# TESTIMONY OF
# Timothy Doyle
# L.D. 1809, "An Act Further Stabilize Highway Fund Revenue"

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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 opposition to LD 1809.

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 not generally opposed stabilizing highway fund revenue, as the highways are obviously vitally important to our Industry. 98.7% of the of the manufactured tonnage that moves in Maine is carried by truck. That's 52,650 tons per day. The highways are the workplace of our members and we want an efficient and safe place for them to work.

Our opposition to this bill concerns two of the three stated additional sources of revenue that the bill seeks to create.

First, adding a $1 surcharge to tolls imposed by the Maine Turnpike Authority to non-commercial passenger vehicles is likely a violation of the interstate commerce clause. Commerce not only moves in commercial vehicles (those over 10,000 GVWR) but also may move in non-regulated vehicles which would be impacted by this provision. We do, however, appreciate the sponsors attempt to carve out commercial vehicles.

Secondly, MMTA opposes a new tax on the delivery of tangible personal property that is subject to sales tax. New taxes imposed in this state hurt our economy and would make it even more difficult than it currently is to conduct business in Maine.

The last provision of this bill would impose an annual registration fee on the registration of battery electric and plug in hybrid electric vehicles. We have testified in other bills that this registration fee would have drivers of these vehicles contribute to the highway fund since they do not pay gas or diesel tax. We believe the fee imposed is a policy decision of this Committee and offer no opinion on what the fee should be.

I will not read the remainder of our testimony, which states MMTA's position on highway funding and include it simply as a reference. I thank you for the opportunity to testify 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.