AAA Recommendations to the Governor's Task Force on Modernizing Transportation Funding

November 2010

Idaho's Transportation Funding Task Force will soon finalize recommendations based on a charge issued by Governor Butch Otter more than a year ago. During a series of meetings starting in July 2009, the committee has sought to determine efficient, user-pay revenue options that will address Idaho's under-investment in transportation funding. AAA was a participating member of the Forum on Transportation Investments, a prior 18-month effort to address highway investments in Idaho. AAA has attended all the task force meetings and is a stakeholder representing motorists interests for the Cost Allocation subcommittee. That subcommittee recently deliberated on the findings of the 2010 Highway Cost Allocation Study (HCAS).

Q. What charge did Governor Otter issue to the task force?

A. Executive Order 2009-11 laid out a working framework of the Task Force on Modernizing Transportation Funding. The task force was charged with finding ways to address the shortcomings of the current transportation revenue structure which "will not meet our pressing or long-term transportation funding needs." Noting that the system should be user based, the task force was charged with providing a "wide array of policy options to move transportation funding forward for Idaho."

Q. What specifics did the Executive Order lay out?

A. The 15-member task force "shall consider both traditional and non-traditional sources of revenue for maintenance and preservation of highways and bridges, including but not limited to possible revisions to the rates, methods, and manner of calculating any and all taxes, fees and registrations relating to fuels, motor vehicles and motor carriers." Further, the task force was charged with taking a long-term, 20-year look into the future, presumably to encourage recommendations that would address factors like the changes in fuel tax efficiencies.

Q. The task force chair laid out some guiding principles at the first meeting in 2009. What did they include?

A. Safety is a top priority; the task force should be open to all funding sources; the task force deliberations should consider state and local systems; the funding and finance framework must generate sufficient resources to meet current and future needs; users should bear the cost to the greatest extent possible; the task force should address equity considerations among those who use, benefit from and pay for the system.

Q. The task force has been meeting for some time. What conclusions has it made?

A. It's safe to say its members have learned much. They recognize there are no easy fixes to the long-term underinvestment in our roads and bridges. Coming at the issue from several vantage points, the task force has learned that there is less reliability on future federal dollars and that the traditional funding sources here in Idaho are not as rock solid as they once were.

The fact is, the Federal Highway Trust Fund is out of balance and any federal increases would be dependant on raising the existing gas tax or continuing the transfer of billions of dollars from the Federal General Fund. Like other states, Idaho faces a funding crisis resulting from years of underinvestment for an aging infrastructure. The fact is, we are driving on the infrastructure that was designed and built for our grandparents. There is no single, one-time fix for this problem.

Q. Idaho is a 'donee' state? What does that mean, and what is its significance?

A. Two designations are considered when it comes to dollars funneled back to state accounts from the Federal government: donor and 'donee.' Formulas for disbursements are based on considerations like the portion of federal lands in each state. As a 'donee' state, Idaho's return in the most recent reauthorization was $1.57, meaning that Idaho received $1.57 for every dollar collected and sent to Washington, D.C. There's little reason to believe that the federal fuels tax will be increased anytime soon. The task force has been advised that Idaho should not wait for a federal white horse to come to its rescue. Then consider that by 2015 the purchasing power of the 18.4-cent federal fuels tax will have diminished by 80 percent.

Every six years, Congress is scheduled to reauthorize transportation funding in this country, but Congress has been hard pressed to authorize a new six-year plan, for either the most current term or the prior one. Currently, Idaho and all other states are depending on continuing resolutions with funding transfers just to remain solvent. In fact, ITD's revenue planning for the next five years is based on no growth in federal dollars, paid primarily by the 18.4-cent federal fuels tax. There is more reason to believe that the extra 57 cents per dollar received by Idaho in the last authorization will not be available in the next authorization.

Q. What about the state level and local level?

A. Without additional funding, the percentage of good roads in Idaho will diminish, raising the cost to pay for what we have. The legislature's last increase in the state's fuels tax occurred in 1996. Similarly, there have been no major increases in state registration fees since 1997. The task force has heard an analysis from state and local highway district jurisdictions that calls for a minimum of $211 million additional revenue to simply maintain current preservation and restoration needs. A survey of task force members on the dollar amount necessary to meet minimum operation, preservation and restoration needs pencils out to $262 million in additional revenues annually.

