



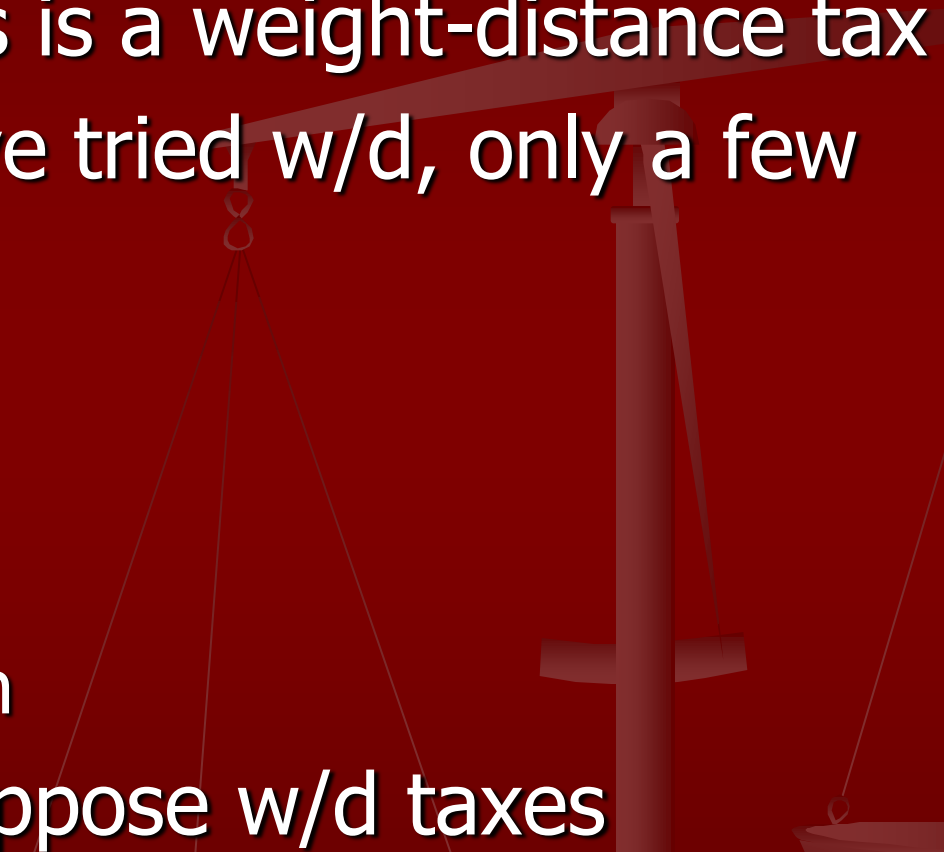
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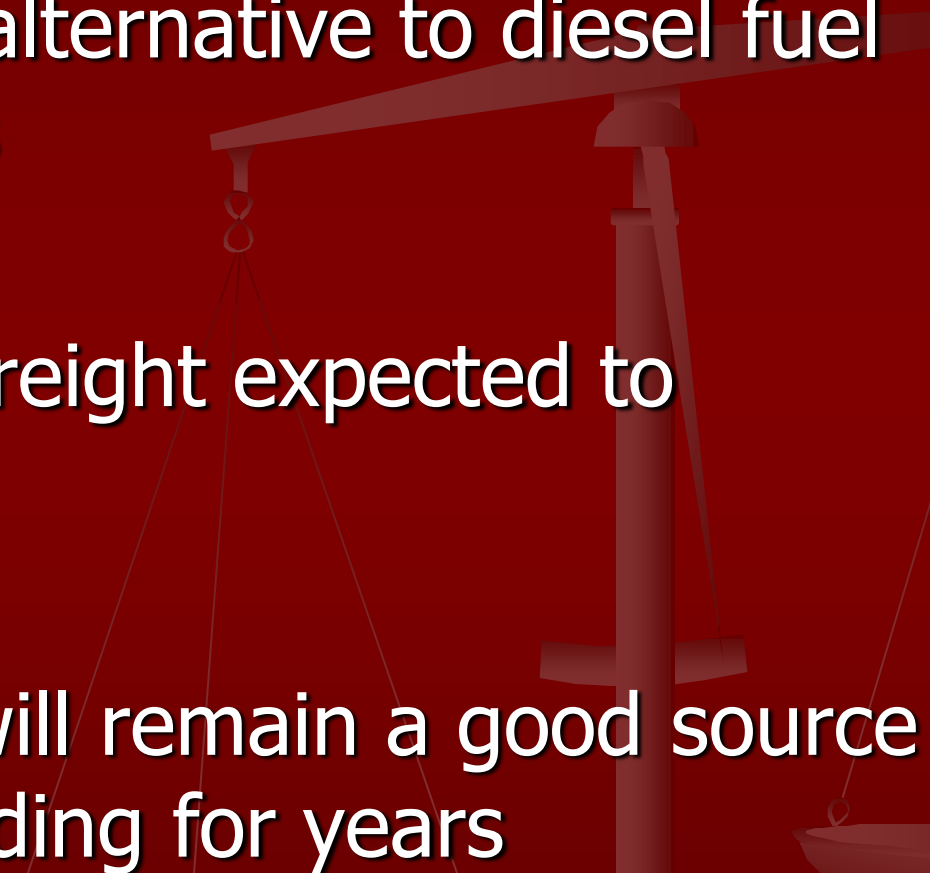
- Motor Carriers Likely to Oppose a VMT on Heavy Trucks
- A VMT on Cars Must Be Designed So As to Be Difficult to Evade



