

# A Billion Dollars In Tolls Yearly

## Provide Modern Highways



TAXES ON GASOLINE \$142,987,749.

System of Improved Roads Has Converted Continent Into a Neighborhood

An interview with Thos. H. MacDonald, Chief U. S. Bureau of Public Roads.

By JUDSON C. WELIVER

**T**HE motorist en route from coast to coast stops his car at a filling station on the side of a cement road in a middle western state, and to the attendant's polite "Ten gallons?" replies: "Yes, considerably more than 2,000 miles," replies the driver. "And these last few miles have been particularly interesting, because I used to live in this county, and this is my first visit for a dozen years. When I last saw it there were only dirt roads; mud in rainy weather, dust in dry. In the last hour we have almost crossed the county, on either cement or macadam. When I lived here, it would have taken half a day, and pretty nearly ruined a car." By that time, the tank being filled, the motorist interrupts his reminiscences to inquire: "How much?" "Ten gallons at 21 cents; \$2.10," advises the attendant. Mr. Motorist passes over a bill, and while change is being made, continues:

than half of this is spent under the states' departments of roads, and a little less than half under the minor governmental units—counties, townships, etc. "To put it another way, the country is spending on rural highways alone just about as much as the National Government cost before the war. It is one of those astonishing things that a dozen years ago, nobody would have believed possible; and yet it is not only being done, but being done so easily that few people fully realize its significance. Why, it has taken nearly a century to get \$20,000,000,000 invested in our national highway system; the rural highways system, at the present rate, will require that much in less than twenty years. "The equipment of this continent with modern roads has been the most amazing provision of a public utility that any community ever accomplished in a similar period. Historians say the Roman Empire radiated from Rome to the provinces. Well, Americans can boast that our highway system has converted a continent into a neighborhood in a few years. It really represents the inauguration of a new system of taxation; a system of licenses and excises levied against particular privileges or classes of property, with the pro-



MOTOR VEHICLE LICENSE FEES AND DRIVERS LICENSES \$263,500,000.



PROPERTY TAXES ON MOTOR CARS \$150,000,000.



FEDERAL INTERNAL REVENUE TAXES ON CARS, PARTS and ACCESSORIES \$143,430,709.



THOS. H. MACDONALD Chief U. S. Bureau of Public Roads U. S. D. U.



WHEELAGE AND OTHER TAXES ON CARS \$50,000,000.



1921 required that a complete, nation-reaching system of roads be designated within two years as the ones to which Uncle Sam would give assistance. Nobody who was not connected with this department will ever have the faintest conception of the task involved in laying out that map. It was found that there were 2,865,061 miles of highway in the country. Of these, 7 per cent, or 200,624 miles, were to be in-

possible for motorists to drive thousands of miles on a designated route whose markings become so familiar that after a few miles he need not ask directions. "Finally, Federal participation has made possible a great number of important bridges at strategic points. When a stream separates two counties or two states, it has often been impossible to get them to agree where to build and how to divide the cost of a bridge. In such cases the Federal authority has repeatedly mediated differences and secured construction. Let me mention some instances. "Missouri has been a state for over a century. Divided east and west by the Missouri River, communication between the two sections has been limited, to the state's disadvantage. Four bridges across the Missouri were required in the national highway program; and Federal co-operation with the state has made it possible to secure them.

**The Tennessee-Arkansas Case** "An even more striking case is at Memphis, Tennessee, where for generations there has been need for better crossings of the Mississippi. It was largely a question of expense. But under the present-day plan for financing highways, that difficulty is almost removed. Last year Tennessee collected \$7,193,453 in gasoline taxes, while Arkansas collected \$3,698,995. Then the two states collected nearly as much more in motor vehicle fees. With the Federal Government paying somewhere near half, and the states drawing this \$12,000,000 fund to draw upon, one readily sees how the financial problem is solved. "Another bridge that has a peculiar importance, both locally and in the national highway system, has likewise been needed for generations, across Haritan Bay, New Jersey. It is one of the links in the chain of communication between New York City and the country. In 1924 New Jersey had some \$700,000 of Federal aid allotted to her, and in 1925 over \$1,000,000. So the state agreed that this Haritan bridge should be built, costing about \$4,000,000. Federal funds made up about one-third the amount. The bridge, over a mile and a half long, is now nearly completed.

