

Obama, McCain oppose gas tax hike; road needs loom

By John Crawley John Crawley Wed Oct 22, 6:38 pm ET

WASHINGTON (Reuters) – Although proponents say an uptick in gasoline taxes would provide billions for badly needed U.S. infrastructure development, neither Barack Obama nor John McCain would likely support it if elected president.

Aides to both senators said on Wednesday that other government and private options must be explored aggressively to help pay for road and transit improvements that will be proposed next year in legislation for long-term highway funding.

"It never was on the table," Mortimer Downey, an adviser to Obama and the former deputy transportation secretary in the Clinton administration, said about a gas tax hike at a National Journal policy forum.

Earlier this year, McCain proposed suspending the gas tax temporarily to give motorists relief from high prices. Douglas Holtz-Eakin, a former Congressional Budget Office director and McCain senior adviser, touted the need to reduce gasoline consumption through lower emissions.

Both presidential camps favor alternative fuel technologies, like electric cars, for improving automobile efficiency.

Gasoline demand accounts for nearly half the average U.S. consumption of 18 million barrels of oil per day. Federal gasoline taxes stand at 18.4 cents per gallon and have not gone up since 1993.

Tax receipts are the primary source of funding for road and transit construction projects.

But driving on U.S. roads has steadily declined this year due to high fuel costs although average pump prices have dropped steadily in recent months. Average gasoline prices declined 23 cents over the past week, falling below \$3 per gallon for the first time since February.

Fewer miles driven has meant a sharp decline in revenue for highway projects. At one point this summer, the Transportation Department began stretching out payments to states to make highway dollars go farther. Not long after, Congress approved \$8 billion in emergency funding to ensure payment for highway projects through the latter part of 2009.

MORE FUNDS TO BE SOUGHT

The 2005 highway law, which expires next September, authorized just under \$260 billion. States want to nearly double that amount in the next funding blueprint.

Democratic Rep. James Oberstar of Minnesota, the House of Representatives Transportation Committee chairman, told Reuters earlier this year that an incremental increase in the gasoline tax had merit, but a spokesman said on Wednesday that funding approaches have yet to be vetted.

Transportation Secretary Mary Peters has championed more state and private investment in infrastructure, an option being tested in some regions for tolling.

Jim Burnley, transportation secretary under President Ronald Reagan, said billions in private capital that could have gone to transportation projects is "off the table" due to the global credit market meltdown.

"Most of that was highly leveraged," Burnley said.

Janet Kavinoky, director of transportation infrastructure at the U.S. Chamber of Commerce, said there is plenty of private capital but government obstacles prevent investment.

"We can find all the money in the world we want but if we can't get through the regulatory process we can't build anything," Kavinoky said.

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