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MEMORANDUM
OF CALL

TO:

Norton

☐ YOU WERE CALLED BY—

☐ YOU WERE VISITED BY—

Ray. Barnhart

OF (Organization)

426-0650

☐ PLEASE CALL → PHONE NO.
CODE/EXT.

☐ FTS

☐ WILL CALL AGAIN

☐ IS WAITING TO SEE YOU

☐ RETURNED YOUR CALL

☐ WISHES AN APPOINTMENT

MESSAGE

*Fed. Hgh. Administ.
user fee*

RECEIVED BY

DATE

TIME

63-109

☆ GPO : 1981 O - 341-529 (115)

STANDARD FORM 63 (Rev. 8-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.6

4 P.M. Mar. 30 Secretary's off
426-0650 ————— 10200

THE WHITE HOUSE
WASHINGTON

4 P.M.

Heritage

Bill Halwick Reed Irvine

NCPAC - Reed Larson

ACH

Lyn Nofziger
Gary Jarmann
John Lofton

YAF - Sam Pincus

Tom Winter - Ryckind

Nato Review

Richard Vignone

Andy Messing - Howard Phillips

Kathy Teague

C.F.T.R.

Cong Club
Stan Evans
Weynch

Ralph Stanley

426-8911

INVITEES FOR MEETING AT THE DEPARTMENT OF TRANSPORTATION ROOM 10200

Tuesday, March 30 at 4 P.M.

ON

GASOLINE USERS FEE

yes Ed Feulner or Phil Truluck - 546-4400	Heritage Foundation
— Terry Dolan - 522-2800	NCPAC
yes Don Todd - 546-6555	ACU
yes Jim Lacy - 377-1357	YAF
yes Tom Winter , Alan Ryskind - 546-0856	Human Events
John McLaughlin 457-0870	National Review
no Richard Viguerie - 356-0440 sub	RAV
no Howard Phillips or Huck Walther - ²⁸¹⁻⁶⁷⁸² yes	EX V.P. U.S. defense Comm The Conservative Caucus
yes Edgar Vash Kathy Teague - 547-4646	ALEC
yes Ron Robertson - 775-1427	CFTR - General Council
no Curtis Mack 213-451-8548	National
yes Carter Wrenn , or Tom Ellis ⁷⁸³⁻⁶⁷³⁴ Brad Stone	The Congressional Club
no Stan Evans - 546-1710	ACU Education and Research Foundation
yes Paul Weyrich - 546-3000	Committee for the Survival of a Free Congress
yes Ed Staples Reed Irvine - 783-4406	Accuracy in Media
no Reed Larson - 321-9820	National Right to Work Comm
no Gary Jarmin - 543-4220	The Christian Voice
no John Lofton - 893-1411	Conservative Digest
yes Dr. Ron Godwin - 484-7511 Roy Jones	The Moral Majority - L. A. with Falwell
yes Rhonda Stahlman - 820-9211	CALL
no Tom Bethel - (812-334-2715) 862-6465	American Spectator
yes Larry Pratt - 370-5000	Gun Owners of America
yes John Snyder 543-3363	Committee for the Right to Keep and Bear Arms
- Lyn Notziger - 332-4030	

PAGE 2

INVITEES

yes Bill Billings 941-8163

National Christian Action
Coalition

yes Connie Marshner - 546-3000

Pro-Family Coalition

yes Noreen Barr - 544-0353

Eagle Forum

Thompson -
Carlisle - maybe
Kingsman -
Happ - yes

Ray Barnhart called. He has scheduled the meeting for next Tuesday at the Department of Transportation at 4 P.M. on the gasoline "users" fee. I suggested that we have the meeting here, but he wanted it to be at Transportation since they are just trying to get support and this is not Administration policy(yet). I explained the functions of our office, consequently, I am now doing the inviting. Listed below are the people he suggested be invited:

~~Bill Heliwill~~ - Heritage - *Feulner Truck*

Terry Dolan- NCPAC

Don Todd? ACU

Sam Pimm - YAF Jim Lacy?

Tom Winter - Human Events, Alan Ryskind

John McLaughlin National Review

Richard Viguerie

Howard Phillips(out of town re Ray) ~~Andy Messing~~

Kathy Teague

Curtis Mack - CFTR

Tom Ellis, / Carter Wren - Congressional Club

Stan Evans

Paul Weyrich

Reed Irvine

Reed Larson

Lyn Nofziger

Gary Jarmin

John Lofton

Huck Walther

Ron Godwin

Rhonda Stahlman - Call

R.H.B. - American Statesman

Larry Pratt

John Snyder

Bill Billings

Connie Marshner

Nileen Barr

Federal-Aid Highway Program

42

Basic Program Structure Established 1916 - 1922

Parts of it
will also
effect Davis-Bacon

- Federally Assisted State Program
- State Maintenance
- Matching Requirements
- Reimbursement
- System Specific
- Contract Authority -

§ 1.1
will be
subject
to 13(c)

3.9 million miles
of roads & streets.
only 20% are
eligible for federal
funds.

Program Changes

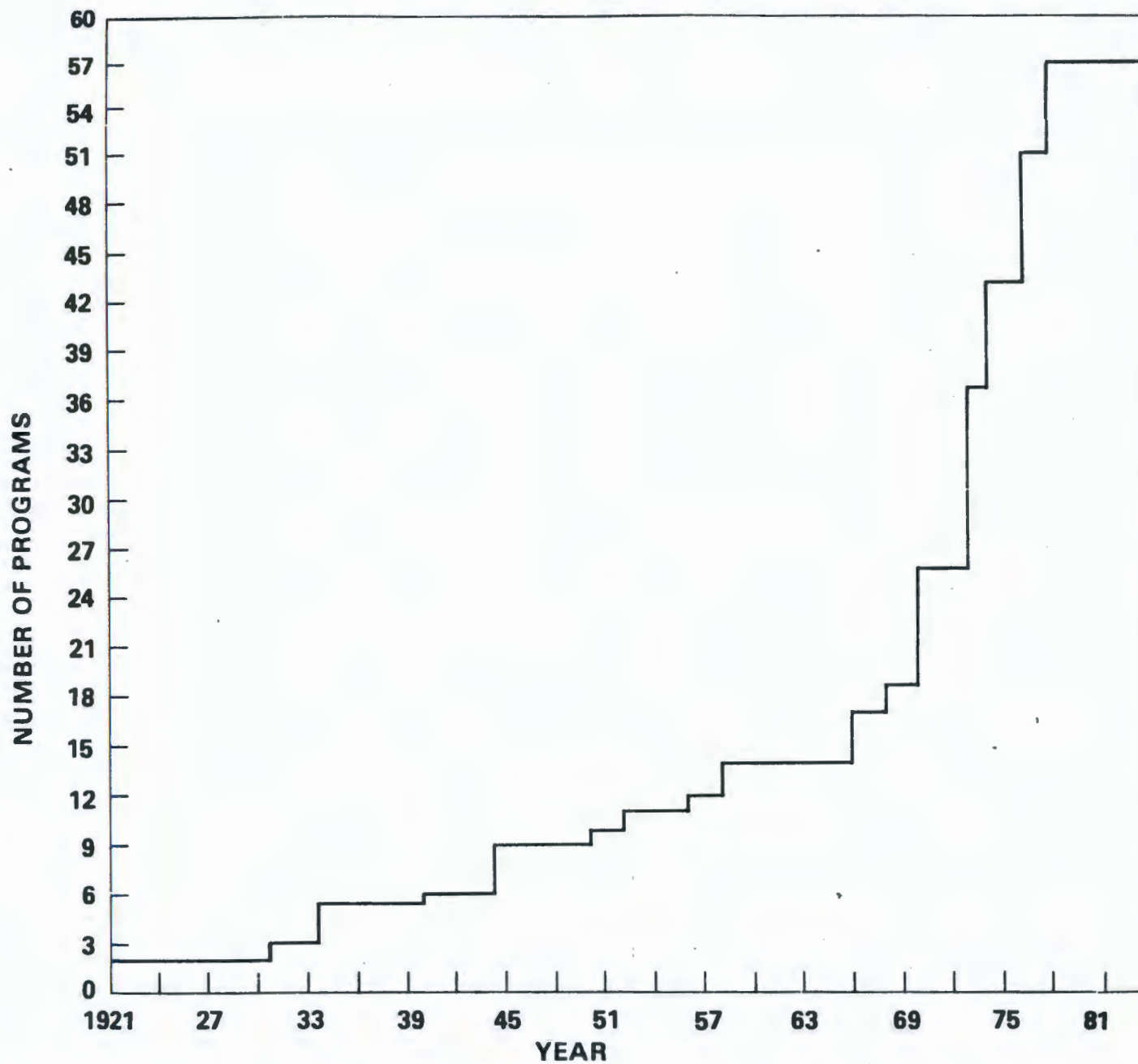
- **System Expansion**
- **Growth in Number of Funding Categories**
- **Growth in Other Federal-Aid Requirements**
- **Other Legislative Controls and Requirements**

Program Growth

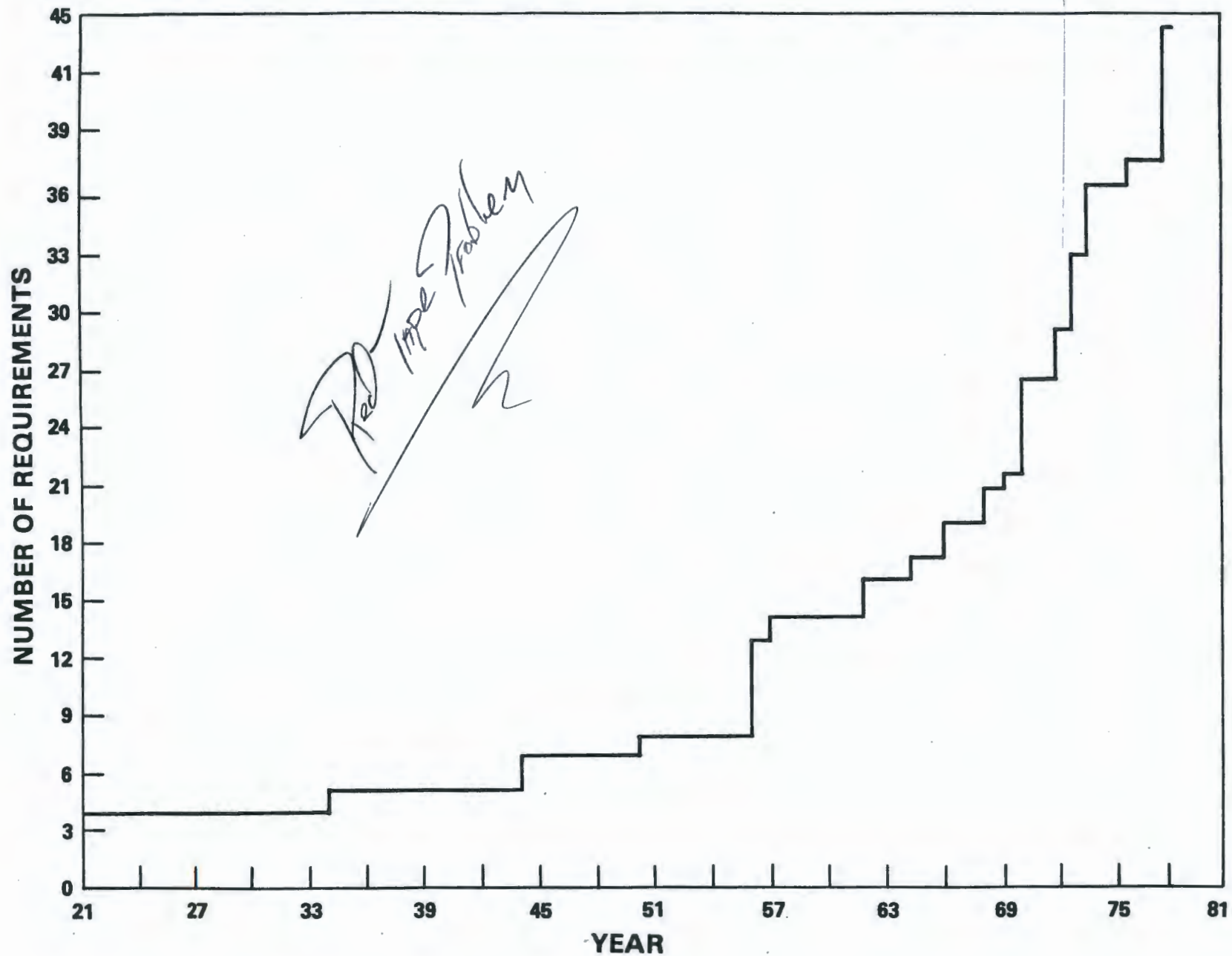
Major Actions

Primary, Forest Highways	1921
Planning and Research, Emergency Relief	1934
Secondary, Urban Extensions	1944
Interstate System	1952
Highway Safety	1966
Bridge Replacement, Urban System	1970
Safety Construction	1973
Off-system Roads	1974
Interstate Resurfacing	1976
Bridge Rehabilitation	1978
Interstate 4R	1981

