

# ANCHORAGE DAILY NEWS

## Opinions

### Save Alaska's roads

✎ Author: David Gamez | Opinion ⓘ Updated: 21 hours ago 📅 Published 22 hours ago



*Southbound traffic on the Glenn Highway flows across the new three lane Eagle River Bridge, at right, on Sept. 9, 2020. According to the Alaska Department of Transportation and Facilities approximately 55,000 commuters and commercial vehicles travel the highway each day. (Bill Roth / ADN archive)*

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What is the motor fuel tax? When you see that dollar number on the fuel pump screen, \$53 to fill up your F-150, what are you paying for? The simple answer to that question is: two things. When you fill your gas tank, you are paying for the cost of the gasoline and, in my opinion more importantly, you are also paying taxes that go toward building and maintaining roads. In Alaska, 18.4 cents from every gallon of gasoline goes to the Federal Highway Trust Fund, and an additional eight cents per gallon goes to the Alaska General Fund. The federal money is then disbursed to state Departments of Transportation (DOT) to maintain and build roads. For the state portion, Alaska's legislators apportion money from the general fund to transportation funding and other state departments.

Now that we understand a little bit more about what the motor fuel tax is and where that money goes, we must understand what the main challenges are. Our roads are a public utility, similar to the water that comes out of your faucet and the electricity that comes out of your power outlet. Most people use our roads daily as a way to travel from home to school, work and recreation. Like all utilities, roads require regular maintenance to fill potholes, fix frost heaves, remove ruts, paint lane stripes in the springtime and plow roads in the winter. The operational and maintenance goals of the agencies in charge of our roads are to provide a safe and efficient way for all users to travel to their desired destinations.

The federal Highway Trust Fund was established in 1956 as part of the Federal Aid Highway Act. The goal of the fund was to create a sustainable way to finance road maintenance and construction by using taxes from motor fuel sales as a user fee. In 1956, the federal tax rate for gasoline was 4.5 cents per gallon. It was last raised in 1993, to 18.5 cents per gallon, and has remained unchanged since. Alaska's motor fuel tax dates back to 1945 in the territorial days, when the tax rate was one cent per gallon. After being adjusted for inflation in 1970 to eight cents per gallon, Alaska's motor fuel tax rate has remained unchanged for more than 50 years. If Alaska's motor fuel tax rate were to be adjusted for 51 years of inflation, eight cents in 1970 would be the equivalent of 50 cents in 2021. In essence, it has lost more than 80% of its purchasing power.

What does that mean? Imagine you got a job in 1970, when the average annual wage was \$9,870. You would not be able to live off that wage in 2021. (The average annual wage in 2021 is \$74,378, a 750% increase.) The harsh reality is that roads do not receive enough revenue from federal or state motor fuel taxes to pay for themselves. Since motor fuel taxes are not sufficient to support our roads, funding for roads has to compete for apportionment with other important federal and state programs like defense, public safety, schools and health care. This statement alone should be enough to get your gears turning.

Now I want to share the scary reality and ring the alarm bell and encourage our federal and state legislators to pay close attention. In 1970, the average vehicle traveled 11.9 miles per gallon of gasoline, and the total vehicle miles traveled (for all vehicles in the US) was 1.1 trillion miles. In 1970, there were a total of 89 million vehicles on the road, traveling on 3.7 million miles of roads. In 2020, the average vehicle traveled 33.4 miles per gallon of gasoline, and the total number of miles traveled was 3.23 trillion miles. The total number of vehicles on U.S. roads in 2020 was 287 million, traveling on 4.1 million miles of roads. I know this is a lot of data, but I'll boil it down succinctly. There are more than three times as many cars doing three times the wear-and-tear on 1.1 times as many miles of road, and Alaska has funding levels from 50 years ago to maintain them! If that doesn't concern you, then I have two words for you that should: electric vehicles.

Electric vehicles are gaining major market share in the consumer vehicle market. The EV market is experiencing exponential growth. In 2011, there were roughly 10,000 EVs registered in the U.S.; in 2019, there were 1.18 million. Why should this concern you, especially if they are good for the environment and your wallet? Well, at the moment EV's pay nothing in federal or state gas taxes, as they do not use gasoline to drive. However, they do the same amount of wear-and-tear on the roadways as a gas- or diesel-powered vehicle, but provide no recourse for operating and maintaining roads. The second alarm bell that should be going off is the exponential growth in EV market share. Hypothetically, if 100% of the vehicles driving on our roads were EVs, then the federal and state governments would generate no revenue from fuel sales and the funding for roads in Alaska would have to be pulled from an already massively strained budget that relies heavily on revenue from oil production taxes. I call this Alaska's budget insolvency paradox.

I'm a civil engineer, so my job is to provide solutions that benefit the health, safety and welfare of the public. Supporting our infrastructure, safety, and welfare of our state, especially our roads, should be No. 1 on our legislators' list of priorities. They must think of our roads and the future vitality of our great state.

The solution to this complex problem, at least for the short term, is to make the uncomfortable and difficult, but correct decision to adjust our motor fuel taxes to help ensure stable revenue to support our roads. We also need to impose equitable registration fees on plug-in hybrids and EVs to generate revenue for the AGF. In 2020, Sen. Click Bishop introduced Senate Bill (SB) 115 to the Legislature, which proposed an eight-cent increase to Alaska's motor fuel tax (for a total of 16 cents per gallon) and a special registration fee of \$100 for hybrids and EVs. Unfortunately, due to the COVID-19 pandemic and emergency priorities that came along with it, the bill did not become law. Fortunately, a similar bill has been introduced this year in the House (HB 104) by Rep. Andy Josephson. Approving any tax legislation is tough, but in this case it is a necessary move to help generate revenue for Alaska roads, and I look forward to its progression through the Legislature.

I also have my sights set on the long term. With the massive leaps in technology, the electrification of vehicles is inevitable. We, as Alaskans and as Americans, must also consider the future. Raising motor fuel taxes and requiring special registration fees on EVs is an absolute must in the near term to help stabilize funding for our roads. In the long term, we must also explore new and innovative ways to pay for our roads. In the coming decades, as EVs become the new standard, motor fuel taxes must be supplemented by other road user fees. The Vehicle-Miles-Traveled (VMT) Tax is one solution being explored and should be studied in Alaska as well. It is an odometer-based tax that factors tonnage and miles traveled to collect a fee for usage of roads. It is one idea worth study and consideration, after first adjusting our motor fuel taxes for our current needs.

**David Gamez, P.E.**, is a civil engineer in Anchorage, serves on the board of the Alaska Professional Design Council, and is the past president of the Alaska Section of the American Society of Civil Engineers.

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