

Higher Gasoline Taxes: Elitist or Equitable?

A Better City

Panel on State Infrastructure

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Whether higher gasoline taxes are an equitable option depends on

- What will happen if gasoline taxes are not raised?
- Who will pay higher gasoline taxes?
- Who will benefit from higher gasoline taxes?

What will happen if gasoline taxes are not raised?

To meet obligations to bondholders, tolls will increase

To fill a \$160 million budget gap, the MBTA will have to both

- Raise fares (by as much as 30%)
- Cut service, especially off-peak

Regional transit agencies will similarly need to raise fares and/or cut service

Many people will spend *more* on transportation if gasoline taxes are NOT raised

\$8/month in higher gasoline taxes is equivalent to

- 4 round trips to Boston from MetroWest*
- Not quite 3 one-way trips through one of the Harbor tunnels*
- 8 round-trip bus or subway trips (if fares only increase 50 cents)

* Assumes Fast Lane costs as of July 1, 2009

Tolls and Fees

- *By July, Mass. Pike, tunnel and MBTA users will be spending more on higher transportation costs in **one week** than most drivers would spend on higher gasoline taxes in **one month***

Who will pay higher gasoline taxes?

1 in 9 Massachusetts households does not own a motor vehicle and will pay nothing

- Including 1 in 5 households headed by a senior

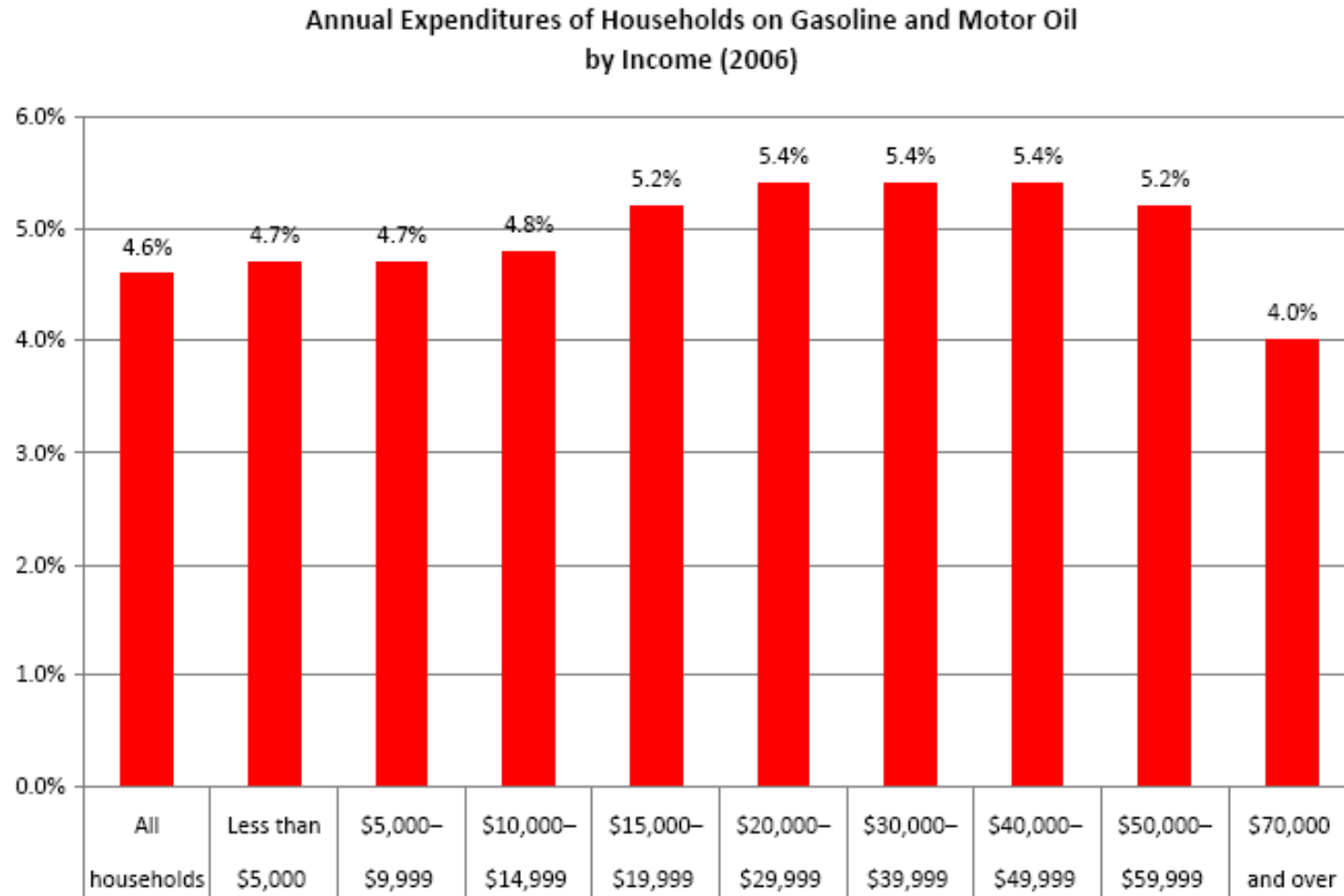
Moderate income households spend less on gasoline because they