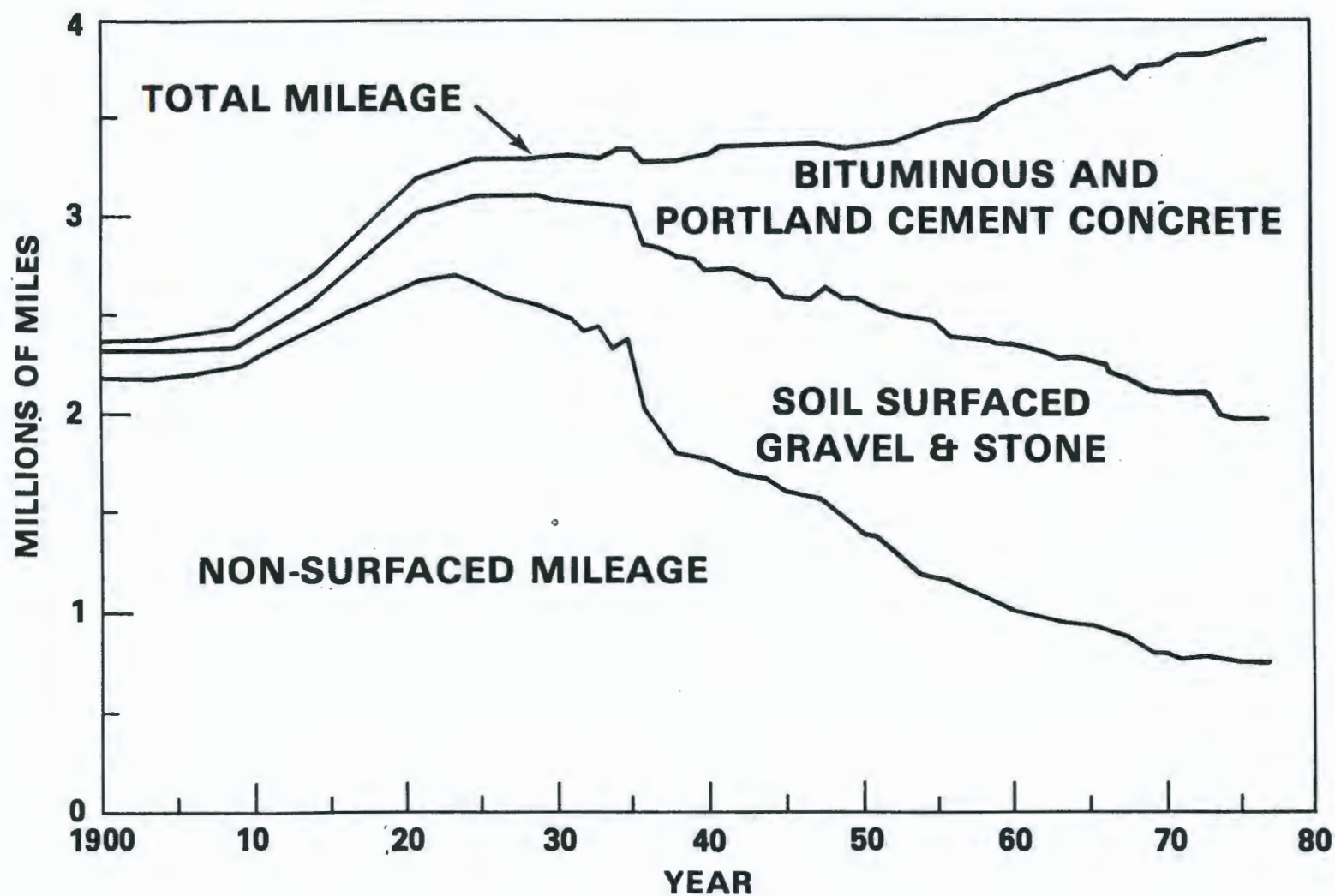
Growth in Highway Programs Administered by FHWA



Growth in Highway Requirements

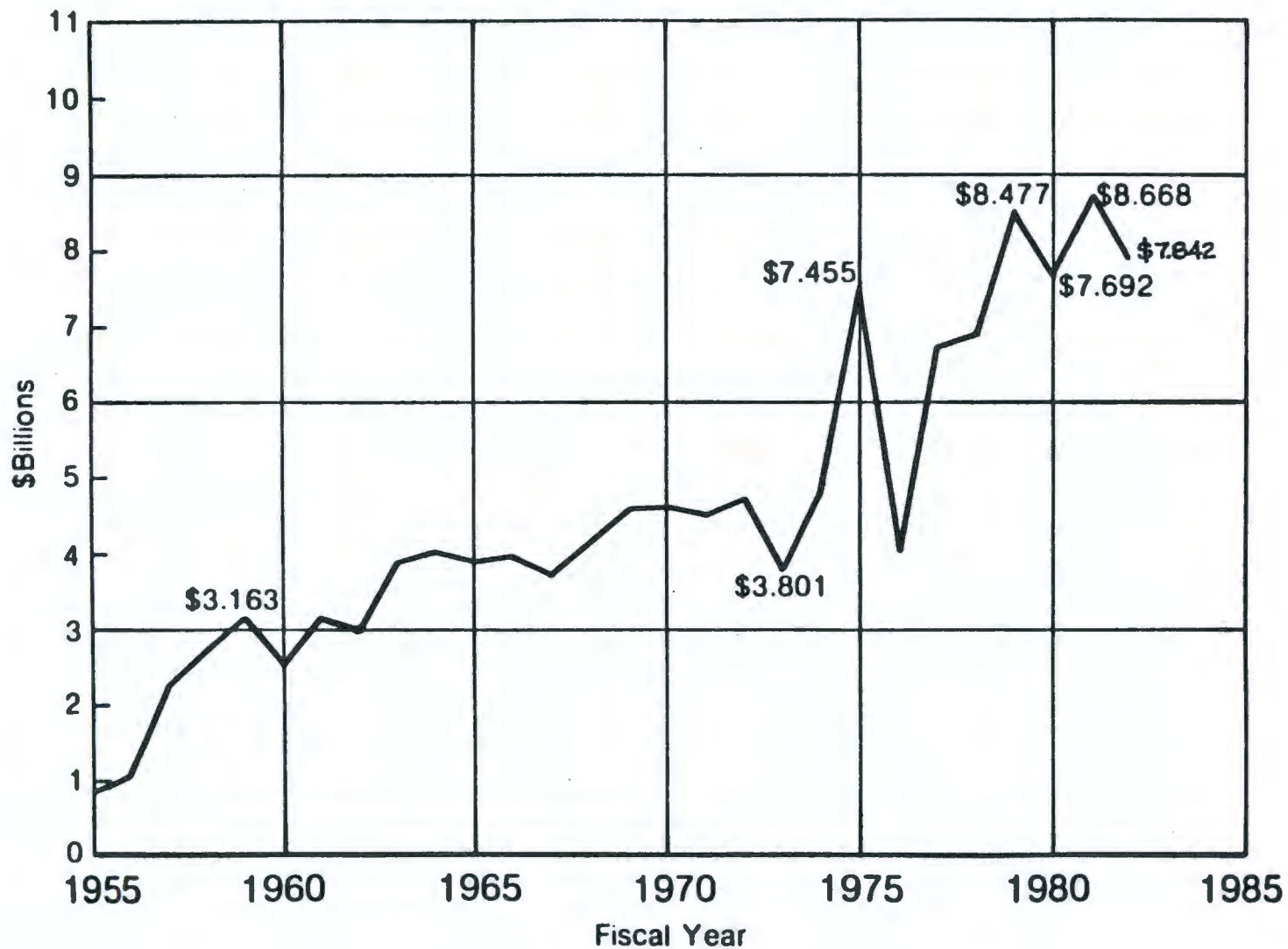


Total Road and Street Mileage in the United States by Surface Type

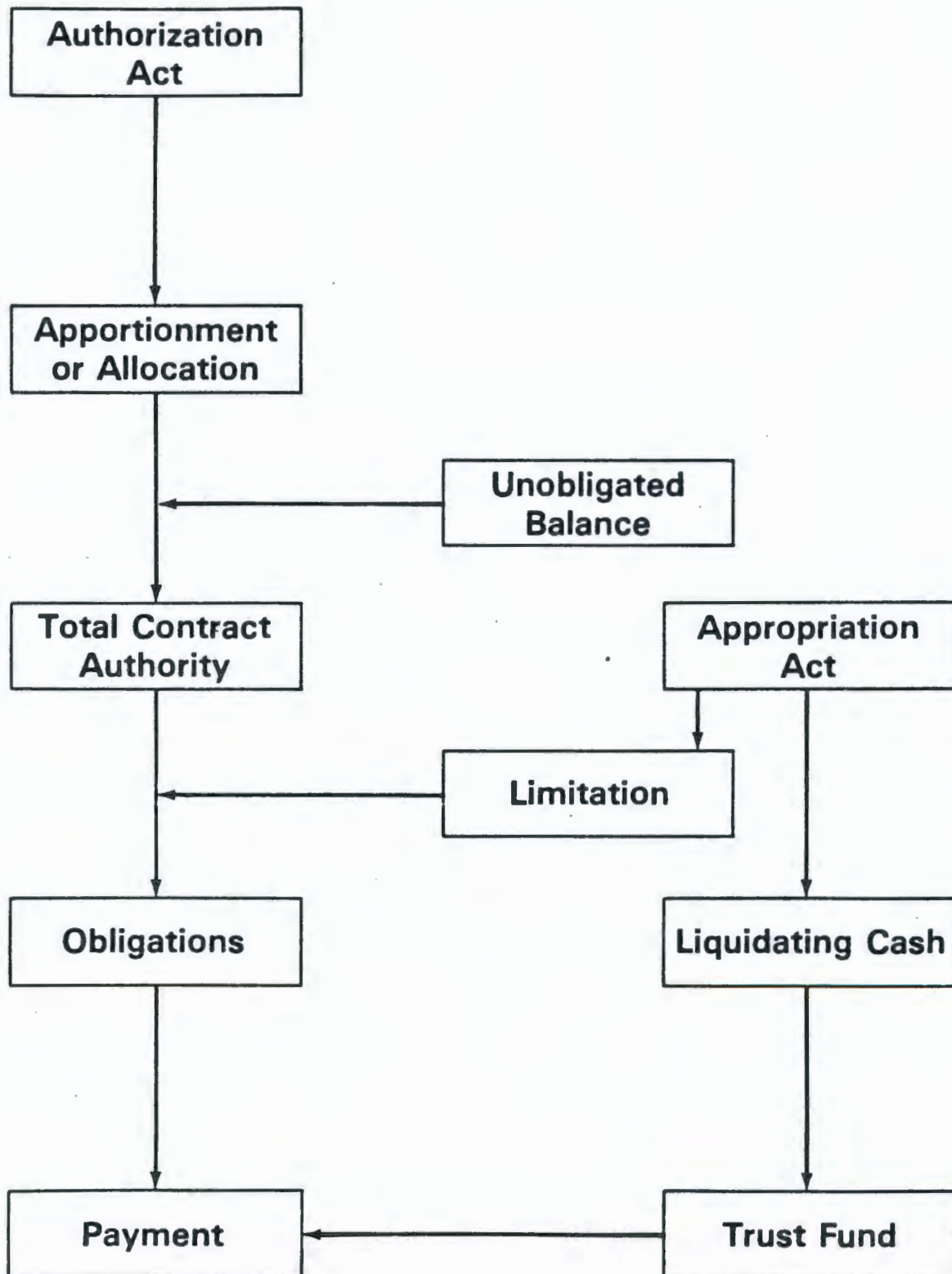


Federal-Aid Highway Program Obligations

(Excludes Administration and Emergency Relief)



Contract Authority Programs



Operation of the Program

- **Federally Assisted State Program**
 - **Project Initiation by State**
 - **Federal Participation — PE, ROW, Construction, No Maintenance**
 - **Requirements of Title 23, United States Code**
- **Federal Review & Approval of State Actions**
 - **Trans. Planning, Prelim., Eng., Environmental, Public Participation, Relocation Assistance, ROW Acquisition, PS&E, Award, Construction, Final Inspection**
 - **Process/Project Review**
- **Maximum Delegation of Authority to Field**

Cooperative Arrangements for Administering Programs

- **Federal**
 - Carry Out Intent of Congress
 - Insure That Federal Funds Are Wisely Spent
 - Provide Technical Assistance

- **State**
 - Initiate All Desired Improvements
 - Responsible for Adequate Compliance
 - Maintain and Operate Completed Facilities

- **Local**
 - Cooperate With States
 - Specific Requirements in Urbanized Areas, on Secondary Roads

FHWA Structure

Hierarchy

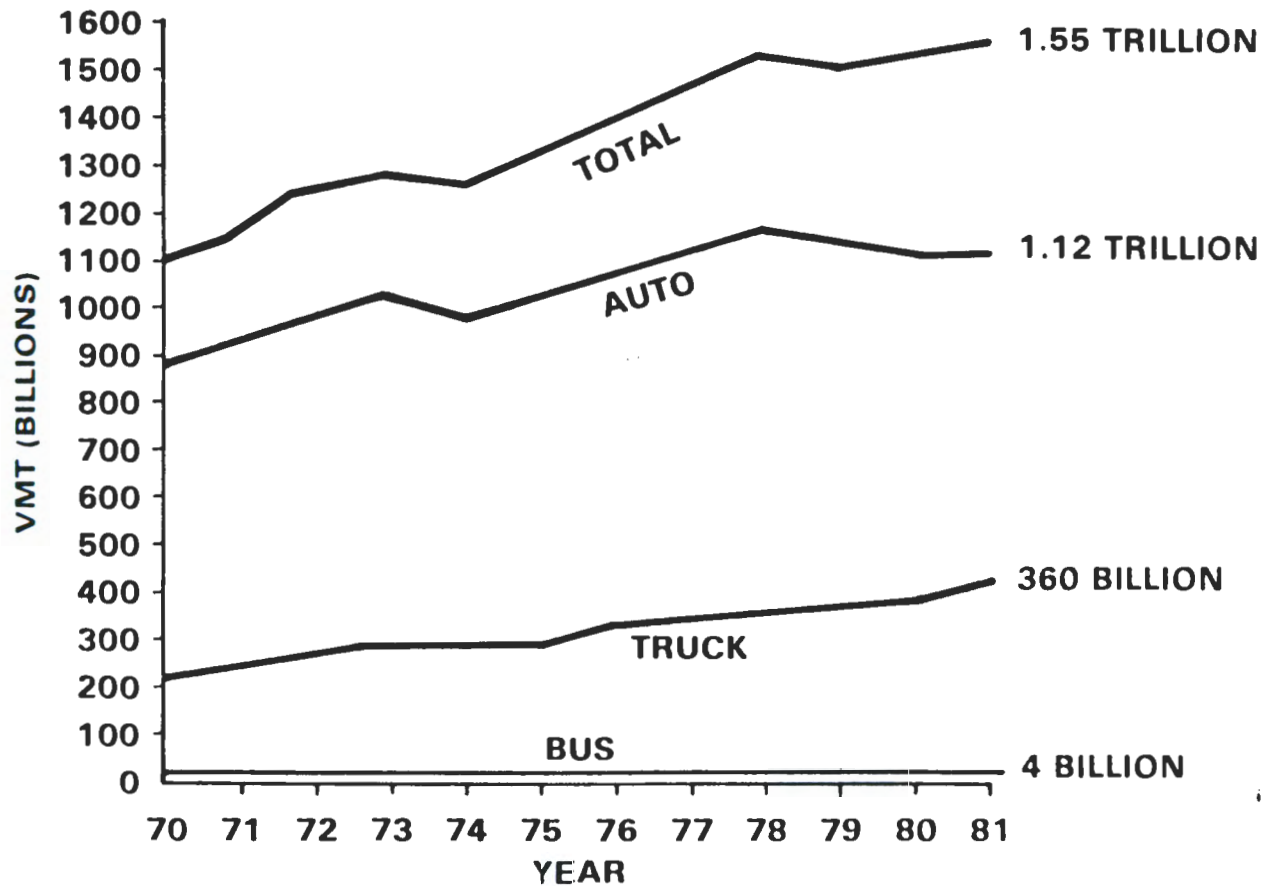
**Headquarters — Program Direction, Policy Formulation,
Coordination With Other DOT, Executive,
Congressional Bodies**

