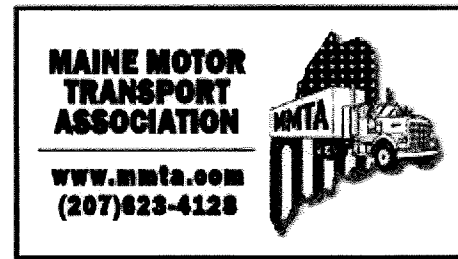


**TESTIMONY OF
Timothy Doyle
L.D. 1804, "An Act Concerning Funding and
Oversight of Transportation Matters"**



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 of LD 1804.

MMTA supports bringing additional revenue to the highway fund, and we support the move to ensure that oversight of the highway fund is done by this Committee. Codifying oversight will provide protection of the highway fund and ensure that these funds are not shifted to other budget priorities outside of the uses in this fund.

We have previously testified to support for maintaining the use of sales tax from the sale of automobiles and would be in favor of increasing that use to 60% of those sales from the current 40% level. The shift from having to bond to the use of these funds is fiscally prudent and should be increased to get closer to meeting the level of funding outlined by the Blue-Ribbon Commission on Highway Funding in the 129th Legislature.

MMTA would also be supportive of adding multimodal transportation to the list of allowable uses of the highway fund because a larger transportation pie creates more opportunity in terms of the goods moved in Maine, and this is good for everyone including trucking.

MMTA's qualified support for this bill pertains to the remaining portions of this bill. Some policy decisions such as funding for the State Police, Maine Turnpike Authority reporting, establishing minimum funding levels etc. are not areas in which MMTA has engaged in lobbying and we will not do so here.

As we have with other funding bills this session, we have included our overall highway funding position with our testimony. I will not read it, but include it below for reference. I appreciate the time to testify today and would be happy to answer any questions that the Committee may have.

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.