One analysis suggests that a combined additional annual $358.5 million is needed now to meet current needs on state and local highways. Adding funding for Metropolitan Planning Organizations in one scenario takes the combined aggregate to $632 million, or about a quarter of the existing general fund. *None of the discussion has involved local property taxes, which fund large portions of local highway transportation needs*.

No matter how policymakers look at the current funding crisis, there's little room to believe that waiting will improve the situation. Task Force members have heard ITD comments that the number of good roads in the state continues to decline. Whereas the 2005 Forum on Transportation Investments viewed the funding dilemma from a capital needs perspective, it's clear the Governor's task force is focused on starting from the ground up, beginning with Operations, Preservation and Restoration. The bare bones scenario to maintain current conditions on both the state and local systems starts at $211 million annually. The second scenario, which also includes achieving performance goals, takes the combined price tag to $270 million. An option for capacity enhancement and safety carries a total state and local price tag of $345 million. Add the above combinations and the combined roads and bridges price tag is boosted from between $557 million and $625 million.

Q. Who pays for dollars going into the Idaho Highway Distribution Account (HDA)?

A. Though Idaho has miscellaneous licensing, titling and fines, the bulk of state derived highway dollars come from gasoline taxes - $154.54 million collected (about half of the $311.6 million net to the HDA in 2009. According to 2010 Cost Allocation study author Battelle, about $49 million of the total $59.6 million from *special fuels taxes* were paid by trucks over 26,000 pounds. Passenger cars and light trucks paid $49.86 million net to the HDA, and state truck registration totaled $44.21 million. Among just the state gas tax, fuels tax and registration fees, we can estimate that cars and light trucks paid 69 percent of every dollar paid into the state's $311.6 million HDA. That leaves the truck tax contribution at 31percent.

Q. What kind of recommendations will come from the task force?
A. Of all the potential revenue sources discussed, the top vote getters in preliminary discussions include: a fuels tax increase; a fuels sales tax on the wholesale price of gasoline (likely charged as a transfer fee paid by the first receiver and passed through to users); indexing the fuel tax to the rate of inflation; creating a new excise tax on car rental fees; raising registration fees for cars and light trucks; raising truck registration fees and indexing passenger vehicle registration fees to inflation.

Two conclusions seem apparent: 1) the recommendations will be based almost entirely on fuels taxes and registration fees; and 2) it appears the 15-member task force has determined that passenger vehicles should be responsible for most of the recommended increases. That sounds like a replay of Governor Otter's recommended transportation revenue packages from 2008 and 2009, which relied on gas tax and registration fees paid disproportionately by passenger vehicles. And that action would be at odds with the charge issued to the task force to find suitable, long-term funding solutions.

Q. Is an increase in fees and taxes primarily on cars consistent with the findings of the 2010 ITD Highway Cost Allocation Study (HCAS)?
A. No. The study verifies that the equity gap between what cars and big trucks pay for our roads has grown into a full-blown breach. Based on a **cost responsibility analysis** of various user groups, the study shows cars are overpaying their equity share for our roads and bridges by 26 percent, and combination trucks fall 27 percent short of their cost responsibility on the state plus federal system. It's worse still when all state and federal programs are considered. Collections from cars exceed costs by 47 percent, while payments from combination trucks fall 33 percent short.

The report also includes two GARVEE bond scenarios which alter the cost responsibility perspective when Grant Anticipation Revenue bonds or financing is considered. Nevertheless, it's difficult to see the results in a way other than the obvious: cars and single unit trucks overpay their cost responsibility, while combination trucks above 60,000 lbs. underpay. Single unit trucks, which are likely Idaho based, pay 36 percent more than their equity share in the state only scenario and 43 percent more than their equity share in the State Reduced GARVEE scenario.

Q. But big trucks pay bigger fees than cars. How can the study conclude combination trucks are underpaying their cost responsibility?
A. There are several factors at play. First, consider the costs to build roads and bridges to handle bigger, heavier trucks are greater. Roads must be wider, thicker and able to handle more weight. More room is required for turn lanes and exits. Bridges must be built to a standard to handle truck axle weights. There's also a direct relationship between the wear and tear larger vehicles inflict on the road and ultimately whether the state appropriately charges enough to cover those costs.