**Regions — Technical and Policy Guidance to Division and
State Transportation Agencies Coordination With
Other Federal Agencies at the Regional Level**

**Divisions — Day-to-Day Operations; Contact With States,
Urban Areas; Project Approvals**

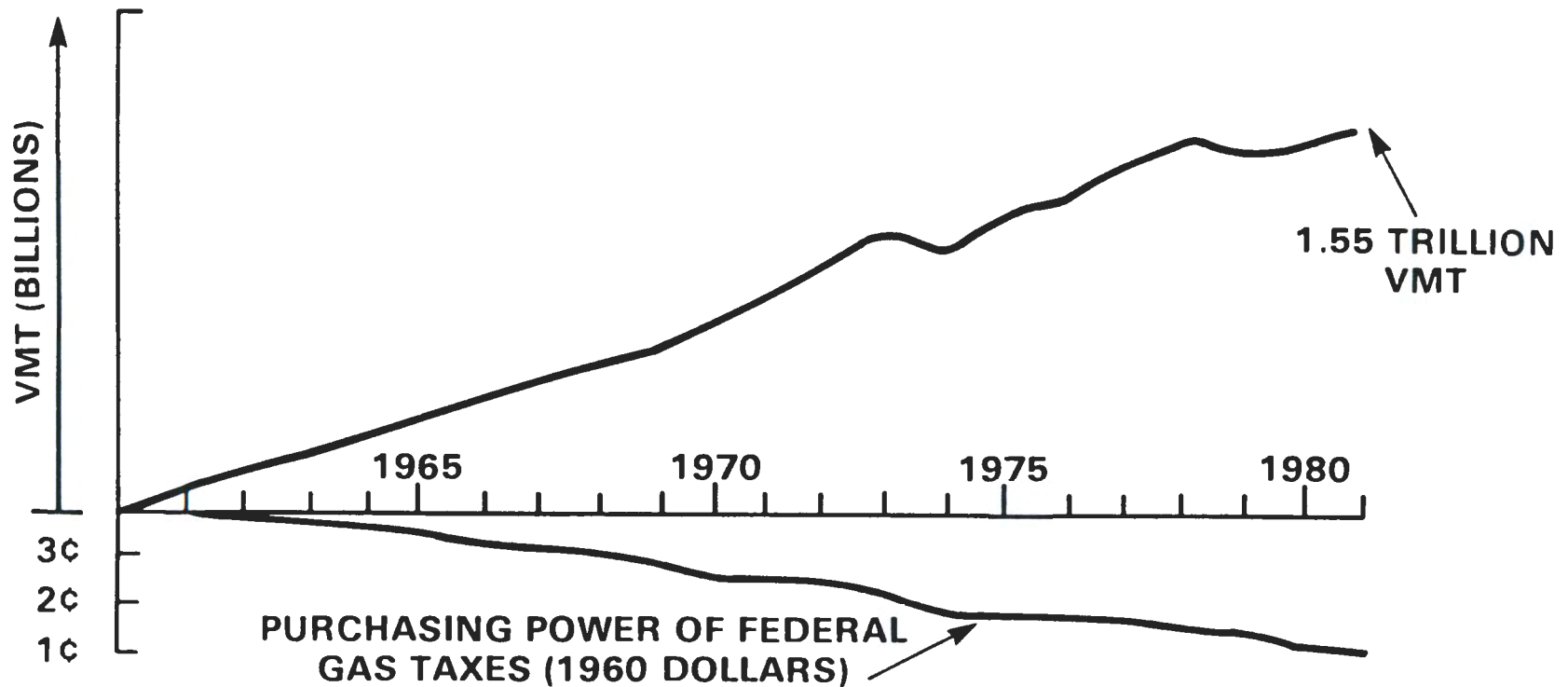
HIGHWAY VMT TRENDS

Vehicle Miles Traveled

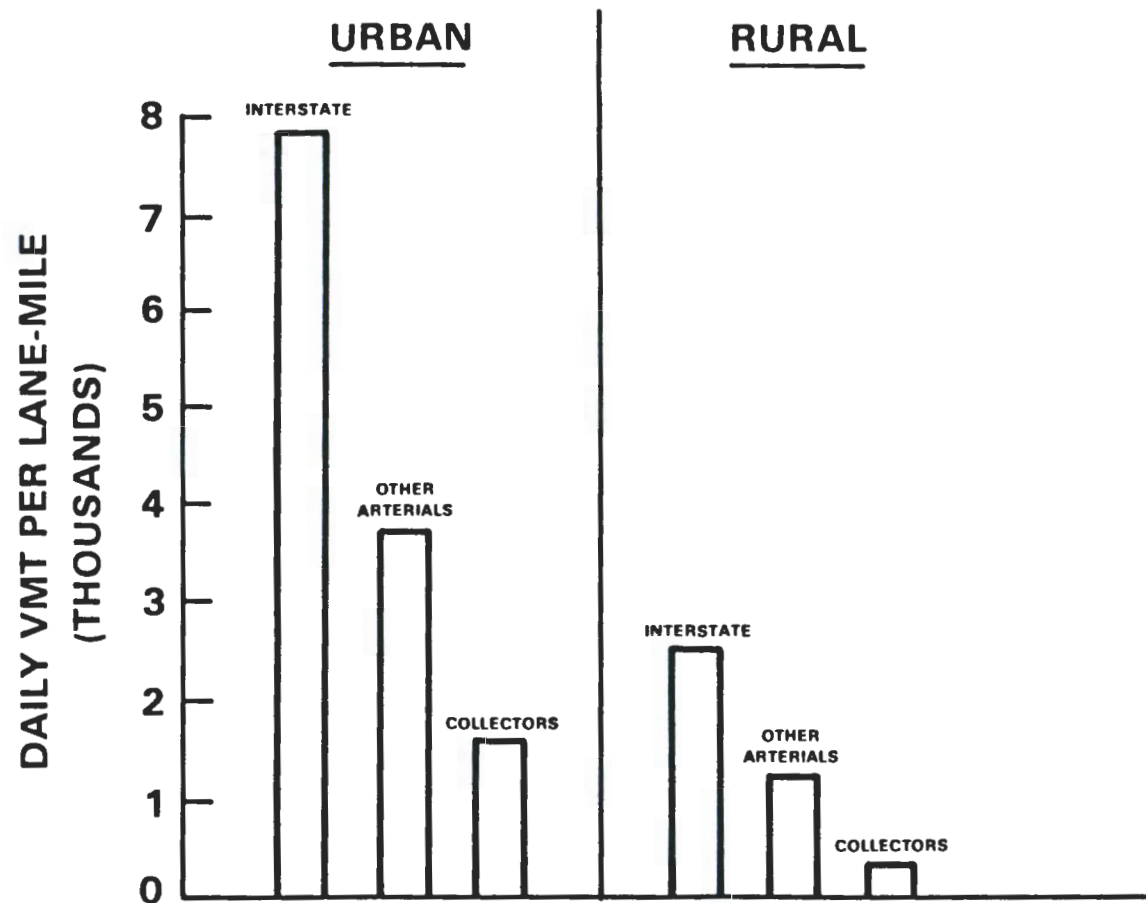


*Heavy
Duty
is growing*

HIGHWAY TRAVEL DEMAND VS. FEDERAL HIGHWAY REVENUES



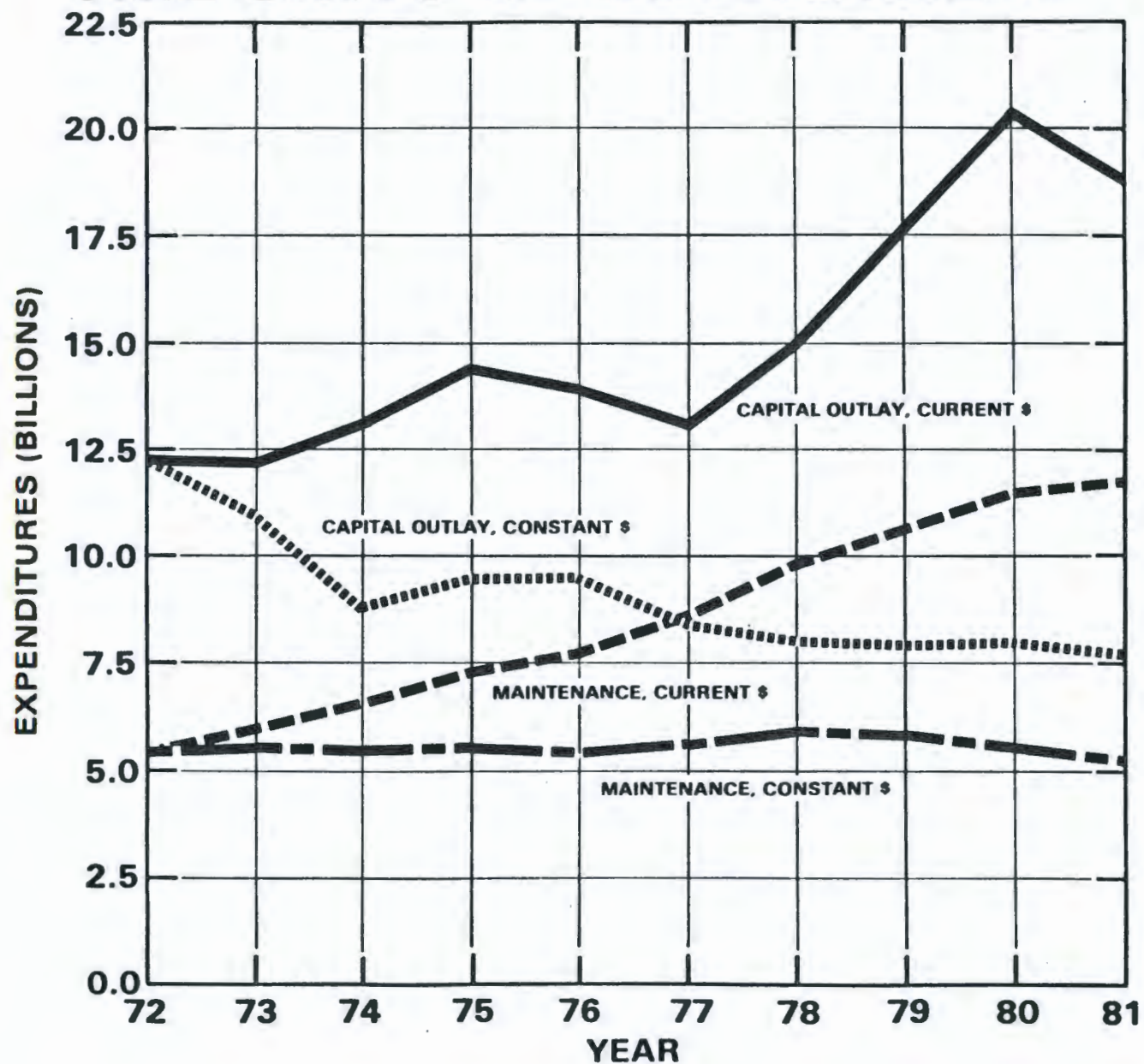
DAILY VMT PER LANE-MILE



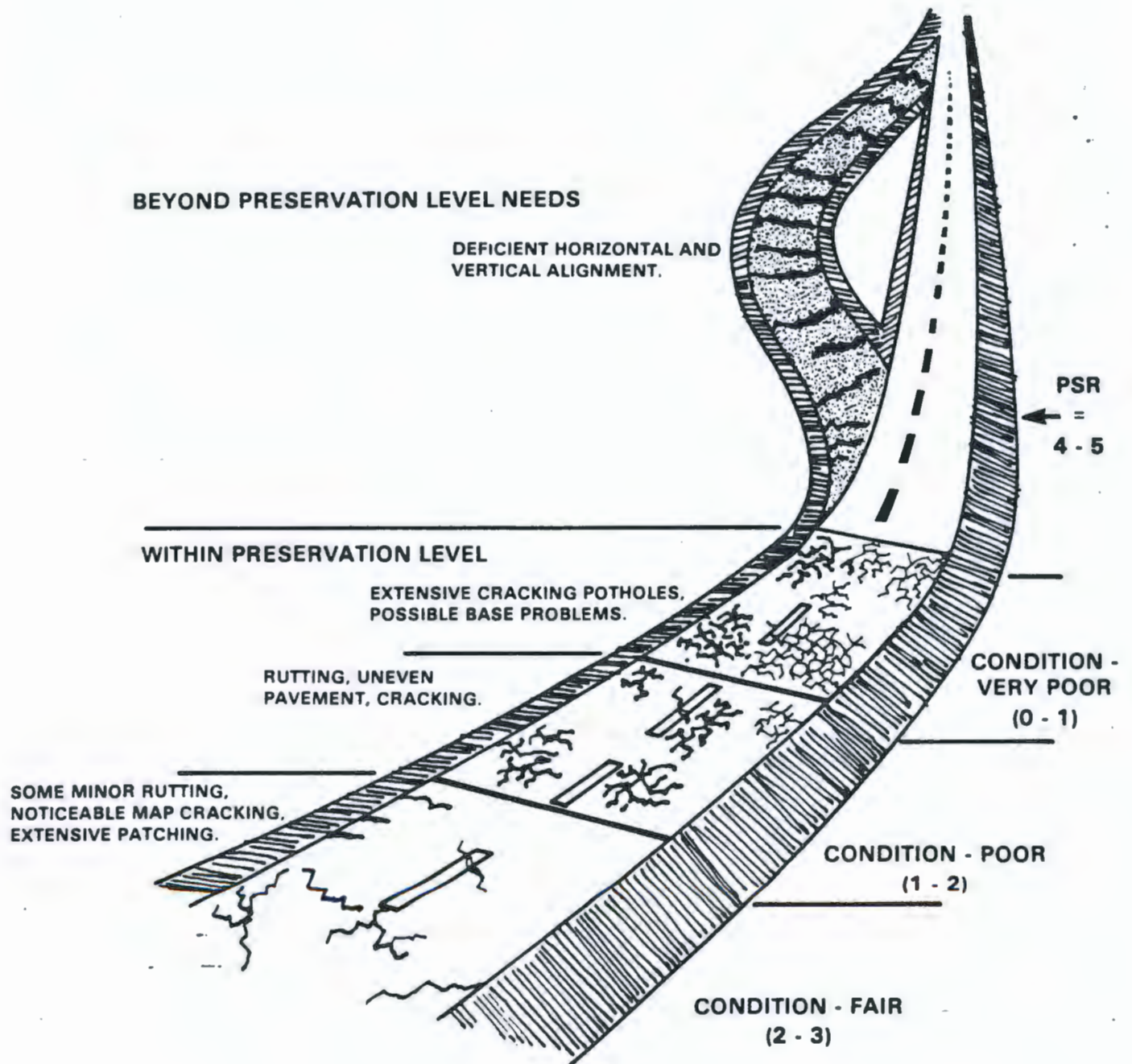
**13-YEAR FEDERAL/STATE/LOCAL
ESTIMATED ANNUAL NEEDS
(IN BILLIONS OF CURRENT DOLLARS)**

