

Final Report

**Study of Commercial Vehicle
Registration Fees and Procedures**

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Prepared for

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Summary

The Idaho Transportation Department (ITD) retained BBC Research & Consulting (BBC) to research issues related to Idaho's truck registration fees, registration procedures and transportation funding mechanisms in western states. BBC's findings include the following.

Western states collect similar fees and taxes from trucks, with some exceptions. Along with fuel taxes, gross vehicle weight (GVW) fees account for the largest portion of commercial vehicle registration fees and taxes for most western states. Idaho's system of collecting GVW fees utilizes a weight-mileage rate structure using six mileage categories. Most states simply rely on a weight-based rate structure for vehicle registration fees.

In terms of dollar volume, most fees and taxes collected from interstate truckers are "apportioned," which means that truckers pay a portion of their total fees to each state in which they operate according to the distribution of miles traveled by state and the registration rates in each state. Apportionment of fees narrows the differences in fees paid by truck owners based in different states.

Fees paid to register a truck in Idaho are comparable or lower than in adjacent states, with certain exceptions. BBC examined the fees and taxes associated with registering a number of different truck types in Idaho versus other states. With the exception of Utah, differences in registration fees and taxes for a truck registered in Idaho versus an adjacent state are minor. Under most scenarios examined for this study, taxes and fees in Idaho are comparable to or below the average of the surrounding states. This finding indicates that there is potentially some room to increase commercial registration fees. However, competitive factors will limit this opportunity to increase revenues.

BBC did find that intrastate trucks operating in Idaho are at a per-mile cost disadvantage to interstate trucks that operate in Idaho. For example, a typical Idaho-based intrastate truck driven 20,000 miles per year in Idaho pays more in taxes and fees per mile than a typical out-of-state truck with a low annual apportionment in Idaho. Idaho-based vehicles in lower mileage tiers can pay substantially more per mile than their out-of-state counterparts driving the same number of miles in Idaho. Idaho could raise interstate vehicle fees to better match intrastate fees on a per-ton mile basis.

Registration requirements are similar in Western states but the convenience of registration varies. Registration requirements for interstate vehicles are standard among member states of the Western Association of State Highway and Transportation Officials (WASHTO) and are based on interstate agreements for specific programs. Some states require adherence to additional standards, special programs and further documentation for interstate registration. Additional standards and special programs can make it more difficult to register within a given state.

Some states have implemented programs and services to streamline the registration process and ease the registration burden. Compared to other western states, Idaho's requirements and procedures do not seem to be over-burdensome. Relative to many states, Idaho's online resources and "One-Stop Shop" for Commercial Vehicle Services allow an easier registration process.

In general, the registration process for intrastate vehicles is less complicated than for interstate vehicles, with registration requirements varying little from state to state.

Idaho truckers think registration fees and procedures are fair. Truck operators generally report that the current registration process is easy to complete, especially for repeat registration of the same vehicle. Many truck operators commented on the convenience and efficiency of registering their vehicles online. Some truck operators were confused about the physical locations where they could register interstate and high-weight vehicles.

Surveys with Idaho-based truck owners indicated some opportunities to further streamline the registration process or make the process fairer. ITD should consider:

- Performing usability testing on the commercial vehicle registration portion of ITD's website;
- Offering more physical locations to register;
- Examining the feasibility of a longer registration period (e.g., every two years); and
- Increasing enforcement efforts.

When questioned about the different weight and mileage categories, the majority of truck operators thought the current system was fair. A minority of the respondents stated a need for fewer categories and wider ranges in both mileage and weight. The significance of registration fees and time it took to register varied greatly among respondents.

How western states fund transportation systems. BBC examined how western states fund their transportation systems, the portion that comes from commercial truck fees (when possible), and the level of support from non-transportation sources. Our findings include:

- Funding for state departments of transportation falls far short of needs;
- Most states are seeking to increase state funds available for these needs;
- States are supplementing revenues collected from transportation sources with other types of funding, and states have different resources available to supplement transportation revenues;
- Truck fees are a relatively small portion of total funding; and
- Opportunities to increase revenues collected from trucks are limited by competitive factors.

Scope of this Report

The remainder of this report answers the following questions in more detail:

- How do Idaho’s commercial vehicle registration rates and other vehicle taxing methods compare to other western states?
- How do Idaho’s registration requirements and procedures compare to other western states?
- What do Idaho truckers think about the registration process?
- How do Idaho’s road funding mechanisms compare proportionately with surrounding WASHTO states?
- Do surrounding states receive substantially more revenue from other means, including non-road-related sources, to pay for roads?

Supporting appendices provide additional background materials and analyses.

Truck Registration Fee Structures in Western States

BBC examined fees and taxes that select western states collect from intrastate and interstate truckers.

Western states collect similar fees and taxes from trucks, with some exceptions. BBC examined fees and taxes levied by WASHTO states. Typical fees collected by states include nominal registration and titling fees and gross vehicle weight (GVW) fees. Some states have also implemented ad valorem property taxes, weight-mileage fees and other charges.

State motor carrier fees include both apportioned and non-apportioned fees. Apportioned fees apply to trucks traveling within a given state whether or not the truck is registered in that state.

Apportioned registration fees. Apportioned registration fees are collected through the International Registration Plan (IRP), a program for licensing commercial vehicles engaged in interstate operations. The fundamental principle of IRP is freedom of vehicle movement that is attained by authorizing “apportioned registration.” As of 2001, all 48 contiguous states and 10 Canadian provinces had joined the IRP.¹ Washington D.C. is currently not a member of the program.

Under IRP regulations, trucking firms and owner-operators register vehicles in their “base” or home jurisdiction. The base jurisdiction by definition of the IRP is where “*the registrant has an established place of business, where mileage is accrued by the fleet, and where operational records of such fleet are maintained or can be made available.*”

The base jurisdiction collects the appropriate registration fees and distributes them to the other jurisdictions in which the carrier has requested IRP registration. Registration fees are based on a prorated formula that accounts for the percentage of miles traveled in each jurisdiction and the registration rates in those jurisdictions.

¹ Information on the International Registration Plan is from www.irponline.org and Texas Transportation Institute Report, “Heavy Truck Registration in Texas,” 2003.

Commercial vehicle operators may obtain apportioned registrations if they travel within more than one IRP jurisdiction and their vehicle is a power unit having two axles and a gross vehicle weight in excess of 26,000 pounds (or has three or more axles).²

Depending on the base jurisdiction, vehicles registered under IRP may also be subject to non-apportioned registration fees. A state's non-apportioned fees apply to intrastate and interstate vehicles registered within that state. They do not apply to interstate vehicles registered in another jurisdiction that have apportioned mileage within the state. In most WASHTO states, non-apportioned fees are relatively small.

Non-apportioned fees. Most states charge additional registration fees and/or taxes that are non-apportioned. Non-apportioned fees apply to intrastate and interstate vehicles based within a given jurisdiction. Non-apportioned fees typically make up a very small portion of total registration fees and taxes.

Types of fees collected. Each WASHTO state charges a GVW fee that can be based on a number of factors including age of the vehicle, type of operation (private vs. for-hire) and/or type of fuel (diesel vs. non-diesel). GVW fee schedules in Colorado and Idaho vary based on annual mileage categories. Colorado has different schedules for vehicles driving less than 10,000 miles and vehicles driving more than 10,000 miles. Idaho's six mileage tiers only apply to Idaho-based vehicles. Fees for vehicles traveling within tiers 1 through 5 are determined by GVW. Idaho's sixth mileage tier is a flat fee that applies to vehicles driving less than 2,500 miles per year. GVW fees apply to both intrastate vehicles as well as interstate vehicles with apportioned miles in that state.

