

Administration Considering Mileage-based Tax

By [Jon E. Dougherty](#) at 9:33 am Eastern

(Newsroom America) -- The Obama administration is considering a plan that would tax drivers based on the amount of miles they drive, an idea being panned by some analysts as harmful to the economy and overly invasive.

The plan is part of the administration's Transportation Opportunities Act, which comes on the heels of a Congressional Budget Office report supporting the idea.

The CBO said in its report that two key factors were driving the proposal - one, that federal spending on highways was outpacing Highway Trust Fund revenues collected through taxes on gasoline and diesel fuel; and two, "current taxes do not give highway users an incentive to consider all of the costs their use of roads imposes on others."

As a result of these imbalances, CBO said, "road use exceeds the efficient amount, and the quality of service that users receive from the highway network is lower than it would be otherwise."

The report, prepared at the request of the Senate Budget Committee, chaired by Sen. Kent Conrad, D-N.D., recommended a vehicle miles-traveled tax that would be assessed by installing electronic devices on vehicles, to determine how many miles were driven. Tax payments would then be assessed and made electronically at gas stations.

The bill offered by the White House appears to adopt those recommendations. It would establish within the Federal Highway Administration a Surface Transportation Revenue Alternatives Office charged with creating a "study framework that defines the functionality of a mileage-based user fee system and other systems," The Hill newspaper reported.

In addition, the new office includes a public relations effort to sell the idea and "increase public awareness regarding the need for an alternative funding source for surface transportation programs and provide information on possible approaches."

According to the White House proposal, the new office would receive \$200 million in funding through 2017 to examine four facets - states' capability to enforce payments; administrative costs, reliability of technology and "user acceptance," said The Hill.

The plan is being criticized as harmful to the economy and an affront to privacy rights.

"We've got an effective unemployment rate of nearly 17 percent in this country, and these idiots want to tax car mileage. It's nuts, what they want to do," radio host and television commentator Lou Dobbs said Thursday.

Chris Edwards, an economist with the libertarian CATO Institute, said the plan is a "bad idea" that comes with an expansion of government.

"There is a high degree of risk that there's going to be all kinds of hin

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government, intrusive stuff in this bill," Edwards told Newsmax.com.

Other critics of the measure say taxing drivers by the mile rather than gallons of gas used will encourage them to buy less fuel-efficient vehicles.

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