



Are Mileage-Based User Fees Good For Missourians?

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By: *Patrick Tuohey*

The Information Technology and Innovation Foundation (ITIF) just released [a paper](#) about “road user charges,” which would change the way governments fund roads. Instead of per-gallon fuel taxes, drivers would pay mileage-based user fees (MBUF). As Missouri policymakers wrestle with how to fund infrastructure, this report is a welcome read.

Bob Poole of the [Reason Foundation](#), a libertarian free-market organization, [wrote of the study in a recent newsletter](#) and addressed two concerns likely to be raised in Missouri:

One of the most important is the idea that a system using GPS would “track” everywhere the vehicle goes. He [the author of the study] points out, correctly, that GPS is a one-way system: it enables *the car to know* where it is at all times, but the GPS satellite and its operators *do not know*. The basic concept is that an on-board unit on the vehicle would total up the miles driven (and which states those miles occurred in) and transmit the *totals* to the relevant jurisdictions (e.g., New York and New Jersey) so each can levy per-mile charges.

Another oft-heard concern is that because rural residents drive longer distances, they would be made worse off by a miles-charged system. Drawing on research from Rand Corporation and others, Rob’s report explains that rural residents tend to own older, gas-guzzling vehicles compared with urban residents, so most of them would be better off

paying by the mile rather than by the gallon. Detailed TRB research papers bear this out. Similar data call into question the equity argument; Rob reminds us that lower-income households tend to drive older, less fuel-efficient vehicles compared with wealthier people. Like rural residents, most low-income urban-area residents would be better off paying by miles driven than by gallons used.

Former Show-Me Institute analyst Joe Miller addressed the issues facing the Missouri Department of Transportation in [a 2016 paper](#), which included consideration of user fees such as mileage-based fees. As Poole points out, the ITIF policy paper is too heavy on top-down federal and state mandates. Instead, he urges states to experiment with ways for drivers to track their mileage and report it to private-sector service providers rather than state or federal agencies—as drivers will likely view it a violation of privacy.

Advances in technology such as more fuel-efficient cars pose a challenge to the old ways of raising infrastructure funds. Technology also permits us many more ways of addressing policy needs. It should be no surprise that there are likely more efficient ways for governments to collect the revenue necessary to provide for basic services. Policymakers should be open to considering those opportunities.

About the Author



*Patrick Tuohey
Director of Municipal Policy*

Patrick Tuohey is the Director of Municipal Policy at the Show-Me Institute.

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[1] <https://showmeinstitute.org/blog/transportation/are-mileage-based-user-fees-good-missourians>

[2] <https://itif.org/publications/2019/04/22/policymakers-guide-road-user-charges>

[3] <https://reason.org/about-reason-foundation/>

[4] https://reason.org/transportation-news/surface-transportation-news-187/?utm_medium=email

[5] <https://showmeinstitute.org/publication/transportation/funding-missouri-department-transportation-and-state-highway-system>

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Show-Me Institute

5297 Washington Place 3645 Troost Avenue
Saint Louis, MO 63108 Kansas City, MO 64109
Phone: (314) 454-0647 Phone: (816) 287-0370
Fax: (314) 454-0667

Email: info@showmeinstitute.org

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