In some WASHTO states, commercial vehicles are subject to ad valorem property taxes and other fees. For example, California's Vehicle Licensing Fee (in lieu of personal property tax) amounts to 2 percent of a registered vehicle's current estimated value and is calculated based on the current owner's vehicle purchase price. Colorado's Ownership Tax and Nevada's Government Services Tax are also based on depreciated value. Ad valorem taxes in California, Colorado and Nevada are apportioned fees. Ad valorem property taxes in Texas, Utah and Oklahoma apply only to vehicles or businesses registered within those states.

Oregon and New Mexico are the only two states in WASHTO that charge a mileage fee per mile traveled within their states. Mileage fees in both states vary based on gross vehicle weight. In New Mexico, mileage fees differ for full-haul and one-way haul vehicles. Vehicles driven in Oregon are subject to a per mile fee in lieu of the International Fuel Tax Agreement.

Other fees include apportioned flat registration fees, additional GVW charges and highway user fees. States with additional fees include Arizona, California, Montana and Wyoming.

Figure 1 on the following page provides a summary of the types of fees collected in different WASHTO states. Figure 1 does not include non-apportioned registration and titling fees, which are typically small. Different symbols associated with state GVW indicate whether the fee varies based on

² Or, is used in combination, when the weight of such combination exceeds 26,000 pounds gross vehicle weight. Vehicles, or combinations thereof, having a gross vehicle weight of 26,000 pounds or less and two-axle vehicles and buses used in transportation of chartered parties may be proportionally registered at the option of the registrant. Government-owned vehicles, recreational vehicles, vehicles with restricted plates and buses used to transport chartered groups are exempt from IRP registration

age, fuel type, distance traveled or other vehicle characteristics including private versus for-hire (Colorado), logging versus non-logging (Washington) and one-way versus full-haul vehicles (New Mexico). Appendix D shows more detail on truck registration fee schedules and fuel tax payments within select WASHTO states.

Figure 1.
Types of registration fee schedules collected by select WASHTO states

State	GVW fees	Ad valorem property tax	Per mile fee	Other fees/taxes*
Arizona	●, ▲			◆
California	◆	◆		◆
Colorado	■, ★	◆		
Idaho	■			
Montana	◆			◆
Nebraska	◆			
Nevada	◆	◆		
New Mexico	★		◆	
North Dakota	●			
Oklahoma	◆	◆		
Oregon	◆		◆	
South Dakota	●			
Texas	▲, ★	◆		
Utah	◆	◆		
Washington	◆			
Wyoming	★	◆		◆

Legend: ◆ = Based on weight only; ● = Age of vehicle; ▲ = Fuel Type (diesel v. non-diesel); ■ = Distance Traveled; ★ = Type of Operation

Note: *Other fees and taxes include apportioned registration fees in Arizona and California; Additional GVW fee structure in Montana based on age of vehicle; and a Highway Use Fee in Wyoming for non-Wyoming based vehicles (in lieu of County taxes).

Source: BBC Research and Consulting, 2007 from www.irponline.org, state websites and personal communications. See Appendix D for specific source for each state.

Rate structures. Figure 2 provides more detailed information on rate structures and the range of fees collected in select WASHTO states. Non -apportioned registration fees are not included in this table.

Figure 2.
Rate structures and fee ranges in select WASHTO states

State	Rate structure	Fee range*
Arizona	Highway Use Tax (HUT), GVW fee and Motor Carrier fees all based on GVW, age category and fuel type (diesel vs. non-diesel).	\$353 for 16,001 to 18,000 lbs (post 1978) to \$3,957 for 75,000 lbs and over.
California	Flat registration fees; GVW fee; and Vehicle License Fee (VLF) based on owner's purchase price and depreciation schedule.	\$820 for 15,001 to 20,000 lbs to \$3,480 for 75,000 lbs and over.
Colorado	GVW fee based on mileage category (less than or greater than 10,000 miles annually) and type of operation (private vs. for-hire); and Ownership tax based on taxable value.	\$714 for 16,001 to 20,000 lbs to \$5,157 for 74,000 lbs and over.
Idaho	GVW fee based on 6 mileage categories (Idaho-based vehicles only); GVW fee (non-Idaho based vehicles only).	Idaho-based vehicles: \$143 for 16,000 to 26,000 lbs, up to \$223 to \$5,860 for 60,000 to 129,000 lbs. Non-Idaho based vehicles: \$143 for 16,000 to 26,000 lbs to \$5,860 for 60,000 to 129,000 lbs.
Montana	GVW fee; and Additional GVW fee based on age category.	\$137 for 16,001 to 18,000 lbs. to \$2,346 for 130,000 lbs. and over.
Nebraska	GVW fee.	\$256 for 16,000 to 17,999 lbs to \$1,504 for 94,000 lbs. and over.
Nevada	GVW fee; and Government services tax based on GVW, age category and purchase price.	\$487 for 16,000 lbs to \$3,246 for 80,000 lbs. and over.
New Mexico	GVW fee; and Weight-mile tax for 26,000 lbs and over (schedule varies for one-way and full-haul vehicles).	\$143 for 16,000 lbs to \$4,550 for 80,000 lbs and over driving 100,000 miles annually
North Dakota	GVW fee for vehicles weighing more than 22,000 lbs., based on model year.	\$139 for 22,000 lbs (2001 and newer) to \$1,792 for 105,000 lbs and over.
Oklahoma	GVW fee.	\$120 for 15,001 to 18,000 lbs to \$1,078 for over 89,000 lbs
Oregon	GVW fee; and Weight-mile Highway Use Tax (HUT) in lieu of IFTA for 26,000 lbs and over	\$261 for 16,001 to 18,000 lbs to \$15,186 for over 104,000 driving 100,000 miles annually.
South Dakota	GVW fee based on age categories (0-4 years and 5+ years).	\$225 for 16,001 to 18,000 lbs and vehicle less than 5 years old.
Texas	GVW fee based on truck model (straight truck vs. regular) and fuel type (diesel vs. non-diesel).	\$154 for 16,000 lbs diesel straight truck to \$906 for 80,000 lbs diesel straight truck
Utah	GVW fee; and Equalized highway use tax based on weight and age of vehicle (applies only to out-of-state vehicles).	\$218 for 16,000 lbs to \$1,260 for 80,000 lbs and over.
Washington	GVW fee based on power type (log haulers vs. non-log haulers).	\$102 for 16,000 lbs to \$3,402 for non-log haulers 105,500 lbs.
Wyoming	GVW fee; and Additional GVW fee for interstate carriers (in lieu of County registration fee for intrastate vehicles).	\$260 for up to 26,000 lbs to \$14,825 for 80,000 lbs. (Vehicles over 80,000 lbs are subject to \$75 fee per additional 2,000 lbs.)

Note: *Fee ranges do not include permits for overweight vehicles.

Source: BBC Research and Consulting, 2007 from www.irponline.org, state websites and personal communications. See Appendix D for specific sources for each state.

Some operators, including owners of special use vehicles, make a limited number of trips per year through other states. For these operators, it is often more economical to purchase individual trip permits rather than registering as an apportioned vehicle. In the WASHTO states, a single trip permit is generally valid for 72 to 96 hours and ranges in cost from about \$15 to \$60 per trip. In Idaho, a single trip permit costs \$30, in the low to mid-range compared to other WASHTO states. Idaho’s permits are valid for 120 hours, longer than in most states. On a per hour basis, Idaho’s fees are one of the lowest among WASHTO states. Appendix D provides a summary of trip permit fees and other restrictions for select WASHTO states.

Differences in total fees paid by truckers. To examine the difference in registration fees between Idaho and other WASHTO states, BBC calculated fees for several different types of vehicles:

- Intrastate trucks operating in Idaho versus intrastate trucks operating in other WASHTO states. This analysis helps to assess whether Idaho businesses that rely on intrastate trucking are at a disadvantage compared with businesses in other states.
- Trucks operating in both Idaho and an adjacent state. Results assess whether a trucker with identical operations is benefited or hurt by selecting Idaho as its home state.
- Intrastate trucks in Idaho versus trucks coming into Idaho from other states. This analysis examines whether or not low-mileage Idaho-based trucks are at a cost per-mile disadvantage to high-mileage trucks based out-of-state that run relatively few miles in Idaho.