- Own fewer vehicles
- Put fewer miles on each vehicle that they do own

Senior citizens also spend less on gasoline because they

- Are less likely to own a vehicle
- Drive fewer miles annually

Gasoline taxes are not regressive up to \$60,000 Household Income



Source: Energy Information Administration, Transportation Energy Data Book (2008)

Who will pay higher transit fares?

Figure 5: Household Income

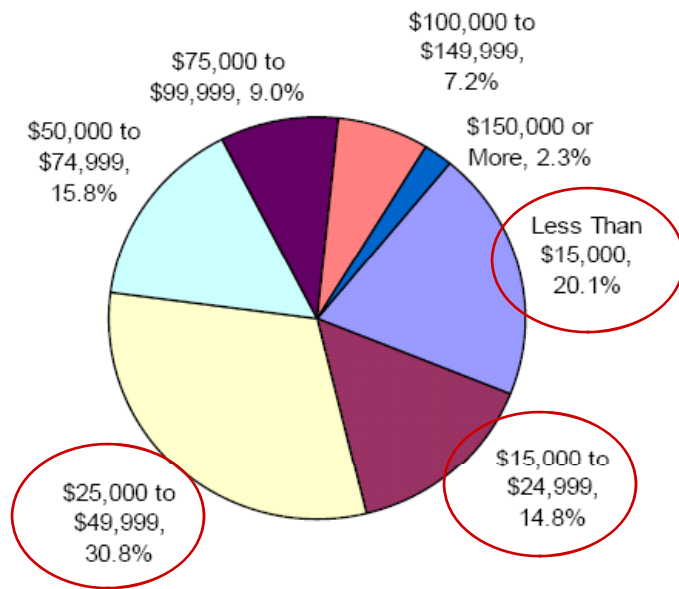
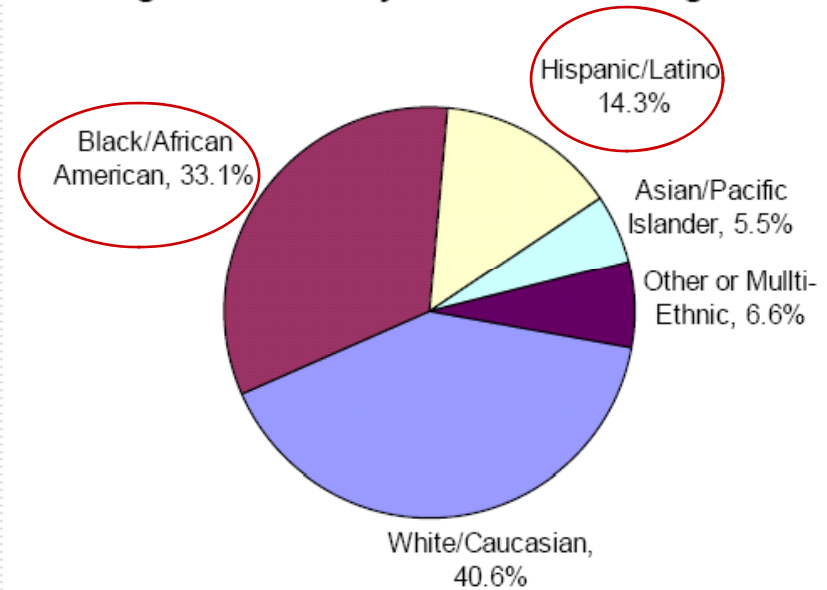


