



Good stuff.



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

Symposium on Mileage-Based User Fees

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The Roadmap...

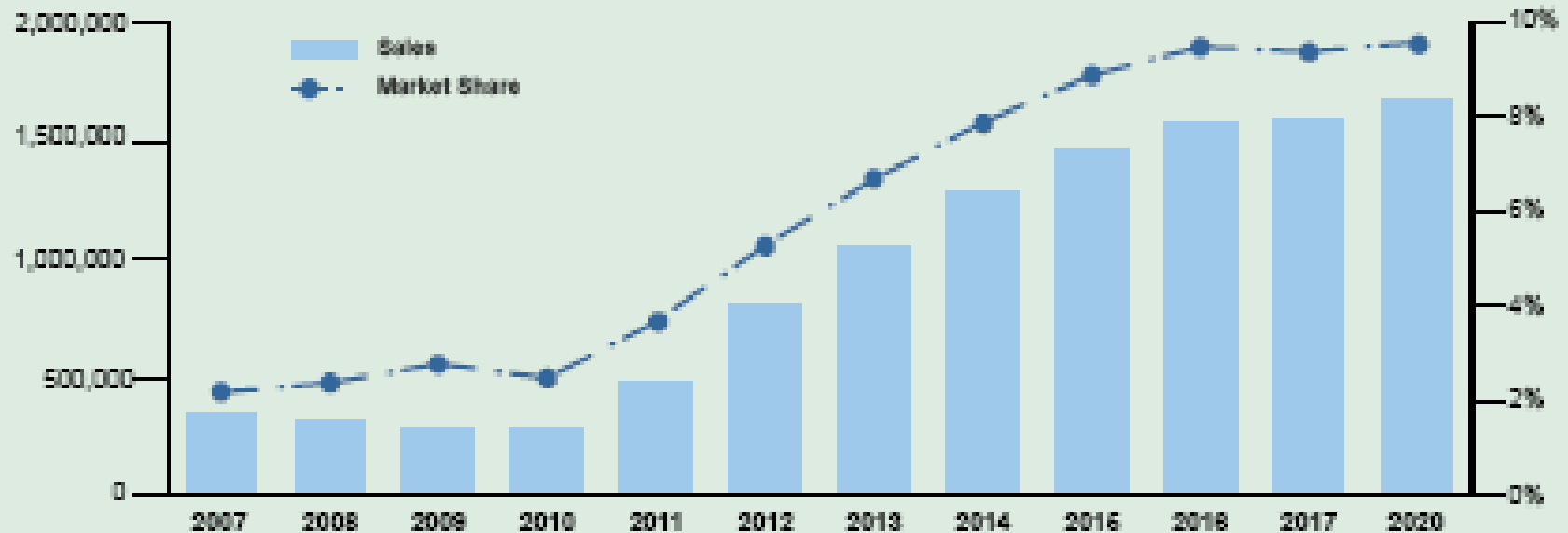
- ▼ Convince us that the fuel tax must be replaced
- ▼ Convince us that mileage fees...
 - ▼ Are politically viable
 - ▼ Are cost-effective for both carriers and government
 - ▼ Can be collected without significant evasion
 - ▼ Will not be abused by local jurisdictions
 - ▼ Clearly defined mission

Must the Fuel Tax be Replaced?

- ▼ J.D. Power – “Drive Green 2020: More Hope Than Reality?” – Nov. 2010
 - ▼ 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