**Fast Growth of "Gas" Tax** Mr. Motorist was by this time so far interested that when he reached New York he called on the American Petroleum Institute and the National Automobile Chamber of Commerce. From them he learned that the gasoline tax was first imposed in 1919, in the state of Oregon, and has now been adopted by all states, except Illinois, New York, New Jersey and Massachusetts. The tendency has been continually to increase the rate per gallon. As late as 1921 gasoline taxes for the entire country were only about \$5,000,000; a year later, \$12,000,000; in 1923, almost \$37,000,000; in 1924, \$79,000,000; and in 1925 nearly \$143,000,000. With good prospects that the "gas" tax will be adopted in the near future by states which do not

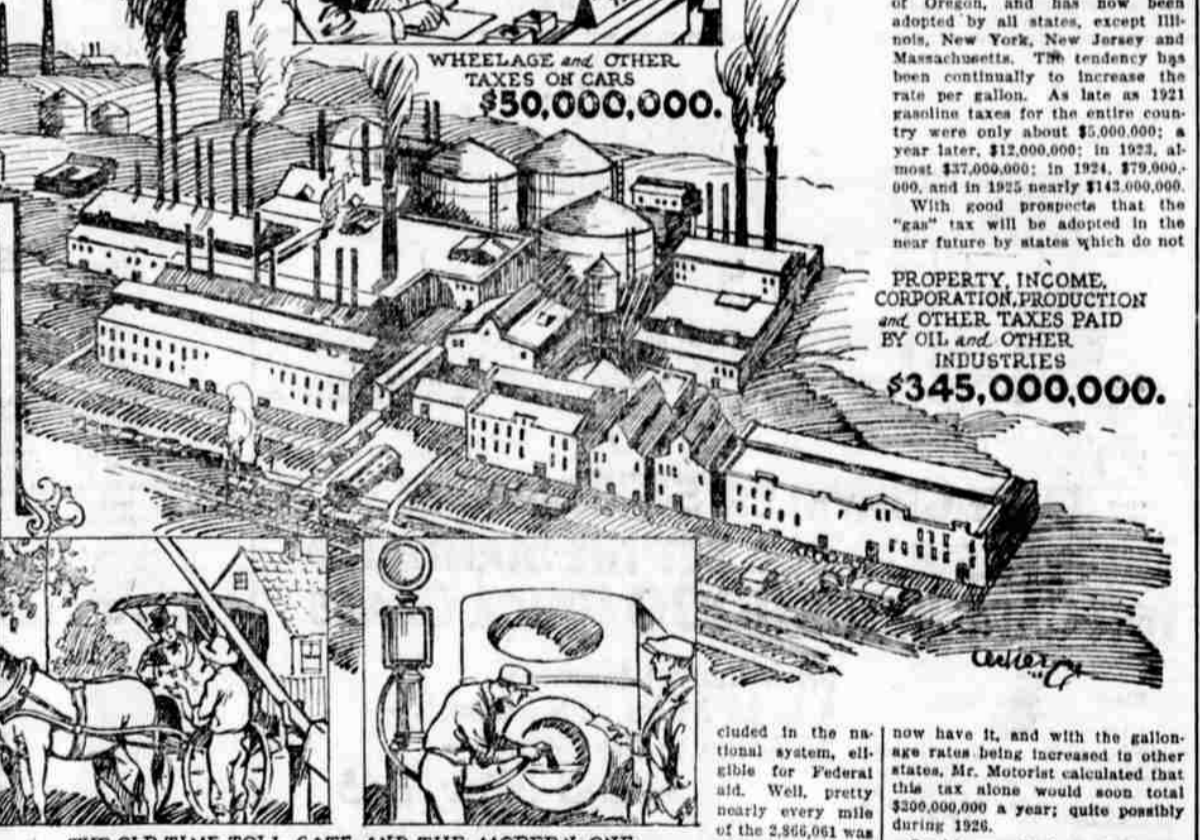
**PROPERTY, INCOME, CORPORATION, PRODUCTION and OTHER TAXES PAID BY OIL and OTHER INDUSTRIES \$345,000,000.**



IMPROVED HIGHWAY EFFECTS TREMENDOUS SAVING IN GASOLINE CONSUMPTION

roads dedicated for the greater part to providing highways." "But," interjected Mr. Motorist, "how about this statement that the special taxes on motor vehicles and their fuel amount to about half the billion dollars spent for highways each year?" "It is excessive only in its moderation," replied Mr. MacDonald. "Nobody can give you exact figures. But here are some items. Put them down on a paper, there. The state taxes on gasoline, ranging from 1 cent up to 5 cents per gallon, in 1925 were just about \$143,000,000. Put that down. Next,

are either official or approximate. But they do not include property taxes of the automobile manufacturers, nor taxes on buildings and lots devoted to motor car merchandising. They do not include income and corporation taxes derived from motor car business. They omit all state, local, production, corporation or income taxes of the petroleum industry. Yet that industry has a capitalization of about \$9,000,000,000. Mr. Motorist made a little calculation on his paper. Looking up, he said: "These additional taxes would