On the other side of the ledger, a primary objective of the HCAS is to determine horizontal equity among various user groups. As Idaho study vendor Battelle noted, truck tax collections have been seriously out of kilter, following the 2000 repeal of the weight distance tax and the subsequent replacement of that tax with a registration structure. The data and the analysis are correct and have been accepted by the cost allocation subcommittee and the Governor's task force.

A recent news item drives the point home in a more tangible way. ITD has requested that heavy trucks use a left lane of a 12-mile stretch of interstate highway between Boise and Mountain Home. In requesting that combination trucks should use the left hand lanes, a department spokesman acknowledged that heavier trucks do more damage. There's no money to fix this stretch of road, so ITD hopes to extend the road's life by diverting truck traffic to the left lane.

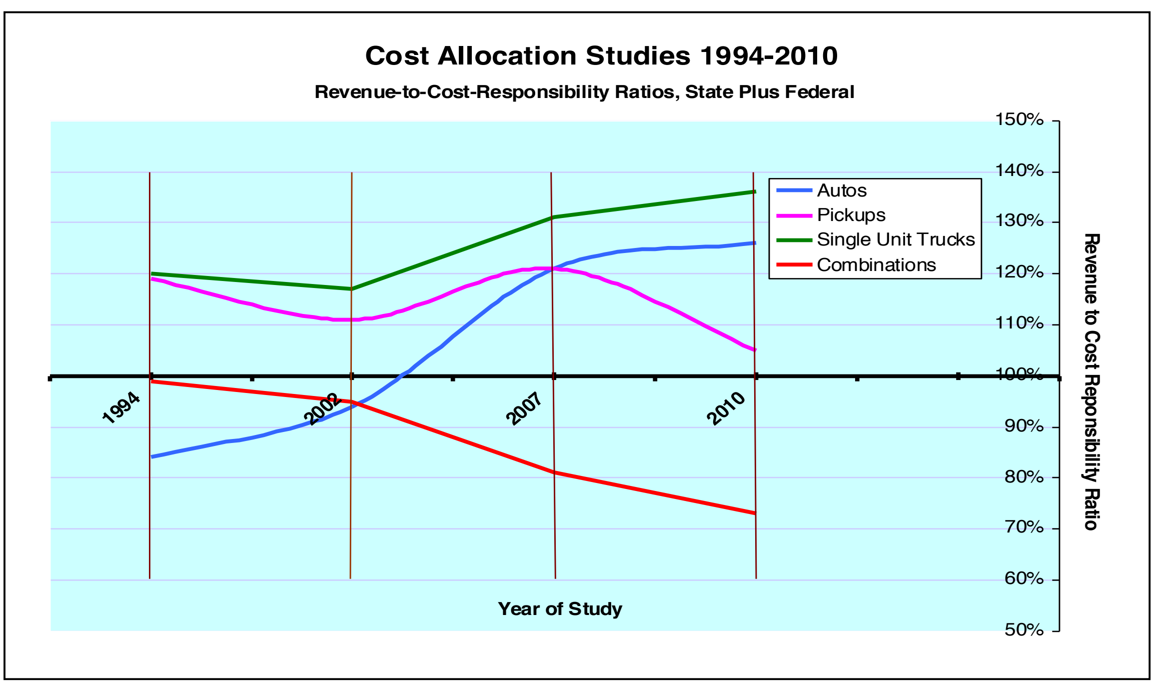
Q. But I've heard trucking supporters say there aren't that many trucks on Idaho roads.
A. There's more than you might expect. A document generated by the Economics and Research section of the Idaho Transportation Department, prepared in 2008 and printed in March 2009, shows there are more than 100,00 trucks registered at weights up to 60,000 lbs at the county level. The document shows that there are about 25,000 trucks registered at the state level. But consider this: There were approximately 700,000 foreign based (out-of-state) trucks using Idaho roads in 2008, traveling more than 675 million miles!

Segments of the trucking industry would have us believe that the typical 80,000 pound truck in this category pays $3,389 in registration fees. But ITD's data show than among the 600,000 trucks in the 80,000 pound category, the average Idaho apportionment *is just 1 percent of the total miles driven*. Citing a reference from the 2004 University of Idaho NIAAT, AAA informed task force members representing the cost allocation subcommittee that foreign based trucks that put the most miles on Idaho roads **pay the lowest per mile fees under Idaho's current registration system.** In effect, these trucks get the best deal, paying far less than the amount of road they use and the damage they inflict.

