



## **T2 Explainer: What is a VMT?**

*The Transportation Transformation Group is an unprecedented alliance of state government, finance, academic and private industry leaders who aspire to transform American transportation policy into a goal-based arrangement that maximizes flexibility to enhance the roles of the state and local public sectors and their private partners to solve the growing problems of congestion and mobility.*

*T2 publishes explainers to help policy makers and the public understand concepts essential to transportation transformation.*

There is a growing consensus in most transportation policy circles in Washington and state capitols that the motor fuels tax is on the decline as the funding vehicle for transportation construction and maintenance and that a replacement system is needed.

The Highway Trust Fund is broke, and the current system of transportation finance is producing only about one-third of the revenue needed to maintain and improve America's highway and transit systems. Cars are more fuel-efficient and people are driving less, meaning that there are fewer resources to do the job. But the reduction in vehicle miles traveled does not reduce the demand for better, safer and more efficient highways and mass transit.

By postponing maintenance and new construction, we have dug ourselves a pretty deep transportation hole that the nation's economy cannot afford to get any deeper. Just like health care, education and energy, transportation is a priority whose time is can no longer be postponed.

Every major transportation group has issued policy recommendations over the last year for what Congress should do when the current highway authorization legislation expires in September 2009. With varying degrees of enthusiasm and urgency, nearly all have indicated a recommendation to move to a more direct "user pays" system of transportation funding based on charging for each mile driven, commonly called a Vehicle Miles Traveled (VMT) system to replace the indirect system based on fuel consumption.

Research on how to implement a VMT system is readily available from states that have experimented with VMT pilot projects. Oregon has completed a trial that most observers believe was successful. Colorado and Massachusetts may create pilot programs similar to Oregon's and some are exploring multi-state experiments. The University of Iowa Public Policy Center is conducting a study to see how the public responds to VMT system that places an on-board computer in vehicles that stores a record of charges due from road use. This record will be uploaded to a data processing center. If the system were to be put into practice, the center would

then bill the vehicle owner. For the study, however, no money will be collected.

Oregon authorities chose a different collection concept that emphasized existing technologies and the protection of personal privacy. It equipped vehicles with a Global Positioning System receiver and antenna, a mileage counter unit, and a short-range radio frequency antenna. The test included 285 volunteer vehicles, 299 motorists and two service stations in Portland. When motorists bought fuel, a reader on the pump calculated the number of miles driven and charged a fee of 1.2 cents per mile.

The Netherlands will implement a VMT tax on trucks in 2011 and on passenger vehicles in 2014. The system is similar to the one piloted in Oregon.

Any federal effort to implement a VMT system will have to reevaluate many of the founding concepts of the Oregon and University of Iowa studies and examine whether the Netherlands plan has any application to the United States.

The Transportation Research Board has begun just such a project that will be completed by July 2009. The goals of the research project are to:

- Identify and evaluate possibly viable alternative mechanisms for assessing and collecting VMT fees that can be developed and implemented within the near term, 2010 through 2015;
- Propose a practical strategy—for example, considering political and institutional as well as economic and financial issues to be resolved—for implementing a mechanism that will have a high likelihood of sustainable success nationwide;
- Describe the immediate actions necessary to achieve implementation, and
- Identify a longer-term strategy for making a smooth and effective transition from the proposed immediately implementable mechanism to a robust and sustainable system of VMT-based user fees and an approach to monitoring progress.

T2 believes that transforming how American funds transportation is essential to solving the growing problems of congestion and mobility. We assert that adopting a VMT system is key to transforming America's transportation future.

*T2 is happy to exchange ideas about this or any other matter related to the next surface transportation bill. Contact Billy Moore at (202) 288-0892 to set up a discussion. You can also get additional information at our website [www.trans2group.com](http://www.trans2group.com)*