

Published: Aug 07, 2008 12:30 AM
Modified: Aug 07, 2008 06:56 AM

Frugal drivers put road funds in peril

Cost of building roads and bridges has doubled since 2002, but the state gets less from gas and car sales taxes as consumers cut back

BRUCE SICELOFF, Staff Writer
[Comment on this story](#)

Tax revenues on gas and car sales have dropped as North Carolinians cut back on driving -- and that means less money to cover steep increases in the cost of building roads and bridges.

New figures released Wednesday by the state Department of Transportation show a drop in the two taxes that cover more than half of the agency's \$3.9 billion budget.

In the fiscal year that ended June 30, DOT took in \$1.558 billion in gas and diesel fuel taxes and \$563 million in the highway-use tax on car sales. That's a \$66 million drop from the previous year -- in a state that adds 200,000 residents every 12 months.

"It shouldn't be bad news that people are doing less driving, but that's what our funding depends on," said Nina Szlosberg of Raleigh, a member of the state Board of Transportation. "This helps shine a bright light on how important it is that we address new ways of finding transportation money."

As revenue is falling, DOT construction costs are rising fast. DOT estimates show that the cost of paving roads and building bridges has doubled in six years.

"A dollar of revenue today buys about half of what it did back in 2002," said Mark Foster, DOT's chief financial officer.

Materials up sharply

The chief culprits in cost hikes are steel, concrete, excavation work and the liquid cement used in asphalt paving.

Asphalt cement, a petroleum-based product that makes up about 6 percent of highway asphalt pavement, has soared from \$400 a ton in January to \$805 a ton last week. Since January, asphalt cement increases have added \$17 million to the cost of ongoing roadwork.

"Our revenues are declining and our construction costs are up," said Steve Varnedoe, chief operations engineer for DOT. "Over the long term, no doubt, we won't be able to do as much repaving work or as much new construction work. It will have an impact."

Other states and the federal government are suffering similar problems because of transportation budgets that depend heavily on fuel taxes. In recent years, as Americans have moved to more fuel-efficient cars, gas sales have flattened even while traffic volume increased.

Szlosberg serves on a statewide study committee asked by legislators and Gov. Mike Easley to



Construction costs have risen dramatically. Asphalt cement is up from \$400 a ton in January to \$805 a ton last week. This is the N.C. 98 bypass near Wake Forest. Staff Photo by Robert Willett

recommend new ways to pay for the state's transportation needs. The 21st Century Transportation Committee, chaired by insurance executive Brad Wilson, is expected to propose a statewide bond issue and increased state and local funding for roads, rail and transit improvements.

Foster said DOT expects to be able to match its costs with its revenues over the next few years, but that will depend on a reliable stream of federal funding, which covers more than 25 percent of the state DOT budget. Congress this year is considering emergency action to keep the federal Highway Trust Fund from going bankrupt in 2009.

Challenges ahead

The outgoing Bush administration has called for more private funding and less federal spending for the nation's transportation system. New administrations in Raleigh and Washington will inherit similar challenges with transportation funding problems when they take office next year.

"This will put a challenge on whoever the incoming governor is to show some leadership for the state in dealing with the transportation infrastructure," said Berry Jenkins, a lobbyist for construction firms and chairman of N.C. Go, a statewide organization that advocates for more transportation funding.

Szlosberg drives a fuel-thrifty Toyota Prius gas-electric hybrid car and is a public transit advocate on the transportation board. She said government leaders will have to find something more dependable than the gas tax to fuel the nation's transportation network -- especially as fuel conservation has become a personal and public goal.

"Our goals have been at cross purposes," Szlosberg said.

"We want more money for transportation, but we don't want people to drive more and buy more gas."

bruce.siceloff@newsobserver.com or (919) 829-4527

© Copyright 2008, The News & Observer Publishing Company

A subsidiary of [The McClatchy Company](#)