The Battelle study shines a glaring light on a discrepancy, that shows 600,000 trucks in the 80,000 pound category traveled 458 million miles on Idaho roads, while paying the lowest per mile fees. As Battelle's analysis again demonstrated, Idaho's loss in heavy truck revenue per year reached $11.6 million per year.

If Idaho assigned fees consistent with the cost responsibility these vehicles put on our road, much of the shortfall in transportation funding could be addressed. Paying for what you use broadens the tax base, without playing favorites.

Q. What else did the study conclude?
A. At the state level, automobiles are overpaying and combination trucks are underpaying to a greater degree than they were, going back to 2002. AAA provided the cost allocation subcommittee a graph that demonstrates the equity gap between what cars and combination trucks pay has continued to grow. This has all happened, Battelle's analysis shows, beginning with the 2000 repeal of Idaho's weight-mile tax and enactment of the new truck tax structure. As noted, the Highway Distribution Account took a net

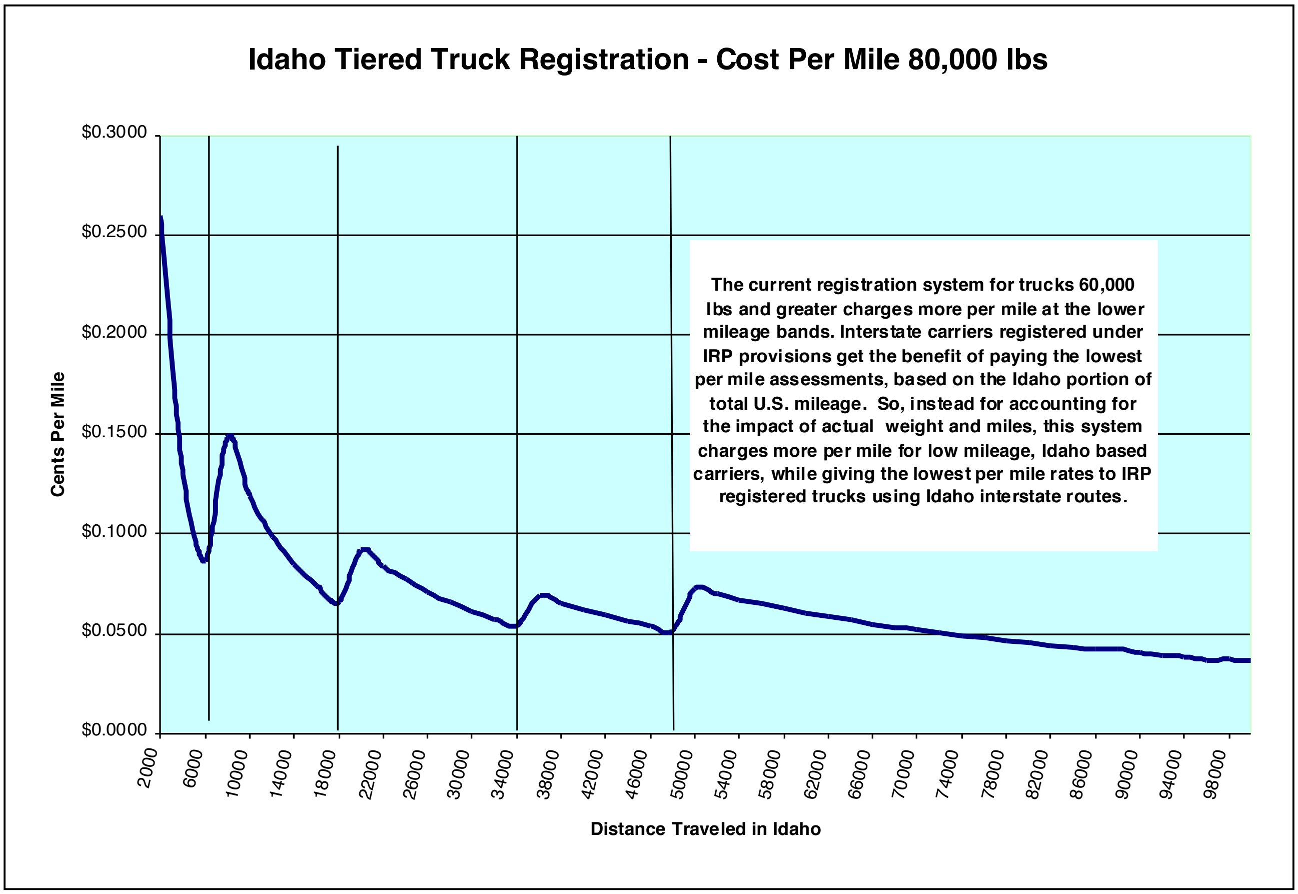


Loss of $11.6 million loss annually when Idaho changed the way it charged trucks for their use of the Gem State's roads. The analysis leads to the conclusion that proportional cost responsibility is not possible with the current tax structure.

Q. So what does this mean?

A. The 2000 repeal of the weight-mile tax and subsequent enactment of a tiered registration structure for trucks resulted in a tax shift that benefits long-haul interstate trucks who are able to take advantage of lower per-mile registration fees through the International Registration Plan (IRP) Agreement. *Essentially, any user-fee structure that does not account for mileage and weight cannot efficiently allocate costs.*

Even assuming trucks paid a fee consistent with real mileage, this graph shows that per-mile registration fees drop as mileage increases. Who pays a fair share per actual miles traveled?



Q. Why should it matter if some trucks are not paying their fair share?

A. Paying for what you use is good, sound tax policy. It spreads the tax base assigning costs consistent with use.

Q. What prompted the repeal of the weight distance tax?

A. In 1997, the American Trucking Association filed suit against Idaho, claiming the state's two-tiered weight distance tax was unconstitutional because it gave lower fees to Idaho based commodity haulers. District Judge McLaughlin ruled in the plaintiff's favor. Faced with the threat of a huge judgment which the plaintiffs pegged potentially above $100 million, the plaintiffs agreed to a $27 million judgment, conditional on Idaho legislative repeal of the weight distance tax. Unfortunately, the playing field was not leveled. It was reversed, giving interstate haulers lower fees than Idaho commodity haulers.

