

**TESTIMONY OF
Timothy Doyle
L.D. 1875, "An Act to Create Equity in
Maine's Highway Funding by Imposing a
Road Use Fee for Electric Vehicles"**



Good afternoon, Senator Nangle, Representative Crafts, and members of the Committee on Transportation. My name is Timothy Doyle and I am the Vice President of the Maine Motor Transport Association and a resident of Leeds. The Association is comprised of more than 1,870-member companies, whose employees make up a large portion of the almost 34,000 people who make their living in the trucking industry in Maine.

I am here today to testify in qualified support to LD 1875.

MMTA has had a long-standing policy stance toward highway funding, and we have made our position well known since the 124th legislature. That position is stated below, and is attached to all of our testimony with regard to the various bills that are being considered currently in this Committee. We include the policy stance as reference and will not read the position each time we testify.

We have recently testified on highway funding bills currently before this Committee regarding the fairness of imposing a tax on electric vehicles and plug in hybrid vehicles. We have not testified to an amount that these vehicles should be taxed, as we see that as a policy decision. Electric vehicles do not currently contribute to the Highway Fund as do gas and diesel vehicles. With the growing popularity of electric and hybrid vehicles, it is now time that they pay their fair share to the Highway Fund.

Our qualified opposition to this bill is the portion that deals with suspending the gas tax to offset the revenue brought in from taxing the electric and plug in hybrid vehicles. The Highway Fund is currently \$280 million dollars short to meet the obligations for maintaining roads and bridges now, suspending the gas tax would further exacerbate the problem.

I will not read the remainder of our testimony, which states MMTA's position on highway funding and include it simply as a reference. We urge the Committee to strongly consider adding a tax on electric and plug in hybrid vehicles as part of any comprehensive change made to highway funding.

Thank you for the opportunity to submit testimony and would be happy to answer any questions that the Committee may have at work session.

MMTA's overall position on highway funding has not changed since we first met with a group of stakeholders in the 124th legislature. We typically provide our position to legislative leadership at the start of each new legislature and have testified before the Transportation committee numerous times. For the committee's reference, here is a summary of our long-standing position:

Highway Fund Sustainability

- MMTA is not opposed to considering funding increases as long as it is reasonable and there are realistic assurances that the additional revenue will be completely dedicated to highway infrastructure only – roads and bridges.

- Fuel taxes are the most efficient way to collect highway revenues. We recognize that over the long term, due to changes in vehicle technologies, the tax on diesel and gasoline may not be a viable source of revenue.
- MMTA members are willing to support an increase in the diesel and gasoline taxes if they perceive value from the expenditures. The source of revenue should:
 - Be easy and inexpensive to pay and collect;
 - Have a low evasion rate;
 - Equalize gas and diesel taxes;
 - Be tied to highway use; and
 - Not create impediments to interstate commerce.
- We are opposed to:
 - **Indexing fuel taxes to an inflation index.**
 - *Indexing doesn't fix the problem.* If Maine didn't repeal indexing in 2012, it would have brought in an additional \$230m since implementation in 2008. If Maine increased fuel taxes by 3¢ per year for 3 years starting in 2008 (as was proposed), then an additional \$719m would have gone into the Highway Fund.
 - *Tax increases should not be on automatic pilot.* Elected leaders must consider economic impacts of higher taxes, hear arguments from supporters and opponents and make the case how the additional revenue will be spent.
 - *Indexing is known for the "ratchet effect".* When CPI is positive, the rate goes up, but stays the same when CPI is negative, such as in 2009 when indexing was in effect in Maine.
 - **Proliferation of tolling existing capacity.**
 - *Fuel tax evasion is relatively low.* Tolls, on the other hand, are often easily evaded, usually by motorists using alternative, less safe routes that were not built to handle the level and type of traffic experienced due to toll evasion.
 - *The expense to collect tolls is much greater.* There are significant capital and operating costs associated with collecting tolls, while fuel taxes are relatively inexpensive to administer. While state fuel tax collection costs are one to two percent of revenue, on major toll roads, collection expenses can constitute a much more sizable portion of toll revenue. Even on newer toll roads which utilize the latest technologies, collection costs are significant compared with the fuel tax.
 - *Tolling creates additional burdens on the trucking industry.* As the number of toll facilities grows, so too do the number of points of collection, creating an administrative nightmare for trucking companies who operate throughout the country and are often required to establish accounts with multiple tolling authorities. Transponder uniformity has been an issue for the trucking industry where we do not want carriers forced to purchase and install multiple transponders in order to avail themselves to discount opportunities.
 - *Tolls represent double taxation.* Maine truckers pay more than 55 cents per gallon in federal and state taxes on the diesel fuel they consume in Maine, and they pay federal excise taxes on the equipment they purchase, on the tires they use, and for the privilege of using their trucks. The state also levies truck registration fees and some other states impose other highway user taxes as well. These federal and

state taxes apply whenever a motor carrier uses a road – whether that road is tolled or not. Therefore, although the motor carrier industry strongly supports a system of taxation based on highway use, we believe that charging tolls on top of existing highway fees is inefficient, inequitable, and unfair.

- **Congestion Pricing.**

- Congestion pricing is unrealistic for the trucking industry. An element of tolling is congestion pricing – the theory that if users pay their full marginal social costs of driving some would make different choices. Generally, the choices are to travel at a time of day when traffic congestion is less severe or to choose an alternate travel mode. For the trucking industry, no alternate mode exists.
- In addition, the trucking company's customers generally decide pick-up and delivery times. Because of the competitive nature of the industry, many trucking companies find it extremely difficult to allocate toll costs to individual deliveries, thus giving the shipper no incentive to change schedules. Therefore, congestion pricing is not an appropriate mechanism for regulating travel time choices of trucking companies.
- A more effective approach might be to give direct incentives to shippers who make choices that are likely to reduce traffic congestion.

- **Vehicle Miles Tax**

- Is regressive for rural citizens who have no choice but to travel long distances for basic needs.
- Privacy concerns given the mileage tracking devices that would be necessary.
- Much easier to evade than fuel tax paid at the pump.
- Costlier to collect the fee since a new bureaucracy would need to be created to oversee and collect the fee. This would be counter-productive by allowing fewer funds to be directed toward infrastructure.