$$\text{VMT} = \text{W/D}$$

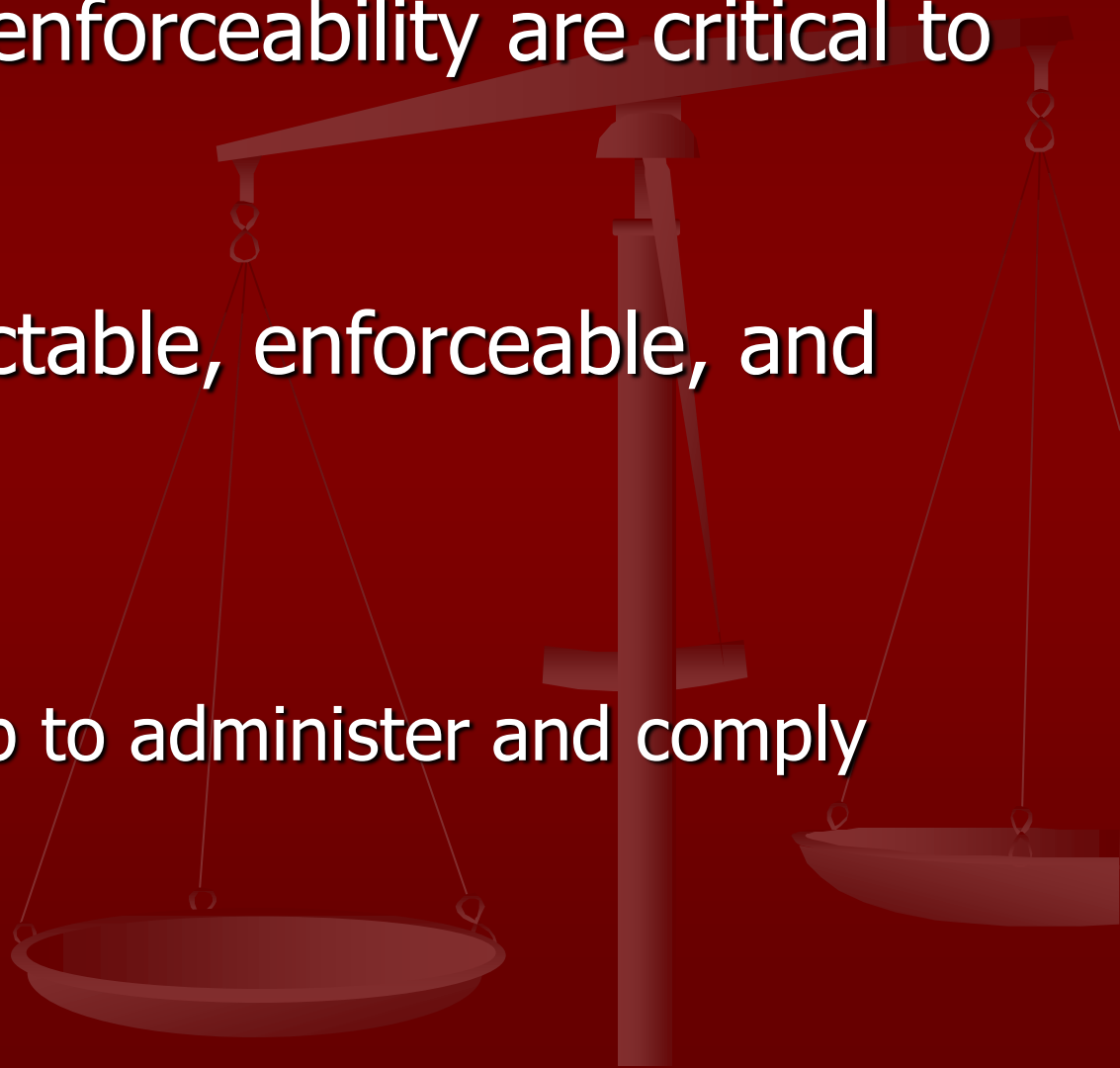
- A VMT on trucks is a weight-distance tax
 - Many states have tried w/d, only a few persist
 - Cumbersome
 - Expensive
 - Unfair
 - Open to Evasion
 - Motor carriers oppose w/d taxes
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VMT on Trucks Less Urgent

