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Texas Transportation Commission examining possibility of taxing drivers by the mile

By Michael W. Shapiro Tribune-Herald staff writer

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For the last two decades, Texans have paid to keep up and expand the state's highway system through a 20 cents-per-gallon gas tax. But with gas-tax revenues drying up, transportation officials are looking at another way to fund road projects.

The Texas Transportation Commission last month tasked the Highway User Fee Exploratory Committee with examining the idea of charging drivers based not on how much fuel they pump but how many miles they travel.

Several local officials said gas-tax shortfalls, which have stalled several local road projects indefinitely, warrant taking a long, hard look at a mileage-based tax, often referred to as a vehicle-miles-traveled, or VMT, tax. With drivers in the state switching to more fuel-efficient vehicles — a trend that is expected to increase in the coming decades — Chris Evilia, director of the Waco Metropolitan Planning Organization, says a VMT tax is all the more important.

Though the TTC recently agreed to allot almost \$1.1 billion in voter-approved bond money to widen five stretches of Interstate 35 in Central Texas, Evilia said everything else that's not paid for with stimulus money is on hold.

"Without revenues from some other sources, there are no projects aside from I-35," he said.

There's a lack of data showing how much of the decline in gas-tax revenue is due to newer, fuel-efficient vehicles. Still, officials said environmentally friendly rides create a dilemma for the highway system.

"Even though you've got a fuel-efficient vehicle, it's still wearing down the pavement," said Waco City Manager Larry Groth, who supports studying alternative ways to raise money for the state's highways.

The VMT tax would be a paradigm shift for Texas. Oregon conducted a pilot program to see if a mileage tax was technologically feasible (they found that it was), but no states have adopted such a tax.

Chris Lippincott, a spokesman for the Texas Department of Transportation, said the tax could be collected in a variety of ways, including an odometer check during drivers' annual vehicle inspections or through GPS trackers.

Both methods have drawbacks, however.

Relying on an odometer check to tally mileage would mean drivers could be taxed for miles piled up in other states or off state roads.

The GPS method, though more precise, raises privacy concerns.

"There are people who have deep concerns about a black box in their cars that tells the government where you went and how long it took to get there," Lippincott said.

Still, he said, "the review of the (VMT) tax is significant because the motor fuels tax is a tax of declining usefulness and, at some point in the future, the tax is something that may be considered by the Legislature."

A study on the tax is scheduled to be finished before state lawmakers begin the process of pre-filing bills for the 2011 legislative session.

Politically, the topic is sensitive, too. News that a VMT study was in the works prompted Republican Sen. Kay Bailey Hutchison to blast her gubernatorial primary opponent Rick Perry, who appoints the five-member TTC, as being pro-tax.

Sharon Fuller, who works in Waco's Parks Department, drives a Toyota Prius hybrid. Her family has three hybrids in total, counting her daughter, who lives in Houston.

On the one hand, Fuller is part of the environmental solution. Her car averages 45 to 50 miles per gallon, emitting fewer pollutants than a similar-sized, gas-powered vehicle. But from a tax-revenue perspective, she's putting as much wear on the road as that same gas guzzler, while paying significantly less in taxes to help maintain and build area roads.

"I know we need additional revenue," Fuller said, but she argued that switching away from the gas tax might not be the best way to raise that money and could have harmful environmental consequences.

She said raising the state's gas tax — which, at 20 cents per gallon, hasn't been increased since 1991 — would encourage residents to switch to more energy-efficient cars and also raise revenue for roads.

However, raising Texas' gas tax could encourage some to hop across state lines to Oklahoma and New Mexico, which have lower gas-tax rates.

Evilia said he wasn't sure that a mileage tax ever would fully replace the gas tax, but over the long term, he said, cash-strapped states probably would adapt such taxes.

When asked how long it could take, given the privacy and environmental concerns with mileage taxes, Evilia said we won't see mileage taxes cropping up overnight.

"I think it's going to take at least a decade, and some say maybe even a generation," he said.

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