<u>CATEGORY</u>	<u>ANNUAL FUNDING LEVEL</u>
INTERSTATE CONSTRUCTION	6.2
INTERSTATE 4R	4.8
INTERSTATE SUBSTITUTIONS - HIGHWAYS	0.8
PRIMARY	5.9
SECONDARY	5.5
URBAN	4.2
BRIDGE	4.8
APPALACHIAN HIGHWAYS	<u>0.5</u>
TOTAL	32.7

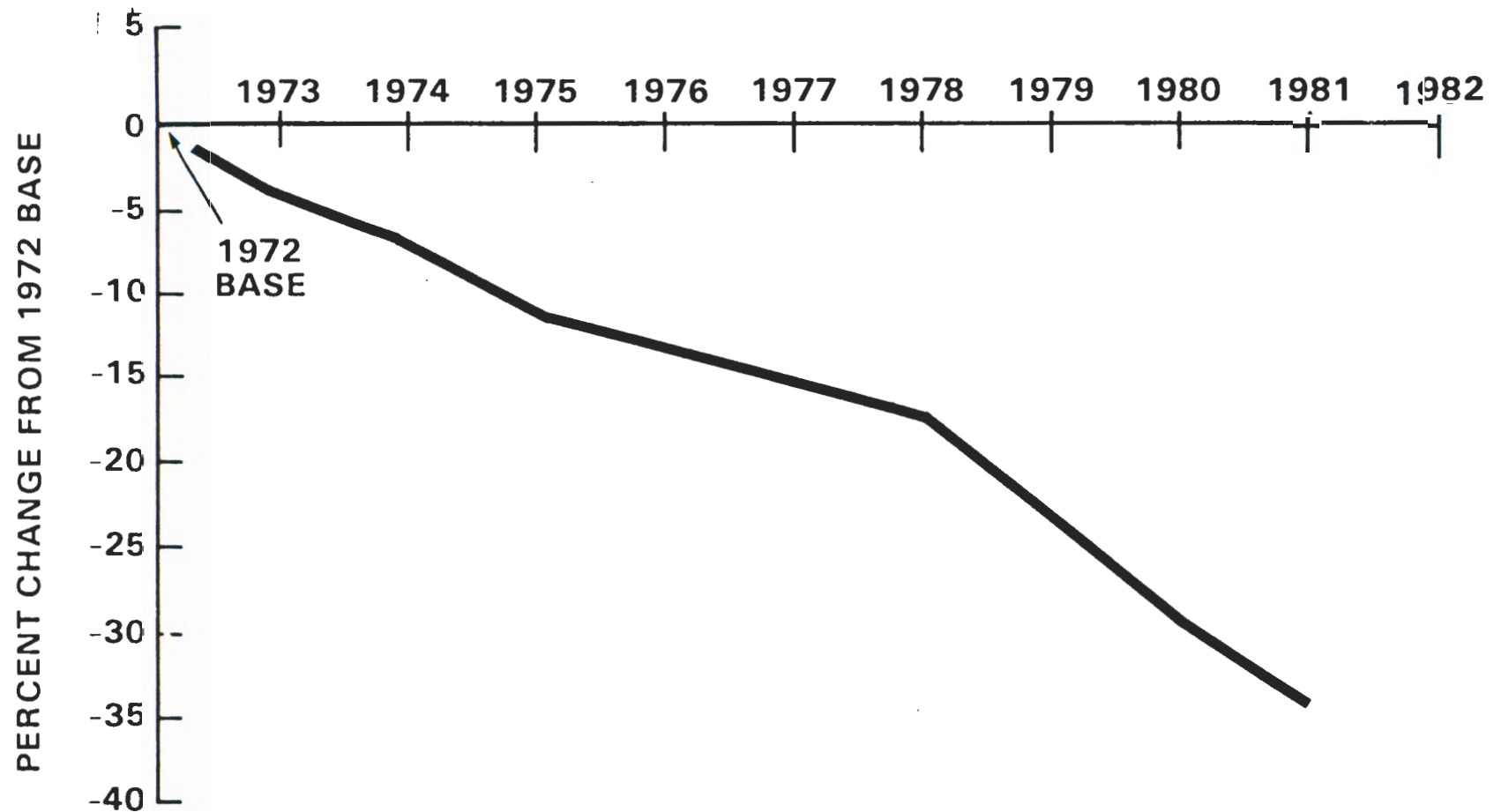
HIGHWAY EXPENDITURES BY ALL UNITS OF GOVERNMENT



SEQUENCE OF DETERIORATION



PERCENT CHANGE IN MILES OF "GOOD" PAVEMENT



IMPACT OF NO NEW REVENUES THRU 1996 (ASSUMES SAME PROGRAM STRUCTURE)

• INTERSTATE COMPLETION

- DELAYED UNTIL 1992
- ADDITIONAL COST OF \$2 BILLION

• INTERSTATE 4R

- 37,000 MILES OF INTERSTATE WOULD NEED RESURFACING OR RECONSTRUCTING. COST \$21 BILLION
- NONE OF THE \$17.9 BILLION IN INTERSTATE COSTS REMOVED FROM ICE WOULD BE MET
- NO INTERSTATE BRIDGE DECK NEEDS WOULD BE MET

• PRIMARY

- 60% OF NEEDED REPAIRS WOULD BE MET. COST OF UNMET REPAIRS \$36 BILLION
- 33% OF PRIMARY BRIDGE NEEDS WOULD BE FUNDED. UNMET NEEDS \$9 BILLION (EXCLUDING ACCRUING DEFICIENCIES)

• TRAVEL

- MOTORISTS COSTS WOULD INCREASE 20-25%. DRIVING TIME WOULD INCREASE 20%
- TOTAL WORK HOURS SPENT ON ROAD WOULD INCREASE FROM 11% TO 14%

42,500 miles in length of Interstate
1.5% of 2010 carries of travel

7% of road way

Red Highway - ties traffic into interstate system (30% of all travel)

Need

FY 1983 AUTHORIZATIONS (BILLIONS OF DOLLARS)

	<u>AVAILABLE</u>	<u>UNAVAILABLE*</u>
INTERSTATE CONSTRUCTION	3.225	—
INTERSTATE 4R	.800	—
PRIMARY	.294	1.081
BRIDGE REPLACEMENT & REHAB	.192	.708
SECONDARY	.085	.315
URBAN	.171	.629
FOREST HWYS	.007	.026
PUBLIC LANDS HWYS	.003	.013
ECONOMIC GROWTH CENTER	.011	.039
GREAT RIVER ROAD	.005	.020
PRIORITY PRIMARY	.027	.098
HAZARD ELIMINATION	.042	.158
RAIL HIGHWAY CROSSINGS	.041	.149
BYPASS HWY DEMO	.055	—
SAFETY 402, R&D (FHWA)	.023	—
SAFETY 402 & 403 (NHTSA)	.131	—
EMERGENCY RELIEF	.100	—
	<u>5.212</u>	<u>3.236</u>
INTERIM AUTHORIZATION	<u>2.900</u>	
	8.112	

*AUTHORIZED IN FEDERAL-AID HIGHWAY ACT OF 1982
BUT NOT AVAILABLE DUE TO "CONTINUING RESOLUTION FACTOR"

\$7.5 bill

*6.7 bill
coming in
now*

*short of
8 billion*

*short
year.*

*ways means a
public works
can't agree on
who was control
therefore the bill
amount was
not authorized.*

*all they made a
amount for 42
not the
others*

PROPOSED MULTI-YEAR AUTHORIZATIONS FY84-88 CURRENT PROGRAM STRUCTURE

	(\$ BILLIONS PER YEAR)
INTERSTATE CONSTRUCTION	4.0 - 4.5
INTERSTATE 4R	2.5 - 3.9
INTERSTATE SUBSTITUTIONS	.65
PRIMARY	2.1 - 3.4
BRIDGE	1.5 - 1.7
SECONDARY	.40 ✓
URBAN	.80
SAFETY	.39
OTHER	.30
TOTAL FEDERAL-AID HIGHWAYS	<u>12.0 - 15.5</u>
TOTAL AUTHORIZATIONS FROM HTF	13.0 - 15.7

EMPLOYMENT BENEFITS

**APPROXIMATE NUMBER OF JOBS GENERATED BY AN
INCREASE OF \$5.5 BILLION IN HIGHWAY TRUST FUND
REVENUES RESULTING FROM AN INCREASE IN USER
CHARGES EQUIVALENT TO 5 CENTS PER GALLON OF
MOTOR FUEL CHARGES**

(INCLUDES \$1.1 BILLION FOR TRANSIT ACTIVITIES)

ON-SITE CONSTRUCTION JOBS	67,804
OFF-SITE CONSTRUCTION JOBS	<u>102,064</u>
DIRECT JOB GENERATION	169,868

INDUCED JOBS (GENERALLY SERVICE RELATED)

87,000 - 232,000

PROGRAM CONSOLIDATION

- **REDUCES NUMBER OF CATEGORICAL PROGRAMS**
 - **REPEALS 14 PROGRAMS (REMAINS AS ELIGIBLE ACTIVITIES UNDER REGULAR FED-AID CATEGORIES)**
 - **CONSOLIDATE 3 SAFETY PROGRAMS INTO ONE CATEGORY**

SIZE AND WEIGHT

- 20,000 POUND SINGLE AXLE - MAXIMUM (MANDATORY)
- 34,000 POUND TANDEM AXLE - MAXIMUM (MANDATORY)
- 80,000 POUND GROSS VEHICLE WEIGHT - MAXIMUM
SUBJECT TO BRIDGE FORMULA (MANDATORY)
- 102 INCH VEHICLE WIDTH - INCREASE FROM CURRENT
LIMITS OF 96 INCH FOR TRUCKS
(PERMISSIVE MAXIMUM)
- TWIN TRAILERS (DOUBLES) - MANDATES ALL STATES
TO ALLOW OPERATION

ENVIRONMENT

- **ENVIRONMENTAL PROCESS REVIEW**
 - CONSOLIDATE VARIOUS ENVIRONMENTAL COMPLIANCE PROCEDURES INTO SINGLE PROJECT DEVELOPMENT PROCESS
- **CERTIFICATION ACCEPTANCE**
 - STATES CAN ASSUME RESPONSIBILITY FOR EISs
- **PRESERVATION OF PARKLAND**
 - 4F APPLICATION REQUIRED ONLY WHEN A PROJECT APPRECIABLY REDUCES UTILITY OF REMAINING 4F LANDS
 - ELIMINATES CONSIDERATION OF HISTORIC SITES (OTHER THAN NATIONAL HISTORIC LANDMARKS) UNDER 4F

NEW FEDERALISM AND THE FEDERAL-AID HIGHWAY PROGRAM

FEDERAL PROGRAMS

INTERSTATE CONSTRUCTION
INTERSTATE 4R
INTERSTATE SUBSTITUTIONS
PRIMARY
BRIDGES (PRIMARY &
DISCRETIONARY)
EMERGENCY RELIEF
FEDERAL LANDS
APPALACHIA
HIGHWAY SAFETY R&D
MOTOR CARRIER
SAFETY ASSISTANCE