Truck types and mileage considered. BBC examined fees for many different types of vehicles including single unit trucks, heavy single unit trucks and semi-trailers. For the purposes of this analysis, we present results for typical 3-axle, 5-axle and twin semi-trailer combination vehicles as well as for a vehicle weighing 105,500 lbs. Figure 3 provides assumptions BBC used to calculate fees for these “typical vehicles.”

Figure 3.
Assumptions for calculating typical registration fees and fuel taxes paid

Assumption	3-axle vehicle	5-axle vehicle	Twin semi-trailer combination	105,500 lbs
Gross weight (lbs)	48,000	80,000	96,000	105,500
Purchase price	\$85,800	\$125,400	\$138,600	\$145,200
Mileage per gallon	5.7	5.5	5.2	4.9
Axles	3	5	6	7

Note: Purchase price assumptions based on internet review of current truck market and values used by the State of Colorado and the State of Nevada for to calculate registration fees.

Source: FHWA Table MV-103 Summary of State Motor Vehicle Registration Fee Schedules, 2001 and miles per gallon from U.S. Census Bureau “2002 Vehicle Inventory and Use Survey.”

In addition, all vehicles are assumed to be 2006 diesel-powered vehicles in private operation. Calculations include combined gross weight for truck tractors and semi-trailers.

Intrastate vehicles in Idaho versus intrastate trucks operating in adjacent states. BBC examined registration fees and fuel taxes for intrastate trucks in Idaho compared to those registered in neighboring states. Figure 4 on the following page shows that registration fees and taxes for intrastate trucks can vary substantially between states. For heavier vehicles, differences are more pronounced. For example, typical fees for a twin-semi trailer combination range from \$4,371 in Montana to \$8,060 in Oregon, with Idaho's fees estimated to be \$5,260.

Calculations for typical vehicles include an annual mileage assumption of 50,000 miles per year. State motor fuel taxes and Oregon's weight-mile tax are included in the estimated calculations. Where applicable, overweight fees for twin-semi trailer combination vehicles and vehicles weighing 105,500 lbs. are included in the calculations. Figure 4 shows typical registration fees in Idaho and surrounding states for different types of intrastate vehicles (traveling 100 percent of annual miles within their base jurisdiction).

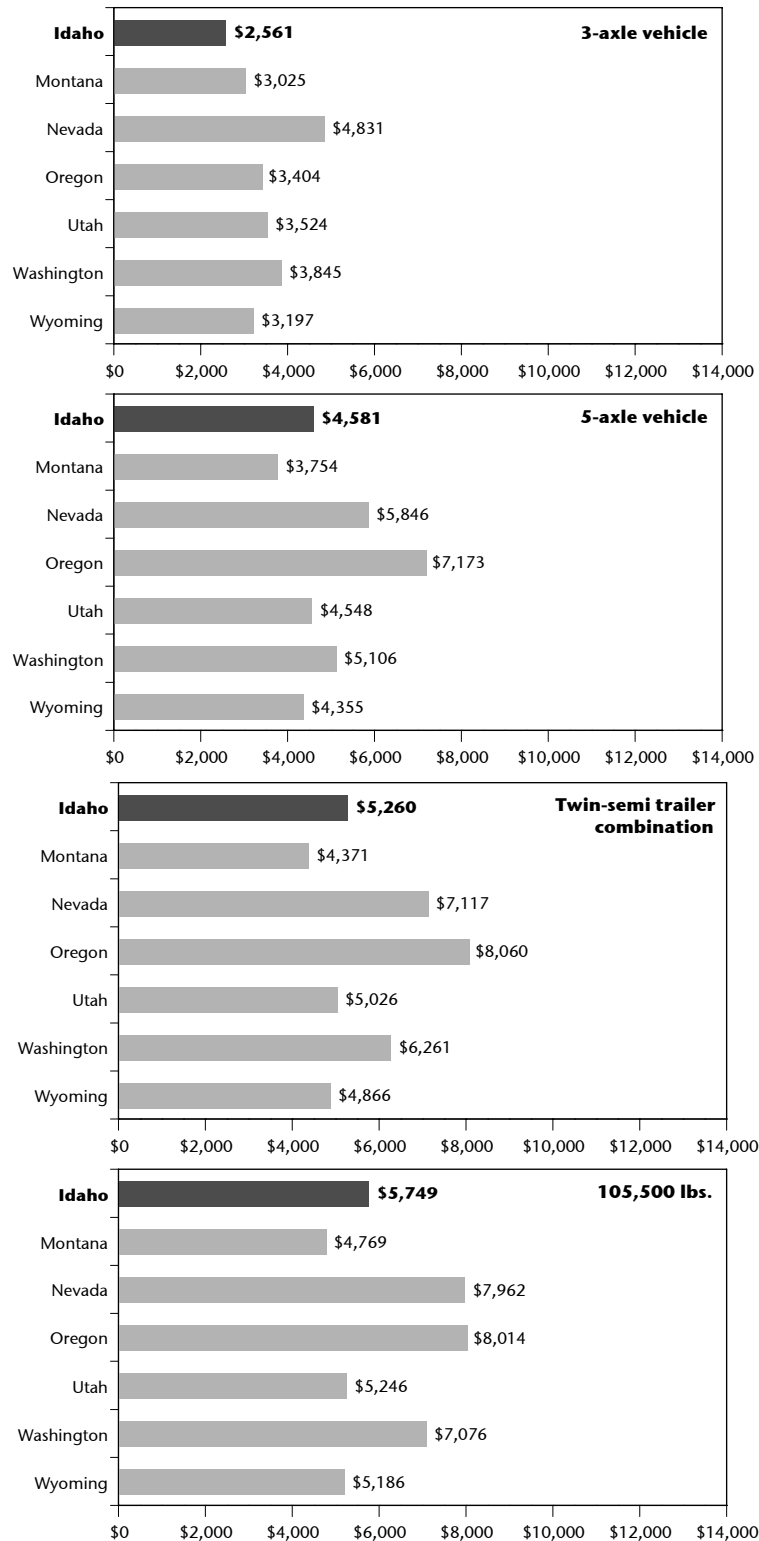
Idaho-based vehicles driven 50,000 miles per year fall within the fourth mileage tier of Idaho's truck registration fee schedule (35,001 to 50,000 miles). Total registration fees for Idaho-based vehicles in different mileage categories vary from those shown in Figure 4. For example, total registration fees for an intrastate 5-axle vehicle traveling 20,000 miles in Idaho amount to \$2,017, including fuel tax payments. Intrastate operators in Idaho driving more than 50,000 miles would pay at least \$5,640, including fuel tax payments.

Excluding state fuel taxes and except for Oregon's per mile fee levied in lieu of IFTA, registration fees for intrastate vehicles in states adjacent to Idaho do not vary based on total miles driven. Therefore, Idaho-based trucks traveling relatively fewer miles pay lower fees and taxes than trucks in surrounding states, and those that travel more than 50,000 miles per year could pay somewhat more than similar operations in adjacent states:

- Registration fees and taxes for Idaho-based intrastate vehicles that fall within the first four mileage tiers of Idaho's fee schedule are at or below the median for the surrounding states.
- Fees and taxes for intrastate vehicles in Idaho's fifth mileage tier are 15 to 17 percent higher than the median for surrounding states.

Appendix D provides a summary of total fees and taxes for intrastate vehicles in select WASHTO states.

Figure 4.
Typical registration fees and taxes for intrastate vehicles traveling 50,000 miles per year, 100% within state jurisdiction, including motor fuel taxes.



Note: Overweight fees apply to vehicles over 80,000 lbs. in Nevada and Utah.

Source: BBC Research and Consulting, 2007.