- No satisfactory alternative to diesel fuel for heavy trucks
 - Truck share of freight expected to increase
 - Diesel fuel tax will remain a good source for highway funding for years
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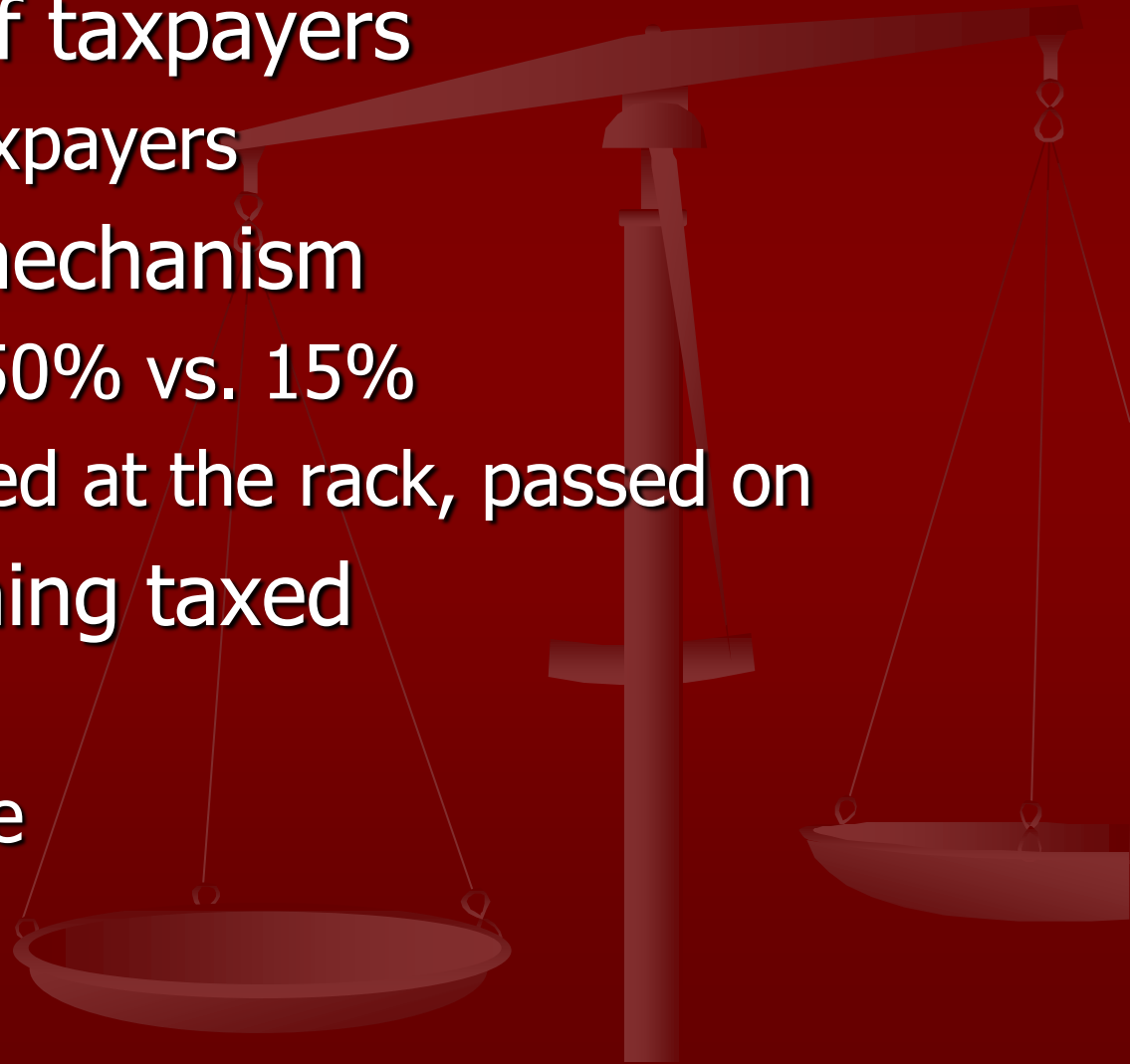
Tax Evasion

- Collectability & enforceability are critical to any tax
- Fuel tax is collectable, enforceable, and efficient:
 - Collectable
 - Enforceable
 - Relatively cheap to administer and comply with



