



UTC Spotlight

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Will Americans Support Fuel Tax Increases? The Answer Could Be Surprising

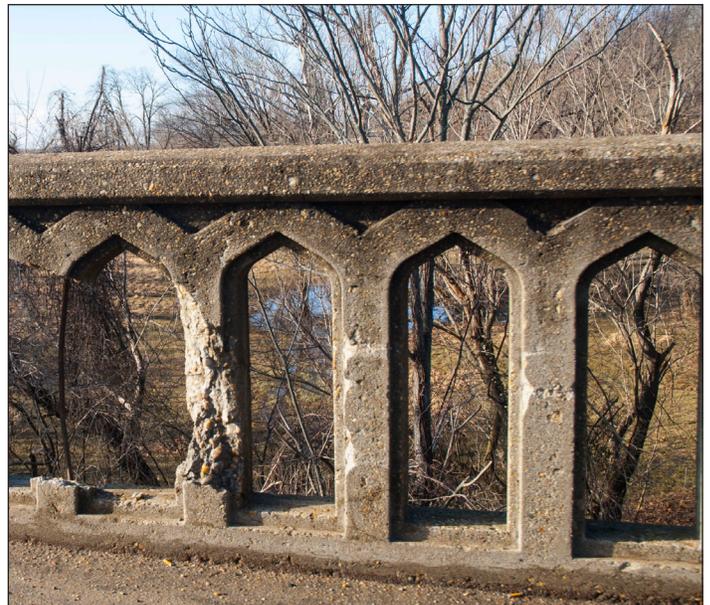
Would Americans support increasing the Federal gas tax rate?

To find the answer, the Mineta Transportation Institute (MTI) backed research investigating whether Americans would support various Federal taxes to fund transportation, with a focus on what factors might make people feel more favorably towards a tax increase. The research included a series of four annual surveys that asked virtually identical questions each year, allowing researchers to look for any changes in support over time. All four surveys were conducted according to the highest standards of public opinion polling, using random-digit dialing to reach over 1,500 Americans per poll on cell and land-line phones.

Conventional wisdom holds that people are tired of tax increases of any type, and that they particularly dislike gas taxes. And some public opinion polls do find very low support for raising the gas tax. Nevertheless, time and again Americans have voted for tax increases at the local level to fund better public transit, smoother local streets, and expanded arterials and freeways. Might that support suggest they see transportation as a priority for government spending, even at the Federal level?

No, the pundits argue, for the situation is different at the Federal level. The argument goes that there are two factors that give Americans confidence that local tax revenue will be spent wisely, advantages that the Federal Government does not share. One factor is that people tend to trust their local governments – the representatives they know personally – more than they trust distant Federal legislators. Another factor is that voters

anticipate actually seeing benefits paid for directly from their local tax revenues—fewer potholes in their block or a new light rail line across town.



William Moore

Confidence in actually seeing infrastructure improvements at the local level is important in gaining support for tax increases.

This logic reasonably explains support for local tax measures, but does the conclusion necessarily follow that the public would not trust the Federal Government with additional transportation revenues? A review of 57 polls from 2005 to 2013 asking about support for gas tax increases at either the state or Federal levels found enormous variation in support levels, from a low of 8 percent to 70 percent or more. This variation suggests that no single question about gas tax support tells a complete story.

The “base case” gas tax tested was a simple 10 cent increase in the Federal tax rate from 18 cents to 28 cents per gallon. Respondents were told that the proceeds would be used for “maintaining and improving the transportation system” but given no additional information about the tax. Here, support was indeed very low, around 20 percent of respondents for each year polled.



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People react more favorably to a gas tax increase when proceeds are slated for specific projects.

However, people reacted more favorably to a gas tax increase when the proceeds are to be spent for specific types of projects. For example, if respondents were told the 10 cents per gallon tax increase would be spent on projects to improve road maintenance, support leapt up to 67 percent in 2013. And that same year, 50 percent supported the 10 cent tax increase if the revenues were to be devoted to projects reducing global warming. Similar support levels were found in the prior three years of polling.

These results from polling suggest two important lessons. First, and most important, support for a Federal gas tax increase *depends on the specific tax*. For example, MTI polls show that Americans respond very differently to a gas tax increase depending on how the revenues would be used. They make the highly reasonable decision to support such a tax increase only if the proceeds will be spent to achieve specific outcomes they deem important. And this finding held true for people of all types: high and low income households; people of different races, ages, and political parties; and people who drove many thousands of miles every year or just a few.

The second policy lesson is that the pundits and well-cited polls may well be overly pessimistic to argue that most Americans would oppose a Federal gas tax increase. Certainly, in some districts, voters could turn down any and all increases, but MTI’s research found that they are often tolerant or even supportive. The key challenge for policy makers is to craft a gas tax that reflects the public’s priorities for system improvement, such as system maintenance, which tops the list of priorities tested. So the next time someone tells you that raising the Federal gas tax is politically impossible, you might want to ask if the politicians are posing the right questions.

To learn more, download the most recent report, *What do Americans Think About Federal Tax Options to Support Public Transit, Highways, and Local Streets and Roads? Results from Year Four of a National Survey*, at <http://transweb.sjsu.edu/project/1228.html>.

About This Project

Asha Weinstein Agrawal, Ph.D., is Director of the MTI National Transportation Finance Center at San José State University and also an Associate Professor in the Urban and Regional Planning Department at San José State. Her research and teaching interests in transportation policy and planning focus on transportation finance, pedestrian planning, and transportation history. A complete list of her publications can be found at: <http://www.sjsu.edu/faculty/weinstein.agrawal/>. Dr. Agrawal earned a B.A. from Harvard University, an M.Sc. from the London School of Economics and Political Science, and a Ph.D. from the University of California, Berkeley.

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This newsletter highlights some recent accomplishments and products from one University Transportation Center (UTC). The views presented are those of the authors and not necessarily the views of the Office of the Assistant Secretary for Research and Technology or the U.S. Department of Transportation, which administers the UTC program.

