

Let's talk honestly about a vehicle-miles-driven tax



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Talk about your gas tax diversion.

This is becoming something of an minor obsession with me, so let me go ahead and apologize right from the start. But it seems like you can't turn around in transportation circles these days without running into earnest hand-wringing over the future of the gasoline tax. (Rodger and I have written about this before, as it has become something of a political issue in the governor's campaign and elsewhere, see [here](#) and [here](#).)

The problem, as I'll explain below, is that the whole debate misses something so obvious that it's hard to take seriously all the reams of research that has been conducted to support the call for scrapping the gasoline tax, and instead taxing drivers for how far they drive.

First the background: Both the U.S. Government and state governments assess a per-gallon tax on motor fuels. In Texas, that's 18 cents a gallon of gasoline and the feds attach another 20 cents per gallon. It's been nearly 20 years since either rate has gone up, and pretty much everyone agrees that the revenues to the highway trust fund -- which is busted -- and to the state highway funds have failed to keep up with the increasing cost of maintaining all those highways and building new ones. (You know, you pay the same 38 cents a gallon in gas today when gas is pushing \$2.60 as you did in 1993, **when it was about a buck**.)

To address the funding inadequacy, plenty of folks here and elsewhere suggest we do something simple: Raise the rate, or index it to inflation so it doesn't keep losing purchasing power.

But increasingly, skeptics make two arguments: One, if it was so easy to raise the rates, then why has Congress refused to do so since 1993, and why have Texas legislators refused to since 1991? It's ain't going to happen, they argue, and we might as well accept it.

Secondly, they argue that as vehicles get more efficient, they will travel further on each gallon of gas. So each year, each driver will pay less in gas taxes, even as they drive as much or more on the roads that must be kept up. TxDOT chief Amadeo Saenz likes to say his old Suburban got 12 miles to the gallon and his newer one gets 24.

The big idea: So what to do it about? Increasingly, what we're told is that the future should include a tax on miles driven. There are lots of ways to do this, but none are simple. The big-idea boys at RAND, smart folks all, have studied the alternatives and suggest three are simple enough to begin testing in the next few years. The report, out today, is available here ([rand study on VMT.pdf](#)), and a summary is [here](#).

The idea has been tested in Oregon, and recently in Austin I heard an interesting speech ([here is a video](#)) by Dr. Paul Hanley, of the University of Iowa. He's leading a **12-city study** of how to go about taxing miles driven.

The problem: So why am I all wound up about this? Because it misses the obvious point. The problem with the gas tax isn't structural, it's political. It takes political will to raise those taxes -- and that is how it ought to be. Raising taxes ought to be difficult, and it ought to be done only when politicians can make a heck of a good case for it.

So what to do? Easy enough: If the politicians believe more revenue is needed to pay for transportation, index the rate to keep up with both construction costs increases. If they believe it's

being eroded by efficiency, simply index it to the increase in miles per gallon of the average car in Texas. Lawmakers could simply establish a baseline for the average fuel efficiency of the Texas fleet. **The feds already track this here**, and lawmakers could set the gas tax rate to increase every couple of years by an amount that is equal to the average increase in fuel efficiency.

This occurred to me some months ago, and I've since heard Michael Morris talk about it as well. (And heck, he's the **chairman of the Transportation Research Board** in Washington this year, so it can't be a completely crazy idea.)

That would almost completely resolve the structural problem that has led so many experts and others to say the gas tax is no longer viable. (Of course, that would still leave the problem of what to do about vehicles that aren't using gasoline at all. But if that's a problem, they could be taxed a flat rate when owners renew their tags. Whether or not that's the right answer, it's an easy political fix, since there aren't many voters who have those kinds of cars.)

Resolving the issue about efficiency wouldn't do a thing to address the funding problem -- it would keep taxes, on average, the same as they are today. But that's the idea: Fixing the funding problem is going to require politicians to convince voters they need to spend more.

So why is the VMT so popular? Planners want to go to the VMT because once you can charge folks by the mile, you can create a hugely complex system of carrots and sticks that could help cities encourage all sorts of behavior. Want to cut down on morning commuters? Charge a higher rate on miles driven during rush hour. Want to encourage people to live closer to their jobs? Charge a higher rate for any miles above 10 that are driven within a single hour. This is an urban planner's Utopia.

Politicians love it because it provides an easy way out of the question that goes something like this: Traffic is terrible, and roads are bad, so don't you think we need more money for roads, Mr. Lawmaker? Answer: Of course, but we can't pump more money into a failing tax like the gas tax. Talk to me when we have a source of revenue that works for the future.

That tends to confuse the questioner just long enough for the lawmaker to move on to something else.

So here's my hope: If we keep talking about the vehicle miles driven tax, let's do it from a more honest starting point.

The tax may be wonderful, and it may be what we should be striving for. Who knows? I'd like to hear more about it.

But it's certainly **not necessary**. What's necessary is an honest discussion of whether Texas needs more money to build its roads and other transportation assets. Changing the way folks have to pay for those fixes isn't the hard part. It's convincing them to pay more.