Q. What does that action have to do with the findings of the 2010 Cost Allocation study?
A. As noted previously, the 2010 HCAS simply drew attention to what had been going on for a decade: a flawed truck registration system. Instead of accounting for truck weights and real miles traveled, it depends on five broad mileage categories (IC 49-434). In addition to the 2010 Highway Cost Allocation Study and the 2004 NIATT study, a *third* study conducted by BBC Research and Consulting for ITD in 2007 concluded that *"intrastate trucks in Idaho are at a per-mile cost disadvantage to interstate trucks that operate in Idaho. BBC went so far as to say that Idaho could raise interstate vehicle fees to better match intrastate fees on a per-ton mile basis."*

But as Battelle notes, it's not possible to fix a registration system: *"Vehicle registration fees, even ones graduated by broad mileage classes, also fall short because per-mile tax rates within the large mileage classes could vary significantly."*

Q. Does Battelle make recommendations about how to correct the current inequities?
A. No. As vendor Battelle notes, HCAS studies are not intended in include study bias or to form conclusions. They simply relate the relationship of costs and revenues overall and between various user groups. The decision to subsidize certain users is political and ultimately is made by policymakers. Battelle was asked to provide scenarios relative to how changes in contributions could affect equity ratios.

Q. What are the scenarios Battelle uses in the 2010 Cost Allocation study, and how can they be useful to the task force and policymakers?
A. Authors of the study presented seven scenarios to demonstrate how equity shares would be affected by various changes in user fees and taxes. One shows that a five-cent increase in the state's gas tax would need to be offset by an increase of diesel taxes (special fuels) to $1.30 per gallon to equalize equity ratios between passenger cars and trucks.

Another option indicates that equities between light and heavy trucks could be equalized somewhat by raising registration fees by 10 percent for cars and by a factor of 4.07 for trucks. Even so, the study notes big rigs would continue to underpay their equity share as much as 45 percent. The scenarios are instructional because they show how big the adjustments would have to be to get various user groups closer to cost responsibility equity. *Task force members simply cannot overlook these scenarios.* For instance, raising gasoline and diesel taxes equally at 10 cents a gallon would simply shift more of the tax responsibility to passenger cars and light trucks.

