Resolution Against Federal Weight-Distance Tax Proposal

Summary

Current proposals in Congress would repeal several existing federal highway user fees and impose in their place a federal weight-distance tax on motor carrier, calculated according to the weight of a truck, the number of its axles, and the distance it travels. The bill contemplates that state governments would assist in the administration, collection, and enforcement of the new tax.

The proposed federal weight-distance tax represents a significant tax increase for most of the motor carrier industry, would impose burdensome administrative and compliance costs on government and industry, and, by reason of greatly increased tax evasion, threaten the integrity of the federal Highway Trust Fund.

Model Resolution

WHEREAS, the proposed federal weight-distance tax represents a significant federal tax increase for the majority of the motor carrier industry, at a time when there are surpluses in both the federal general fund and the federal Highway Trust Fund; and

WHEREAS, according to the Federal Highway Administration, the motor carrier industry is already paying its fair share of the cost of the Nation's highways; and

WHEREAS, administration of the proposed federal weight-distance tax would be delegated to the U.S. Internal Revenue Service, which has no experience or expertise with a highway user fee of such scope or complexity, and which would be required to employ as many as 1,000 additional federal tax auditors to collect the tax; and

WHEREAS, compliance with the proposed federal weight-distance tax would impose immense burdens on the motor carrier industry, the majority of which comprises thousands of small businesses; and

WHEREAS, most intrastate carriers do not currently report their operations to state or federal governments for tax purposes, the proposed federal weight-distance tax would require such carriers to initiate complex tax reporting systems from scratch; and

WHEREAS, state experience with weight-distance taxes has been notably unsatisfactory, with nearly twenty states having repealed this type of tax over the years because of its complex administration and widespread evasion; and

WHEREAS, state governments do not currently collect or maintain data on motor carriers that would materially assist in the administration, collection, or enforcement of the proposed federal weight-distance tax; and

WHEREAS, potential evasion of the proposed federal weight-distance tax has been estimated at from $1 billion to $1.75 billion annually, which would drain the federal Highway Trust Fund of revenues the states need for highway construction and maintenance; and

NOW THEREFORE BE IT RESOLVED that the American Legislative Exchange Council hereby opposes the enactment of a federal weight-distance tax on the motor carrier industry.

BE IT FURTHER RESOLVED, that the clerk of the (House of Representatives or Senate) transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the United States House of Representatives, and to each Member of Congress of the United States.