TURNBACK PROGRAMS

SECONDARY

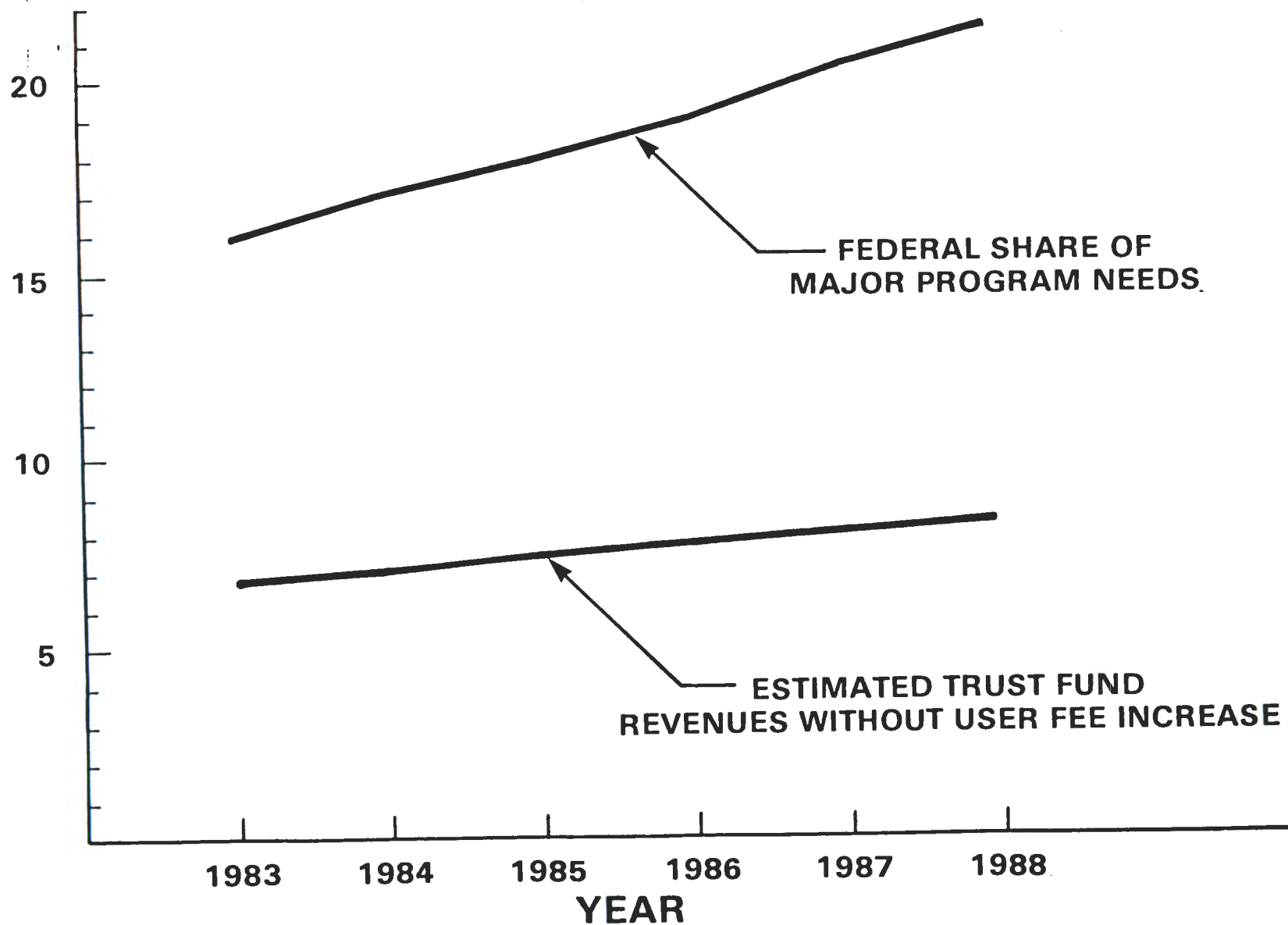
URBAN - 125,000 miles (highway system)

SAFETY

NON-PRIMARY BRIDGES

(STATES WILL RECEIVE \$2.1 BILLION
IN HTF REVENUES IN FYs 1984 - 1988
TO ASSIST IN THE TRANSITION)

FEDERAL HIGHWAY FUNDING GAP



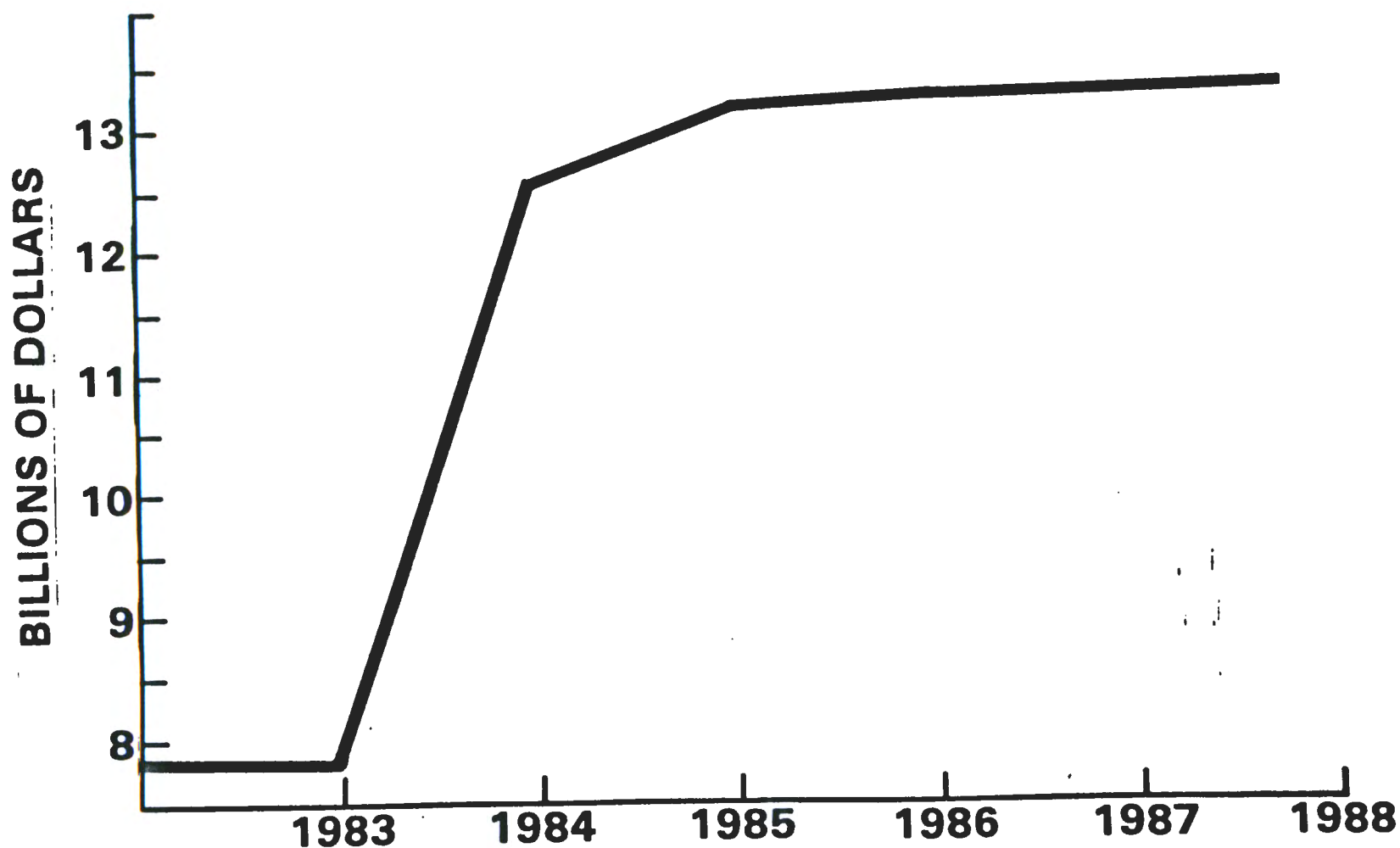
HIGHWAY COST ALLOCATION STUDY FINDINGS

- **THE CURRENT USER CHARGE STRUCTURE PROVIDES FOR ALMOST NO REVENUE GROWTH. INCOME APPROXIMATELY \$7 BILLION/YEAR THRU 1985.**
- **PAVEMENT REHABILITATION COSTS ARE THE MAJOR SOURCE OF COST ASSIGNMENTS TO HEAVY COMBINATION VEHICLES. WILL INCREASE TO NEARLY 40% OF TF EXPENDITURES BY 1985.**
- **TRUCKS OVER 70,000 POUNDS WOULD UNDERPAY COST RESPONSIBILITIES BY 35% IN 1985 (WITH A \$7.3 BILLION INCOME LEVEL). OTHER TRUCKS WOULD OVERPAY.**
- **USER FEES MUST BE STEEPLY GRADUATED BY WEIGHT OF VEHICLES TO ADEQUATELY CHARGE VEHICLES.**

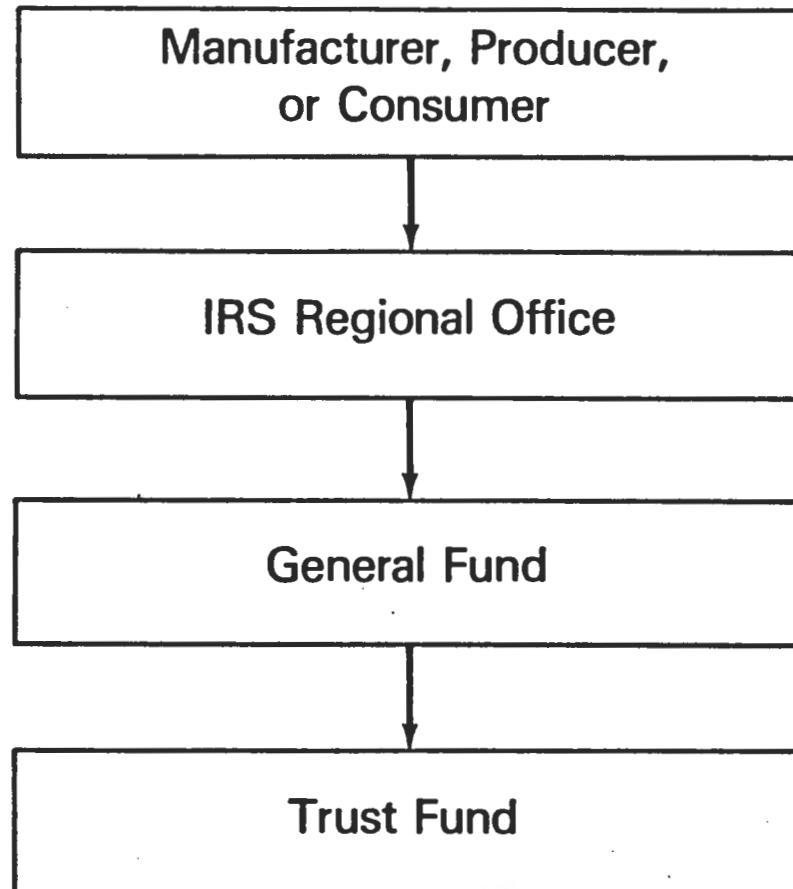
USER FEE PROPOSAL

- **5¢ EQUIVALENT INCREASE IN MOTOR FUEL CHARGES**
 - **4¢ DEDICATED TO HIGHWAYS**
 - **1¢ DEDICATED TO TRANSIT**

**ESTIMATED HIGHWAY TRUST FUND
INCOME AVAILABLE FOR HIGHWAYS
(BASED ON 4 CENT EQUIVALENT INCREASE
IN 1984; EXCLUDES 1 CENT FOR TRANSIT)**



Collection of Highway User Taxes



THE WHITE HOUSE
WASHINGTON

Hold for
letter from
Dave,

MS.

Call my good
friend Tucson
+ answer his questions
re transportation.

Also write his man
John Price to my
tucson.

Talked with Dave
8/24. Price maybe here on
Oct 5 or 19.

STATE OF INDIANA

DEPARTMENT OF REVENUE
STATE OFFICE BUILDING



INDIANAPOLIS, 46204

*Dept of
Transpo.*

August 4, 1981

Morton Blackwell
Special Assistant to the President
The White House
Washington, D.C. 20500

Dear Morton:

Thank you for your letter of July 1, 1981, and the letter of the Secretary of Transportation to you of June 18. I may be more successful from the outside in influencing the report that will come from the study being performed by the Department of Transportation than I would be able to be from the inside of the Department of Transportation.

I would appreciate it if you would tell me if there are any "good guys" in the Department of Transportation who may be involved in the review of the report which the Secretary of Transportation and Interstate Commerce Commission are to make to Congress in November or December of this year. Of course, I will contact Fred Andre at the appropriate time after his confirmation to monitor the ICC response. However, I believe it is important to the President and to the country that the report and the legislation which comes from the report present a balanced view of the problem.

It is interesting I should receive your letter this week because I was planning to send you the enclosed clipping of John R. Price's announcement in the new sixth congressional district. You may remember John. He was secretary of the Republican State Committee when I was State College Republican chairman. He was Indiana's first YAF chairman, and was mentioned in Stan Evans' book, "Revolt on the Campus", which was published circa 1964. John has the background in his church, in the Republican party, and in the conservative movement, to be an outstanding New Right Candidate. He will not be a "yes-but" candidate like my friend Dan Quayle. One of John's campaign aides, Ray Moore, organized the churches for the Siljander campaign and for Dan Coats' campaign for Quayle's house seat and will be doing the same for John. I am planning to come to Washington with both of them in September after the Congressional recess. Now that Mayor Hudnut of Indianapolis has removed himself from this race, it should be a wide open field for an open seat.

I hope that the national New Right PACs will get behind a single candidate because the district is the most Republican district in Indiana, and the winner of the 1982 Republican Primary will be in Congress for a long time.

Morton Blackwell
Washington, D.C.
August 4, 1981
page #2

Thank you again for your letter of July 1, 1981, I hope you will be able to fit us into your busy schedule when we are in Washington in September.

Very truly yours,



David F. Tudor
Administrator
MOTOR FUEL TAX DIVISION
(317) 232-1860

DFT/vr

Encl: clipping

*Morton:
Congratulations on being named "man of
the year" by the College Republicans!*



You may be interested in this article too

Why Do...?



You always forget to bring the papers you need to the office?

Have a "Why Do" question? If so, send it to The News.

THE NEWS

MONDAY
JULY 27, 1981
PAGE 21

Turner Still In Serious Condition; Many Pray

Price In Race For 6th

By EDWARD ZIEGNER
Political Editor

John R. Price, a 40-year-old Carmel attorney and former deputy state treasurer and secretary of the Republican state committee, today announced his candidacy for the Republican nomination for Congress in the new 6th Congressional District.

The new district, which includes part of Marion County and other Central Indiana counties, is the most Republican of the 10 new districts carved out by the GOP-controlled 1981 Legislature. The territory included in the new district was, on the average, 63.8 percent Republican in the 1976-78-80 elections.

Price, in the first of five press conferences in the district, and additional appearances, told reporters in Republican State Headquarters he would base his campaign for the nomi-

Price named a campaign committee which includes seven former Republican state chairmen and a former Republican lieutenant governor and said he was aiming to raise a campaign budget of \$150,000 between now and the May 1982 primary.

The former state chairmen who will serve on the committee are:

Former U.S. Sen. William A. Jenner
Robert Matthews
Edwin Beaman
H. Dale Brown
Charles Hendricks
Buena Chamey
John K. Snyder

Price added the family has been under attack because of the legalization of abortion on demand, because it has borne the brunt of inflation, because of TV programming that "in large part glorifies sexual promiscuity, homosexuality and which, under the guise of situation 'comedy', promotes the idea that a straight, solid family is somehow abnormal, unexciting and to be avoided."

