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BEFORE THE SURFACE TRANSPORTATION SUBCOMMITTEE  
OF THE  
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION  
UNITED STATES HOUSE OF REPRESENTATIVES

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I appreciate the opportunity to appear before the Subcommittee to present our views on certain provisions of H.R. 776, the Comprehensive National Energy Policy Act. I would like to begin by emphasizing the Administration's commitment to meeting the nation's transportation requirements in a manner that promotes both energy conservation and environmental goals. I believe the recently enacted Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 makes great strides toward fulfilling the National Transportation Policy goal of promoting energy conservation through fostering a more fuel-efficient transportation system. The concern I would like to express today is that certain provisions of H.R. 776, as it is currently written, may run counter to the purposes of the ISTEA of 1991 and to sound environmental and transportation policy.

Before moving to a discussion of specific details of H.R. 776, I would like to add one additional cause for our concern with alternative fuels programs in general. As administrators of the Federal investment in the Nation's highway system, we applaud the national effort to bring about a transition to less-polluting motor fuels, and we fully support programs to promote the use of alternative fuels, such as the alternative fuels program

contained in the Administration's National Energy Strategy. Coupled with this support, however, is a concern with the costs associated with using highway tax exemptions to promote the consumption of those fuels. Because fuel tax revenues provide the major source of revenues for the Federal and most State highway programs, growing consumption of alternative fuels can have significant consequences for these programs. Vehicles fueled by alternative energy sources sometimes do not pay an equivalent highway tax in terms of taxes paid per mile driven, so the inequity and revenue loss associated with increased use of these fuels could be significant. We are sufficiently concerned about these matters that we have initiated a research study to examine options for responding to the revenue implications of alternative fuels consumption. This study, to be completed this Fall, will include an examination of the advantages and disadvantages of extending the Federal highway tax structure to alternative fuels, eventually raising tax rates on conventional fuels to compensate for revenue losses, or adopting new, non-fuel based revenue sources to supplement or replace motor fuel taxes. We are also working closely with a longer-term study of alternative revenue sources for State and local highway programs being conducted under the Transportation Research Board's NCHRP program. We believe these concerns are of great importance to the nation and need to be addressed when energy and environmental policies are being formulated.

Turning to H.R. 776, I would like to comment on three sections of Title IV.

- o Section 305--With one exception, this section prohibits a State or local jurisdiction from restricting access to HOV lanes for dedicated or dual-fueled alternative fuel vehicles, without regard to the number of passengers in the vehicle. The exception is that the prohibition would not apply to any nonattainment area which has established number-of-passenger restrictions for HOV lanes as part of a SIP, or to any nonattainment area covered under Section 246 of the Clean Air Act, which establishes centrally-fueled fleet requirements for certain ozone and carbon monoxide nonattainment areas.

The use of passenger limitations for HOV lanes is intended to serve environmental and energy conservation goals, as well as to improve mobility on congested routes. In fact, as reflected in the exception contained in Section 305, HOV lane passenger limitations are included as part of plans to meet air quality goals in nonattainment areas. We believe the use of relaxed-passenger restrictions on HOV lanes to promote the use of alternative fuel vehicles could lead to congestion of those facilities and would be counterproductive to transportation, energy, and environmental goals.

A second comment on this section is that, if it were to be implemented, it is likely that its administration would be extremely difficult and costly. Monitoring vehicles according to

the fuel they use, particularly for dual-fueled vehicles, would seem to be difficult, if not impossible, to enforce.

- o Section 410--This section contains requirements for State and local alternative fuels and alternative-fueled vehicles incentive programs, including detailed requirements for program elements to be addressed in State and local incentive program plans. As is indicated in our comment on Section 305, we do not believe that all of the elements listed in Section 410(a)(3) would necessarily make a positive contribution to national energy, environmental, or transportation goals, and we would be opposed to their enactment. We are particularly concerned about (3)(A), the use of HOV lanes for alternative fueled vehicles; (3)(B), exemption from State sales taxes or other State or local taxes, surcharges, or tolls for alternative fueled vehicles, or alternative fueling facilities; and (3)(D), special parking at public buildings and airport and transportation facilities. While we have no objection to examining these items, we believe they may be counterproductive to sound transportation policy, as established by the Intermodal Surface Transportation Efficiency Act of 1991, and the Federal government should not be in the position of proposing or promoting them. For example, provisions in Section 1012 of the ISTEA greatly expand the ability of States, and private entities working in partnership with States, to build and operate toll facilities. If it is our

policy to encourage private entities to invest in these facilities, we need to be sure that we do not develop other policies that restrict the private sector's ability to collect tolls.

Further, since these items have significant implications for vital transportation goals, we believe that subsection (2), under which the Secretary of Energy determines whether to approve a State plan, should require consultation and approval by the Secretary of Transportation. We also believe that the items to be taken into account by the Secretary of Energy (in approving State plans) should be expanded to include "effects on State and local programs designed to implement programs under the Intermodal Surface Transportation Efficiency Act of 1991."

I would be happy to respond to any questions.