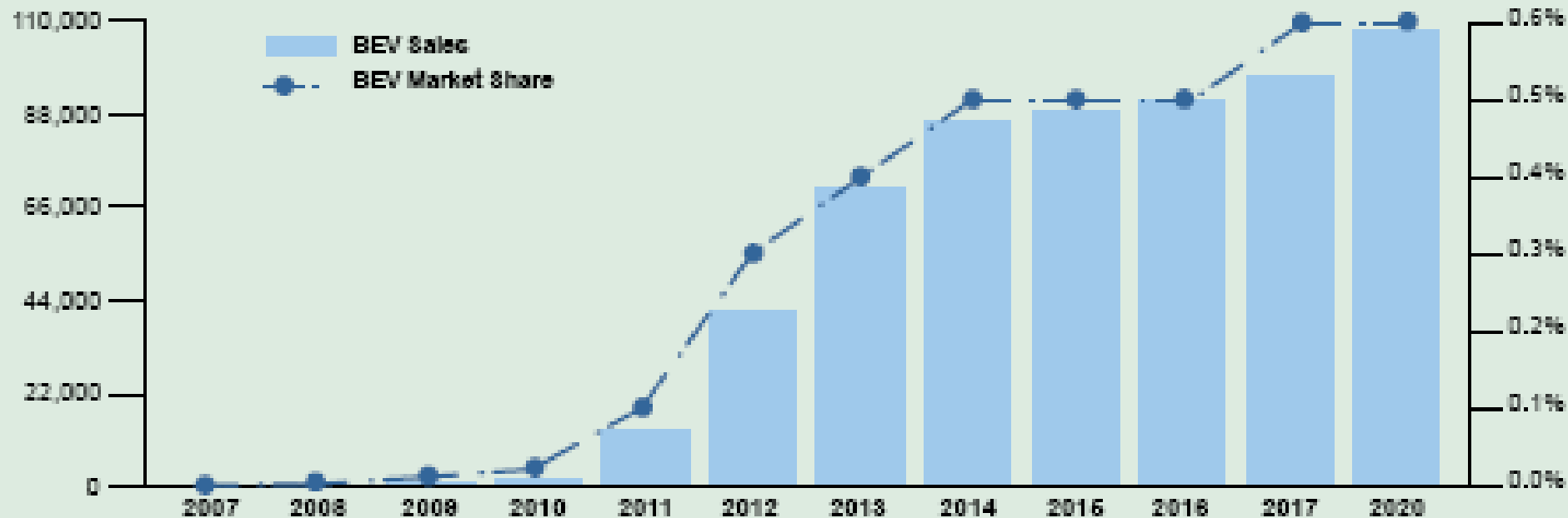


Source: J.D. Power Global Forecasting



BEV Market Share Projections

US: Sales of BEVs—2007-2020



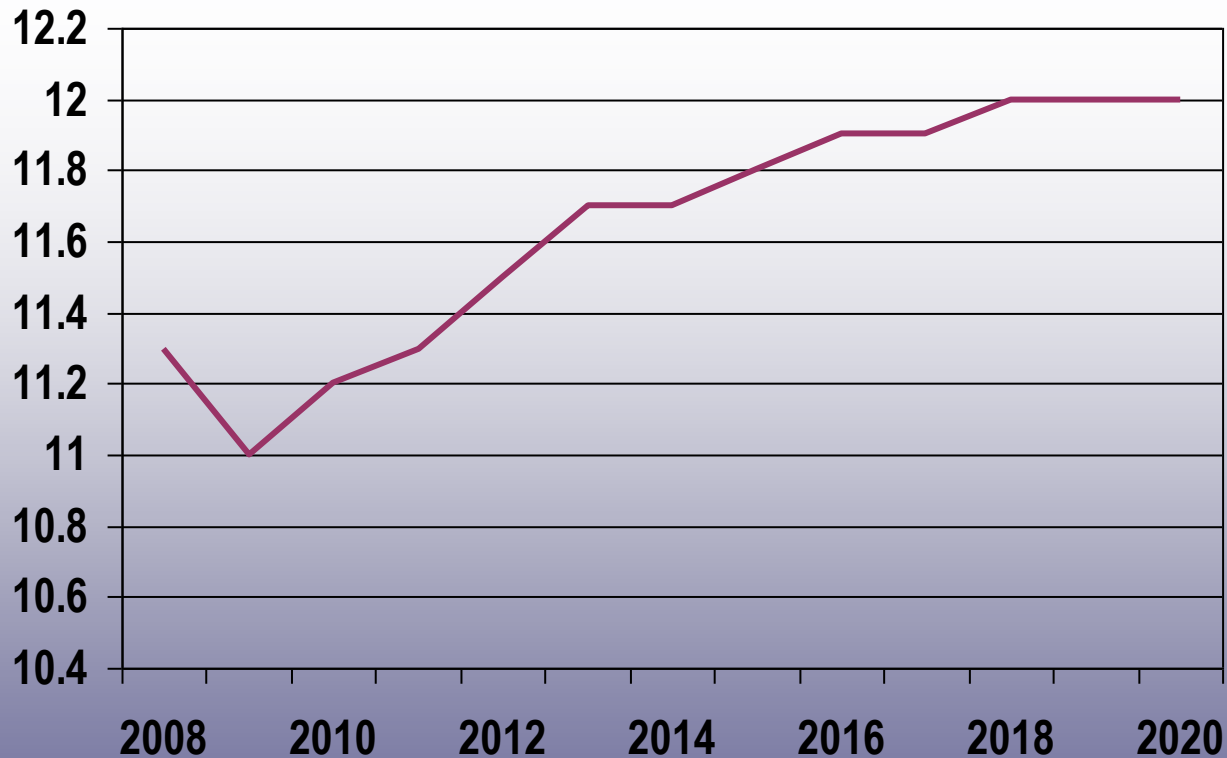


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On-Highway Oil Consumption 2008-2020

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

Political Viability

- ▼ 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



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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?