Mileage-Based User Fees: Getting the Trucking Industry to Yes

Symposium on Mileage-Based User Fees

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June 14, 2011
The Roadmap...

- Convince us that the fuel tax must be replaced
- Convince us that mileage fees...
  - Are politically viable
  - Are cost-effective for both carriers and government
  - Can be collected without significant evasion
  - Will not be abused by local jurisdictions
  - Clearly defined mission
Must the Fuel Tax be Replaced?


- Projected Sales of Hybrid-Electric and Battery-Electric Vehicles have been overhyped
- Consumers are likely to reject HEVs and BEVs due primarily to cost, battery life and performance
- Sales a small fraction of overall market absent significant increases in oil prices and/or government intervention
- Some studies project higher shares, but no more than 20% HEV-BEV by 2020
HEV Market Share Projections

US: Sales of HEVs and PHEVs—2007-2020

Source: J.D. Power Global Forecasting
BEV Market Share Projections

US: Sales of BEVs—2007-2020

Source: J.D. Power Global Forecasting
On-Highway Oil Consumption 2008-2020
Million Barrels Per Day Oil Equivalent

Source: Energy Information Agency, DOE, 2010
Is the Fuel Tax a Viable Funding Source in the Future?

- YES – in the medium-term
- The long-term future is uncertain and fuel taxes will likely have to be replaced at some point
- Impact of government policies (e.g. CAFE) creates some uncertainty about future fuel use
  - Can be overcome with tax rate increases provided fleet is still dependent on gas and diesel
- Commercial vehicles – slower conversion to alt fuels than passenger, especially non-local
Politicians who oppose tax increases won’t distinguish between VMT fees and fuel taxes

Revenue-neutral VMT fees require a rate increase due to higher collection costs

Privacy will always be a concern

Bipartisan opposition – Obama Administration and NRSC both oppose
Cost Effectiveness

- Anticipate extremely high collection costs

- Will carriers be saddled with multiple accounts, lack of uniformity, especially with state-based systems?

- Will carriers be able to recover costs?
Evasion and Enforcement

Significant risk of evasion; high enforcement costs
- Federal fuel tax has 1,000 taxpayers
- 208 million drivers
- 248 million registered vehicles
- By comparison, IRS processed 237 million tax returns in 2009

Trucking
- 27 million commercial trucks
- More than 500,000 companies operating trucks
- 90% operate 6 or fewer trucks; 97% operate fewer than 20 trucks
- Larger fleets more likely to be targeted, creating unlevel playing field

Technology can be defeated
Local Jurisdictions

- Who decides which jurisdictions can charge a fee?
- Who decides what the rate is?
- Multiple accounts?
What is the Mission?

- System costs for revenue collection only are very different from system costs for revenue collection plus achievement of other goals
- Congestion pricing – have trucking impacts been considered? Political feasibility?
- Promote fuel efficiency?
- Regulate truck routing or commodities?