Price predicted there will be "a lot of candidates" in the 6th District congressional primary and said if elected that he would work for a constitutional amendment against abortion. He predicted "abortion on demand will be a thing of the past within some years."

Price said the elderly also require assurance that they will receive adequate benefits from Social Security in the future.

He commented that "It would be tragic if the next U.S. representative from the 6th Congressional District did not truly represent the conservative, moral people of the heartland of Indiana. I am committed to a somewhat lengthy campaign in order to insure that our part of this nation is accurately represented in the next session of the Congress of the United States."

Price, a graduate of Wabash College and Indiana University Indianapolis Law School, had press conferences here and in Lebanon, Noblesville, Anderson and Muncie and met with GOP leaders at Hartford City in Blackford County and appeared in the annual 4-H parade at Hartford City.

Price is married and the father of four children.

Indiana University basketball star Landon Turner remained in serious condition today at Methodist Hospital as people all over the country prayed for his recovery.

Turner's father, Adell, today said, "Landon is still in intensive care. The doctor said last night he showed one good sign, another nerve in his body, just one little small thing, a nerve, started in his hands better."

"He can squeeze your hand on command, that's a good sign," Turner said. "It's a small thing but it shows a good sign that he is regaining his mentality."

Turner, 21, a senior at I.U., was injured Saturday when the car he was driving struck a bridge abutment on Ind. 46, eight miles east of Columbus. He and three friends were en route to Kings Island amusement park.

One of Turner's friends, Suzanne Jones, 20, was thrown from the car and taken to Bartholomew County Hospital at Columbus with a hip injury, authorities said. Another passenger, Dave Collins, 20, pulled Turner and Elisha Storey, 17, from the wreck, police said.

Both Collins and Miss Storey were treated and released from Bartholomew County Hospital. Turner, a forward on the 1981 NCAA championship basketball team, was transferred by ambulance to Methodist Hospital in Indianapolis Saturday afternoon.

Methodist Hospital officials said Turner was semi-conscious and has some paralysis in his extremities.

Fractured Spine

Fred Price, a hospital spokesman, said Turner is not in a "life-threatening situation." The basketball star is in traction because of a fractured spine, adding that Turner suffered a break in the sixth vertebra.

A neurosurgeon who examined Turner was uncertain whether Turner would suffer permanent paralysis, Price said.

The elder Turner said his son re-



Victim
I.U. Cage
Star

— Landon Turner

gained consciousness temporarily yesterday while he and his wife, Rita, were at his bedside.

"He opened his eyes once and looked at his mother who was talking to him and then looked on the other side of the bed to me. Then he went back into a semi-conscious state. He's not fully conscious. That's what the doctors are worrying about now, getting him conscious so they can go from there," Turner said.

"We just put a lot of faith in our God that we trust in. A lot of people have been calling and saying they are praying for him. You know what the Bible says about prayer, the prayer of righteous man avail us much," he said.

The Turners have received numerous telephone calls from people all over the country who say they are concerned and would be praying for Landon, he said.

"I think those many prayers from all over the country have got to do something for Landon," his father said.

Among those calling the Turner's Indianapolis home yesterday was I.U. basketball coach Bobby Knight. Knight, who called from Idaho, where he is vacationing, "offered everything he possibly can, even to fly in today," Mrs. Turner said. "But we told him that wasn't necessary because there isn't anything he could do."

Focus On

American

Family

— John Price



nation on preservation of the American family, against inflation, against the low standards of evening network TV programming and that he would, if elected, "represent the conservative, moral people of the heartland of Indiana."

Price is the first candidate to formally announce for the nomination in the 6th, although six or more Republicans may make the race, perhaps as many as 10 or 12 if Indianapolis Mayor William Hudnut, who will announce his political plans tomorrow, does not run for Congress. Hudnut, serving his second term as mayor and eligible to run for a third in 1983, served one term in Congress in the old 11th District 1972-74.

In a statement of candidacy Price said:

"I am announcing today my candidacy for the Republican nomination for U.S. representative from Indiana's new 6th Congressional District. One of the primary reasons I am running for Congress is that Congress has lost its perspective on the importance of the American family, which is now threatened on several fronts. If we are going to preserve America, we must preserve the American family. A nation of strong and stable families can survive even the weakest of governments, but a nation of weakened families will not long last, even with an effective government."

Preservation Copy

STATE OF INDIANA



INDIANAPOLIS, 46204

DEPARTMENT OF REVENUE STATE OFFICE BUILDING

April 13, 1981

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DEPARTMENT OF TRANSPORTATION
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Dear Jim:

This letter is in the response to your letter of February 23, 1981, designated HPP-13, inviting my comments on the comments in your publication, "Comments on Uniform State Regulation" (February 1, 1981). I will begin with some general comments and follow it up with specific comments on some of the comments in your publication. I realize some of my comments may be duplicative of information and comments received from the panel of the American Gasoline Tax Conference which met with you and your staff on Thursday, March 25, 1981. However, these comments are mine alone and do not represent the views of the North American Gasoline Tax Conference.

I wholeheartedly endorse the goal of your study and the report that is to come from it. The Trucking Deregulation Act of 1980 is absolutely correct when it says the various state regulations on the trucking industry are a burden on interstate commerce. I would be surprised if you have had one speaker or any citizen in the entire country who is in the least bit informed upon this subject who would disagree with that statement. Greater uniformity in fuel consumption taxation is badly needed, because the current system places an unnecessary and undue burden on the well educated and experienced tax executive of major trucking companies and places a nearly impossible burden on a poorly educated single truck owner who should be learning a new law every time his truck crosses a state line.

The most basic question to be addressed by your study is the proper federal role in resolution of this problem. This question should be addressed in a recommendation or in a list of alternatives since the ultimate answer to the question will obviously be decided by the Congress through its legislative role, and the President through his leadership role, or less likely his veto power. My personal opinion, which I believe is supported by the election results of 1980, is that the proper federal role is to perform this study confirming that the problem exists, defining the nature and extent of the problem, and then only to provide the resources to the state to work out their differences and adopt more uniform laws and procedures. This procedure was followed by the Federal Highway Administration in November, 1980 when it invited representatives of six (6) states, including myself from Indiana, to come to Washington at federal expense and spend a week drafting and discussing an interstate compact of motor carrier fuel tax laws. Although this proposed compact, in my opinion, will need much more work and exposure to the fuel tax administrator of states not represented at the meeting before it will be ready to present to legislatures and Congress

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for adoption as an interstate compact, I believe the meeting was a very good first step toward uniformity in that area, whether or not the resulting proposed compact is ever adopted by any state. I believe this meeting presents a better model of the federal role in the solution of this problem than the usual federal, heavy-handed model of presenting a solution to the problem and forcing the states to comply with the federally dictated solution by threat of cutbacks of federal funds.

The states currently do not have the financial resources available to apply to solving this problem of the lack of uniformity in the state statutes. In addition, the problem is more of a problem to interstate commerce than to any state, making its solution a more proper problem to be solved by federal funding than state funding. Organizations of state revenue departments such as the North American Gasoline Tax Conference have attempted to deal with the problems of the lack of uniformity in the fuel tax area, but their meetings are too infrequent for a substantive examination of the problem to take place. I have been as impatient as anyone for the North American Gasoline Tax Conference to take some effective action on the second phase of a uniformity proposal. However, with only one national meeting per year, with many topics to be discussed including those of concern to the petroleum industry as well as the trucking industry, the time is not available at the meetings to make significant progress on a uniformity proposal. In addition, many states are unable or unwilling to authorize travel expenses for their fuel tax administrators to participate in NAGTC. Some states have different agencies with administrative responsibility for fuel tax collections and interstate motor carrier fuel consumption laws. I am only aware of one state which regularly sends representatives of both agencies to regional and national meetings of NAGTC. I believe that if the federal government would provide the resources for state fuel tax administrators, state legislators, and other involved state officials or their representatives to meet and discuss particular issue areas that are a part of this problem, the solution at which this group arrives would be much better received by the state fuel tax administrators, state legislators, the members of Congress, the Reagan Administration, and the general public.

As to the recommendation which starts at the bottom of page 9 to consolidate the Public Service Commission registration with another state activity such as fuel tax licensing, this is a good idea. However, my feeling is that fuel tax licensing should be matched with licensing plate registration, rather than Public Service Commission registration since all trucks have license plates and fuel tax licenses, but only the trucks of common carriers have Public Service Commission registration.

The following paragraph on page 10 recommends that the authority stamp for Public Service Commission registration and the fuel tax permit should expire on the same date. It further recommends that state should issue one card annually to indicate compliance with Public Service Commission registration requirements and fuel tax registration requirements. When I have discussed similar proposals with representatives of Indiana's trucking industry, there is some concern that if too many registrations expire at the same time, it would create an irregular cash flow for the carrier which could be avoided if due dates were scheduled at different times through the year. However,

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in Indiana the Motor Carrier Fuel Tax Annual Permit costs only \$5.00 for all of the vehicles in the carrier's fleet. I am not aware of the cost of our Public Service Commission's authority registration. If similar fees are charged by most states for motor carrier fuel tax permits and public service commission authority registrations, the amounts would be so small that it would not cause any cash flow problem for the carrier. I would be interested in the comments of industry on this proposal, because I can see no adverse effects to the State of Indiana if the fuel tax expiration date were changed to any other uniform date. If cash flow would be a problem to the trucking industry, the problem could be handled if each state had deadlines for both permits the same, and approximately one-fourth of the state deadlines came at the end of each calendar quarter. However, unless the trucking industry is divided on whether these deadlines should be combined, I would think their lobbyists should attempt to have the deadlines changed by the state legislatures, who established the deadlines in the current laws. This does not seem to be a federal question.

The proposal at the bottom of page 10 recommends that the federal government enact a law similar to PL 89-170 to cover intrastate authority requirements. I am not familiar with the intrastate authority requirements of Indiana or any other state. However, I believe the proposal is unconstitutional because the federal government's authority to regulate intrastate commerce is limited by the Constitution.

A recommendation in the middle of page 11 is that the federal and state governments treat buses differently than trucks. The comment further indicates that states currently do not regulate church and school buses and that states should regulate either all bus operations or none at all. This proposal is listed under economic regulation. I am not sure if the comment is intended to apply to fuel tax collections or not. However, if it is, the reason school buses are not regulated under the Indiana Motor Carrier Fuel Use Tax Law is that school buses ordinarily operate exclusively intrastate and they are readily distinguishable from other types of buses. The compliance costs to the school bus operator and to the state, if school buses were under the Motor Carrier Fuel Tax Law, would be far greater than any tax revenue that would be derived from regulating the buses. I disagree with the comment because intrastate buses are no different than interstate trucks because they have the option, because of their interstate nature, of avoiding state fuel taxes by purchasing fuel in the state with the lowest tax rate. This gives them the benefit of the higher-tax state's highways without paying to support them through the fuel consumption tax. Therefore, I do not agree that states "should regulate either all buses or none at all."

On page 13, the next to the last comment is that the calculation of license plate fees in some states is so complex that carriers cannot do it themselves. I am only vaguely familiar with what states this might be, from discussions with some people from states which have dual fuel tax and license plate responsibility for their states. However, I believe that just as newspapers are written to a fifth or sixth grade education, the complexity of fuel tax laws and regulations and other matters affecting the trucking industry which the truck driver may be expected to handle on his own should be at a similar level of complexity if all possible. However, since the state is probably an IRP state, it shows that the IRP is not a solution to everyone's problem, at least as it is currently being administered.

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On page 14 the comment is that states depend on registration fees to maintain highways and cannot tolerate a reduction in fees in order to achieve uniformity. The committee which the Federal Highway Administration brought to Washington, D.C. in November, 1980 found that in fuel tax areas it was not necessary for each state to have a uniform fuel tax rate to achieve many goals of uniformity. It seems to me that the same principle could apply to license plate registration fees, and states would not need to have identical registration fees to administer them uniformly.

The last comment on page 14 is actually two comments which pertain to the State of Indiana. The first comment is that carriers from Indiana are against Indiana adopting of the International Registration Plan. This is the case. The second comment indicates that Indiana carriers argue that if the IRP were adopted in Indiana, it would lead to a drastic increase in registration fees and to Indiana using the fee for expenditures other than highways. I have personally heard it argued that IRP adoption would lead to a drastic increase in registration fees. However, the second part of this statement is unfamiliar to me, and I believe either the speaker or the transcriber of this comment is in error. I have not heard Indiana carriers suggest that IRP adoption would lead to Indiana using the higher registration fee for expenditures other than highways. The version of this argument that I have heard is that Indiana would be paying a proportional fee to other states which use their proportion of the fee for expenditures other than highways. For example, Indiana had among the lowest registration fee in the nation prior to an increase in the registration fee passed in 1980. I believe Indiana at that time had a lower registration fee for "18 wheelers" than any other state. Illinois, on the other hand, has among the highest registration fees in the country and has used their registration fee revenue for uses other than the building of highways. The problem is that (using round numbers) if an Indiana-based carrier operates 50% in Indiana and 50% in Illinois and the Indiana registration fee is \$500.00 and the Illinois registration fee is \$1,500.00, to proportionally register in those two states, he would pay registration fee of \$1,000.00, or twice the fee that he currently pays only in Indiana. In addition, the distribution of this fee will be \$250.00 to Indiana and \$750.00 to Illinois. Therefore, in addition to paying twice the registration fee for each truck in his fleet, the carrier also pays only half as much registration fee to its base state, and part of the increased fee pays for mass transit and administration of the State Boating Act in Illinois. This is deemed undesirable by Indiana carriers, notwithstanding studies to the effect that overall Indiana state revenue would be increased by adoption of the IRP.

The top of page 18 is one of the most objectionable comments in the book, that the federal government should establish registration fees for interstate buses and trucks and redistribute the fees to the states. The comment is that the fee should eliminate fuel taxes and third structure taxes. The reason for my strong disagreement with this comment is that registration fees are not the fairest method of collecting fees for highway support. A truck or bus which is used occasionally or periodically is charged the same fee as a truck that is used every day. If a method of tax revenue is to be eliminated, I believe the registration fee or license plate fee should be eliminated, and the full tax should be increased to make up for the loss of highway revenue. This would bring highway funding closer to the "user-fee" concept that has been a goal of highway funding since the 1920's.

