



## Is a gas tax regressive?

Posted by [Yankee](#) on June 21, 2005 - 12:08am

This issue came up recently in [Prof Goose's plea](#) for Congress to put a national gas tax in place. In a comment, I [made noise about a gas tax being regressive](#)--that is, poor people would be affected disproportionately. I advocated rationing instead. Yes, that's a lot more drastic than a tax would be, and probably not something we could even look to other industrialized countries to find a model for, but I think it could be more fair than a tax.

Well, OK, let me try to back that up, or at least present you with some of what people are saying about gas taxes.

One argument against the tax being regressive seems to go like this. Since a smaller percentage of poor people own cars, the tax doesn't really affect them that much. To back that up, [this New Jersey report](#) cites some findings of a 1997 study based on the US Department of Transportation's 1995 Nationwide Personal Transportation Survey:

- When low-income households do own a car, the car is quite old. The average car is 11 years old in low-income households compared to 8 years for other households.
- People from low-income households are more likely to walk to work and are more likely to use public transit - buses as opposed to trains - to get to work.
- People in low-income households are nearly twice as likely to walk for other than work activities as well. Because so many trips are made by walking, the space in which people in low-income households travel is more constricted than for others. For low-income single parent households, about 66 percent of trips are three miles or less.

I find this argument specious. Perhaps a smaller proportion of the lower middle class and people at the poverty line have cars, but for those who do, a gas tax would be especially detrimental. Imagine a single parent working 2 jobs to support 2 kids in a place that doesn't have decent public transportation. What if the increase in the gas tax makes it so expensive for the parent that it's no longer feasible to drive to the second job? Now not only does the second income disappear, but the price of gas is also higher. Or, take [Barbara Ehrenreich](#) on how drug testing affects upward mobility:

I realized another thing about drug testing when I had to go through it: You have to drive to apply for the job, drive back for an interview, then drive again to some clinic somewhere for the drug test. If you're paying for gas "which was close to two dollars a gallon last year" paying for a baby sitter, and you're not being paid to do this, it becomes a big disincentive to changing jobs.

Is it really fair to say that just because "only" 70% of the lower class have cars versus 80% of the middle class (this is from the NJ report!), the class as a whole is going to be less affected than wealthier people? And therefore we can throw out the idea that a gas tax is regressive? I wouldn't

Fortunately, there are alternatives to a simple gas tax. One is a mileage tax, as j points out. This is already being [tested in Oregon](#), where researchers from Oregon State University have developed a GPS device that is integrated into the car's odometer. A computer at the gas station will read the device and charge the driver accordingly. Well, I haven't really thought through the social ramifications of a mileage tax, but the logistics sure seem difficult. How expensive will it be to retrofit all of America's cars with these devices? And let's not even get started on the computers at gas stations. (NB1: In an [earlier comment](#), [Engineer-Poet](#) said "Mileage taxes are just a way for SUV drivers to push the costs of their environmental and pavement damage onto drivers of lighter and more economical vehicles". NB2: Here's [one pretty bad article](#) about the cons of a mileage tax. I'm sorry, but I don't care if you're worried about the price of orange juice rising. *That's exactly the point.*)

Another idea is a tax credit of some sort. This could be either in the form of lower payroll or income taxes, as conservative [Charles Krauthammer argues for](#), or there could be a rebate for people who fall into the lowest tax brackets. The first case would be a revenue-neutral shift in taxation, but it [may still create a disincentive](#) to waste gas. The second case doesn't seem like such a bad idea to the liberals, but it isn't likely to garner much support.

So, will a gas tax help without unduly burdening an already suffering part of our population? Perhaps if it were implemented well, it would be. On the other hand, many people have speculated in previous comments that the American entitlement mentality--at the level of both the gas consumer and the (sub)urban transportation planner--isn't going to change until there are physical shortages. We should try a(n enlightened) gas tax first, but don't be surprised if rationing is the only thing that helps.

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