Pothole pain: The cost of this winter's pitted roadways

By: John W. Schoen | CNBC.com Economics Reporter

Every spring thaw brings potholes. This year, one of the harshest winters in memory is turning America’s highways into a historic pothole-palooza.

Just ask Mike, a manager at a Mavis Discount Tire store in the Bronx, N.Y., who would only give his first name.

Business is brisk, he said, juggling repairs and tire replacements for dozens of drivers sidelined daily by the nearby Cross Bronx Expressway, a major artery for some 175,000 vehicles every day. This winter’s relentless series of snowstorms has riddled the road with deep craters, reducing a long section to war zone status.

But heavy and repeated snowfalls have only stretched those budgets further, according to Frank Moretti, a spokesman for TRIP, a transportation research and lobbying group.

"It's not an option to not remove the snow, but that's money that comes out of their repair budgets," he said. "So there's less money to address what is going to be a worse than normal spring in terms of road damage and potholes."

The highway funding drought, though, began long before this winter’s heavy storms set in. For the last two decades, highway spending has badly lagged the increased traffic that has been poudning American pavement into disrepair.

(Read more: Economy takes $50B winter weather hit; CNBC survey)

Since 1990, overall U.S. highway traffic is up by more than a third; commercial truck traffic, which adds the most stress, is up by a half. Between now and 2030, overall traffic will expand another 25 percent and heavy truck traffic by two-thirds, according to TRIP.

But spending levels aren’t even keeping up with what’s needed to maintain the existing road network, let alone expand capacity. Excluding bridge repair, total spending on roads at all levels of government is running at about $37 billion a year—roughly 18 percent less than is needed just to keep roadways in their current condition, according to U.S. Department of Transportation estimates.

Improving those conditions would cost another $70 billion a year, the DOT estimates. That chronic underfunding has reduced about a third of America’s major roads to “poor” or “mediocre” condition, according to TRIP.

Driving on those crumbling roads is more than an inconvenience; TRIP estimates it costs U.S. motorists some $80 billion a year in repairs and added operating costs, about $377 per driver.

Those costs include wear and tear, more frequent maintenance and higher fuel consumption. Conditions vary widely. In Los Angeles, bad roads cost drivers more than $800 a year, for example.

The road ahead looks even bumpier.

“The conditions that were seeing are only going to get worse—in some cases severely,” said Sinclair.

Many more motorists can expect to be marooned before the last of the snow and ice melt away. Throughout dozens of winter-ravaged cites, this is turning into one of the worst seasons for road repair in memory.

Well before the snow began falling, cutbacks in city and state budgets since the Great Recession had left highway departments scrambling for funds. Despite a brief infusion of funds for “shovel-ready” projects during the Obama administration’s first term, budget pressure at all levels of government has forced highway departments to defer maintenance and repair.

But though highway traffic continues to increase, the tax has not been raised since 1993. Adjusted for inflation, the purchasing power of your gas tax has fallen by nearly 40 percent.

Now, with potholes sprouting like mushrooms, the imminent demise of the trust fund has forced some state highway departments to think twice about moving ahead with repairs that rely on Washington for funding, according to Moretti.

"The states are being told to expect delays in the reimbursement of federal money that they anticipate,” he said. "So they’re starting to cut back."

Some states, including Pennsylvania, Wyoming, Maryland and Massachusetts, are moving ahead with their own funding to fill in the crater of lost federal backing. But most state capitals are still struggling to stabilize budgets badly battered by the recession.

(Read more: Winter of discontent: Weather becomes economy’s free pass)

No matter who steps in to pay bills, years of underfunding have only increased the final cost of repairs, said Moretti.

"If you wait for all potholes and cracking and the subsurface to fall apart, it’s a massive expense," he said. "It’s like your home. Simple repairs greatly delay the need for far costlier reconstruction. And that’s definitely true with infrastructure."

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