THE OLD TIME TOLL GATE AND THE MODERN ONE

run at least \$345,000,000, on the basis of taxes in general. If we add that in, it totals \$1,094,030,709. That's what car owners and builders, gasoline users and producers, are paying. It more than meets your whole highway cost of a billion." Mr. MacDonald leaned back and thought a moment. "There is a widespread notion," he presently said, "that Federal aid represents a large share of the investment in good roads. As a matter of fact, in the eight years from 1918 to 1925 inclusive, the Government has contributed \$460,000,000 to help the states build roads. That is considerably less than half of what the country spent on roads in either 1924 or 1925. Moreover, in the same eight years that the Government was distributing that \$460,000,000 to the states, it collected \$375,000,000 in internal revenue taxes on motor cars, parts and accessories. Other hundreds of millions were collected in income and corporation taxes from motor car manufacturers and dealers. The Federal contribution to roads, as

compared to that of the people who make and use the cars and gasoline, has been decidedly a modest one. "On the other hand, while the Federal contribution is only about 10 per cent of highway expense, it has accomplished results altogether out of proportion to its amount. First, it was an incentive to the states, because Uncle Sam required them to invest at least as much as he contributed. Also, the Government retains a part in the general supervision of construction, and a share in determining routes. So we have built roads on higher standards, and have organized them into a truly national system. Instead of forty-eight state systems. "Some day it will be realized that this was the most valuable contribution. A man driving from Boston to New York may pass through four states. Every one of them might have a splendid highway system; but if these did not articulate at the state lines, the trip would be almost impossible. "The Federal Highway Act of

now have it, and with the gallonage rates being increased in other states, Mr. Motorist calculated that this tax alone would soon total \$300,000,000 a year; quite possibly during 1926. "On his way back to California, Mr. Motorist stopped at the same filling station where his interest in highway finance had first been aroused. He found the same attendant and ordered the same ten gallons. While he was paying, he said: "I find that the total of motor vehicle licenses, automobile property taxes, gasoline taxes, internal revenue taxes on cars and parts, various special motor taxes, and, finally, the general property taxes, corporation and income taxes, of the oil industry and motor car manufacturers, actually amount to nearly a hundred million dollars per annum in excess of the billion dollars that the country is spending to build and maintain roads." "Which suggests," replied the station attendant, "that without quite realizing it we have returned to the old system of collecting tolls for the use of the highway." "That seems to be precisely the situation," replied Mr. Motorist as he "stopped on it" and headed his car westward. "We folks who buy number plates once a year, and 'gas' all the time, are building the good roads of the nation."

States	Gas Tax per Gal.	1925 Collections	States	Gas Tax per Gal.	1925 Collections
Ala.	2.10	801,000	N. H.	2	790,000
Ark.	2.65	995,000	N. J.	None	None
Ariz.	848.275	848,275	N. Mex.	None	527,250
Cal.	12.865	322,000	N. Y.	None	252,000
Col.	1.861	1,211,000	N. C.	4	5,222,000
Conn.	2.905	308,000	N. D.	1	87,332
Del.	5.56	1,580,000	Ohio	3	9,120,000
Fla.	7.924	2,084,000	Ola.	1.142	517,000
Ga.	4.411	3,114,000	Pa.	2.384	2,227,000
Idaho	3.929	872,000	Penn.	10.200	600,000
Ill.	None	None	R. I.	1	196,834
Iowa	6.792	481,000	S. C.	2	1,700,000
Ind.	2.315	404,000	S. D.	2	2,963,000
Kent.	2.576	2,984,000	Tenn.	3	2,824,000
Ky.	2.640	600,000	Tex.	2.214	907,000
La.	2.339	342,000	Utah	2.123	213,000
Me.	2.008	999,000	Vt.	2.015	305,000
Mich.	2.390	900,000	Wash.	2.115	370,000
Miss.	2.429	483,000	Wash.	2.115	370,000
Mo.	4.594	2,509,000	W. Va.	2.515	290,000
Mont.	2.200	600,000	Wis.	2.447	294,000
Nebr.	2.300	900,000	Wyo.	2.027	271,000
Nev.	2.112	210,000	Dist. of Co.	None	287,000
			<b>Total</b>		<b>\$142,987,749</b>

Mr. Motorist's interest was a good deal intrigued, and a few days later, being in Washington, he drove around to the Department of Agriculture, and called on Thomas H. MacDonald, Chief of the Bureau of Public Roads. He wanted to know whether the filling station man had his facts on straight. Mr. MacDonald was gracious, and more. Quite evidently he wanted people to know about the very matters Mr. Motorist was finding so interesting. "The people of the United States are now spending just about an even billion dollars annually in building good roads," he said. "That doesn't include city streets; just country roads. A little more