Trucks operating across Idaho and an adjacent state. BBC examined fees for typical vehicles driving a portion of total miles in Idaho and a portion in an adjacent state to assess whether they would pay more in fees by registering in Idaho versus the neighboring state. The study team examined several types of vehicles with different mileage proportions in Idaho and surrounding states. Figures 5 and 6 present results of BBC’s analysis for 5-axle and twin semi-trailer combination vehicles driven 100,000 miles annually. The analysis assumes 25 percent of annual miles are driven in Idaho and 75 percent are driven in an adjacent state. For example, a truck operating in Idaho and Montana might save \$30 per year by registering in Idaho.

Figure 5.
Typical registration fees and taxes for apportioned 5-axle vehicles traveling 100,000 miles per year with apportioned mileage in Idaho (25%) and an adjacent state (75%), including state diesel fuel taxes.

State	5-axles vehicles		Annual cost advantage (disadvantage) of registering in Idaho
	If base registered in Idaho	If registered in adjacent state	
Montana	\$ 6,658	\$ 6,688	\$ 30
Nevada	8,863	8,875	12
Oregon	12,222	12,317	95
Utah	6,270	7,273	1,003
Washington	8,267	8,276	9
Wyoming	5,562	5,915	353

Note: Overweight fees apply to vehicles over 80,000 lbs. in Nevada and Utah. Under these mileage assumptions and BBC’s estimates of commercial vehicle values, the registration fees and taxes for vehicles based in Utah are higher than those on Idaho-based vehicles primarily due to the difference in the Uniform Fee-in-lieu of Property Tax that Utah imposes on Utah-based carriers versus the Equalized Highway Use Tax that Utah imposes on non-Utah based carriers.

Source: BBC Research and Consulting, 2007 from www.irponline.org and state registration fee schedules. See Appendix D.

Figure 6.
Typical registration fees and taxes for interstate vehicles (twin semi trailer combination) traveling 100,000 miles per year with apportioned mileage in Idaho (25%) and an adjacent state (75%), including state diesel fuel taxes.

State	Twin semi-trailer combination		Annual cost advantage (disadvantage) of registering in Idaho
	If base registered in Idaho	If registered in adjacent state	
Montana	\$ 7,555	\$ 7,585	\$ 30
Nevada	10,467	10,479	12
Oregon	13,749	13,844	95
Utah	7,129	8,763	1,634
Washington	9,541	9,534	(7)
Wyoming	6,388	6,589	201

Note: Overweight fees apply to vehicles over 80,000 lbs. in Nevada and Utah. Under these mileage assumptions and BBC’s estimates of commercial vehicle values, the registration fees and taxes for vehicles based in Utah are higher than those on Idaho-based vehicles primarily due to the difference in the Uniform Fee-in-lieu of Property Tax that Utah imposes on Utah-based carriers versus the Equalized Highway Use Tax that Utah imposes on non-Utah based carriers.

Source: BBC Research and Consulting, 2007 from www.irponline.org and state registration fee schedules. See Appendix D.

BBC’s analysis indicates that total fees and taxes paid by a truck owner would be similar or lower if the truck were registered in Idaho rather than the adjacent state. It is more than \$1,000 cheaper to register and pay fuel taxes for the example vehicle in Idaho than in Utah. This difference is primarily attributable to Utah’s Equalized Highway Use tax that applies to non-Utah based apportioned vehicles. This tax amounts to less than the uniform property tax paid by Utah-based carriers.

Analyses of alternative apportionments (e.g., 75 percent of apportioned mileage in Idaho and 25 percent in an adjacent state, and 5 percent apportioned in Idaho and 95 percent in adjacent state) for different types of vehicles driven 100,000 miles annually yield similar results. In general, total registration fees for similar vehicles with the same mileage apportionments are lower in Idaho than in adjacent states.

The comparisons shown in Figures 5 and 6 were calculated using annual mileage (100,000) that falls within the most expensive of Idaho’s mileage rate tiers. Operators driving fewer annual miles would benefit even more if they were based in Idaho compared to an adjacent state. Appendix D shows total registration fees and fuel tax payments for apportioned vehicles registered in Idaho compared to vehicles registered in adjacent states for vehicles traveling 20,000 and 100,000 miles annually with different mileage apportionments.

Intrastate trucks in Idaho versus trucks coming into Idaho from other states. BBC examined average registration and fuel tax costs per-mile for Idaho-based carriers driving 20,000 miles annually compared to out-of-state vehicles with apportioned miles in Idaho. We assumed the Idaho-based vehicle travels 20,000 miles annually (all in Idaho) and the foreign-based vehicle travels 100,000 miles annually, 5 percent of which are in Idaho. These assumptions represent typical mileage patterns for intrastate trucks in Idaho and carriers from other states. Figure 7 shows the results of this analysis.

Figure 7.
Cost per mile comparison of Idaho registration fees and fuel tax payments for Idaho-based vehicles (20,000 miles annually in Idaho) and foreign-based vehicles (5% of 100,000 annual miles are traveled in Idaho).

	3-axle vehicle	5-axle vehicle	Twin-semi trailer combination	105,500 lbs
Idaho-based vehicle				
Total fees and taxes	\$1,245	\$2,017	\$2,332	\$2,554
Average cost per mile	0.062	0.101	0.117	0.128
Foreign-based vehicle				
Fees and taxes paid to Idaho	\$237	\$395	\$448	\$488
Average cost per mile	0.047	0.080	0.090	0.100
Cost difference (avg. cost per mile)	\$0.015	\$0.021	\$0.027	\$0.028

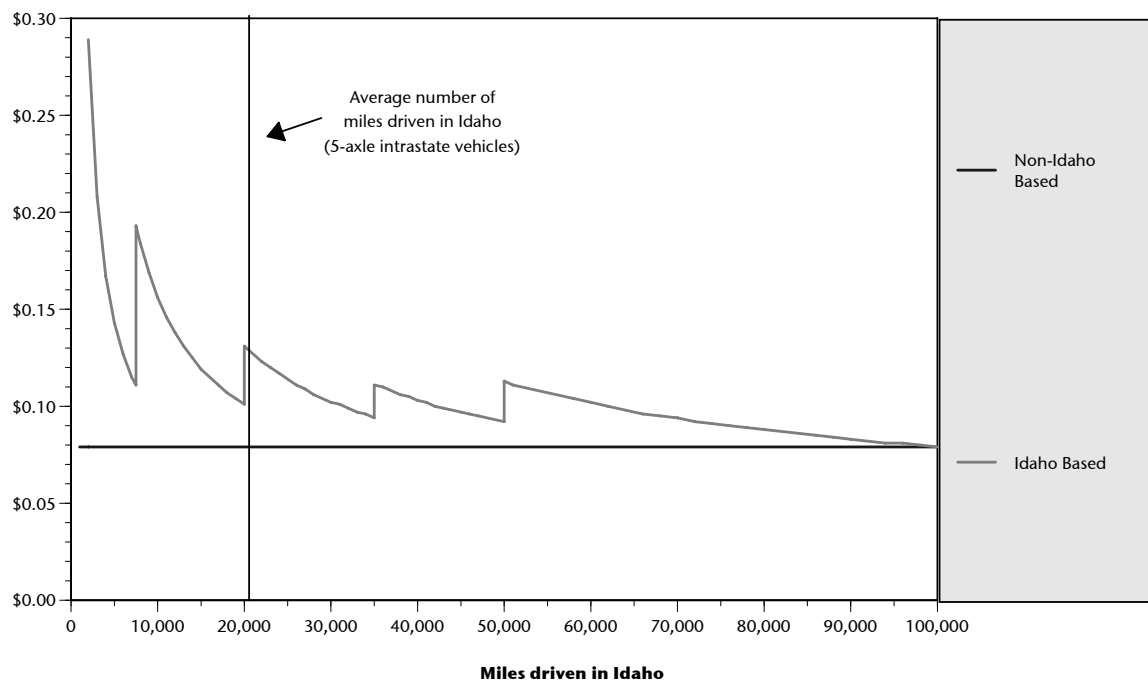
Note: Average cost per mile includes fuel tax.

