

“Access-based” highway funding: a simpler approach

The primary reason we have a transportation funding challenge is because we cannot directly and accurately charge for usage on all roads in a manner that is technically reliable, fair, congruent with the actual cost of providing the infrastructure, and politically acceptable. As a result, we have to find the most sustainable, fair, and acceptable solution that we can, or if that is not possible, then the least unacceptable option.

The problem: growth is coming and the fuel tax cannot keep up

- **Growth in population, and traffic, is still increasing.** The ongoing population growth in our state, plus the potential of autonomous vehicles to increase usage, means that we may see more traffic on our roads over time – although with dramatically fewer emissions per vehicle as the fleet becomes more electrified.
- **Project costs are also rising.** Transportation infrastructure costs are rising significantly – due to materials, studies, regulations, and so on, and vital projects have been delayed across the state of NC.
- **The real reason that fuel taxes are failing as our primary funding source.** While vehicles are becoming more fuel efficient, that is not the main or complete reason that fuel taxes are becoming less viable. *It is the increasing disparity in fuel efficiency across the fleet of registered motor vehicles that renders the option of significantly increasing fuel taxes both unfair and politically impossible.*

Fuel taxes and “vehicle miles traveled” fees are only indirect anyway, and VMT would need new infrastructure

- “Vertical” construction costs (i.e., pavement depth) are caused by trucks, not cars – it can take 5,000+ automobiles to cause the impact of one truck. However, “horizontal” construction costs (e.g., the number of travel lanes) are caused by rush hour usage, not all day, and those are typically due to cars.
- “Vehicle-miles traveled” (VMT) pilots are being developed in a few states. These seek to collect miles of travel and charge usage accordingly. However, those involve new collection mechanisms, while still only bearing an indirect relationship to the actual cost of providing infrastructure, since not all miles cause the same impact. *A rural or suburban automobile driver who rarely travels in congestion effectively creates zero costs to the state – their travel is not causing the need for additional pavement width or depth.*

An “access-based” approach can create a sustainable funding model, analogous to monthly mobile phone plans

What if we were to take a cue from mobile phones, and consider an access-based approach?

- A monthly mobile phone plan typically provides unlimited minutes of calling, providing neither a surcharge for heavier use nor a discount for using it sparingly or not at all. *This is also completely fair, because you aren’t paying for “usage,” you are paying for the “opportunity to access the network 24/7.”*
- **An access-based fee approach for highway funding would be similar: charging a single, periodic (e.g. monthly) fee to each registered vehicle for access to the network NCDOT provides to travelers.**

Implementation of an access-based approach is simpler – because the basic elements already exist today

How hard would it be to implement an access-based approach? The answer is not at all. In fact, *we already have elements of an access-based approach -- the annual electric vehicle fee, and indeed any vehicle registration fee.*

- **An access-based fee would simply be a larger vehicle registration fee, which already exists. There would be no need for a new collection or enforcement method.** The state could reduce or eliminate the motor fuels tax, and then charge one fee for each motor vehicle for the right to access the highway system.
- While the registration fee would be higher than today, the rate could be set so that the average driver would pay the same in overall taxes and fees given the reduction or elimination of the fuel tax. The fee could be billed periodically (e.g., monthly, semimonthly, or annually) and indexed or raised as need be.
- The beauty of the access-based approach is the simplicity. There would be no worries about monthly mileage reporting, tampering with odometers, etc., since there is no need to record usage or mileage.
- While out-of-state travelers will not pay our recurring access fee, they will likely purchase more fuel and other items at convenience stores since our fuel prices will have fallen. To hold highway funding harmless, a portion of the likely higher sales taxes collected at those stores could be dedicated to mobility.
- Alternatively, visitors could be electronically charged the monthly access rate when traveling in our state.