Q. Has the task force accepted the cost allocation study as written?
A. Yes. They could find no fault with the data used and the conclusions reached relative to equity, though the task force agreed to keep a door open to new information available to and from ITD. *The task force's approval of the document tacitly affirms that the trucking industry has overstated its revenue contribution for combination trucks while underestimating the costs these vehicles impose.* The task force acceptance of this $200,000 study is also important because the study results may be used to bolster or underpin its funding recommendations. If task force recommendations conflict with the HCAS findings, considerable public opposition may result.

Q. So, bottom line, what's the overall importance of the new 2010 Highway Cost Allocation Study (HCAS)?
A. The Highway Cost Allocation study includes several key findings that help us understand implications of matching revenues to our spending: First, highway user payments in Idaho fall short of the

expenditures by 21 percent ($139.5 million annually) for state and federal programs combined. Idaho's 'donee' status means Idaho receives more funds from the federal highway trust fund than it pays in. Second, this study is not needs based. It does not show how much or what we need, but rather a snapshot of the equity structure, essentially illustrating how the state is doing with what it has.

Idaho's last three cost allocation studies (2002, 2007 and 2010) demonstrate the equity gap between cars and combination trucks has grown considerably in the past decade. The study also shows that the gap between single unit and combination trucks is growing. Bottom line, some highway users are paying much more than their cost responsibility, while others are underpaying their cost responsibility.

Finally, the study *provides a useful and necessary framework to address revenue shortfalls in the future.* Oregon has fully embraced the cost responsibility framework as part of its user-pay system. That state conducts cost allocation studies regularly and can adjust the per-mile weight distance fees for trucks above 60,000 lbs up or down to achieve user equity. Cost responsibility is a constitutionally protected provision of Oregon's user-pay system.

RECOMMENDATIONS

Q. What kind of funding solutions are compatible with the equity consideration outlined in the cost allocation study?

A. We need to address a timely approach to come up with a fair share approach to funding. That means closing the gap between users who pay more than their cost responsibility requires and those who pay too little. Remember, the task force is charged with finding user-based fees and taxes, which more than likely will be phased in over a period of time.

Whether it's a gas tax increase, a vehicle miles traveled tax, tolls, other "innovative" financing tool, or some combination of several recommendations, all must be carefully evaluated as to their ability to be efficiently implemented, accepted by the public, allocated fairly, fully dedicated to transportation needs, and be resistant to fraud and evasion.

FOR TRUCKS 25,000 to 60,000 LBS:

Registration fees for trucks in this category vary, depending whether the vehicle is considered commercial, non-commercial or for seasonal use, and whether the vehicle is registered at the county level or the state level. If at the state levels, trucks in this weight category pay fees based on whether they are full fee or apportioned for mileage. Doing so creates a patchwork of registration fees with higher per-mile charges for Idaho-based trucks. The legislature could enact simple base registration structures for all vehicles and include some combination of weight-mile and/or VMT tax to rectify these problems.

FOR TRUCKS ABOVE 60,000 LBS:

Weight-mile, not registration fees. We need to consider weight- and mileage-based solutions to close the gap and to more equitably align fees and taxes to costs. AAA's top recommendation is that Idaho should reinstitute a weight-mile tax, which accounts for actual mileage and sizes of trucks. This could be achieved by setting modest registration fees based on weight (2,000-lb increments, for instance), then establish a per-mile fee schedule that would apply to all vehicles. *The amount a truck pays for its Idaho* *mileage should not vary based on what it hauls or where it's registered, but rather on its weight and the miles traveled in Idaho.* Oregon has successfully used this model for decades. Per-mile fees should be graduated: the heavier the load, the higher the per-mile fee. Compliance is neither difficult nor unwieldy. Mileage and weight information is captured currently.

This action could immediately eliminate the $12 million annual loss in fees attributed to the truck registration system. Using the same rate structure for Idaho commodity haulers and interstate trucks would address the constitutional commerce issue that led to the1997 ATA lawsuit. At issue in the 2000 ruling against the state was not the weight-mile structure itself, but rather the bifurcated (two-rate) system.

