

January 24, 2019

Dear Member of Congress,

As Congress begins considering the future of the Highway Trust Fund, its top priority should be restoring the longstanding users-pay/users-benefit principle. Further increasing the reliance of the Highway Trust Fund on revenue streams untethered from use, as well as general fund bailouts, would not only fail to address the core fiscal challenges of the present, it would threaten the future health of America's highways.

As such, we are encouraged by the leadership of House Transportation and Infrastructure Committee Chairman DeFazio and Ranking Member Graves, who have both supported examining a road usage charge system as the eventual replacement for a fuel tax regime that is projected to become increasingly inefficient and regressive as vehicle fleet fuel economy improves and eventually electrifies. We strongly support their near-term efforts to create a nationwide mileage-based user fee pilot program.

At the same time, Congress should closely examine lessons learned in the numerous ongoing state road usage charge pilot programs and tailor any future federal program to those findings, including ensuring that all forms of surface transportation are covered, including heavy trucks and passenger vehicles. Further, any successful federal program must be nationwide in scope, but should be done in cooperation with the states, as opposed to imposing an untested, top-down, nationwide charging regime while ignoring best practices developed across the states.

When Congress passed the Federal-Aid Highway Act of 1956, which created the modern Interstate Highway System, this was coupled with the Highway Revenue Act. The Revenue Act established the Highway Trust Fund, which authorized the Treasury to collect taxes on producers and importers of fuel, who then pass most of that tax burden on to road users.

Set at a per-gallon rate, the rationale for the taxes was to link highway use with highway infrastructure investment. Prior to the creation of the Highway Trust Fund, federal-aid highways were funded out of general revenues and users did not bear the costs of the infrastructure they used. In addition, all federal taxpayers—even those who did not drive—were thereby forced to pay for highways.

Adhering to the users-pay/users-benefit principle is superior to general revenue funding for a number of reasons:

1. Fairness: Highway users benefit from the improvements their user taxes generate.
2. Proportionality: Users who drive more pay more.
3. Funding Predictability: Highway use and therefore highway user revenues do not fluctuate wildly in the short-run.

4. Signaling Investment: Because revenue roughly tracks use, the mechanism provides policy makers with an important signal as to how much infrastructure investment is needed to maintain a desired level of efficiency.

For these reasons, we urge you to prioritize protecting and strengthening the users-pay principle in the 2020 surface transportation reauthorization and support the development of a nationwide, interoperable road usage charge pilot.

Sincerely,

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