Motor Carriers Likely to Oppose a VMT on Heavy Trucks

A VMT on Cars Must Be Designed So As to Be Difficult to Evade
VMT = W/D

- A VMT on trucks is a weight-distance tax
- Many states have tried w/d, only a few persist
  - Cumbersome
  - Expensive
  - Unfair
  - Open to Evasion
- Motor carriers oppose w/d taxes
VMT on Trucks Less Urgent

- No satisfactory alternative to diesel fuel for heavy trucks
- Truck share of freight expected to increase
- Diesel fuel tax will remain a good source for highway funding for years
Tax Evasion

- Collectability & enforceability are critical to any tax

- Fuel tax is collectable, enforceable, and efficient:
  - Collectable
  - Enforceable
  - Relatively cheap to administer and comply with
Criteria for Tax Enforcement

- Small number of taxpayers
  - c. 2,000 fuel taxpayers
- A withholding mechanism
  - IRS: 97% vs. 50% vs. 15%
  - Fuel tax collected at the rack, passed on
- Nature of the thing taxed
  - A gallon of fuel
  - Personal income
VMT

- 200,000,000 taxpayers?
- Withholding/prepayment?
- How to track a mile traveled
  - Odometers/ECMs
  - GPS
  - Audits/BIA assessments?
- Who will administer a VMT?
  - IRS?
Evasion Matters

- A tax’s design is critical
  - Keep it simple
- An unenforceable tax is not fair or popular
- Enforceable doesn’t mean enforced
- Don’t ruin the fuel tax system