About the middle of page 13, a comment is made that states should adopt uniform registration forms and application deadlines. Again I repeat my comment from above that it seems to me with the amount of the registration fees that are paid for most trucks, it would create an unnecessary cash flow problem for the trucks to have all registration fees expire on a uniform date. It would seem more advantageous to me for the registration payment dates for the 48 contiguous states to be coordinated so 12 fees are due on a specified date each calendar quarter.

I agree with both of your comments on page 20 in which you lead into the subject of fuel tax. I am sure that the participants criticized state tax mechanisms more heavily than other topics. However, the cautionary language which is cited is also important. The fuel tax is vital to state highway programs. Tampering with the revenues collected by the fuel tax could detrimentally affect the revenues available for maintaining the state highways. In the meeting of six state tax administrators in Washington, D.C. in November, 1980, three of the participants were from state revenue departments and the other three participants were from state licensing authorities with dual responsibility for collecting the fuel consumption tax. Many controversial issues at the meeting divided between those groups. The people from state licensing backgrounds were far more inclined to make concessions to the accountability for the tax and to popularity with industry than were the three people from departments of revenue. Industry participants in these hearings made it clear they would prefer to have greater uniformity even if it caused them to pay higher fees. From our discussions I saw little chance that a proposal made by people from states with a licensing background would be acceptable to the states where the fuel consumption tax was administered by a department of revenue. I understand that the Federal Highway Administration is to be commended for securing the participation of some department of revenue people in those meetings. I believe that state highway revenues of Indiana would be detrimentally affected if the proposed compact which came from that meeting was adopted by Indiana.

At the bottom of page 20 someone commented that some states issue fleet permits while others issued permits for each unit. This statement is correct. The 5 point plan of the NAGTC recommends the issuance of fleet permits. However, I learned at the meeting in Washington in November, 1980 that the definition of a fleet permit is not universally accepted. At that meeting some representatives of the trucking industry argued that fleet permit registration meant that each of the carriers who based identified fleets at various locations around the country is a fleet which should be separately registered. I had always considered that a fleet permit as it is used in the Indiana Motor Carrier Fuel Use Tax Law and elsewhere is one permit which covers all vehicles owned or operated through lease by the carrier "in its entire operations within and without this state." The term fleet permit needs to be carefully and narrowly defined because of the conflict of interpretations between the tax administrators and the industry representatives.

On page 21 it is commented that the cost to the carrier of compliance may be greater than revenue generated by the tax. This is possibly true. It is also true from the states standpoint that there is greater cost for less revenue in administering the fuel consumption tax than any other tax in the fuel tax area and possibly any tax collected. However, from the states' standpoint, the tax is a necessary evil because without this tax, special fuel tax collections, which do not come in directly with the quarterly reports but are collected when fuel is sold or used, would be reduced. In the same sense special fuel tax is necessary and has been necessary for many years, because without that tax it would cause a greater incentive for the taxpayers to convert to diesel powered automobiles and light vehicles. Before diesel fuel became the primary fuel for trucks, the elimination of the special fuel tax would have created an incentive for people to

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convert or trade their gasoline powered trucks for diesel powered trucks. The compliance costs to industry are to some extent also a necessary evil, but hopefully as a result of your study and the activity of several interested groups, these compliance costs can be reduced without hurting state highway revenues.

The following comments that refund and credits policies vary are correct. I cannot believe that any carrier would complain about some of the states allowing refunds only if they refund amounts greater than ten dollars. It would seem to me that very few carriers could afford to file refund claims for an amount of less than ten dollars regardless of the state's requirements. If the states ever adopt the interstate compact that six states worked on several of the complaints about credit and refund policies will be solved. Carriers are required to list their purchases by vendor and date, because it helps to reduce the states' need to send an auditor out of state. The interstate compact proposal, however, calls for audits to be performed primarily by the base state. Another state could audit the carrier, but so many of the tax payments under the Motor Carrier Fuel Use Tax are so small that it would not be cost-effective for the state to give a very high priority to audits of this type. Even if the taxpayer's tax liability was doubled it would not support the auditor's expenses in taking a trip out of state.

On page 22, it is commented that audits can be expensive. Some states require carriers to ship all their records to the state or pay for the expense for an auditor to travel to the carrier. I am not aware of what state this might be, but I am aware of a state in my region which requires a carrier, or any other taxpayer, to pay the expenses of an out of state audit if the audit generates the tax liability in excess of one thousand dollars.

Two paragraphs down it is commented that federal and state government should allow prepayment of the tax on LP gas. This would apparently be done, as it has been done in some states, by increasing the registration fee to collect the average of fuel taxes due. These proposals have always seemed very unfair to me because of the proverbial little old lady who only uses her car to drive to church on Sunday morning pays the same registration fee as the traveling salesman who uses his car virtually all the time. I believe the State of Colorado had a similar proposal in effect for several years but recently discontinued it.

On page 24, the third paragraph indicates that a few states are currently working on toward a fuel tax compact that is similar in concept to the IRP. This is the fuel tax compact that I referred to in several of my comments. I believe comments should include information that the federal government financially supported these meetings. The six states were only able to meet because of the federal funding of the expenses of the participants.

Two comments down, the comment is made that the states should prepare standard audit manuals. Although I have no general disagreement with that recommendation, it seems to me that it would be very difficult for a state to prepare a standard audit manual until the laws of the states become more standard. Two comments down it is recommended that the states use the "fleet" miles per gallon concept to compute the fuel tax. Please see my comments on page 5 about the ambiguity of the term "fleet."

The third comment on page 25 says that fuel permits should be valid until cancelled. I disagree with this statement, particularly in states like Indiana where permits are issued for all of the vehicles owned or operated by a permit holder. In such cases, each year many copies of permits are issued to vehicles owned and operated by the motor carrier covered by the permit. There is no possibility of recalling the permit

and all copies thereof, if a motor carrier discontinues its relationship with an owner or driver. If permits were permanent until cancelled, an owner/operator who leased his truck to a carrier, then discontinued his relationship with that carrier, could retain the permit even if he returned to the carrier a copy of the permit. If this happened, an enforcement officer would be unable to determine that they were being presented with an illegitimate permit, particularly if the driver was hauling an unregulated commodity which had also been hauled by his former carrier.

Also, in the same comment it is suggested that states should permit microfilm copies of records for audit purposes. Indiana permits such microfilm copies as long as the copies are readable. I believe this would be an appropriate national rule on the subject, but the proposal should be given to the state legislatures, not the congress.

Also, on page twenty-five, a comment is that states should limit the application of fuel tax reporting laws to road tractors and diesel-powered trucks with three or more axles. I know of no state using this type of structure and would be interested in further comments of the participant who made this comment for clarification as to whom he believes this structure would be advantageous. I see serious law enforcement problems if diesel-powered trucks with three or more axles are covered, but gasoline-powered trucks or LP gas-powered trucks with three or more axles are not covered. This is particularly the case since some LP gas powered trucks can be converted to diesel power with a flip of a switch. Would the trucker only be expected to report his diesel miles but not his LP gas miles of the same vehicle? Would it ever be possible to audit such a requirement? The second issue raised by this comment is whether interstate buses should be subject to this type of law. This issue was discussed on page 3 and will not be repeated here.

Another comment on page 25 is that states should allow carriers to carry credits indefinitely or until they receive a refund. This contradicts an earlier comment on page 23 that carriers should be required to keep records for only three to five years. It would not seem to be good public policy for a carrier to be able to carry credits or refunds for periods longer than the period for which he is required to keep records.

Another comment on page 25 is that carriers should carry copies of the registration in all vehicles as proof of fuel tax registration. As noted previously I believe a tie between license plate registration and fuel tax registration can and should be made. Since license plate registration covers all vehicles, this would be a means of assuring that all vehicles subject to the motor carrier fuel tax are covered in fuel tax reporting. Implementation of this recommendation may be difficult in states, such as Indiana, where different agencies administer fuel tax and license plate registration for cars and trucks. However, I believe this problem should be worked out because I have been appalled since I have been aware that many trucks operating in Indiana need to deal with four separate agencies: the Department of Revenue for fuel tax, the Bureau of Motor Vehicles for license plate registration, the Public Service Commission if they are a regulated carrier, and if any of their vehicles are oversize or over-weight, they must deal with the Highway Commission. I do not believe four agencies per state is an unusually high number of agencies for trucking companies to deal with. I had hoped that when our legislature recently studied the transportation agencies, there would be some effort at consolidation of this number of agencies. However, this problem apparently escaped their view, and there has been no political pressure on the legislature to change it. I believe it would be very helpful if all states were to either combine the number of agencies dealing with this industry, or would combine the offices for the agencies concerning the trucking industry, because I believe that such communication and working together would cause many unnecessary problems to the trucking industry to

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be resolved. However, this is obviously a problem for each state legislature to consider, since the Federal Highway Administration or the Congress has no authority over the organization of state government.

Another comment on page 25 is that states should adopt the ATA and NAGTC 5 Point Plan for Uniform Motor Carrier Laws. Since I was not aware that ATA has a 5 point plan for uniform motor carrier laws, my comments will be limited to the NAGTC plan. This proposal is not simple to implement since many states, such as our neighboring State of Ohio, has third structure taxes which are not relevant to the 5 point plan. Therefore, this recommendation implies another recommendation found later in the study that third structure taxes be eliminated. As I will say in more length at that time, I hope your study will consider the third structure taxes to see whether it would be better for the entire country to go on a fuel consumption tax basis or on a third structure tax basis. I think it would be better if all of the states went either a fuel consumption tax or a third structure tax, but I know I don't know enough about a third structure tax to say if a fuel consumption tax is better or not.

The last comment on page 25 is that states should develop bingo card systems for fuel tax registration to eliminate the need to display fuel stickers all over the vehicle. Since Indiana carriers are not required to display fuel stickers on their vehicles, I am not sure whether this comment is attacking the sticker or supporting the bingo card system. I would personally be open to consider the advantages of using the bingo card system in place of annual permits issued by Indiana currently. But I will need more information about the bingo card system to draw my personal conclusion.

The next section on pages 26 and 27 concerns fuel tax bonding. Indiana is a state which requires motor carrier fuel tax bonding for those carriers who receive a refund of gasoline or special fuel tax paid to Indiana when tax is paid to another state on such fuel. Indiana does not require all holders of a Motor Carrier Fuel Use Tax Annual Permit to have a bond. Indiana requires a bond in the amount of refunds issued during a three-year statute of limitations, but the law prohibits bonds from being less than one thousand dollars or more than twenty-five thousand dollars. The minimum bond and maximum bond both have the effect suggested by the comments on page 27 of having a degree of unfairness to a small carrier. However, Indiana's unfairness is not as severe as suggested by the comment. The minimum of one thousand dollars means a carrier who receives less than one thousand dollars in refunds in a three year period is required to have the same bond as a carrier with refunds of one thousand dollars. An unfair result caused by the bonding, which is not built into the Indiana law but is built into the pricing structure of all bonding companies, is the minimum premium. Most bonding companies seem to have a minimum premium for surety bonds which is equal to about two thousand dollars of coverage. In some cases, the taxpayer will request a one thousand dollar bond, receive a bond with one thousand dollars of coverage, but will pay the same premium as a person with a two thousand dollar bond. Also, a taxpayer who needs a twenty-five thousand dollar bond, because of his refunds during the statute of limitations, pays exactly the same premium as a carrier who buys a twenty-five thousand dollar bond but may have hundreds of thousands of dollars of liability during the statute of limitations.

As to the solutions to the bonding problem suggested on page 27, I would be opposed to eliminating bonding because in addition to protecting its revenue in case refunds are issued but later found to have been an error, the existence of the bond seems to me to assure more accuracy and care in the preparation of the refund application. Indiana, as most states, has considerable difficulty in collecting taxes due from taxpayers who do not have property in this state. A truck of an out of state carrier without a terminal

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in Indiana may be very difficult for collection authorities to find in order to assess and levy back taxes. The bond, which makes the bonding company jointly and severally liable and permits the state to merely make a claim against the bond, protects the state from such collection difficulty from annual permit holders.

I would not be opposed to what the comment calls "a centralized bonding scheme." Such a centralized bonding scheme could be posting the bond with a federal agency or with a variety of other entities. Also, If the federal government wanted to, in effect, bond the carriers by guaranteeing that they would pay any taxes an out of state carrier owed to a state and would use the collection resources of the Internal Revenue Service to secure repayment of the tax to the federal government, that would also be an acceptable alternative.

As to eliminate the need for bonding through a fuel tax compact as suggested on page 27 I have no quarrel with that principle although I believe this cannot and should not be done through the fuel tax compact which was developed at the meeting in which I participated in Washington, D.C. in November, 1980. I have mentioned previously that for most of the discussions of the compact there were two distinct points of view expressed. A tax administrator's point of view by the tax administrators of Indiana, South Carolina, and Massachusetts and a more service oriented point of view by the people from license plate bureaus from Iowa, Washington State, and Arizona. Apparently from our discussions in the NAGTC office on March 26, 1981, the federal highway administration has for some time been provided federal financial resources to the AAI/VA and several state license plate authorities. I know of no such federal funding, other than the participation by three states in these compact meetings, that have been provided to fuel tax administrators or the NAGTC. I believe that if a more representative group of the entire country were assembled at federal expense, a more workable fuel tax compact, which might include this concept, could be developed. By a more representative group I mean that the fuel tax administrators should participate in the decisions in the same proportion that Departments of Revenue are responsible for the collection of motor carrier fuel taxes. According to your agency's 1980 publication, "Highway Taxes and Fees," that ratio would be four tax administrators for each license plate bureau representative, since only nine of the forty-five states with such taxes have the tax collected by the Department of Transportation, Motor Vehicle Controller, Department of Motor Vehicles, or Corporation Commission. To have treated those nine states as equal to the thirty-six states with Departments of Revenue or other taxing authorities administering the Motor Carrier Fuel Tax was, I believe, an error by the Federal Highway Administration. However, I believe a fuel tax compact developed by fuel tax administrators or a group more representative of the actual ratio of fuel tax administrators to license bureau authorities administering such taxes could be developed in a way as to give proper respect to the revenue needs of the states. It is on the possibility of such a compact being developed which would adequately protect each of the member states of the compact that I disagree with the professional staff of the NAGTC. The NAGTC stated in its memorandum to the fuel tax compact meeting dated November 7, 1980 that it did not believe a fuel tax compact could be developed because a compact would inevitably cause the states with weaker enforcement and audit programs to become the base state for an increasing number of carriers, and because it would be antithetical to a state's political and business interests to enforce another state's fuel tax laws against its own citizens. I respect that point of view greatly, and do not dismiss the possibility that it may be correct. I certainly believe that this would be a distinct possibility under the compact that we discussed in Washington in November, 1980. However, I optimistically believe such a compact which would be mutually advantageous to the states and to the trucking industry could be developed, although I certainly have no plan of my own which would meet those objections.