Source: BBC Research and Consulting from various state sources. See Appendix D.

Figure 7 shows that typical Idaho-based, intrastate trucks driven 20,000 miles per year in Idaho pay more per mile than typical out-of-state trucks with low annual mileage apportionments in Idaho. Further analysis indicates that Idaho-based intrastate vehicles within higher mileage categories (Tiers 3 –5) also pay more per mile than similar trucks with annual apportionments in Idaho. Per mile, costs can be 20 to 24 percent lower for foreign-based vehicles than for Idaho-based vehicles driven 20,000 miles annually within the state. Appendix D shows comparisons for Idaho-based, intrastate vehicles based on different annual miles traveled.

To provide a more direct comparison of intrastate and foreign-based interstate vehicles, BBC evaluated registration fees per mile driven in Idaho for both types of trucks. Again, we assumed the foreign-based vehicle travels 100,000 miles annually, with varying annual apportionments in Idaho. Per-mile registration fees for foreign-based vehicles are based on their portion of total fees paid to Idaho. Figure 8 shows per-mile registration fees for 5-axle Idaho- and foreign-based vehicles driven the same number of miles in Idaho.

Figure 8.
Per-mile registration fees for 5-axle Idaho-based and foreign-based vehicles driven the same number of miles in Idaho (including fuel taxes).



Note: Includes fuel taxes.
 Source: BBC Research and Consulting and Idaho Department of Transportation, 2007.

Figure 8 shows per-mile registration fees for Idaho-based 5-axle vehicles are greater than those for similar interstate vehicles driven the same number of miles in Idaho but registered in another state. According to ITD, intrastate carriers within the 5-axle weight class (80,000 lbs.) drive an average of about 20,500 miles per year in Idaho. At this rate, per mile fees for Idaho-based trucks amount to more than \$2,600 (including fuel taxes), or about \$0.13 per mile. Foreign-based truckers driving the same number of miles in Idaho will pay about \$0.08 per mile, or 38 percent less than Idaho-based truckers.

Per-mile registration costs for Idaho-based vehicles are minimized for carriers traveling the full extent of miles within a given mileage tier. Per-mile fees for 5-axle intrastate vehicles driven between 2,500 and 7,500 miles (Idaho's first mileage tier) are 40 percent higher than fees for similar foreign-based vehicles. Intrastate vehicles traveling distances within the beginning ranges of Tier 1 can expect to pay 200 percent more per mile than their foreign counterparts. For Idaho-based vehicles traveling distances within the end ranges of Tiers 2, 3 and 4, per mile costs are 28, 19 and 16 percent higher than for foreign-based vehicles, respectively. Idaho-based truckers driving distances within the beginning ranges of these tiers pay 40 percent (Tier 4) to 100 percent (Tier 2) more per-mile. In this example, per-mile registration and fuel costs for the Idaho-based and foreign-based vehicles converge at about 8 cents per mile as total Idaho mileage driven approaches 100,000 miles. Analysis of alternate weight classes yields similar results.

Truck Registration Procedures and Requirements in Western States

BBC evaluated WASHTO state registration procedures for interstate trucks registered under IRP as well as for intrastate trucks driven primarily within one WASHTO state.

Interstate vehicles. Registration processes for interstate vehicles are similar across WASHTO states. Most interstate carriers register their fleets through IRP. Qualifying interstate vehicles may also register under the International Fuel Tax Agreement (IFTA).

IRP registration is typically administered through state transportation departments, motor carrier services or motor vehicle divisions. The registration process is somewhat standard among states and is based on specific program requirements.

IFTA is based on the same principle as the IRP. A carrier operating a qualified motor vehicle in two or more member jurisdictions may obtain an IFTA license. In WASHTO states, IFTA can be administered through State Revenue Departments, Tax Administrations and Transportation Department Motor Carrier or Motor Vehicle Divisions. Information required to obtain an IFTA license is similar to that required under IRP and is standard across member jurisdictions. In all WASHTO states, IFTA quarterly reports can be submitted online. In most states, annual IFTA license renewals can also be submitted electronically.

Many states require adherence to additional standards, special programs and further documentation for IRP and/or IFTA registration. Additional standards and special programs can make it more difficult to register within a given state. Most differences in state requirements for interstate carriers are relatively minor and typically amount to a few additional forms. Notable variations include emission standards in many states and weight-mile tax requirements in Oregon and New Mexico. Oregon and California both require interstate carriers to obtain state-issued motor carrier permits or account numbers, another step in the registration process.

Some states have implemented programs and services to streamline the registration process and ease the registration burden. Most states allow carriers to apply for a common expiration date for fleet vehicles. Many states have coordinated IRP and IFTA registration, allowing for a single application process for all motor carrier services. Several states have implemented services including online renewal and account management programs. Idaho not only combines IRP, IFTA and Unified Carrier Registration, but also administers an online renewal system for interstate vehicles.

BBC compared the ease and convenience of registration processes for interstate vehicles in WASHTO states. Compared to other western states, Idaho's requirements and procedures do not seem to be over-burdensome. Relative to many states, Idaho's online resources and "One-Stop Shop" for Motor Carrier Services allow for a smoother registration process. Factors contributing to ease and convenience of registration are discussed in Appendix B.

Intrastate vehicles. In general, the registration process for intrastate vehicles is less complicated than for interstate vehicles, with registration requirements varying little from state to state.

In most states, commercial vehicle registration is handled through County or City Division Motor Vehicle field offices or the offices of county treasurers and assessors. Interviews with local offices indicate that with the exception of GVW fees, in most cases the registration process "is exactly the same" as for non-commercial vehicles. Typical registration requirements include title or bill of sale, proof of insurance and lien information.

In Nevada, Oregon and Texas, truck registration is handled through state Motor Carrier Divisions. In Idaho, Commercial Vehicle Services administers registration for vehicles over 60,000 lbs. The number of physical locations to register is limited in these states. Most registrations take place via mail, fax or Internet (renewals).

With the exception of special forms that vary by county (e.g., emissions forms), all states provide downloadable registration forms online. Many states also offer online registration renewal. The quality of information provided online varies from state to state. Idaho, Nevada, Oregon, Texas and South Dakota provide comprehensive online resources for intrastate truckers including detailed registration requirements, forms and online renewal. In other states, information is more easily obtained through a County or local DMV office.

Although the process for intrastate vehicles is less complicated than for interstate carriers, some states do have special requirements for heavy trucks. In Oregon and New Mexico, the weight-mile tax requires monthly reporting for intrastate as well as interstate vehicles. In Utah and Nevada, intrastate registrants must obtain special fuel user permits to obtain operating authority. These permits are similar to IFTA licenses for interstate vehicles and require monthly mileage reporting. In most states, additional requirements amount to differences in registration forms or additional registration forms.

What do Idaho Truckers Think about Idaho's Registration Fees and Processes?

BBC interviewed approximately 220 Idaho-based commercial trucking operators between October 10 and October 23, 2007. BBC asked respondents what they thought about the current registration process, the different weight/mileage categories and the significance in cost or time it takes to register commercial trucks compared to overall costs included in owning and operating the trucks. BBC also asked for suggestions on how to make the registration process in Idaho easier. A more detailed discussion of these interviews, including the interview guide and respondent sampling process, is provided in Appendix C.

Truck operators generally report that the current registration process is fairly easy to complete, especially for repeat registration of the same vehicle. Some truck operators registering vehicles for the first time, or registering new vehicles, found the registration process confusing and tedious. However,

the majority of truck operators who found the registration process somewhat daunting commented that ITD staff were extremely helpful.

Many truck operators commented on the convenience and efficiency of registering their vehicles online. A few truck operators had some minor issues with the online registration process, including server breakdowns and website navigation problems. Some truck operators were confused about the physical locations where they could register interstate and high-weight vehicles.

When questioned about the different weight and mileage categories, the majority of truck operators thought the current system was fair. However, a minority of the respondents stated a need for fewer categories and wider ranges in both mileage and weight.

