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SC doesn't need a gas-tax hike to fix its roads and bridges

There are three weeks left in the legislative session, and the drumbeat in Columbia for a massive gas-tax increase is now deafening; all the major lobbying groups are crying in a single chorus: "Higher taxes to fix our roads!"

The House has obliged, passing a bill to raise taxes by \$360 million annually. And the Senate Finance Committee almost doubles down, jacking up that tax increase to \$708 million annually.

As the House bill as amended is about to be debated by the full Senate, here is where I stand, and why.

As a threshold matter, I reject the premise — wrongly considered gospel by many — that insufficient funds are being appropriated.

Total annual spending for our transportation infrastructure in 2009 (my first year in the state Senate) was \$1.051 billion. In the budget passed by the Senate a couple of weeks ago, it is \$1.627 billion, an increase of 54.8 percent.

Yes, our roads and bridges are in bad condition, but that's because spending decisions are made by a politically motivated and legislatively controlled state agency.



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(More on that below.)

Even if one concedes more money is needed, however, that does not mean higher taxes are necessary.

Existing revenues are sufficient if we have the political will to spend them wisely.

For example, the Senate recently passed a budget appropriating an additional \$69 million for roads and bridges. In addition, that budget includes a supplemental section (which appropriates tax revenue anticipated but not yet certified) providing an additional estimated \$100 million.

In other words, instead of simply spending the additional revenue on special projects (as we usually do), we prioritized this year and spent taxpayers' money on actual needs.

And we will have opportunity to do the same in future budgets since the state Board of Economic Advisors projects that the average amount of recurring annual growth in General Fund revenues over the next 10 years will be \$355 million. If just 30 percent of this annual growth is dedicated to roads and bridges, then after four years we will have increased transportation spending to the level targeted by Gov. Nikki Haley — without raising taxes.

In the remaining weeks of this year's session, instead of debating massive gas-tax hikes, the legislature should focus on structural reforms to the S.C. Department of Transportation, the state agency that makes the expenditure decisions.

Capital outlays by the SCDOT for new transportation projects in recent years have been more than triple the amount spent on repairs and maintenance, and that's a direct consequence of the SCDOT commissioners being elected by lawmakers.

There's a reason South Carolina has the fourth-largest state highway system in the nation; no politician

ever held a ribbon-cutting for a pot-hole-filling initiative.

The necessary structural fix here is to have the governor appoint all of the SCDOT commissioners in order to establish a clear line of accountability for expenditure decisions.

Better still, abolish the commission and have expenditure decisions made by a Cabinet-level Secretary of Transportation, appointed by and directly accountable to the governor. That way, the voters can hold an official elected statewide directly accountable for the wise or unwise spending of their money.

Also, any serious plan to address our state's transportation situation must include devolving control over some roads to local governments. According to research published by the S.C. Policy Council, there are about 65,800 miles of roads in South Carolina, and 63 percent of them are controlled by the state. By way of comparison, the average state DOT controls only 19 percent of roads in other states.

The fix here is for the state to transfer a significant portion of

those road miles to local governments, along with an appropriate share of existing gas-tax revenue.

The Policy Council correctly summarizes the benefits of this: "Local governments would have better knowledge than a centralized entity of local road conditions. Further, local governments' proximity and accountability to the citizens who use the roads in their borders would provide them an incentive not to neglect rural or residential roads that currently receive little attention from DOT."

Currently, they can simply blame the state — with some justification. Road devolution would take away that excuse."

This is where I stand on the transportation plans the legislature will be debating over the final weeks of session (which ends at 5 p.m. June 4). Things will be moving very fast at the Statehouse, and my decisions along the way will be guided by the principles and concepts discussed above.

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