Weight mile taxes promote efficiency by accurately pricing roads to the use placed on them. Currently, Idaho's tiered registration fee structure is not working because it cannot count real miles. Even an across-the-board increase of, say, 10 percent for all vehicle registration fees would not address cost responsibility proportionately.

Fuels Taxes - As noted, it's difficult to proportionately align fuels taxes for all vehicles. If the state is to rely primarily on fuels tax increases, indexing fuels taxes, creating a sales tax, or applying transfer fees on first receivers, the tax for trucks above 60,000 pounds would have to be much higher than the gas tax for passenger vehicles and small trucks. That is problematic due to the nature of where long-haul trucks can refuel. In fact, interstate trucks would again be at the advantage of Idaho-based highway users.

FOR CARS AND LIGHT TRUCKS:

Registration Fees. Idaho's registration system for cars and light trucks cannot efficiently allocate for the miles used. In fact, mileage is not even considered in these registrations, and historically registration fees were viewed as the administrative cost to put a vehicle on the road, not as a way to accurately measure and allocate use.

A senior citizen who drives sparingly and puts 2,000 miles on Idaho in his three-year-old vehicle pays the same registration fee as his neighbor with the same age vehicle who uses 20,000 miles of Idaho's roads. Raising the fees only exacerbates this inequity, and it does not address the wear and tear issue.

Idaho registration fees for passenger cars are based on an artificial marker, a vehicle's age. Newer vehicles pay more than older vehicles. It seems reasonable to structure registration fees for passengers vehicles based on a vehicle's weight and mileage, not its age. That's consistent with the recommendation for trucks. Doing so would also mitigate the effects of improved fuel economy among a growing fleet of vehicles that pay little or no fuel taxes. One source estimates that 250,000 electric vehicles will be sold in the U.S. each year by 2015.

Some states use ad valorem or property taxes on vehicles, not to be confused with registration fees. Frequently, ad valorem taxes are used for purposes other than transportation infrastructure.

Recommendation: Unless there is some move towards a system that can account for miles driven (VMT), any sizable increase in registration fees should be avoided.

Local Option Special County Registration Fees. The idea is not a new one. Ada and Kootenai counties have used Section 40-827, Idaho Code as local option authority to gain voter approval of registration fees on vehicles 8,000 pounds and less for defined special projects. Still, such legislation *targets passenger vehicles only,* not other trucks, buses and government vehicles registered within a county. If such local option authority covered all vehicles registered in its boundaries, the tax based would be more equitably spread. Making that change would require legislative approval.

Gas Tax Increase. Any way observers look at it, an increase of one sort or another in the gas tax is viewed as among the most palatable of the funding options the task force will consider. Still, as 2010 Cost Allocation Study vendor Battelle notes in a written response to a question posed by AAA Idaho, *"Fuel taxes cannot be used to fully implement an HCAS because they do not increase proportionally with the cost responsibility of a vehicle."*

Relying primarily on an increase in gas or special fuels taxes is shortsighted at best, given its loss of purchasing power. Then, too, an across-the-board increase (e.g., 5 cents a gallon) in gas and special fuels tax will shift an even greater cost responsibility on passenger vehicles. To streamline funding structures, more must be done to consider other metrics including miles traveled.

Idaho's Gas Price Dilemma
One issue is that Idaho's gas prices have been well above the national average price for much of 2011. *Idaho's average price for regular grade gasoline during the first ten months of this year is $2.91, compared to $2.75 for the U.S.* During the past seven months, Idaho's monthly average price has been no less than 16 cents higher than the national average price, and as high as 28 cents more per month. This happens at a point in time when Idaho's 25-cent state gas tax is 4 cents less than the national average price.

Geographic isolation from other fuel sources suggests Idaho's fuel prices may remain significantly higher than those in other states. In addition, Idaho has limited authority to investigate or prosecute what might otherwise be considered unfair trade practices except in limited and declared state or national emergencies. Without market transparency to address the vagaries of petroleum marketing practices, attempting to raise the gas tax, to enact transfer fees or to index gas taxes, will be difficult.

Transitioning to Vehicle Miles of Travel (VMT) taxes. A number of commissions and studies have recommended transitioning from traditional gas and registration fee structures to a VMT tax in the future. In fact, these recommendations have been around for years, yet are dismissed early in the discussion because some form of retro-fitting of vehicles or questions regarding implementation raise numerous questions.