The significance of the cost of registration varied greatly among respondents. Overall, more than 50 percent of those surveyed reported that the cost or time to register their fleet was not significant. About 43 percent of interviewees reported that the registration cost or time was significant. Approximately three-quarters of respondents indicated that registration costs were comparable or less than other costs of owning and operating a truck. Fewer than 5 percent said that registration costs were more than other costs of owning and operating a truck (about 22 percent were unsure or were unable to compare registration with ownership and operation costs).

Smaller fleet operators (those with fewer than 10 trucks) that BBC surveyed had divided opinions about the cost of registration. Some reported that registration fees are a very large expense for the company that easily compares to other costs involved with owning and operating a truck (e.g., insurance and maintenance). Others indicated that registration fees are a small part of total expenses involved in owning and operating a truck and are fairly insignificant.

The majority of larger fleet (10 trucks or more) operators surveyed agreed that the current registration fees were reasonable and simply a part of doing business. Several respondents commented on the need to see some accountability for the use of highway funds.

The majority of truck operators surveyed (92 percent) believed there was little they could do to minimize registration costs. About 8 percent of truck operators had themselves, or knew someone who had, taken steps to minimize registration costs. Operators who attempted to minimize registration costs did this by shifting mileage between various trucks in their company.

How Western States Fund Transportation Systems

BBC examined how select WASHTO states fund their transportation systems, the portion that comes from commercial truck fees, and the level of financial support from non-transportation sources. Our findings include:

- Funding for state departments of transportation falls far short of needs;
- Most states are seeking to increase state funds available for these needs;
- States are supplementing revenues collected from transportation sources with other types of funding, and states have different resources available to supplement transportation revenues;
- Truck fees are a relatively small portion of total funding; and
- Opportunities to increase revenues collected from trucks are limited by competitive factors.

Some states supplement funding with non-transportation monies, and have varying ability to tap other resources. State surface transportation spending in 2003 totaled approximately \$68 billion. In most states, the primary source of transportation revenue is the state motor vehicle fuel tax. A unique feature of transportation funding, compared with many other publicly-funded programs in the United States, is that it historically has been supported by user fees, generally in the form of gas taxes.

NCSL utilized the *Highway Statistics* series on State Highway Finance, produced by the Federal Highway Administration (FHWA), to analyze state revenues used for highways to determine trends and patterns. FHWA data was aggregated from 1999 through 2004 to derive the relative share that each state received in eight revenue categories. The categories used by the FHWA are:

- Motor fuel taxes;
- Motor vehicle and motor carrier fees including registration, licensing and permitting fees;
- Road and crossing tolls;
- Appropriations from general funds;
- Other state imposts;
- Miscellaneous revenues;
- Payments from federal funds; and
- Payments from local governments.

Figure 9 on the following page shows highway revenue categories as a percentage of total state highway revenue for each WASHTO state and Figure 9 shows highway revenue categories as a percentage of total (state and federal³) highway revenue for each WASHTO state. Appendix D provides further detail on transportation revenue sources in states adjacent to Idaho.

³ Federal allocations in Figure 9 include only those payments dedicated to highway spending, allocated through the FHWA. It does not include payments from other federal agencies.

Figure 9.
Percentage of state highway revenue by category, 1999-2004 (excluding bonds and federal allocations)

State	Motor-fuel taxes	Motor vehicle fees/taxes	Tolls	General funds	Other state imposts	Misc.	Payments from local governments	Total
Arizona	38.9%	14.9%	0.0%	6.7%	29.4%	2.9%	6.9%	100%
California	47.2	27.1	4.5	4.4	4.0	4.0	8.7	100
Colorado	46.2	32.1	0.0	5.9	8.9	4.8	2.0	100
Idaho	61.8	36.5	0.0	0.0	0.0	0.2	1.3	100
Montana	74.9	22.7	0.0	0.0	0.0	1.1	1.1	100
Nebraska	49.3	11.7	0.0	4.0	23.7	2.0	9.2	100
Nevada	71.8	23.6	0.0	1.2	0.0	3.1	0.1	100
New Mexico	42.5	38.5	0.0	13.9	1.1	3.3	0.5	100
North Dakota	48.5	26.2	0.0	15.4	2.7	0.4	6.5	100
Oklahoma	36.1	24.6	19.1	9.5	4.9	4.5	1.1	100
Oregon	54.1	37.4	0.0	4.8	0.8	2.9	0.0	100
South Dakota	46.1	20.3	0.0	0.0	22.1	7.4	4.1	100
Texas	48.8	36.2	3.1	0.5	0.8	4.2	6.2	100
Utah	52.5	13.3	0.0	23.4	5.5	5.0	0.4	100
Washington	53.4	30.3	8.3	2.0	0.0	3.8	2.2	100
Wyoming	58.7	27.6	0.0	1.1	7.5	3.5	1.6	100
Average	51.9%	26.4%	2.2%	5.8%	7.0%	3.3%	3.2%	100%

Note: Totals may not add to 100% due to rounding.

Toll revenues in Colorado and Texas have increased since the 1999-2004 period.

Other state imposts are taxes and fees dedicated to highways but not classified as highway-user revenues. Examples include severance taxes, sales taxes and ad valorem property taxes.

Severance taxes (other state imposts) in Wyoming now account for close to 17 percent of total revenues in Wyoming (including federal allocations).

Source: National Conference of State Legislatures, Surface Transportation Funding: Options for States. 2006.

Figure 10.
Percentage of state highway revenue by category, 1999-2004 (including federal allocations and excluding bonds)

State	Motor-fuel taxes	Motor vehicle fees/taxes	Tolls	General funds	Other state imposts	Misc.	Federal allocations	Payments from local governments	Total
Arizona	30.0%	11.5%	0.0%	5.2%	22.7%	2.2%	22.9%	5.3%	100%
California	36.4	20.9	3.5	3.4	3.1	3.1	22.8	6.7	100
Colorado	34.7	24.1	0.0	4.4	6.7	3.6	24.9	1.5	100
Idaho	37.2	22.0	0.0	0.0	0.0	0.1	39.8	0.8	100
Montana	34.0	10.3	0.0	0.0	0.0	0.5	54.6	0.5	100
Nebraska	36.6	8.7	0.0	3.0	17.6	1.5	25.8	6.8	100
Nevada	52.7	17.3	0.0	0.9	0.0	2.3	26.6	0.1	100
New Mexico	26.8	24.3	0.0	8.8	0.7	2.1	36.9	0.3	100
North Dakota	25.2	13.6	0.0	8.0	1.4	0.2	48.0	3.4	100
Oklahoma	25.2	17.1	13.3	6.6	3.4	3.1	30.4	0.8	100
Oregon	35.1	24.3	0.0	3.1	0.5	1.9	35.1	0.0	100
South Dakota	24.8	10.9	0.0	0.0	11.9	4.0	46.2	2.2	100
Texas	31.4	23.3	2.0	0.3	0.5	2.7	35.7	4.0	100
Utah	37.1	9.4	0.0	16.5	3.9	3.5	29.4	0.3	100
Washington	38.1	21.6	5.9	1.4	0.0	2.7	28.7	1.6	100
Wyoming	21.9	10.3	0.0	0.4	2.8	1.3	62.7	0.6	100
Average	32.9%	16.9%	1.5%	3.9%	4.7%	2.2%	35.7%	2.2%	100%

Note: Totals may not add to 100% due to rounding.

Toll revenues in Colorado and Texas have increased since the 1999-2004 period.

Other state imposts are taxes and fees dedicated to highways but not classified as highway-user revenues. Examples include severance taxes, sales taxes and ad valorem property taxes.

Severance taxes (other state imposts) in Wyoming now account for close to 17 percent of total revenues in Wyoming.

Federal allocations include only those payments dedicated to highway spending, allocated through the FHWA. It does not include payments from other federal agencies.

Source: National Conference of State Legislatures, Surface Transportation Funding: Options for States. 2006.

