

Star-Telegram

Texas may put surcharge on new vehicles with low fuel efficiency

Posted Saturday, Feb. 12, 2011

BY ANNA M. TINSLEY

atinsley@star-telegram.com

Texans love their trucks and big sport utility vehicles.

But those that don't meet federal fuel efficiency standards might soon cost Texans more money to continue driving them.

State officials are considering a \$100 surcharge on the purchase of some new vehicles that don't meet federal fuel efficiency standards. It's one legislative proposal designed to raise more revenue and help reduce the looming, multibillion-dollar deficit.

"Despite the increased costs associated with inefficient vehicles, they are exempt from the federal gas-guzzler tax and do not pay any additional sales tax," a recent Legislative Budget Board report said. "A surcharge attached to the sale of new vehicles with high emissions would compensate for the higher-than-average transportation-related costs these vehicles create."

Critics say now is not the right time to levy more fees, surcharges or taxes on Texans.

"Some of these vehicles I believe that would get tagged with the surcharge are needed by small businesses for their livelihood -- farmers, truckers," said Talmadge Heflin, director of the Austin-based Texas Public Policy Foundation's Center for Fiscal Policy. "We should be free to buy the kind of vehicle we need without fear of having to pay an extra surcharge just because of what we choose to buy."

No bills have been filed to add the surcharge.

The surcharge is among several recommendations that the budget board listed in its recent Government Effectiveness and Efficiency Report suggesting ways to save money or generate revenue. The board is a permanent joint committee of top House and Senate members, including Lt. Gov. David Dewhurst and House Speaker Joe Straus.

Other suggestions include repealing the blue law, which prevents liquor sales on Sundays; regulating urgent-care centers; modernizing care delivery at state-supported living centers; phasing out economic development tax refunds; requiring state employees to pay more of the cost of their health insurance; establishing pill-splitting programs to reduce costs for state employees and increasing traffic fines to improve safety.

Higher emissions

The report says light-duty trucks and SUVs generate more emissions than average-size vehicles and are less energy-efficient.

For every gallon of gas used by a vehicle, 20 pounds of carbon dioxide is produced, and carbon dioxide makes up 97 percent of all greenhouse gas emissions from motor vehicles, according to the report and the National Highway Traffic Safety Administration.

Last year, an estimated 565,873 new vehicles were registered in Texas that didn't meet federal corporate average fuel economy standards -- 23.5 miles per gallon for light trucks and 27.5 mpg for passenger vehicles, according to the report.

Revenue from a \$100 surcharge could generate \$115.3 million, which could be used to pay for efforts to reduce pollution and comply with federal air quality standards, the report says.

Since 2006, New Jersey has had a 0.4 percent surcharge on new and leased passenger vehicles priced \$45,000 or more that have an EPA rating of less than 19 miles per gallon.

New Jersey officials say the surcharge generates about \$25 million every two years.

In Texas, state Rep. Lon Burnam, D-Fort Worth, said he can support a surcharge.

"People who buy Hummers should pay a conspicuous consumption tax," he said. "It's negligible in the overall cost of the vehicle. We construct many of our taxes on things that are not in the public interest -- against people who smoke or drink a lot. Those who consume oil resources conspicuously when they could buy a more efficient product should [be taxed] too.

"But it should only apply to recent model vehicles."

'Bad public policy'

Industry groups are not happy about the possibility of a surcharge.

"We already get revenue from lower mileage vehicles on motor fuels tax," said Bill Wolters, president of the Austin-based Texas Automobile Dealers Association. "If you don't get as good mileage, you buy more gas.

"The sale of motor vehicles is a great revenue source for Texas," he said. "It's counterproductive to add a surcharge. ... I don't feel like punishing those customers is very good public policy."

Some state lawmakers say they hope budget leaders will explore all options.

"I'm not ready to consider revenue enhancements until we have thoroughly scrubbed the budget to root out fraud, waste and abuse -- which robs us of critical resources needed to serve those who truly qualify for state services," said Sen. Jane Nelson, R-Flower Mound.

Rep. Marc Veasey, D-Fort Worth, believes giving serious consideration to the surcharge would be a big mistake.

"While I am very supportive of making all vehicles more energy-efficient, discriminating against pickup truck and SUV owners is bad public policy," he said.

"We need more energy-efficient vehicles so we can lessen our dependence on foreign oil, but this is not the right direction. We need to take a closer look at the almost \$5 billion in tax breaks we give to big business before we look at car owners."

Anna M. Tinsley, 817-390-7610

[Looking for comments?](#)