

Gas groaners: \$3 a gallon, percentage sales tax

By TOM LONERGAN

Gasoline at \$3 a gallon by 1982 could include a state tax that would increase with the price of the precious petrol. Both the \$3 prediction and the new tax forecast came last week from Michigan Transportation Commissioner Rodger D. Young of Rochester. Young, a Southfield attorney, spoke to 40 Bloomfield Hills Rotary Club members.

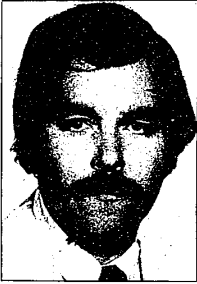
He told them to expect state transportation officials to push for 1) a percentage sales tax on gasoline, in place of a per-gallon tax, and 2) vehicle registration fees based on purchase value rather than weight.

State officials cite reduced fuel consumption statewide and people's preference for lighter cars as the two major factors that have crimped the revenue.

The Oakland County member of the six-man Michigan Transportation Commission also strongly endorsed subway construction on the Woodward Avenue corridor in Detroit, a view not enthusiastically received by the Rotarians.

CURRENT GAS and weight taxes charged by the state are "inadequate to keep up with inflation," said Young, who cast the deciding vote in favor of constructing M-275 in western Oakland County.

"So during the next two years, we're



RODGER YOUNG
New road taxes?

going to be asking for a tax increase to maintain (state) trunklines."

State gas and weight tax revenues are also the primary source of funding for the Oakland and Wayne county road commissions, which maintain state highways in the metropolitan area.

A new transportation tax structure, not just an increase in current taxes, will be proposed by the state Transportation Department and the commission, Young said.

'We're going to look at a shortfall this year of some \$60 million. People don't realize the enormity of this problem. In two years, it's not going to be so subtle.'

— Rodger D. Young
Michigan Transportation Commissioner

State transportation officials will recommend that the Michigan Legislature replace the present fixed 11 cents a gallon gasoline tax with a percentage tax that would increase with wholesale prices.

"It's only going to do one thing to the price of gasoline," said Young.

BASING STATE license plate (vehicle registration) fees on a vehicle's value, rather than its weight, will also be proposed.

Young said the proposed tax increases have been discussed "informally" with state legislators. The Transportation Commission will likely go on record in support of the new structure and increases within the next two months, he said.

State representatives, who face reelection this year, probably won't vote on the increases until after the November elections. A two cents-a-gallon increase in the gas tax was approved two years ago.

However, state officials say that new tax has failed to produce enough revenue to meet rising highway maintenance costs.

"We're going to look at a shortfall (within the transportation department) this year of some \$60 million," Young said Tuesday. "People don't realize the enormity of this problem. In two years, it's not going to be so subtle."

AS YOUNG spoke to the Rotarians last Wednesday, a preliminary engineering study for the proposed Woodward subway-surface rail line was approved by the Michigan Senate.

Senate action followed nearly two months of bitter legislative wrangling over the subway, which is the main cog of the Southeastern Michigan Transportation Authority's (SEMTA) \$1.5 billion regional transportation plan.

Unlike the majority of his fellow Oakland County Republicans, Young, appointed to the transportation commission last year by Gov. William Mil-

iken, supports a subway for the light rail rapid transit line in the Woodward corridor.

He said a subway is needed to revitalize the economically depressed Woodward business strip in Detroit and would "save over 40 million gallons of gas a year, once on line."

THE LEGISLATURE approved preliminary engineering money for a subway from downtown Detroit to West Grand Boulevard, but gave state and federal officials the option to extend that subway study to McNichols (Six Mile) Road, as approved by the SEMTA Board of Directors last year.

The light rail line would run on surface from McNichols to 11 Mile Road in south Oakland County. The SEMTA plan would also increase bus service in the suburbs and commuter rail service between Detroit and Pontiac and Detroit and Ann Arbor.

Young said a fixed rail system is key to the region's receiving an estimated \$900 million in federal funds for rapid transit. That subsidy is expected to cover 80 percent of the SEMTA plan's cost, with the state picking up the remaining 20 percent.

How the state will pay its 20 percent share and how an expected \$65 million to \$70 million SEMTA operating deficit will be paid were major arguments raised by subway opponents in Lansing.

Young said the state's share of start-up costs could be "offset by the enormous multiplier effect the dropping of \$400 million in federal funds will have."

AND IF FUNDING SEMTA's deficit with new taxes requires voter approval, Young isn't convinced a significant number of Oakland County residents would be opposed.

Referring to a Market Opinion Research poll taken by Oakland County Executive Daniel T. Murphy's office in February, Young said, "it appeared to me the people of Oakland County are relatively split."

"I think the fact that they're split is remarkable considering the negative publicity generated by the 'subway'."

The Murphy study showed opposition to a subway among 500 county residents softened when the rail line was proposed to be extended into south Oakland.

Several Rotary Club members disagreed with Young, favoring a rail system to be placed along the Grand Trunk Railroad right-of-way. The also rebutted the economic development argument.

"There isn't going to be a bit of development between those (light rail) stations just because a subway runs underground," one Rotarian said.

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