State motor fuel taxes and federal payments, which consist largely of federal motor fuel taxes, make up the largest share of state revenues used for highways.⁴ Together, these two sources represent two-thirds of total highway spending in WASHTO states. Motor vehicle and motor carrier fees and taxes, including registration, permit and license fees, make up the next most significant revenue source, accounting for about 17 percent of total spending. On average, state imposts make up about 5 percent of state highway revenue, while all other categories account for less than 5 percent.

Some state states show relatively significant revenues under the category of “other state imposts.” This category includes taxes that are dedicated for highways, but are not classified as highway-user revenues. The most common of these taxes are general sales and use taxes, gross receipt taxes, ad valorem property taxes, and severance taxes. These taxes are generally imposed on all sales transactions, business receipts or property.

Examples of non-highway user imposts include severance taxes on natural resources such as crude oil, natural gas and coal in New Mexico, Oklahoma and Wyoming; and state excise taxes on motor vehicles (in addition to general sales tax) in Nebraska, Oklahoma, and South Dakota. The State of Arizona charges a motor-vehicle license tax on all registered vehicles. The tax is collected at the time of registration and amounts to \$4 per \$100 of the assessed value of the vehicle. California levies a retail excise tax of 6 percent on motor fuels to help fund the state’s highway system. Colorado receives highway revenues from special ownership taxes on for-hire vehicles and personal property.

Miscellaneous revenues include items such as billboard permits, supervision and inspection fees, rental car fees and sale of surplus property. Miscellaneous revenues make up a very small portion of total highway revenues in most states.

Appendix E, provided as an attachment, summarizes funding sources for all transportation funding for Idaho and adjacent states.

How does Idaho compare? Relative to other WASHTO states, Idaho receives the lowest percentage of total highway revenues from miscellaneous fees and taxes. Each state has unique demographic, geographic and transportation characteristics that must be considered in addition to these comparisons. Compared to the western state average, Idaho shows a relatively high proportion of total revenues for highways from motor fuel taxes and federal payments. Similar to most states, Idaho shows no revenue from toll collections. Idaho is one of few states that receive no revenue from state general funds.

To further explore potential funding mechanisms, BBC conducted a more detailed analysis of state funding sources in states adjacent to Idaho. Spreadsheets for each state, provided in Appendix E, show detailed revenue information. A few states adjacent to Idaho have unique revenue sources that provide a significant portion of their total transportation budget. Oregon’s weight mile-tax accounts for about 13 percent of total transportation revenues. Severance taxes in Wyoming make up more than 15 percent of the state’s transportation budget and sales taxes in Utah appropriated through the Centennial Highway Fund account for 8 percent of transportation revenues. Other funding sources include a cigarette tax and lottery proceeds in Oregon and a rental car tax in Washington.

⁴ In Idaho, gasoline fuel taxes generate more than twice the amount as diesel fuel taxes. This relationship is typical other Western states reporting this level of detail.

Within each state, a portion of total revenue is “passed through” to other state agencies for non-highway purposes.⁵ However, any outflow of transportation revenue is relatively small. Total disbursements in Idaho and adjacent states range from less than 1 percent in Idaho to about 5 percent in Washington, including funds allocated to the Washington State Patrol. Other state agencies receiving revenues from state departments of transportation include the Parks and Recreation Department and the State Marine Board in Oregon; Utah’s Finance Administrative Services, Tax Commission and Travel Development Departments; and Information Technology, Investigations and the Legislative Council Bureau in Nevada.

Truck fees are a relatively small portion of total funding. Few WASHTO states separately report revenues from commercial vehicle registration and motor carrier fees from all vehicle registration, permitting and license fees. However, analysis of state budgets indicates that these fees make up a small portion of total funding.

Idaho reports that heavy truck registration fees comprise close to 14 percent of total highway-user generated revenue, or an estimated 8 percent of total revenues (including federal monies for highways). Washington’s registration fees from trucks and apportioned vehicles account for just over 5 percent of the total transportation budget. In Nevada, motor carrier fees (excluding basic registration) make up just 2.5 percent of total revenues, while in Utah, proportional registration and the highway use tax for commercial carriers account for about 4 percent of the total transportation budget. Montana reports that Gross Vehicle Weight Fees for vehicles over 16,000 lbs. account for about 5 percent of total transportation revenues. This comparison does not include revenues collected from motor fuel taxes.

Across all WASHTO states, motor vehicle and motor carrier fees and taxes account for about 15 percent of total revenues used for highways (see Figure 8). Based on data for states that separate motor carrier fees from other vehicle registration fees, motor carrier fees account for less than one-half of total revenues from registration, permitting and license fees. Thus, motor carrier fees likely account for no more than 7 to 9 percent of total state transportation revenues used for highways and an even lower percentage of the total transportation budget.

Opportunities to increase revenues collected from trucks are limited by competitive factors. Based on the size of Idaho’s unmet transportation investment needs and the relatively small portion of total revenues that typically come from commercial vehicle registrations, increasing motor carrier fees would likely have a limited impact on Idaho’s ability to adequately fund its highway system. A very large increase in Idaho commercial vehicle taxes and fees could affect the competitive position of certain Idaho businesses relative to those in other western states.

State transportation systems are under-funded. As detailed by NCSL, state lawmakers are facing a serious challenge to find sufficient funding to meet growing transportation needs. Population growth, greater amounts of individual travel, and increases in freight shipments are deteriorating existing transportation infrastructure and increasing the overall burden on the surface transportation network.

⁵ For example, the Nevada Department of Transportation (NDOT) distributes funds to the DMV and Nevada Transportation Authority for training, labor and law enforcement related to transport, and it distributes funds to the Department of Public Works and Department of Information Technology for non-highway infrastructure purposes.

Like other states, Idaho transportation officials have the significant challenge of meeting increasing transportation demands with limited resources. The Idaho Forum on Transportation Investment recently found that transportation revenue is falling more than \$200 million a year short of meeting the state's needs, in present value terms. The Idaho Forum on Transportation also noted that failing to meet those needs could threaten Idaho's ability to compete in the marketplace, damage the state's economy, and jeopardize jobs and quality of life.

Idaho is not unique in its transportation funding challenges. Almost every western state is searching for ways to raise more money for transportation. In states adjacent to Idaho, estimated revenue shortfalls range from \$475 million per year in Nevada (through 2015) to \$885 million per year in Utah (through 2030), in present value terms.

Although transportation needs appear to be growing, revenues available for state transportation investments are becoming more uncertain. Motor fuel and vehicle taxes—which account for approximately 64 percent of state revenues for transportation projects in the U.S. (excluding federal and local payments)⁶—have not kept pace with inflation in many states. Although 28 states across the country raised gas taxes from 1992 to 2002, only three, Missouri, Utah and Wyoming, raised the rate enough to keep up with inflation.⁷ With the cost of gasoline at the pump remaining high, motor vehicle fuel tax increases to pay for transportation projects are politically unpopular.

Across the nation, state general fund money, which could help offset the diminished purchasing power of fuel taxes, is being increasingly consumed by Medicaid, corrections and education, leaving little for transportation projects. Other sources of state transportation funding—such as tolls, registration fees, driver's license fees, truck fees, and a host of miscellaneous taxes and fees—can be politically unpopular, making it difficult to derive additional funding from these mechanisms to compensate for the increased need for transportation funding.

Even if funding for transportation kept pace with general inflation, this would not fully address funding challenges. In recent years, highway construction inflation has greatly exceeded general inflation. From 2003 to 2005, the Consumer Price Index increased just 6.1 percent, while the Federal-Aid Highway Construction Price Index rose 40.2 percent. High construction costs mean states can do less with available funds.

Changing consumer vehicle preferences may also have a future effect on transportation revenue. The most significant change would be the impact of more fuel-efficient vehicles on gas tax revenue. Hybrid vehicles and alternatively fueled cars could potentially affect gasoline excise taxes available to states. As consumers use less gasoline, the state will collect less money.