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My biggest objection to the handling of the whole problem is to have learned in March, 1981 that the Federal Highway Administration has apparently for some time been subsidizing the point of view of license administrators on fuel tax uniformity. This was expressed through the resolution of AAMVA that AAMVA, as an organization, should get involved in fuel tax administration. I believe that if the same amount of federal subsidy had been given the NAGTC by the Federal Highway Administration as has been given to the AAMVA and its affiliates, significant progress toward more uniformity in fuel tax laws could have been accomplished. I am not concerned about any kind of bureaucratic "turf battle" with the AAMVA over fuel tax administration. My point is that it was apparent to me at the meetings of November, 1980, that the fuel tax administrators come from a vastly different environment in terms of many tax administration issues than do the administrators from license plates authorities. I know of one state that is currently in the process of moving the administration of its motor carrier fuel tax from its license plate authority to its Department of Revenue. I believe greater uniformity of fuel tax laws and adoption of a fuel tax compact is far more likely to be adopted by the thirty-six or thirty-seven states whose tax collection authorities also collect this tax, than it would be if it was recommended to them by people without a background of tax administration.

The next section relates to third structure taxes. As the administrator of the Motor Carrier Fuel Tax in a state which borders a state with the third structure tax, I know I would like to see some comparative data between third structure taxes and the motor carrier fuel taxes. I hope during the Federal Administration's study of these problems, it will study the relative advantages and disadvantages to the state as well as to the industry of third structure taxes and motor carrier fuel taxes. I certainly have no data which proves that the system of taxation we use in Indiana and as I understand forty-two of the forty-eight contiguous states, is superior to the method used in the other states. I do believe that it would greatly reduce the burden on the trucking industry if all of the states had either a motor fuel carrier tax or a third structure tax. However, my mind is personally open as to whether the third structure tax or a fuel consumption tax would be the best way for all the states to go. I have observed that with the exception of New York, which has both a third structure tax and a fuel consumption tax, and Ohio, most of the states with a third structure taxes are in the West. Your study should also indicate whether there are regional advantages to third structure taxes because of greater population densities or other factors which are different in the West than in the East. I hope that when the Federal Highway Administration and Secretary of Transportation make their report to the Congress, they will have studied the relative advantages and disadvantages of these two taxes on a national and regional basis. In any event I hope that whether on a regional or national basis, your study would show whether certain states would benefit from the third structure tax or a motor carrier fuel tax. From my casual observations, it has appeared to me that the administrative cost of the third structure tax would be higher than the administrative cost of a motor carrier fuel tax. I would hope such a study would determine whether that casual observation of mine was correct. I am sensitive to the comment at the bottom of page 29 which I have also heard expressed by representatives of the railroad industry in the Indiana General Assembly that third structure taxes distribute the tax burden for highway upkeep more equitably than fuel consumption taxes. However, even if this observation is correct, it might be disadvantageous for the states to have third structure taxes if their administrative cost and the burden on interstate commerce would be increased by the adoption of such taxes. Obviously, a car which gets thirty miles per gallon does not have one-third less of highway upkeep costs than for cars which get twenty miles per gallon, although the car which gets twenty miles per gallon

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pays more tax per mile than the car which gets thirty miles per gallon. However, I do not believe it would be good public policy to give up the great efficiency and low administrative cost of the gasoline tax for a third structure tax for automobiles even if it was absolutely as numerically fair as possible. A study such as I am recommending that the Federal Highway Administration undertake might come to the same conclusion in comparing third structure taxes with fuel consumption taxes for trucks and buses. However, I know of no research that exists on the subject at this time and I believe that the Federal Highway Administration would be making a valuable contribution toward a solution to many of these problems if it made such a study. The study might cause the states with the least efficient method of taxation to change to an approvable superior method of taxation.

Beginning on page 30, the study turns to the subject of temporary permits. On page 31, it is commented that some states will only permit certain communication media to be used to transmit the permits. Indiana is among the states with such requirements in that we only permit temporary permits to be sent by facsimile, but do not permit them to be sent by telex or TWX. The reason we have not permitted telex or TWX is that we are concerned that telex or TWX are easier to duplicate than permits sent by telecopies. We have been contacted by several telex and TWX vendors on this subject. One of them currently has a proposal before us which has been sent to the Indiana State Police for their comments. Short of preemption by the federal government, Indiana will only permit Telex or TWX to be used as a communication media for temporary permits when we are satisfied that our enforcement capabilities are not reduced by the change.

Also on page 31, it is recommended that states establish permanent permit centers similar to the one Iowa operates. I disagree because I believe the Iowa permit center unfairly competes with private enterprise, and the center is not as good of a distributor for Iowa permits than it would be if permits were sold through the private enterprise truckstops existing at or near most state lines. A carrier needs a temporary permit when he crosses a state line, not when he gets to the center of the state. The trucks traveling long distances need to stop at truckstops for fuel, restroom facilities, and food. If all states had the Iowa-type permit center in addition to the trucks needing to stop at a truckstop, the driver would also need to stop at a state permit center to purchase temporary permits. Once the federal subsidy of the Iowa permit center is ended, if the center continues to exist, the expenses of operating the center will probably come from fuel tax revenues. These fuel tax revenues could be better used to give more service to the trucking industry and the motoring public by building highways and filling chuckholes, than by providing a center which competes for the trucker's time and attention with the truckstop. This would in effect be a subsidy by the gasoline taxpayer, who in Indiana pays 85% of the fuel taxes, by the motor carriers with annual permits, and by the carriers who are currently able to plan far enough ahead to purchase a temporary permit from the states. The subsidy would be of the carriers who do not or cannot plan far enough ahead to secure an annual permit or temporary permit. I believe it would be a far more productive use of federal funds for the federal highway administration to study what practices and needs of carriers and shippers cause carriers to want or need temporary permits. I know, for example, that some carriers routinely use temporary permits for all trip leases. I know that Minnesota only permits a carrier to have three temporary permits for each year before he is required to secure an annual permit. Such a requirement causes a carrier to include its long term leased and trip leased vehicles in its tax reports. Perhaps the state temporary permit fees are too low to compensate for the revenue that it lost by carriers who operate in that state for the period covered by the permit. If this is the case, this means that the carrier with an annual permit is subsidizing the carrier who makes excessive use of temporary

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permits. I agree that temporary permits are a problem, but I am not sure that the correct solution of the problem is for state or federal taxpayers to subsidize uneconomical permit centers which compete for the time and resources of carriers with private enterprise truckstops.

The next comment on page 31 is that single truck permits, monthly permits, quarterly permits and annual permits should be allowed by the states. This would be more complex and more difficult to understand by the trucking industry and employees of truckstops and revenue departments than the current system in Indiana and most states of permitting annual permits or five-day temporary permits.

The next comment is that states should have permits available in all ports of entry and weigh stations. I also disagree with this comment because permits are currently available through facsimile service at truck stops, and I believe that there is enough business being transacted at weigh stations, such as those operated by Indiana, without requiring those stations to be staffed by a sufficient number of employees and equipped with extra scales to allow the sale of permits at the weigh station. If additional facilities and employees were not offered, and a long line of trucks developed at a weigh station, the trucks with annual permits would be sitting in lines longer, while carriers who came into the state illegally without temporary permits or annual permits purchases permits from the employees of the weigh station.

The next comment is that the time period in which carriers can use a temporary permit should be uniform for all states. I think this is a good idea and would be less complicated for the industry. The NAGTC is undertaking a study of this proposal.

Skipping to page 39, I agree with the second comment on the page that Alaska's geographic location means that the uniformity proposal should not include Alaska. I also believe that uniform proposal should not include Hawaii. Those states have little interstate trucking and they should be encouraged to select parts of the system used by the "lower 48" they want to apply under their local circumstances.

As has been stated repeatedly earlier, I strongly agree with the comment on page 39 that the federal government should cooperate with and assist the states to achieve uniformity, but that it should not preempt the states' rights.

I also agree with the following comments that the problems of state regulations are so complex that a simplified procedure for collecting such fees can only be achieved through federal action. The important thing is that the federal action should be by providing the resources to assist and encourage the states to solve their own problems, along the lines of the previous paragraph and the meeting in Washington in November, 1980. The Federal action should not force the states to comply with federal mandates on this subject. As also noted previously, some federally funded research on the subjects covered would also be of benefit to all concerned with these problems.

I also agree with the next comments which are the states have made visible progress in decreasing the carrier's compliance burden, and that the progress that has been made by the states has been too slow. I stated earlier that I believe that the reason for the slow progress by the states has been lack of state or federal resources provided to solve the problem. I believe that if the federal government would provide resources to enable the states to spend the time necessary to study the problem, and propose solutions, more progress could be made by the states.

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I disagree with the next statement that the federal government should institute an oversight program to control unfair taxing practices and regulations. This proposal, as submitted, may be unconstitutional and would certainly be politically unpopular. I believe unfair taxing practices and procedures can best be "controlled" through a communication between the industry and the legislatures, with the advice and assistance of the tax administrators who are permitted to advise the legislature. My experience has been that most unfair taxing procedures which exist, exist because they solve a particular problem to the state. If a better method which solves that problem is used by another state and does not interfere with legitimate fuel tax revenue needs of the state, can be communicated to the legislature using an unfair taxing procedure, I would be very surprised if any legislature would refuse to take action. As I mentioned at our Washington meeting in March, 1981, the segment of the trucking industry that has apparently been most vocal to your agency and to the Congress had never contacted me as a state fuel tax administrator. I believe that segment has had little, if any, communication about its problems with the Indiana General Assembly. This lack of communication with the legislatures of the various states, and with various groups of state officials such as the National Governor's Conference, National Conference of State Legislatures, North American Gasoline Tax Conference, and the Federation of Tax Administrators, have contributed more to the problems which your study is addressing than any other factor. The results of the last national election indicate that people are tired of federal government "control" and that it should be returned to its proper role under our Constitution, rather than overseeing or controlling the states or their citizens.

On page 40, the second comment is that the federal government should assume a clearinghouse role for individual state regulations. I assume the commentator would want this clearinghouse role to also include statutes. If by clearinghouse, the comment means that the federal government should operate as a warehouse and provide information about state laws and regulations to those interested, I do not object to the proposal. However, the information might be better, more effectively, and more efficiently made available to the public by a privately financed publication serving the trucking industry. I was personally disappointed to recently learn that the publication, Trucker's Best Buddy, which was published in Bexley, Ohio and included a tremendous amount of succinct and valuable information needed by the trucking industry, was suspending publication. I would not regret its passing if I thought it was being replaced by a better publication or a publication sold at a lower price. My fear is, however, that the same citizens who are petitioning the federal government to, in some cases, take away the state's ability to provide its citizens with highways, did not purchase this excellent little paper in sufficient quantity to make it economically viable. I am not sure that it is economically sound for the federal government to collect information about the state's taxation and other policies and distribute them to this segment of the public at the expense of all of the public, and particularly at the expense of those taxpayers who are currently in the business of providing such information to this same consumer group, more efficiently on a profit-making basis.

The next comment is that states should use compacts to bring about uniformity. This comment is contrary to the position of Indiana industry generally after Indiana entered the Multi-State Tax Compact. Industry successfully petitioned the Indiana General Assembly three or four years ago to repeal Indiana's participation in that compact. I was not a party to the hearings on that subject, so I cannot mention the arguments. My point is that tax compacts are not always as popular as this comment implies.

I agree with the fourth comment on page 40, that the federal government should delegate the collection of the Federal Highway Use Tax to the states, for the states to collect at the time the license plate registration collections are made. I do not believe there is

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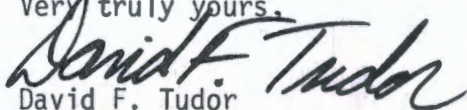
uniform compliance with the Federal Highway Use Tax Law, but I rarely see a truck go down the road without a license plate. There would seem to be considerable advantage to the federal government of having the states collect the federal highway use tax, which is very similar in nature to the license plate registration fee, at the time the license plate is purchased and to permit the states to retain the small proportion of the overall collections that would represent their additional administrative costs of collecting this money for the federal government. I believe the administrative cost to the federal government of paying the states to collect this tax would be significantly lower than its current administrative expense of collecting this tax.

I do not believe that this is the appropriate time for a federally funded educational program directed to the states, as suggested the next comment on page 40. I think the appropriate time for an educational program would be after a method or plan of uniformity is adopted. The educational program should be directed toward the legislatures, who are responsible and able to amend the state laws to conform to the plan, or to advise of the problems with the plan.

I disagree, in most cases, with the next comment which says that uniformity should not come at the expense of less complicated state regulations. This comment is contrary to the statement at the bottom of page 5 that most statements at the hearings indicated a willingness to achieve uniformity even at the risk of having to pay higher fees. The desire to achieve uniformity reflects the significance the speakers placed on the need for greater uniformity. The comment on page 40 may in some cases indicate the problem expressed by the NAGTC in its research memorandum to the federal highway administration's fuel tax compact conference. Such a proposal if adopted universally would cause state to compete for the least complicated method, even when that less complicated method was adverse to their overall interest. I believe the likelihood of uniformity is greater by adopting uniformly those methods used by the states which least impair the state's ability to collect needed highway funds. Certainly if there is a less complicated method which would achieve that goal I would favor it. However, I believe if a less complicated method exists for handling a problem, the problem should be brought to the attention of the respective state legislature who would seem to have no interest in supporting a more complicated method of collection its tax than is necessary.

Thank you again for giving me the opportunity to comment on the comments presented to you in your hearings and meetings. I plan to circulate them to a large number of people who may be interested in your study or may have participated in your study with their own comments. I wish you well in your efforts to study this very large problem and in recommending a solution which is fair to all concerned and successfully reduces the burden on the trucking industry caused by the current status of the various state laws.

Very truly yours,



David F. Tudor
Administrator
MOTOR FUEL TAX DIVISION

DFT/db