



March 25, 2019

The Honorable Peter DeFazio, Chairman  
Committee on Transportation & Infrastructure  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Richard Neal, Chairman  
Committee on Ways & Means  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Sam Graves, Ranking Member  
Committee on Transportation & Infrastructure  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Kevin Brady, Ranking Member  
Committee on Ways & Means  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman DeFazio, Chairman Neal, Ranking Member Graves, & Ranking Member Brady:

Our members are supportive of the Transportation & Infrastructure Committee's efforts to reinvest in our nation's infrastructure. The ability to efficiently and safely transport people and products on highways, railways, waterways and in the air are critical underpinnings to our nation's economic prosperity, as is the ability to move information on digital infrastructure.

I write today to request your attention on two important priorities as the Committee develops its infrastructure package. Both policy issues relate to rural America where our members operate: 1) Favor a modest fuel tax increase over vehicle-miles-traveled (VMT) taxes or tolls for necessary revenue, and 2) Ensure investment in rural broadband and wireless infrastructure is included.

Nearly everyone understands that additional revenue for the Highway Trust Fund (HTF) will be required to make the necessary investments in our nation's infrastructure. Congress should ensure that revenue raised for the HTF is deposited there and used for its intended purpose by including provisions that prevent it from being diverted for other purposes. To raise this revenue, we favor a modest increase in the federal fuel tax over tolls or VMT taxes for some very practical and simple reasons:

- Rural residents live further away from basic services like schools, hospitals, libraries, grocery stores and other businesses that locate in cities and towns. Basing revenue formulas on miles traveled will disproportionately impact these citizens, who typically have lower incomes than urban residents.
- Fuel taxes not only raise revenue, but they also imbed an incentive for increased fuel efficiency. Paying a tax based on the amount of fuel consumed inherently encourages vehicle purchasers to demand more fuel-efficient vehicles. Tolls and VMT taxes do not encourage efficiency but may accelerate rural depopulation.
- Systems already exist for collecting fuel taxes, whereas significant additional investment will be required to collect either tolls or VMT taxes. Tolls will require construction of toll booths with transponder receivers, purchase of transponders by drivers for electronic collection, and regular maintenance all imposing a significant cost. A VMT tax would require a GPS tracking system or other mileage reporting device to be purchased and attached to every vehicle in the country and a new bureaucracy to administer the collection of the tax. A much more efficient answer is to use the system that already exists to raise the needed revenue.

- A VMT tax also raises significant privacy concerns, depending on how that information is collected. A 2012 U.S. Government Accountability (GAO) study found that a VMT system raised “the perception that these technologies will be used to track privately owned vehicles and infringe upon individual privacy currently appears to be an insurmountable challenge.” The idea that a federal taxing agency is tracking citizens movements is a significant impediment to acceptance of a VMT tax for the public and contrary to the freedoms envisioned by our nation’s Founding Fathers.
- A VMT tax is also likely to lead to an increase for fraud by motorists and operators of fuel stations. According to the U.S. Bureau of Transportation statistics in 2011 there were over 250 million vehicles registered in the United States. Attempting to install onboard mileage recording devices and thousands of devices at fueling stations for transmittal to a central office provides for a very high potential for fraud and tampering compared to the existing fuel tax system. The current fuel tax system works well because the federal government collects taxes from a small group of professional distributors, making tax avoidance unlikely and nearly impossible for individual motorists.

According to a December 2010 report issued by the Washington State Transportation Center (TRAC) entitled *Impacts of VMT Reduction Strategies on Selected Areas and Groups*, “a VMT fee of \$.05 to \$.25 per mile would increase the daily work trip cost from an estimated \$1.40 to \$7.00 per day for urban area low-income residents and from \$2.80 to \$14.00 per day for rural area low-income residents.” The report goes on to state that “residents of rural distressed counties would be negatively affected, as many must travel long distances to work, shopping, and school and have few or no alternatives to the Single- Occupancy Vehicle (SOV). VMT charges would impose a weekly cost ranging from \$14 to \$70.” The formula to raise revenue should fairly allocate costs between rural and urban vehicles; the VMT tax fails this test. In addition, in a Congressional Budget Office (CBO) report issued in December 2016 entitled “Options for Reducing the Deficit: 2017 to 2026” it points out that “creating the systems necessary to administer a tax on the number of vehicle miles traveled would be much more complex than increasing the existing excise taxes on fuels. Moreover, because fuel consumption has some external costs that do not depend on the number of miles traveled, economic efficiency would still require taxes on motor fuels even if other fees were assessed at their efficient levels.”

The Committee could consider implementing some form of highway user fee for electric vehicles that are currently not paying their fair share into the HTF. A formula could be developed for this type of alternative fuel vehicle like the federal fuel excise tax. If a different mechanism besides fuel taxes is desired, something like a tax on the purchase of tires is preferable to tolls or VMT taxes. A tire tax would also capture the revenue from electric vehicles: every vehicle that uses highways uses tires. Another alternative for consideration is to add a federal fee at the time of purchase of an electric vehicle or include a modest federal HTF fee at the time the registration renewal, which is typically done annually or every other year.

More efficient use of scarce HTF resources can occur if reforms are made to procedures for review and approval of transportation infrastructure projects. Many project costs and delays are the result of an excessive environmental review process and/or frivolous lawsuits filed by activist groups. Optimizing these processes would lead to infrastructure investments occurring more quickly and at a lower cost.

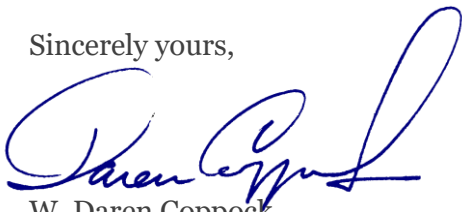
Rural broadband and wireless access should be included in the package. Lower population density in rural areas reduces the commercial incentive for internet and telephone providers to serve rural

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Page 3 of 3

America or install the latest high-speed infrastructure. The bill should provide the necessary incentives to ensure that these citizens are not left behind in the digital era. Furthermore, access to wireless service even in areas where there is *no* resident population – agricultural fields, for example – is essential to enable precision agriculture technologies like precision variable rate application of fertilizers or crop protection products in the field. This service will also be required to enable autonomous vehicles – nobody wants a truckload of hazardous material to lose its way because of a lost cellular signal. ARA supports using the Universal Service Fund (USF) to provide affordable broadband access to rural areas and ensure rural broadband technology is equitable to the infrastructure in urban and suburban areas. It is important for the USF include middle mile projects and backhaul capacity to keep up with new demand.

We support your efforts to build and pass a bipartisan infrastructure package in this Congress. ARA looks forward to working with you and Committee members on this important issue.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "W. Daren Coppock". The signature is fluid and cursive, with a large loop at the end.

W. Daren Coppock  
President & CEO