

South Carolina must pave the way for better infrastructure

Debbie Bass

Benjamin Franklin said, "A great empire, like a great cake, is most easily diminished at the edges." This truism applies to South Carolina's highways. We have a great highway system, but it has become frayed at the edges. Funding is at the heart of the matter.

It has been 25 years since *The Drive for Tomorrow*, an industry-led effort to improve the state's highway system. As a result of that campaign in 1987, South Carolina increased its motor fuel user fee from 13 cents per gallon to a meager 16 cents per gallon. According to the American Petroleum Institute (API), the national average is now 31.2 cents per gallon. There is also a federal fuel tax of 18.4 cents per gallon. The state of South Carolina currently funds its highway system with the fourth lowest fuel tax in the nation despite two very important facts:

1. According to the Federal Highway Administration, we have very few locally-maintained roads. We depend on the South Carolina Department of Transportation (SCDOT) to fund and fix three times the normal level of state responsibility.
2. We have done very little over the years to diversify our revenue base for highways, meaning we have an over-dependence on motor fuel revenues.

We have a high level of state responsibility and a low level of state funding. In fact, according to statistics published by the Federal Highway Administration, our state highway funding is lowest in the nation on a per-mile and per-lane mile basis. This lack of funding shows, as CNBC ranked South Carolina 19th in infrastructure and transportation in *America's Top for Business 2011*. Georgia and North Carolina were ranked 2nd and 3rd, respectively. To put things into perspective, we need to look no further than our two neighboring states for comparisons.

Typically, the greater a state's responsibility for roads, the greater is its need for state-level funding. In South Carolina, local taxes for roads are minimal because most of the roads are in the state system. The state is funding its roads as if its responsibility was low. Consequently, road maintenance is being deferred, and there is a huge backlog of needed highway improvements.

Business groups, including the South Carolina Alliance to Fix Our Roads – SC FOR, the South Carolina Chamber of Commerce, the South Carolina Trucking Association, the South Carolina Manufacturers Alliance, the

Carolinas AAA Motor Club, Carolinas AGC and others, have been independently advocating for transportation funding. However, success has been limited at best.

Two major accomplishments have been the creation of the State Transportation Infrastructure Bank in 1994 and the creation of the Non-Federal Highway Maintenance Fund in 2005. These two actions improved highway funding by ending the diversion of highway user fees, dedicating license and registration fees to highways and using a portion of the State Electric Power Tax for highways. However, we are still dependent on the motor fuel user fee for almost 80 percent of state dollars used for highways.

As the Palmetto State works to rebound from the current economic downturn, overlooking the state's crumbling transportation system is not an option. Continuing to ignore the need to invest in infrastructure places our ability to compete in peril.

Businesses are increasingly reliant on a safe and reliable transportation system to move materials, goods, people and services efficiently. An efficient transportation system not only benefits existing businesses, but also is a vital ingredient to South Carolina's economic future. As competition between states in attracting new and expanding businesses continues to grow, it is vital for states to identify areas in which they have a competitive advantage. An improved transportation system can provide that much-needed edge.

Newton said, "An object that is not being pushed or pulled by some force will keep moving in the same direction." This means that a powerful force will be needed to make a change in direction with regard to our state's transportation funding policy. I believe that force must come from local leaders and the business community.

Highway Policy Funding in GA, SC and NC

State	Gas Tax Per Gallon	Vehicle Sales Tax	DOT Employees Per 100 Miles	State Funding	Per Capita Funding	Per Mile Funding
GA	29.3¢	State & Local No Cap	31	\$2.72B	\$281	\$151,136
NC	32.8¢	3% No Cap	14	\$2.93B	\$307	\$36,871
SC	16.75¢	State & Local \$300 Cap	12	\$.65B	\$141	\$15,689



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