

Dateline Raleigh

The Gasoline Tax- Testing the Skill of the Governor

by Ferrel Guillory

Governor Hunt has grappled with what political scientist James McGregor Burns has called "one of the oldest questions for representative democracies." It is, Burns wrote in his book *Leadership*, "whether leaders should take stands they believe in when they know their constituents do not support them."

A blue ribbon commission appointed by Hunt in 1979 reported to the Governor this past December that North Carolina's 75,000-mile highway system "faces a very grave future" as a result of rising costs and declining revenues. The commission, chaired by former Gov. Dan K. Moore, recommended that the state raise more Highway Fund revenues, principally by imposing an additional tax on gasoline. But the Governor, who agrees that the highway system is in financial trouble, has been told by state legislators and by voters that they do not want to increase the gasoline tax. The preponderance of constituent mail to the governor's office has expressed opposition. Hunt's friends have assessed a gasoline tax hike as a political "negative."

Further, with the people just having elected a president who promised sweeping tax cuts, the political times hardly seem propitious for a tax increase. Syndicated columnist Neal R. Peirce, who specializes in state and local government, reported that in 1980 legislatures in 30 states were presented with the motor-fuel tax issue. "But only 10 acted, and most of them half-heartedly," Peirce wrote. "A kind of political paralysis seems to seize legislators when asked to charge motorists or truckers the true costs of maintaining roads and bridges."

When leaders are confronted, as Hunt has been, with the dilemma of doing what they feel should be done or following the dictates of the electorate, Burns has said that "democratic theory seems ambivalent on the matter: leaders must be repre-

sentative but not too representative." Or as conventional political pragmatism would have it, politicians who seek to be successful in the next election must lead their constituents but not get too far out in front of them.

For more than three months after the blue ribbon study commission issued its report, Hunt withheld an endorsement of its conclusion that an increase in the gasoline tax was needed. The Governor temporized, risking an image of timidity. Yet, the delay gave Hunt time to assess his policy options and to survey the political-legislative landscape, while providing no specific target at which opponents could shoot.

Even as he refrained from committing himself on the gasoline tax question — and asked legislators to do likewise — everything the Governor said on the subject led almost inexorably to the conclusion that new revenues indeed must be found. "You may not see any potholes or bad rough spots now," he told a civic club. "But, believe me, before long you are going to feel them."

Hunt's strategy, therefore, was to re-direct the issue, to make it more a good roads question. He sought to build support for whatever financial package he eventually would recommend by first raising the level of public awareness of the state's highway costs and needs.

There has long been a mystique surrounding road-building in North Carolina. It has often been at the center of the state's politics — with governors frequently promising better roads, with regions of the state demanding their fair share, and with contractors fueling campaigns with their monetary contributions. By reminding North Carolinians that their state has the nation's largest system of state-maintained highways, the Governor touched subtly the Tar Heel fondness for gleaming strips of smooth asphalt and concrete.

In addition, Hunt raised people's consciousness of the highway system as an integral part of the state's economic structure. He placed the issue of highway financing in the context of the state's most pressing human need, to increase North Carolina's average wage. Highways, he said in an interview, are "essential to economic growth and balanced economic growth. The overwhelming

Since 1972, Ferrel Guillory has been a political reporter for the Raleigh News and Observer, as chief Capitol correspondent and head of the Washington Bureau. Now associate editor, he is responsible for the editorial page.

thing we have to do is provide jobs for people. . . . We've got to have not just a little bit of growth. I really want North Carolina to make a break economically."

Rather than allowing the gasoline tax to be depicted solely as a governor's problem or a government problem, Hunt has sought to transfer a share of the burden to legislators and the public. To do that, however, entails lowering the "us-they" barrier that exists between the people and their government. In addressing the public on the transportation problem, Hunt said, he casts the issue this way: "You've got a business. You've got a farm. You're driving a car to and from work. . . . One of these days you've got to stop saying 'they' (for government) because 'they' is 'us.'"

Nevertheless, the state still looks to the Governor to initiate a solution to the Highway Fund decline. Only a governor has the public stature and the political wherewithal to build the support necessary for a major tax package. His leadership is necessary; dealing with such dilemmas comes with the territory. Hunt's political skill and courage are being tested.

The solution, as the Governor outlined his thinking in a conversation in his office, would necessarily come in the form of a package. If there is to be a gasoline tax increase, it would be tied together with other measures, such as cost-savings in the Department of Transportation and tapping some non-gasoline sources of revenue. If there is to be a dipping into what otherwise are regarded as General Fund tax sources, Hunt said, the revenues to be used for highways ought to be tied down into a kind of "trust fund," so competition would not develop between social programs and the highway system. Among the possibilities being mentioned in the 1981 General Assembly are the designation of sales tax revenues from automobiles, lubricants, and automotive parts to the Highway Fund, and perhaps taxes on alcohol and luxuries as well.



Photos courtesy of N.C. Department of Transportation

Gov. Hunt recently commissioned a poll on North Carolinians' attitudes on increasing taxes for highway revenues. The Governor's 1980 campaign pollster, Peter D. Hart of Washington, D.C., conducted the poll, which was paid for with surplus Hunt campaign funds. According to a statement released by the Governor, the poll showed people opposed to a "sweeping" gasoline tax increase but willing to accept a modest increase in taxes if needed to keep highways in good repair.

An assessment has been made, then, in both the Hunt camp and in the legislature, that an increase in the gasoline tax cannot stand alone — and that it has to be as small as possible. "He has to go to that low number (on the amount of gasoline tax increase)," said a Hunt political adviser. "He'll have to do something that will pass and won't kill his friends."

In its report, the blue ribbon study commission offered the option of increasing the motor fuel tax by five cents per gallon (from nine to fourteen cents) or of instituting a four percent sales tax on the wholesale price of gasoline. But, either way, the commission said that its recommendations would finance only a "minimum short-term program" for highway maintenance and that "more aggressive measures will be required in the future." Even if Governor Hunt is successful in pulling off the difficult political feat of raising more highway revenues, he or the next governor may soon be faced with the same dilemma: how to meet evident needs when the solutions are unpopular. □

