

**STATEMENT OF
DEPUTY FEDERAL HIGHWAY ADMINISTRATOR
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BEFORE THE SUBCOMMITTEE ON TRANSPORTATION OF THE COMMITTEE
ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE,
CONCERNING TRUCK SIZE AND WEIGHT PROVISIONS OF THE
SURFACE TRANSPORTATION ASSISTANCE ACT OF 1982**

August 22-23, 1983

I am pleased to be here this morning to discuss the provisions of the Surface Transportation Assistance Act (STAA) of 1982 which deal with truck taxes and size and weight standards for commercial motor vehicles. I will describe the impacts of the tax structure contained in the STAA on the trucking industry, discuss alternative tax structures, discuss the effects of the increased truck size and weight provisions of the STAA on transportation costs and on the condition of roads and bridges, and discuss the reasonable access provisions of the STAA.

Although the lump-sum heavy vehicle use tax is highly visible and it will increase substantially for the heaviest trucks, the tax provisions of the STAA will not have a drastic impact on overall operating costs of a typical truck. For example, for a large truck such as an 80,000 pound over-the-road, 18 wheeler traveling 100,000 miles per year, Federal highway user fees will increase from 2.4 cents per mile under the old tax rates to 5.5 cents per mile when all scheduled increases are fully in effect 5 to 6 years from now. The 3.1-cent-per-mile increase will amount to about 2 percent of the total operating cost that this vehicle is expected to have when the final increase takes effect. The 3.1-cent-per-mile increase is far less than the 15- to 20-cent-per-mile increase in fuel prices and is less than the 4.8-cent-per-mile increase that would be required if that vehicle were to pay its full share of highway costs. Cost increases for lighter combination vehicles will be less than for the heavier vehicles and taxes on single-unit trucks will be

reduced. The tax increases contained in the STAA will be phased in over a number of years to make it easier for the industry to adjust to the change.

Because of the increased highway user fees contained in the STAA, we can look forward, for the first time in many years, to a major expansion in Federal-aid highway program levels. This expansion has already been reflected in FY 1983 Federal-aid apportionments. In the States of Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming, Federal-aid apportionments in FY 1983 totaled \$835.9 million, a 35 percent increase over FY 1982 apportionments of \$621.5 million. Our preliminary estimates for FY 1984 through 1986 show a continuation of increased apportionment levels, with these seven States receiving \$948.3 million in FY 1984, \$1,007.8 million in FY 1985, and \$1,069.4 million in FY 1986--a 72 percent increase in apportionments between FY 1982 and FY 1986.

There have been nearly a score of bills introduced by members of the House and the Senate which propose various modifications to the tax structure that is contained in the STAA. The most commonly included item in these bills is a reduction in the increase in the heavy vehicle use tax contained in the STAA, the first phase of which is scheduled to take effect in July 1984. Many of the proposals would reduce the revenues going into the Highway Trust Fund, ranging from a 0.2 percent loss in 1985 to a 6 percent loss in 1985.

Alternatives to the tax on the use of heavy trucks, similar to those contained in the legislative proposals, are being reviewed and examined by my staff as part of a study which was mandated by the Congress in Section 513(g) of the STAA. We have already advanced that study's completion date by 1 year to enable Congress to consider

alternatives to the tax structure in the STAA before the July 1984 effective date of the first phase of tax increases. Although our final report will be transmitted to the Congress in January 1984, we have recently released a working paper which reports on our initial examination of several alternatives to the tax structure contained in the STAA.

The working paper does contain some observations and preliminary conclusions regarding the acceptability of the alternatives which were examined, but I wish to stress that they represent a first cut, and that the primary criteria for acceptance were the retention of the amount of revenue contributions for the different vehicle classes as set by the STAA and the retention of the total tax revenue contribution as set by the STAA. Our focus is on improving the within-vehicle-class equity of the tax, particularly for low mileage vehicles. Other considerations included ease of payment, administrative feasibility, likelihood of compliance and problems of enforcement. As we continue our efforts to narrow the range of alternatives, these other considerations will begin to play a larger role in determining the acceptability of each alternative.

We are seeking comments on our approach and on our preliminary conclusions, and will make copies of the working paper available upon request. A public docket (83-8) is established to receive comments and will remain open until September 30. In addition, the National Motor Carrier Advisory Committee will hold public hearings on the subject of alternative tax structures on August 30 in San Francisco and on September 14 in Washington, D.C.

The STAA made several significant changes in Federal law governing the weight, length, and width of commercial motor vehicles using the Interstate System and the length and width of vehicles using other qualifying Federal-aid highways. The use of

vehicles with dimensions authorized by the STAA is expected to result in substantial savings in transport costs or productivity gains. Increasing vehicle dimensions and establishing uniform weight limits on the Interstate System increase the allowable tonnage and volume of freight (per trip) which can be carried. Resulting cost savings will initially accrue to motor carriers, but these savings will likely be passed along to shippers, receivers, and consumers due to the competitive nature of the trucking industry.

