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Tom Miller: Freezing state gas tax won't make much difference

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Since complaining about high gasoline prices has now become a national pastime for motorists, it was no surprise that Gov. Joe Manchin and the Legislature decided a few months ago to boost their election year favor with voters by freezing a likely five-cent state tax increase per gallon starting Jan. 1, 2009.

The only hitch is the 12-month freeze on the variable sales and use tax component of the state road user tax on gasoline is not likely to make a difference in what West Virginians pay for a gallon of gasoline. That is the conclusion of a recent study by the West Virginia Center on Budget and Policy, a Charleston-based non-profit research organization.

Robert Diznoff, the policy analyst who compiled the study results, found that when other states suspended part of their gasoline taxes, much of the tax cut merely resulted in higher profits for the gasoline companies.

West Virginia's state gasoline tax, the second largest source of revenue to finance the state's maintenance of more than 36,000 miles of roads, is currently 32.2 cents per gallon. That includes a flat rate tax of 20.5 cents per gallon and the variable sales and use tax equal to 5 percent of the wholesale price -- currently 11.7 cents.

The variable rate is calculated at 5 percent of the average wholesale price of gasoline during a three-month period the previous year (July 1 to October 1). Based on an anticipated average wholesale price of \$3.34 in that period of 2008, the variable tax rate would have climbed another 5 cents a gallon on Jan. 1, 2009, if the Legislature had not followed the governor's recommendation and frozen the rate at 11.7 cents until at least Jan. 1, 2010.

The current disparity in retail gasoline prices within the state offers further proof that the state's tax on gasoline is a minor factor. Last week, gasoline was available in north central sections of the state at a price as low as \$3.569 per gallon compared to \$3.899 or even higher just a two-hour drive away in southern West Virginia. That difference is more than the entire state tax rate of 32.3 cents.

Unfortunately, West Virginia is one of the most oil-dependent states in the nation. But according to this latest study, we are doing less than most states to reduce reliance on gasoline. And motorists here spend an average of more than \$1,800 a year on gasoline -- about 6.17 percent of the total family income.

The conclusions from the study by the Center on Budget and Policy focused on alternative "workable solutions" that could help West Virginia motorists reduce their costly reliance on gasoline. Mass transit between major population centers, like the novel experiment recently announced to link downtown Huntington to the Capitol complex in Charleston is one such possibility.

Another possibility is "pay as you drive" auto insurance that bases premiums on the actual number of miles driven so that a motorist who logs 10,000 miles a year pays less for car insurance than the individual who drives 15,000 miles a year. The theory is the one driving fewer miles is a lower risk for claims. These solutions do guarantee a savings to the individuals.

It will soon be hunting season for many West Virginians. The squirrel season begins Oct. 11, and the bow hunting season for deer starts a week later. But the numbers of hunting licenses are down nearly 20 percent in the past few years, so the Division of Natural Resources has launched a new advertising campaign in the hopes of attracting more out-of-state sportsmen.

The decline in sales of hunting and fishing licenses translates to a \$1.5 million annual loss of revenue that the agency uses to finance its wildlife and law enforcement programs. About \$40,000, appropriated from state lottery profits, will be spent in the coming weeks to entice more hunters from Ohio, Pennsylvania and other surrounding states to cough up the \$110 for a license.

DNR officials have been trying to convince the Legislature to extend the deer season in the hopes it will bring in more out-of-state hunters to West Virginia in the fall. And the agency was forced to ask the Legislature for a \$1.8 million appropriation this past year to close the funding gap.

Steps have been taken by legislators to expand hunting education in schools in the hope that will encourage more young people to get involved in hunting and fishing. And lawmakers are also exploring ways to open up more of the private, posted land for public hunting to reverse the current trends.

Lots of numbers were tossed around during the governor's pep talk last week that included other state officials last week in Charleston as they all boasted about West Virginia's relative rosy position during the current Wall Street meltdown. But the most interesting one was the progress on the unfunded liability in the workers' compensation fund.

In the three years since West Virginia finally abandoned its role as one of a half dozen states running its own workers' compensation program, the unfunded liability has been cut from \$3.2 billion to \$1.9 billion. At this rate, there should be no unfunded liability in another six years.

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