



April 24, 2006

Don't Drain Vermont Taxpayers with Higher Gasoline Taxes

Dear Conferee:

On behalf of the more than 1,250 members of the National Taxpayers Union in Vermont, I urge you to stop a proposed tax hike on gasoline products and keep motor vehicle fees low when you meet in conference to discuss the transportation funding legislation. In particular, taxpayers and motorists are counting on you to oppose the tax increases on gasoline and diesel fuel (4 cents and 6 cents per gallon, respectively) that are contained in the House-passed version of the transportation bill.

Proponents of the gas tax increase insist that few would even notice a tax hike that costs pennies on the dollar. In reality, a 4-cent-per-gallon increase in the state gas tax would represent a steep 20 percent tax hike on Vermont motorists. This is not an inconsequential burden.

According to the Federation of Tax Administrators, Vermont currently has the 29th highest gas tax rate in the nation – yet, even this near-average amount means motorists pay a total of 20 cents per gallon in state gas taxes and petroleum cleanup fees. When this considerable charge is combined with an 18.4-cent-per-gallon federal levy, the total tax load exceeds 38 cents per gallon. That's the equivalent of \$5.76 on a 15-gallon fill-up. If the proposed tax increase is enacted, motorists would be paying over 42 cents per gallon in gas taxes, or \$6.36 on a 15-gallon fill-up.

The truckers who help keep Vermont's economy moving are also facing a tax hike that would raise costs for shippers and retailers. In the proposal mentioned above, the state gas tax and fees on diesel fuel would rise from 26 cents per gallon to a total of 32 cents per gallon. We can be almost certain that the cost of this tax increase will be passed along to consumers in the form of higher prices on our everyday household goods.

Instead of resorting so readily to tax or fee hikes, lawmakers should conduct a review of which transportation projects are really worth funding and which projects are unnecessary requests. At the end of the day, elected officials should not be raising taxes merely to grease the gears of an ever-faster spending machine. Indeed, given the price spikes associated with last year's storms, more recent supply disruptions, and strong demand abroad, now is the time to give your constituents a lighter, not a heavier, gas tax burden.

Sincerely,

Kristina Rasmussen
Government Affairs Manager