While motor carriers in the West have been running doubles for many years, they will benefit from the truck size and weight provisions of the STAA. Interstate carriers will no longer be prohibited from running doubles nationwide and elimination of weight barrier States in the Midwest will reduce the cost of transporting goods cross country. The increased trailer length and width provisions of the Act will increase the cargo carrying capacity of vehicles and will benefit carriers throughout the country.

The major determinant of the productivity gains that can be realized from the STAA provisions, other than the characteristics of the vehicles themselves, is the extent of the Federal-aid highway system that will be designated by the States and the Federal Highway Administrator for use by these vehicles. While a major part of the productivity gains will result from use of the Interstate System alone, the addition of non-Interstate, Federal-aid highway routes will further add to the gains that can be realized by increasing the number of origins and destinations that can be served by larger commercial motor vehicles. Based on analyses conducted in conjunction with a congressionally mandated study of the effects of truck size and weight limit changes ("An Investigation of Truck Size and Weight Limits, A report of the Secretary of Transportation to the United States Congress pursuant to Section 161 of P.L. 95-599, the Surface Transportation Assistance Act of 1978") estimates made at the time of passage of the STAA were that productivity gains resulting from the truck size and weight provisions of the Act would range between

\$4.0 and \$4.9 billion (annual gains in 1985, stated in terms of 1985 dollars), depending on the extent of the non-Interstate, Federal-aid highway system that is designated for use by the larger vehicles.

If the STAA had not authorized increased highway program levels, the condition of highway pavements and bridges would have continued to deteriorate and this would have increased operating costs for trucks and other highway vehicles. The truck size and weight provisions of the STAA are expected to result in some increased pavement and bridge damage. Because a 48-foot long, 102-inch wide semitrailer combination unit is capable of carrying more cargo than a 45-foot long, 96-inch wide unit, and because both have a single steering axle followed by two tandem axles, a fully loaded, longer and wider unit will cause more pavement damage, as expressed by the number of 18 kip, equivalent single axle loadings (ESAL's). This increase in the number of ESAL's resulting from greater per vehicle loads will be offset to some extent by the fact that fewer semitrailer combinations would be required to carry the same amount of freight.

Comparison of a double-bottom combination vehicle with 5-single axles to a semitrailer combination with 5 axles and the same gross vehicle weight discloses that a double bottom imposes more ESAL's than the semi when traveling over flexible pavements and fewer ESAL's than the semi when traveling over rigid pavements. Thus, a shift to greater use of doubles could increase pavement damage on highways built with flexible pavements and reduce pavement damage on highways built with rigid pavements.

Because nearly half of the Interstate System mileage and a much larger portion of non-Interstate mileage consists of flexible pavements, increased use of doubles

will result in some increase in pavement damage. To the extent that doubles attract traffic that had previously been carried by railroads, pavement damage would also be increased. As an offset to these potential increases in pavement damage, the increased cubic capacity of doubles means that fewer doubles than semis would be required to carry an equivalent amount of freight traffic. Based on the Section 161 Study analyses referred to above, it is estimated that the additional pavement damage that will result from allowing doubles to use Interstate System and other FAP highways would range between \$466 million and \$542 million (annual costs in 1985, stated in terms of 1985 dollars), depending on the extent of non-Interstate mileage designated for use by doubles.

The Section 161 Study also indicates that bridge construction and reconstruction costs would increase slightly if doubles were allowed to run on the entire Interstate System, but all the additional bridge costs were incurred in States that had Interstate load limits below those that have been established in Section 133 of the STAA. We do not expect any significant changes in bridge costs in other States.

The increases in pavement and bridge damage resulting from the truck size and weight provisions of the STAA are quite modest when compared to the transport cost savings that the use of such vehicles can achieve. In addition, increased user fees contained in the STAA will allow highway funding to be increased to compensate for additional pavement/bridge costs that may be caused by larger commercial motor vehicles.

Section 127(b) of Title 23 U.S.C. provides that States may not deny reasonable access to vehicles of weights authorized by that Section between the Interstate System

and terminals and facilities for food, fuel, repairs and rest. Similarly, Section 412 of the STAA provides that States may not deny reasonable access to commercial motor vehicles subject to Title IV of the Act (which includes length and width provisions) between the Interstate System and designated primary system highways, and terminals, facilities for food, fuel, repairs and rest, and points of loading and unloading for household goods carriers. The STAA does not define reasonable access nor does it offer any guidelines for defining what is reasonable. It is our intent at this time to allow the States to establish individual reasonable access provisions, and we are requesting comments on all aspects of the reasonable access issue, including the signing or mapping of reasonable access routes and segments, and the need to define terminal.

Thank you for the opportunity to appear. I will be pleased to answer any questions you may have.