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Gas Prices Remain Level, Regardless of Tax Increase

Adjustable motor fuels tax provides \$250 million in funds, 7,000 estimated NC jobs

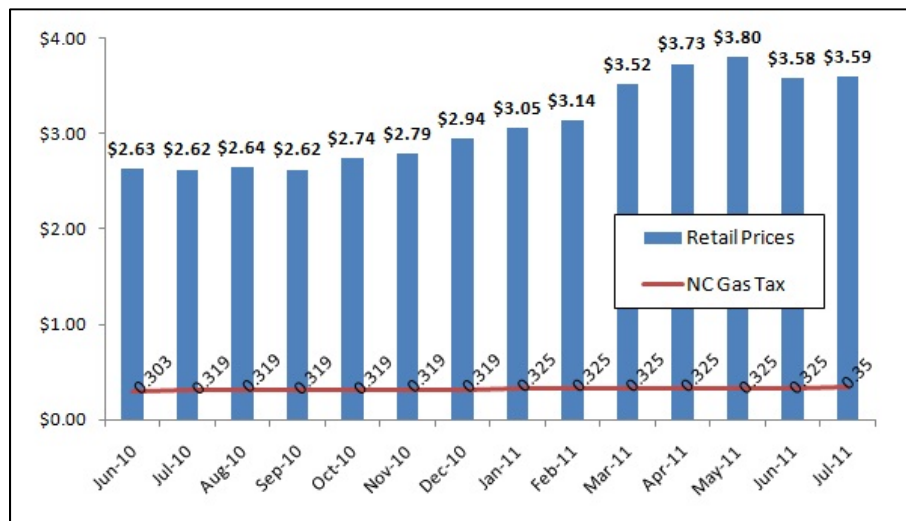
Raleigh, N.C. –The correlation between gas prices and the state’s gas tax is weak at best, says *NC Go!*, a statewide transportation coalition. Despite dire predictions, the July 1 increase in the motor fuels tax did not result in a significant change in the retail price of gas. And, NC’s average gas price remains lower than, or on par, with neighboring states – all of which have lower gas taxes.

Proponents of capping the gas tax have sought to gain support by connecting the tax to the “pain at the pump” felt under North Carolina’s current, record-high gas prices. In reality, *NC Go!* says the gas tax has very little to do with the high price of fuel – and everything to do with protecting and creating jobs within the transportation industry.

“Poll results this spring showed 80 percent of North Carolinians favored capping the gas tax,” said Marc Finlayson, co-chair of *NC Go!* “Here’s the big news flash – given the wording of the polling, that figure seems low. That’s because with no context, of course the public would say they don’t support raising taxes. Unfortunately, the purpose of the gas tax and the impact of capping that tax were both missing from the poll.”

The gas tax is the largest source of transportation funding in North Carolina. Because all of the projects it funds depend on equipment, vehicles and materials that utilize fossil fuels, the gas tax is based on a formula that adjusts semi-annually with the wholesale price of gas. Like a cost of living adjustment, the tax goes up when fuel costs are higher and adjusts down when prices drop.

“Thankfully, the legislature saw through the numbers and left the gas tax in place, allowing it to adjust as planned on July 1,” said Finlayson. “The result today – the price is basically the same as in May and June, before the slight tax increase.”



Average retail gas price in N.C., June 2010-July 2011
Source Pricelock.com and the U.S. Department of Energy.

NC Go! says the gas tax is vitally necessary not only to preserve transportation resources, but also to protect and create much-needed jobs in the industry. Had the gas tax been capped, North Carolina would have lost \$250 million in funding and 7,000 direct and indirect jobs would have been placed at risk.

“Asking someone if they want to pay more taxes will always get the same answer,” said Finlayson. “Instead, we should be asking them if it is worth between 25 and 40 cents per week to help ensure our roads are safe, guardrails repaired, potholes filled and roads re-paved.”

“We should all applaud North Carolina’s legislators for protecting 7,000 jobs by allowing the system to work and the gas tax to adjust,” said Finlayson.

Although North Carolina’s gas tax is higher than many similar taxes in neighboring states, *NC Go!* reminds that North Carolina has more miles of state-maintained roads than any of the surrounding states. Drawing another disconnection between North Carolina’s gas tax and its “pump pain”, the coalition says the tax rate depends on demand, time of year, and political strife overseas, and says consumers aren’t going to see much relief at the pump if we cap our gas tax.

“Anyone who thinks savings will be passed along to consumers by capping the gas tax is wrong,” said Finlayson. “The only loser will be North Carolina’s transportation system, the citizens who use it and the workers whose jobs and livelihoods depend on that funding.”

About *NC Go!*

NC Go! is the state’s only broad-based coalition advocating for North Carolina’s transportation system. Our coalition consists of more than 100 businesses, chambers of commerce, associations and transit agencies representing 25,000 businesses and member organizations, with more than 6 million employees, transit riders, citizens and drivers in North Carolina. *NC Go!* has led the call to adequately invest in highways, bridges, public transportation, rails, ports, airports and ferries.

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