A “Bottom-Up” versus “Top-Down” Approach to Mileage-Based User Fees

The article “Road User Fees Instead of Fuel Taxes: The Quest for Political Acceptability” by Denvil Duncan and John Graham offers a useful perspective on the issue of a vehicle miles traveled (VMT) user-based charging system and adds to a growing body of academic work being done on the subject. However, I suggest that they miss the mark slightly in addressing some of the key barriers to the implementation of such a system: deep divisions among lawmakers over the proper role of government and a lack of will to raise revenue from any source, as well as the strength and pervasiveness of public rejection of things that are unfamiliar or that resemble government or private sector monitoring. These challenges lead me to offer an opposing conclusion to the authors’ statement that “[i]f the federal government takes the lead, many states are likely to follow.”

The challenges facing the future of transportation funding in the United States are not new to issue advocates who are involved in the policy development process. Our goal for the last several years has been to address this looming catastrophe. As the authors note in the article, revenues are not keeping pace with the nation’s spending needs, meaning that we cannot take proper care to maintain existing roads and bridges, let alone improve or expand the system.

Transportation was once a very bipartisan issue, on which decisions were made by both sides of the aisle in favor of the best path forward for America’s transportation system. A perfect example of this is the agreement to develop the Interstate Highway System and to establish the Highway Trust Fund to collect the gas taxes to pay for it. But history’s trend lines have been getting blurry as ideological battles have replaced the practical application of transportation policy decisions. In the current political environment, VMT fees are no more palatable to most policy makers than a gas tax increase. Further, because the conversation thus far has been primarily among “insiders” (policy experts, academics, transportation officials), the public is far behind in terms of awareness and understanding of the concept.

This is why the approach outlined by the authors of the federal government playing the lead role to implement VMT and quickly bring the concept to a nationwide market might actually do more harm than good. The federal role is critical, but a bottom-up, grassroots strategy to test and deploy these systems in individual cities across the United States is the wisest course of action, as this would allow legislators the proper time to digest this new concept and find a way to discuss it easily with their constituents. The public needs to read about this in the local newspaper, see it on the local nightly news, understand the policy underpinnings (i.e., rate structures, variable pricing, etc.), and maybe even participate in a pilot test.

As the authors note, although the Oregon Department of Transportation is doing great work as a test bed and thought leader on this topic, no large-scale federal movement has been made. In fact, it is more likely that when VMT is being discussed by Congress, it is in a negative way. This is because, as Duncan and Graham aptly describe, in addition to taxation concerns, there is an underlying privacy fear among lawmakers about this issue. Government monitoring of people’s travels and public behaviors, as we have seen in the domestic drone debate, CCTV, and others, is a very controversial issue and often results in a debate over constitutional principles, while forgetting the underlying policy issue that the government action was seeking to address. There is a risk that transportation investment—which most agree is a proper function of government—will get caught up and bogged down in a debate about liberty and individual rights.

How to fund transportation in the future is largely a political problem, not a technology problem. In the long run, a VMT charging system could be a great way to drive the program toward better performance, but implementing it would need to be done carefully, utilizing strong public education components. In 2006, AAA released a “Bill of Rights” for the nation’s
motorists on transportation funding. The central tenets of this Bill of Rights are still relevant today and should continue to guide discussions about funding alternatives:

- Transportation taxes, fees, and other revenues collected from motorists must be equitable and transparent. Transportation agencies must demonstrate to the public that transportation resources are managed wisely and efficiently.
- Motorists must receive direct and recognizable improvements to their travel experience if they are asked to pay more.
- Revenues generated from taxes, fees, and other pricing mechanisms paid by motorists must be dedicated solely to meeting identified transportation needs and protected from diversion to other uses.

- Funding alternatives to supplement or eventually replace motor vehicle fuel taxes must be carefully evaluated as to their ability to be efficiently implemented, accepted by the public, allocated fairly, fully dedicated to transportation needs, and resistant to fraud and evasion.

It is important that VMT pilot tests continue. They represent a great opportunity to get a real sense of what people want, do not want, expect, and fear in a mileage-based user fee arrangement. If momentum can be established at the state and local levels, a federal VMT system becomes a much easier proposition.

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