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THE BUYLINE

Is a Per-Mile Driving Tax in Our Future?

Apr. 1 2011 - 2:17 pm | 324 views | 0 recommendations | 2 comments

By TOM BARLOW The government has a problem with your new, high-mileage, low-pollution car: you aren't paying enough in gas taxes to keep up the federal highway system. Recently, at Congress's behest, the [Congressional Budget Office studied another way to raise money](#); charge drivers per mile driven, rather than (or in addition to) taxing your gas.

The Vehicle Mileage Tax (VMT) is meant to directly reflect some of the costs of maintaining the highways that are not a direct consequence of the gas you burn; road damage (mostly thanks to semis), noise, accidents and road congestion.

Sound absurd? Actually, a form of VMT is in place on the nation's toll roads already, and several countries are charging trucks by the mileage traveled. The technology to track where you drive and how far is now available, as well, combining things like the [E-ZPass](#) with GPS and wireless networking.

The VMT is not suggested just as a way to bring in revenue, though. It is also envisioned as a way to shape human behavior, most directly, by providing incentives that would help relieve highway congestion. How might that work? Suppose the cost to drive a mile on the Washington, D.C. Capital Beltway at 5 p.m. was higher than the cost if you were to wait until 8 p.m. If the difference was substantial enough, more cars would postpone that trip to take advantage of the differential pricing, thereby reducing the traffic during prime drive time.

How would this help the road system? On congested roads, cars burn up more fuel for the same distance of trip, as well as wasting the occupant's time. The Federal Highway Administration calculated that, in 2009, congestion in urban

areas resulted in 4.8 billion hours of traveler delays and burned up 3.9 billion gallons of fuel. Add to this the incremental cost of every product we buy to compensate for shipping delays caused by traffic jams. The FHWA calculated that the cost of congestion caused by automobile traffic was around \$0.10 a mile.

How would it work? There are a couple of implementation possibilities. The government could mandate new cars be fit with some sort of tracking and reporting device. This means it would take 15-20 years before all vehicles are outfitted. Or it could require all drivers to have their current car retrofitted with such a device, which would be a large one-time expense. These devices could serve multiple purposes, though; they could also be used to buy [insurance-by-the-mile](#), or deliver real-time traffic information to the driver.

There have been a couple of tests of different ways that the government could collect a VMT. One, carried out in Oregon, used the gas station pump as the collection point. When you gassed up, a computer would read your accumulated mileage, and charge you accordingly. Of course, this doesn't address electric cars, which don't gas up. Another test used centralized billing, just as you pay your electric bill.

How real is the potential for this "user fee" (not a tax, since no one in D.C. wants to increase taxes)? The need is there; the government supplemented the Highway Trust Fund to the tune of \$30 billion from 2008 to 2010. It could end up as a state-level program, but that would add a great deal of complication. Look for this idea to be roundly debated as the government scrambles to find ways to solve the national debt problem and maintain our national highway system.

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