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If Bridges Aren't Fixed, Repairs Will Be Too Costly

by State Treasurer Jeb Spaulding

It is past time for some straight talk on the condition of bridges in Vermont and the alternatives available to address what all parties agree is a serious problem. Vermonters own our bridges and will save money by fixing them sooner rather than later. Further, a beefed-up effort now to fund bridge replacement and repair ASAP will provide jobs and economic stimulus in this economic recession. Deadlock, without significant action, is the worst option. Policymakers should come to the table with an open mind, review the pros and cons of the various avenues to fund necessary bridge repairs or replacements, and be prepared to compromise.

Vermont is currently ranked 42nd in the nation for its bridge conditions. The number of substandard bridges is increasing over time. It is estimated that, over the next 10-20 years, Vermont needs to spend somewhere between $50 and $110 million more annually to catch up on repairs to deteriorating bridges. Outside financial experts have stated unequivocally that we will not catch up by relying on the existing revenue stream and that we should not borrow (bond) without concomitant additional revenues to at least pay the debt service on any borrowing.

After reviewing the various funding options, my suggestion is a $150-$180 million bridge rehabilitation and replacement bonding program, funded by a five-cents-per-gallon assessment on motor fuel distributors. Revenues from the assessment would be deposited in a restricted fund to be used only for bridge rehabilitation and replacement. The advantages of this approach are simple: reduced costs to taxpayers over the long run, putting people to work in the short run, administrative simplicity, and contributions from tourists, and out-of-state truckers and college students.

Keep in mind, Vermont's tax on gas was last adjusted in 1997. It is a gallonage tax – the State collects the same amount per gallon no matter what the current price is. As people drive less and switch to more fuel efficient cars, we collect less and less for an increasing need. Further, the purchasing power in 1997 dollars of the 20-cent tax and fee on gas is only 15 cents now, due to erosion from inflation. Add to that the fact that revenues from the purchase and use tax are in freefall, as people hold on to their cars and buy less expensive replacements, and you can see that the current revenue side of the equation is bleak.

Some believe the solution lies in reallocation of revenues raised from fuel and vehicle purchase and use taxes, currently going to the General or Education Funds, to the Transportation Fund to be used for road and bridge projects. I agree it would be a good idea to have a bright line with all revenues raised from transportation-type activities dedicated to the Transportation Fund, and believe we should work toward this goal. However, given that the State's General Fund is already under severe pressure and given the flat rejection by the legislature the last time the Governor proposed reallocating the two cents of the purchase and use tax going to the Education Fund, I really doubt we can expect more than a token reallocation in the next couple of years.

Some seem to be comfortable regularly increasing fees on everything related to motor vehicles. For example, Vermont governors and legislatures increased basic registration fees 17% in 2002 and 20% in 2005. And, now, according to press accounts, the Governor's administration is looking at increasing motor vehicle fees by $12 million in 2008. But such fee increases bear no relationship to actual usage or wear and tear on our bridges and garners no financial assistance from out-of-state motorists.

Some argue that we should wait to see if Congress and the new president will send us enough new money to solve our problem. Just as wishing someone would show up to bail out your sinking boat, when you should be doing some bailing yourself, is dangerous, such wishful thinking dangerously delays serious discussion about how Vermont can address our failing bridges. It is highly unlikely any one-time stimulus would be sufficient to address the totality of Vermont's transportation infrastructure deficiencies.

Think of our bridges like a home with a leaky roof. If not fixed promptly, the scale of the repairs will be much larger and more costly. What would a responsible homeowner do if confronted with a leaky roof that threatens to ruin the interior of their house? They would first try to reduce and reallocate spending to pay for the necessary repairs. If that were not enough, they would borrow the money and find additional ways to generate the income to pay off the loan, knowing that will be the cheapest way to address the situation. The State's approach to fixing our bridges should be the same.