

## Show mercy at the pump and find other funding sources

BY MARK GRIFFIN • July 9, 2009

The Michigan Petroleum Association/Michigan Association of Convenience Stores, representing more than 2,500 independent gas station owners, is opposed to increasing the price of gasoline by increasing the gas tax. It is a misguided solution to improving state roads and bridges.

At a time when Michigan families can least afford new taxes, some in Lansing and elsewhere are looking to permanently increase the price of gasoline to fix our roads. This complicated gas tax hike scheme would force Michigan consumers to play Russian roulette with their pocketbooks in the worst economic crisis since the Great Depression.

Today, Michigan consumers pay more than 50 cents a gallon in taxes on gas, one of the nation's highest rates. We pay 18.4 cents to the federal government, 19 cents in a state motor fuel tax, and today almost 14 cents in sales tax. The current tax rate is neither business nor consumer friendly. Under the proposed increase, whenever the cost of gas goes up, the Michigan gas tax would go up as well, socking consumers in the pocketbook twice.

Our membership is not opposed to good roads. Because we pay all the taxes up front when we purchase fuel from big oil, we are opposed to bearing the brunt of the higher financial burden to improve our roads.

Local, family-owned gas stations make little or no profit on the gas they sell, and they rely on items sold inside stores to stay afloat. On average, our members have lost 7.5 cents on every gallon of gas they have sold since January, and many have called it quits, putting workers on the unemployment line. A gas tax increase will likely put more stations out of business and more people out of work, and consumers will have less in their pockets to spend in our stores.

Lansing must find another way to fix our roads. With 2009 gas sales expected to be 17% lower than 2004 levels, it is baffling that the solution being presented is to continue following a failed tax policy by increasing the price of gasoline. Normally, gas prices go up in large part due to unregulated speculation on crude oil. This time, Lansing and higher taxes will be the culprits.

If the Legislature cannot come up with a better way to protect Michigan consumers and small businesses, perhaps they should let voters decide at the ballot box the best way to fund roads.

We have suggested, and continue to suggest, that the best solution is to shift the tax away from a single product and spread it over the entire economy. This can be done by eliminating the 19-cent gas tax and increasing the sales tax by 1% on all items subject to sales tax and earmarking that money for road repairs. The end result would be lower gas prices and more than enough funding for good, safe roads.