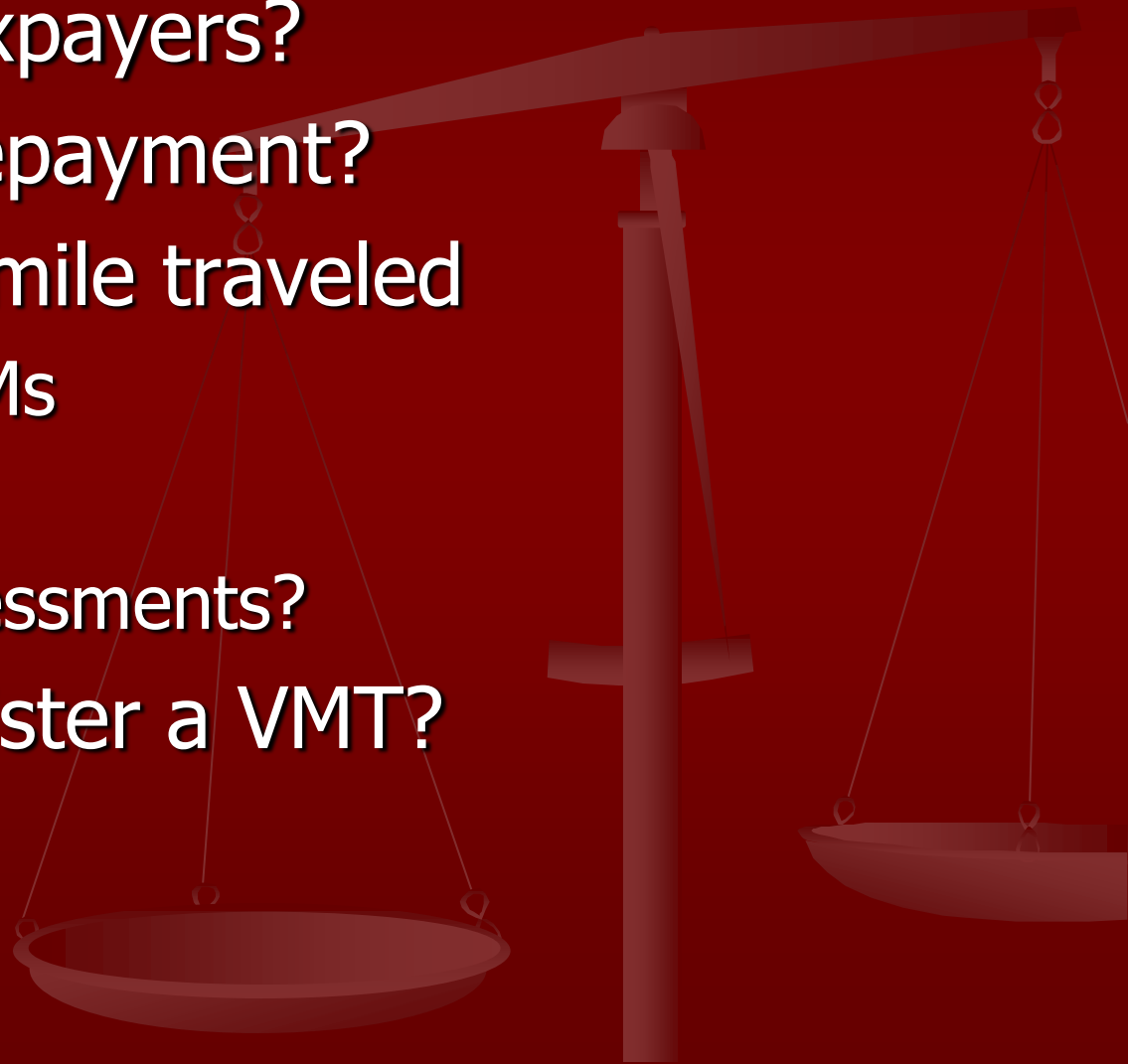
Criteria for Tax Enforcement

- Small number of taxpayers
 - c. 2,000 fuel taxpayers
- A withholding mechanism
 - IRS: 97% vs. 50% vs. 15%
 - Fuel tax collected at the rack, passed on
- Nature of the thing taxed
 - A gallon of fuel
 - Personal income



VMT

- 200,000,000 taxpayers?
- Withholding/prepayment?
- How to track a mile traveled
 - Odometers/ECMs
 - GPS
 - Audits/BIA assessments?
- Who will administer a VMT?
 - IRS?



Evasion Matters

- A tax's design is critical
 - Keep it simple
- An unenforceable tax is not fair or popular
- Enforceable doesn't mean enforced
- Don't ruin the fuel tax system

