

# **Welcome, Opening Remarks and Overview of Symposium**

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## **GINGER GOODIN**

*Senior Research Engineer, Texas Transportation Institute*

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I want to welcome you all to the symposium and to Austin, Texas. We are very excited about the enthusiastic turnout for this event, particularly given the state of the economy and travel budgets. We have around 70 participants; that is what we were hoping for. We have about 20 different states represented, 3 different countries, and about 45 to 50 different organizations. So we are thrilled with the turnout and the diverse background of all of you who are here in the room.

The topic at hand is one of interest to agencies, organizations and different people across the country and internationally. I hope that you will find the next day and a half a valuable use of your time in learning, sharing information and ideas, connecting with other interested individuals and contributing to the conversation.

I wanted to give you a little bit of background on where this all started, that is, the idea of holding this symposium. A number of us were in Minneapolis last September for a Transportation Research Board conference that was not on the topic of mileage-based fees; it wasn't even about transportation finance. It seemed like every time I ran into Ken Buckeye from Minnesota Department of Transportation (DOT), we weren't talking about the topic we were there for, we were talking about mileage-based fees. They had research going on in Minnesota; we had research going on in Texas. And Ken was an advisor for our research project. I remember Ken saying, "What we really need is a path forward," so we started with this idea of bringing together experts and diverse groups of individuals to help potentially define what that path forward would look like.

Little did we know that Lee Munnich and Katie Turnbull were having a parallel conversation, which then formed the basis of our group, along with Trey Baker from Texas Transportation Institute (TTI). And then I met Jim Whitty from Oregon, as he came to Texas last fall to speak. I talked to him about the idea of the symposium, and he was enthusiastic about joining our group and helping out.

I wanted to personally thank all of you, all of the planning committee, for the hard work you had put into this. I am grateful for the chance to work with you on it.

So here we are. I am not going to go into a lot of the detail about mileage-based fees because we have so many fantastic speakers that are much more capable than I am in presenting it. But what I want to do is give a brief overview to kind of set the stage, share with you the reasons that this is being looked at, provide some of the initial reactions, discuss the challenges, and show you the vision and structure of the symposium. This is not a typical conference; you will play an important role in the outcome. So you will have to listen carefully in a few minutes when I give you your instructions.

Why mileage-based fees? I think everybody recognizes that the fuel tax revenue over the long term is not sustainable, and that is the conclusion of a variety of panels who have studied this. We do not have the ability to make sure that revenue growth keeps pace with population and economic growth because of the influence of increasing vehicle fuel efficiency. I am going to quote Ken Buckeye again, when he says, “We are charging for the wrong consumption—we are charging for consumption of fuel rather than consumption of the transportation system.” So what a mileage-based fee would do is to separate fuel use from highway use and remove the conflict with energy and environmental policies that we have nationally. Those policies are promoting a reduction in total fuel consumption so as to reduce our reliance on foreign oil and improve the environment, yet our transportation funding is based on consistent consumption of fuel.

There is also the possibility for mileage-based fees to achieve some other objectives. They present an opportunity for congestion management through pricing by shifting trips from peak to off-peak, potentially reducing the total number of trips or shifting trips to other ride-sharing modes or telecommuting. It is really about more efficient use of our existing facilities through pricing.

Mileage rates can be set up to potentially provide incentives for higher vehicular fuel efficiency, or they could facilitate a carbon emission charge.

Such fees may also provide the opportunity to charge for the direct impact on our physical infrastructure, as they directly represent the actual amount of travel, which is a key factor affecting the cost of supplying, operating, and maintaining the highway system. It has a potential to transform the way we allocate resources based on use.

There are a number of different panels and groups that have talked about mileage-based fees, and they have suggested further research and exploration. A Transportation Research Board study back in 2006 stated, and I quote, that “this appears to be the most promising technique for directly assessing road users for the cost of individual trips within a comprehensive fee system and to generate revenue to cover the cost of highway programs.”

The National Surface Transportation Policy and Revenue Study Commission produced a report in 2007 which stated that “the mileage tax should be strongly considered as a long term replacement for the fuel tax.” And more recently the National Surface Transportation Financing Commission noted that with the effective shift to more fuel-

efficient vehicles, it is increasingly difficult to rely on the gas tax to raise funds for needed improvements.

This is something that has been discussed in the last several years, and reaction to it has been, I would say, largely negative. All of this media coverage has been happening in the recent last few months. Some has been a reaction to the National Infrastructure Financing Commission and its report, some has been related to various state studies that are going on, and some has been related to Transportation Secretary Ray LaHood's comment on mileage-based fees and the aftermath of this comment.

This is generating a great deal of interest.

Now a little bit about the challenges, and a lot of them are associated with the negative reaction we are seeing. Public and political resistance is probably one of the greatest challenges, and it is not just resistance to change but is specific criticisms we will continue to hear from the public about this idea.

First is privacy, which is the most critical concern. It is generally expressed as concerns about how data is collected, what data is collected, how that data leaves the vehicle, how it is transported and who gets the information.

A second issue is that the current system provides an incentive to drive more fuel-efficient vehicles, and on the surface, the mileage-based system would not.

The cost of administering a mileage-based fee is one of the biggest issues we encountered in our research here in Texas. The fuel tax is very inexpensive to collect, so many wonder why not just raise the gas tax or index it to fuel efficiency instead of creating a whole new administration and bureaucracy to make the new system work?

And then there are a number of concerns associated with the perception of fairness and equity. In our research one of the most common comments was that these fees would penalize rural drivers because they tend to make longer trips and would be unfairly penalized with a mileage fee.

There are issues associated to the transition from the current system. What if the technology and the institutional framework will not be cost effective and address public concerns? What rate structure and policies should be used, and how will funds be distributed?

There are also questions about how such a system would be rolled out. Would it be piecemeal or coordinated? Would there be a national roll out, or would it be a state-by-state approach? Would there be open standards? What is the role of the private sector?

So given all of these questions and challenges, the symposium planning committee envisions this event as a chance to advance the discussion. What we hope to do during this time and during the next day and a half is to have an open discussion about what

mileage-based fees are, what they are not, and how the concept can potentially be moved forward given the diversity of perspectives.

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