishop's hard-line stance and his courage in hewing to it, the diesel tax is different in one important way: Fairness.

Diesel and gasoline taxes both stood at 15 cents until 1997, when lawmakers bumped the gas tax to 19 cents. A powerful trucking lobby convinced legislators to exempt diesel.

In the past dozen years, the tax break for diesel has deprived the Michigan Department of Transportation and county road departments of more than a half-billion dollars.

Michigan is one of the rare states where diesel is taxed at a lower rate than gasoline. In more than half of the 50 states, the two taxes are equal.

In 15 states, diesel is taxed at a higher rate. In fact, a few states have taken this to an extreme.

Connecticut, for example, taxes diesel at 45 cents per gallon compared to 25 cents for gas. Florida's gas tax is 16 cents a gallon while its diesel tax is almost 30 cents.

Connecticut and Florida cite the damage caused by heavy trucks as justification for high diesel taxes. Wear and tear also is a huge issue in Michigan, which allows the nation's heaviest trucks.

Gilbert's plan to devote additional tax revenues to bridge repair is sound policy.

Thirteen people died in August 2007 when an eight-lane expressway bridge collapsed in Minneapolis. Afterward, the Bush administration did a national survey of bridges. Michigan ranked among the top 10 states in the number of "structurally deficient" bridges.

MDOT and Michigan's 83 counties lack the money they need to do those repairs in a timely fashion. Gilbert's bill would make a real difference.

The irony of Michigan's woes in funding roads is that only six states collect higher taxes at the pumps. We are among the few states that levy a sales tax on fuel.

As we've said in the past, it is time to eliminate the 6% sales tax on fuel. Let's raise fuel taxes by an identical amount, meaning taxes paid by motorists would go toward roads rather than schools.

That's only fair. As a bonus, it would all but force lawmakers to find a better way of financing public schools. The existing system is broken.

---