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## Mineta Transportation Institute Survey: Will Americans Support Federal Transportation Tax Options?

Gasoline taxes, other transportation funding examined in public opinion poll.

**San Jose, Calif., June 23, 2011** – The Mineta Transportation Institute (MTI) has released the final results and full analysis of a national phone survey about tax options for funding transportation. *What Do Americans Think about Federal Transportation Tax Options? Results from Year 2 of a National Survey* was authored by Asha Weinstein Agrawal, PhD, and Hilary Nixon, PhD. The research reveals that support for higher gas taxes or a new mileage tax can be significantly increased if certain conditions are met. According to the report, attitudes have not changed much since the first survey was conducted a year ago. The report can be downloaded at transweb.sjsu.edu/project/1031.html

Research results show that 62 percent of respondents would support a gas tax increase of 10 cents per gallon to improve road maintenance. However, support levels dropped to just 24 percent if the revenues were to be used more generally to maintain and improve the transportation system. For tax options where the revenues were to be spent for undefined transportation purposes, support levels varied considerably by what kind of tax would be imposed, with a sales tax much more popular than either a gas tax increase or a new mileage tax.

"We also found that the very low support levels for a one-time gas tax increase or a new mileage tax can be raised by modifying how the tax is structured and the way it is described," said Dr. Agrawal. "Dedicating the revenue to purposes popular with the public, spreading out the increase over several years, and providing information about how much the increase will cost drivers annually are all options for improving support levels."

Linking a transportation tax to environmental benefits can strongly increase support, the survey revealed. For example, support for the mileage tax rose significantly when the flat-rate tax was converted to a tax with a rate that varied according to the vehicle's pollution level.

## New Revenue Sources Are Critically Needed

The survey was conducted because policy makers are investigating possible methods for raising new revenues for transportation. Revenues currently available from state and federal gas taxes have fallen significantly over the past decades, especially in terms of inflation-adjusted dollars per mile traveled.

"Taxes are levied on a per-gallon basis rather than per dollar spent," said Dr. Nixon. "With more fuel-efficient vehicles, less revenue is generated per gallon. At the same time, the US transportation system requires critical and expensive system upgrades. We wanted to explore what funding options Americans might support in a time when new taxes are generally unpopular."

The poll also asked respondents about their priorities for government spending on transportation in their states. Close to two-thirds of respondents felt that governments should make it a high

priority to maintain streets, roads, and highways, and more than half said the same about reducing accidents and improving safety. Also, almost half of respondents placed a high priority on reducing traffic congestion and expanding public transit service.

The survey compared public support for alternative versions of the mileage and gas taxes. The "base" cases tested against alternatives were a flat-rate mileage tax of one cent per mile and a 10-cents per gallon gas tax increase with no additional information given. All variants of these base cases increased the level of support significantly. For example, varying the mileage tax by the vehicle's pollution level increased support by 14 percentage points. For the gas tax, dedicating the tax proceeds to maintaining streets, roads, and highways increased support by 38 percentage points over support for the base case version.

This follow-up to a similar survey that MTI conducted in 2010 suggests that Americans are just as willing to support tax increases for transportation this year as last, or even slightly more so.

The Survey and Policy Research Institute at San José State University conducted this national, random-digit-dial telephone survey of 1,519 adults from March 1 to April 6, 2011, on behalf of MTI's National Transportation Finance Center. Interviews were conducted in either English or Spanish, and respondents were reached on both land-line and cell phone numbers.

The final report is available for free download from the Mineta Transportation Institute at transweb.sjsu.edu/project/1031.html

## **ABOUT THE AUTHORS**

**Dr. Asha Weinstein Agrawal** is Director of the MTI National Transportation Finance Center and an Associate Professor of Urban and Regional Planning at San José State University. Her research and teaching interests in transportation policy and planning include transportation finance, pedestrian planning, and urban street design. She also works in planning and transportation history. She has a B.A. from Harvard University in Folklore and Mythology, an M.Sc. from the London School of Economics and Political Science in Urban and Regional Planning, and a Ph.D. from the University of California, Berkeley in City and Regional Planning. For a complete listing of her publications, see <u>www.sjsu.edu/faculty/weinstein.agrawal/</u>.

**Dr. Hilary Nixon** is an Associate Professor of Urban and Regional Planning at San José State University. Her research and teaching interests in environmental planning and policy focus on the relationship between environmental attitudes and behavior, particularly with respect to waste management and linkages between transportation and the environment. She has a B.A. from the University of Rochester in Environmental Management and a Ph.D. in Planning, Policy, and Design from the University of California, Irvine.

## ABOUT THE MINETA TRANSPORTATION INSTITUTE

The Mineta Transportation Institute (MTI) was established by Congress in 1991 as part of the Intermodal Surface Transportation Efficiency Act (ISTEA) and was reauthorized under TEA-21 and again under SAFETEA-LU. The institute is funded by Congress through the US Department of Transportation's (DOT) Research and Innovative Technology Administration, by the California Legislature through the Department of Transportation (Caltrans), and by other public and private grants and donations, including grants from the US Department of Homeland Security. DOT selected MTI as a National Center of Excellence following competitions in 2002 and 2006. The internationally respected members of the MTI Board of Trustees represent all

major surface transportation modes. MTI's focus on policy and management resulted from the Board's assessment of the transportation industry's unmet needs. That led directly to choosing the San José State University College of Business as the Institute's home. MTI conducts research, education, and information and technology transfer, focusing on multimodal surface transportation policy and management issues. Visit www.transweb.sjsu.edu

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