⁶ National Conference of State Legislatures, *Surface Transportation Funding: Options for States*. 2006.

⁷ *Ibid.*

Most states are seeking to increase funding to be able to address unmet needs. State legislatures across the United States are exploring transportation funding options beyond traditional pay-as-you go methods. In a report on Surface Transportation Funding Options for States, the National Conference of State Legislatures (NCSL) identified three clear, long-term trends currently shaping state approaches to transportation funding:

- State governments are seeking partnerships and contributions from private entities to supplement transportation funding needs;
- States are relying more on proceeds from bonds and other financing mechanisms such as tolling to obtain sufficient up-front money to pay for transportation projects; and
- States are exploring innovative mechanisms to replace the traditional reliance on motor fuel taxes.

Public-private partnerships. NCSL reports that 23 states, including the WASHTO states of Utah, Texas, Colorado and Oregon, have statutes that enable the use of various transportation funding approaches involving private entities. Proponents of public-private partnerships (PPPs) claim that, by introducing private capital into the mix of transportation funding, states can leverage public transportation dollars and bring projects to completion much sooner and at a lower cost. The FHWA has estimated that PPPs can save as much 6 percent to 40 percent of the cost of construction and limit the potential for cost overruns.⁸ Both Congress and FHWA have encouraged the use of PPPs.

Legislation passed by states tends to focus on authorizing state departments of transportation and other transportation agencies to enter into private partnerships. Some state legislation authorizes specific activities associated with a partnership. Other states, including Oregon, have passed legislation to allow acceptance of both solicited and unsolicited proposals for PPPs.

Bond financing. In the last several years, more states have turned to bond financing for transportation projects as a way to speed project delivery. This has occurred in part due to greater availability of innovative financing techniques promoted by the federal government. While 26 states used bond proceeds to pay for highway projects in 1998, 34 did so in 2003.⁹

Bond financing can have several advantages. Selling bonds allows governments to spread the cost of transportation infrastructure over time so that both present and future users share the cost. Bonds allow governments to construct large projects more quickly than if financed through traditional methods. In addition, state agencies can somewhat mitigate the problem of rising construction prices by obtaining and spending large portions of project financing at one time.

Tolls. In the last five years, states have taken more interest in tolls as a way to finance transportation projects. WASHTO states considering new toll roads or tolling authorization in 2006 included California, Colorado, Texas, Utah and Washington. Several states are currently evaluating the use of different mechanisms such as variable pricing toll lanes and high occupancy toll (HOT) lanes and truck-only toll lanes.

⁸ <http://www.fhwa.dot.gov>

⁹ <http://www.fhwa.dot.gov/policy/ohpi/hss/index.htm>.

In a 2005 report evaluating alternatives for transportation funding, the Transportation Research Board (TRB) noted that an “important opportunity exists today to create an extensive system of tolled expressways and expressway lanes employing existing electronic toll collection technology and variable pricing.”¹⁰ This study envisions tolls as a key element of a staged movement toward transportation funding sources other than the fuel tax. The degree to which tolls are used to fund transportation expenditures will depend on the particular needs and available financing methods of particular states. Since more than 30 states already collect toll revenue, public acceptance seems high and the potential for future use will remain significant.

Vehicle-mile tax. The TRB report previously mentioned states that mileage charging appears to be “the most promising technique for directly assessing road users for the cost of individual trips within a comprehensive fee scheme that will generate revenue to cover the costs of highway programs.”¹¹

Under the vehicle-mile tax (VMT), motorists are charged a fee for every mile driven within the state rather than for the amount of gasoline they consume. Oregon has undertaken an ambitious plan to launch the nation’s first mileage fee program. Under test projects in the state, the Oregon Department of Transportation (ODOT) has equipped a limited number of vehicles with electronic odometers to record their mileage at specially equipped gas pumps. Drivers then are taxed for every mile driven instead of on gasoline purchases.

Proponents of the VMT argue that it provides a sustainable source of funding, enables governments to manage congestion, ensures that all drivers pay their fair share and separates highway use fees from fuel use and taxation.

Initiatives in surrounding WASHTO states. Idaho and many of the surrounding states have conducted extensive analyses of state specific transportation funding options. This section identifies specific strategies and innovative solutions recently evaluated and/or implemented in adjacent WASHTO States. Figure 11 provides a summary of specific strategies identified by individual states. This does not represent an exhaustive list of strategies within each state.

¹⁰ The Fuel Tax and Alternatives for Transportation Funding, TRB. 2005

¹¹ Ibid

Figure 11.
Funding strategies under consideration in states adjacent to Idaho

State	Funding Strategies
Idaho	7% increase in preservation fuel tax Increase vehicle registration fees Assess impact fees
Nevada	Reallocation of local room tax, vehicle sales tax and live entertainment tax Evaluate feasibility of public-private partnerships Transfer some state responsibilities to local jurisdictions
Oregon	Vehicle mile tax Comprehensive review of state funding options
Utah	Comprehensive review of state funding options
Washington	Index state motor fuels tax Motor fuels excise tax Container charge Tolling specific corridors Vehicle mile tax
Wyoming	Increase revenue from Severance Tax/State General Fund

Note: Data not available for Montana.

Source: BBC Research and Consulting, 2007 from various state sources and NCSL Surface Transportation Funding: Options for States, 2006.

Some states have recommended implementation of specific strategies. For example, the Governor of Nevada recently proposed to reallocate a percentage of projected growth in existing taxes to help fund Nevada’s transportation funding shortfall. His plan includes reallocation of the room tax in Clark County to help fund local projects as well as reallocation of the vehicle sales tax and live entertainment tax at the state level. The plan encourages a study to evaluate the feasibility of public-private partnerships, a cost-benefit analysis of road projects before they begin and the transfer of maintenance responsibilities from the state to local jurisdictions.

Recommendations made by Nevada’s Blue Ribbon Task Force that were not part of the Governor’s plan include indexing gas taxes to inflation and restructuring the state’s government services tax. The Blue Ribbon Panel also suggested giving NDOT authority to implement user fees, including toll roads, high-occupancy toll lanes, congestion pricing and expanding the use of tax-increment financing to allow local entities to contribute to improvements of the State highway system.

The State of Washington has made specific recommendations to the state legislature for medium- and long-term funding strategies. Medium-term recommendations include indexing the state motor fuels tax to inflation, replacing some share of the fixed rate fuel excise tax with a sales tax, implementing a container charge for trucks and tolling of specific highway corridors.

Washington state policy makers have begun to explore implementation of mileage-based user fees—both in urbanized areas for congestion pricing and management or statewide as a replacement for per gallon taxes. Local mile-taxes would remove the dependence of most local jurisdictions in Washington State on special and general taxes. The Puget Sound Regional Council (PSRC) is conducting an experiment that is being closely watched around the country where all freeways and many arterial highways in the central PSRC region are tolled. As previously mentioned, the state of Oregon has also implemented a high profile pilot program for a statewide vehicle mile tax.

Oregon and Utah have both conducted comprehensive reviews of possible funding options within the political context of their states. Evaluation of potential funding sources include:

- Fuel taxes including the state gas tax, fuel excise taxes and indexing to inflation;
- Administrative fees, such as registration fees, licensing fees, and vehicle transfer or sale fees;
- Activity-based user fees, including weight-mile taxes, vehicle-mile tax, highway tolls, airport passenger facility charges and landing fees, port/gateway fees, and public transit fares;
- Value capture and property taxes, such as right of way leases and air rights development, airport terminal and rental car facility fees, system development charges, property taxes and special assessments;
- General income and consumption taxes, including sales taxes, payroll taxes, and other revenue sources that support general government activities; and
- Joint participation where local governments or private-sector partners generate revenues.

In addition, these strategies, several states have also taken steps to exercise more diligent oversight of transportation funding and project completion. Many states have established performance measures and accountability criteria in an effort to make transportation spending more efficient and create better accountability for the public. States that have undertaken such efforts include Oregon and Washington.