Though the 2010 HCAS makes no recommendations regarding VMT, Policy *Option 7 of that study shows the impact on equity of a VMT fee beginning at 26,000 pounds RGW, reaching 5.3 cents per mile at 80,000 pounds RGW and 11.1 cents per mile at 105,500 pounds RGW. The VMT fee considered would generate nearly $82 million from heavy vehicles and would increase associated equity ratios significantly, according to Battelle, in both the Federal plus State Combined Analysis and in the Reduced GARVEE Bond Analysis.*

Consistent with the task force objective to 'modernize' transportation funding, the option of charging for use of our infrastructure based on miles traveled (VMT) makes sense. Much work has been accomplished in the past decade. In fact, a preeminent expert of the subject, James Whitty, from the Oregon Department of Transportation makes the case that it is now possible to collect mileage data that are far less privacy-invasive than the smart phones most of us carry.

Whitty recommends that by avoiding a government mandate and relying more on allowing drivers options, that this method of paying for roads can be a win-win funding proposition for governments and citizens. In a multiple-year test, Oregon was able to show how gasoline pump technology can be used to bill citizens for mileage, while crediting them for their gasoline purchases. Whitty has made numerous presentations to many states regarding the efficacy of this funding model.

Whitty says the technology to collect and sort mileage data is not intrusive and can be accomplished in a way that simply identifies the number of miles driven. Instead of putting off for another decade what VMT technology can do today, policymakers could begin to address fairer, more comprehensive user-pay mechanisms now.

Tolling, Congestion Pricing, Public and Private Partnerships. The governor's task force has given some consideration to other revenue sources. These options depend on market considerations including population density, heavy traffic and larger, long-term investments. In AAA's opinion, these options do not suit Idaho's transportation profile, now or well into the future.

Sales Tax on Auto Sales, Parts, Tires, Accessories. While this seems like a reasonable user pay option, shifting such dollars from the General Fund to the Highway Distribution Account is not politically feasible. And as noted by the Idaho Tax Commission, it raises more questions than answers.

SUMMARY:

Q. What is AAA's perspective on recommendations to the Governor's Task Force on Modernizing Transportation Funding?

A. Finding politically palatable solutions to Idaho's underinvestment in transportation funding is easier said than done. It's not simply a state issue. It's more than a city or local highway district problem. Its effects are experienced at a variety of levels. But from a purely pragmatic position, **everyone should pay for what they use**. That notion may sound simplistic, but it's sensible to spread the obligation across the widest tax base possible.

From a policy position, getting everyone to pay for what they use addresses the concept of cost responsibility. In effect, the state has the authority and responsibility of charging user fees to cover the costs of the system. If a vehicle class is not paying its fair share of the costs occasioned by its use of Idaho's roads and bridges, the legislature should have the tools to correct the deficiency.

The state of the economy may effectively limit what, if any, substantive actions policymakers will take on this issue during the 2011 session. But the efforts and recommendations should not be tabled indefinitely. Like other states, Idaho's underinvestment in its transportation infrastructure is endemic. Failing to address the problem won't make it go away.

AAA's National Policy Declarations are its policy positions on important topics like taxation and funding. Here is a sampling of declarations pertinent to this topic:

- **At the state level, financing of highway improvements should be from available tax revenues whenever feasible, with these taxes assessed equitably among the several beneficiaries including property owners, businesses, and different classes of highway users.**
- **Highway user taxes should be imposed in proportion to the cost responsibility of each class. Factors of vehicle weight and distance traveled should be included for heavy commercial vehicles.**

- **AAA encourages innovative transportation finance measures that will offset the long-term impact of projected decreases in gas tax revenues. Such measures should adhere to the following**:
  - *Transportation taxes, fees and other revenue collected from motorists must be equitable and transparent.*
  - *Revenues generated from taxes, fees and other pricing mechanism 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 be resistant to fraud and evasion.*

AAA believes the general motoring public should expect that if they are asked to pay new or increased taxes and fees — federal, state and local officials must demonstrate to the public that current transportation resources are managed wisely and efficiently and motorists must receive direct and recognizable improvements in their travel experience.