News from Senator

BOB DOLE

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DOLE LETTER TO SENATE COLLEAGUES ON GAS TAX BILL

December 23, 1982

Dear Colleague:

On Thursday, December 23, the Senate is scheduled to vote on the "Surface Transportation Act of 1982." I urge you to vote for the bill.

The spending provisions of the bill authorize funding to repair the nation's roads and bridges, complete the Interstate Highway System and improve public transit facility. There is a consensus of opinion that this money ought to be spent and that delaying this expenditure would only require even greater outlays in the future. The regulatory provisions of the bill liberalize limits on truck weights, widths and lengths that have proved onerous to the trucking industry and whose elimination will improve trucking productivity significantly.

There is no budgetary free lunch, and these benefits--to the economy in general and the trucking industry in particular--must be paid for. The revenue title of the bill does this through two principal sets of provisions. First, the bill increases the taxes on gasoline, diesel fuel and other motor fuels from 4 to 9 cents per gallon. This tax increase is the basic revenue source provided by the bill. While an increase of 125 percent in the fuels taxes may appear to be onerous, it should be noted that this will only amount to a 4-percent increase in gasoline prices and that the new 9-cent tax will be significantly lower relative to other consumer prices, than the 4-cent tax was when it was enacted in 1959.

Second, the bill restructures the other highway trust fund taxes in order to bring them into closer correspondence with the damage that various users do to the highways. This involves lowering the relative tax burden on passenger cars and light trucks and increasing it on heavy trucks. As a result of the bill, the fuels tax will be the only highway tax paid by the ordinary motorist: present taxes on passenger car tires, tred rubber, and lubricating oil are repealed.

Many Senators have been concerned, quite properly, with the proposed increase in the heavy vehicle use tax. Even Senators who agree that heavy trucks ought to pay for a greater share of highway costs are fearful that the present recession is not an appropriate time for such an increase. The conference agreement was drafted with these concerns in mind. The increase in the use tax first takes effect on July 1, 1984, by which time economic recovery from the recession is expected to be well along. For small truck fleets, no increase takes effect before July 1, 1985. Furthermore, a new exemption from the tax for vehicles driven on the highways 5,000 miles or less each year will eliminate the tax for 90 percent of farm trucks, who currently pay a tax up to several hundred dollars per year. Thus, I believe that the bill represents a fair compromise between cost allocation principles and concern over the economic condition of the trucking industry.

Sincerely yours,

BOB DOLE

In a statement included in the Senate Record, Senator Dole listed the benefits of the PIK program:

- Production can be reduced beyond that expected under the 1983 programs for wheat, feedgrains, rice and upland cotton, and thus bring supply back in to closer balance with demand.

- Stocks can be reduced at the same time that production is cut back, lessening the overhang on the market at harvest next year and enhancing the prospects for a market-led recovery in farm prices and incomes in future years.

- The availability of market supplies will be maintained, signaling to exporters and importers that the United States fully intends to remain a reliable and consistent supplier when production adjustments are made. To meet our long-term export and food aid commitments, adequate reserves will be maintained.

- Government outlays for domestic farm programs (e.g., loan volume, storage payments, deficiency payments) should decline.

- The PIK program, unlike other emergency measures, is self-terminating when excessive stocks have been worked off.

- Farmers would have the same or greater net returns while stocks are being reduced.

- Sound conservation practices would be applied to a larger amount of acreage.

- Storage space problems would be lessened.

Due to the size and scope of the PIK program, it is obvious that the payment limitation provisions of the 1981 Farm Act could be a limiting factor. It is imperative that these provisions be rescinded so that the effectiveness of the PIK program will not be jeopardized. If not, this could limit participation by many farmers who would otherwise be willing to put 10 to 30 percent or, perhaps, their entire base under the PIK program.

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