Figure 3: Ethnicity of Transit Passengers



Source: American Public Transportation Association, May 2007 study

Transit fare hikes disproportionately hurt lower income households

Half of all subway and rail users and 2/3 of bus riders are from households earning less than \$50,000 annually

Bus riders account for over 1/3 of the MBTA's ridership and essentially all of the regional transit authorities' ridership

Source: MBTA; American Public Transportation Association, May 2007 study

Household Income of US Transit Riders

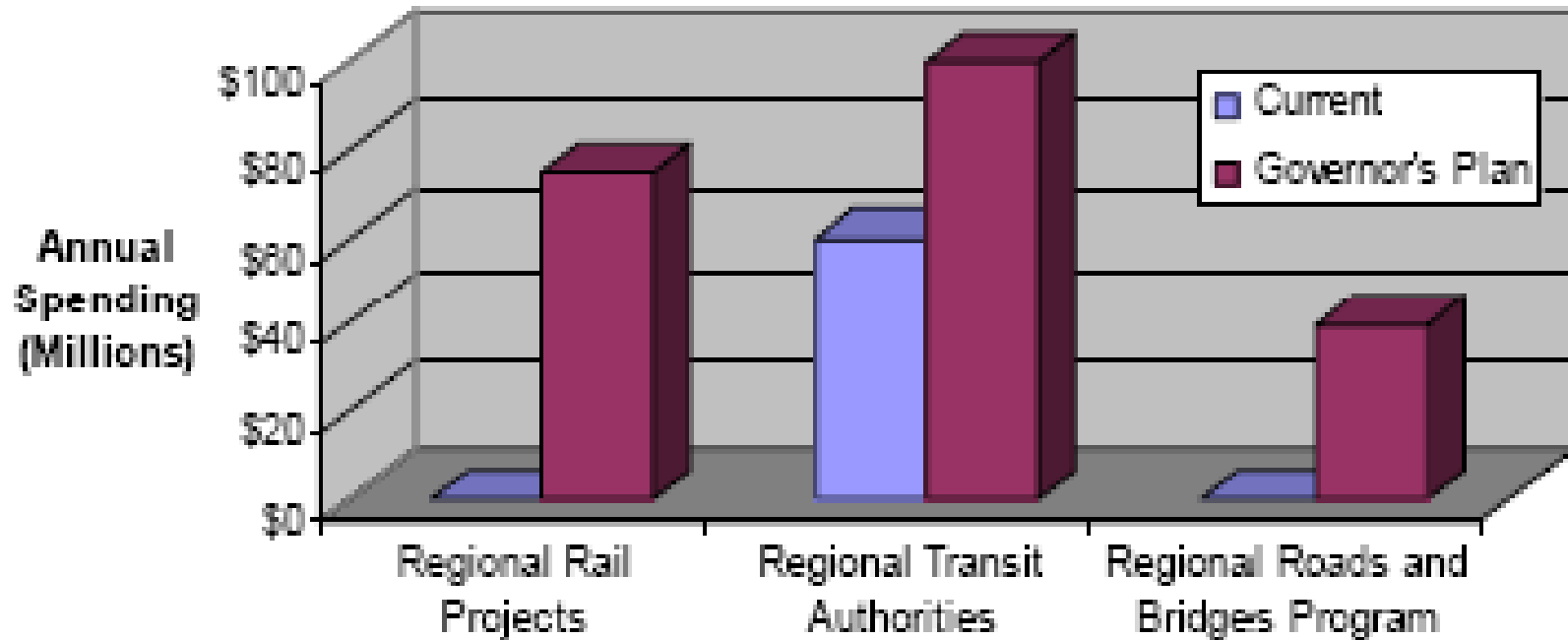
Household Income (2004)	≤ \$25K	\$25K - \$49,999	\$50K - \$99,999	\$100K or more
Roadway (bus)	43.4%	31.6%	20.5%	4.7%
Rail (inc. subway)	20.8%	29.4%	32.2%	17.6%
Total Transit	34.9%	30.8%	24.8%	9.5%

Who will benefit from higher gasoline taxes?

Over 1/3 of proceeds will be spent on transit (MBTA and regional transit authorities)

Spending will support new road and transit investments beyond greater Boston

Current and Projected Spending on Regional Rail and Road Projects



The Bottom Line:

Higher gasoline taxes are equitable, not elitist

Fighting the 19 cent gasoline tax hike will hurt those who can least afford it