

The Road to a Vetoed Vehicle Miles Traveled Program in Massachusetts

A proposal to study a vehicle miles traveled (VMT) program in Massachusetts drew fire as a tax on rural residents, even as transportation officials acknowledged the potential need for such a program in the future.

The contrasting opinions were revealed in internal Massachusetts Department of Transportation (DOT) [emails](#) about the measure, obtained by Tax Analysts through a public records request.

The emails revealed staunch opposition by the administration of Gov. Charlie Baker (R) to a provision in a transportation bill that would have required the DOT to apply for federal grants for a VMT pilot program every year until fiscal 2020 or until funding was secured.

State Transportation Secretary Stephanie Pollack said that such a VMT program in Massachusetts would be “purely and simply a tax -- if not a punishment” for residents living in more rural areas where the only realistic mode of transportation is by vehicle, according to emails between Pollack and the DOT staff. Baker [vetoed the measure](#) in August.

Baker’s rejection of a VMT pilot program in Massachusetts comes at a time when states across the nation are considering the feasibility of a VMT -- or mileage -- tax to offset declining gas tax revenues attributable in part to the growing use of fuel-efficient cars. Oregon and California have already started pilot programs, and five states near the Bay State will begin a multistate study this year.

In a July 26 op-ed in *CommonWealth* magazine, James Aloisi, former Massachusetts transportation secretary, wrote that the Bay State “cannot allow itself to be left behind” on studying a VMT model.

However, Baker said any proposal in which the state seeks federal funding for a VMT pilot program would require more time, discussion, and research on the technology and costs involved. He also framed his veto as a rejection of a tax increase, saying he did not support a VMT program that would impose another tax on top of the gas tax.

Emails from the state DOT show that staffers largely agreed with Baker, but cautioned the state to tread lightly on the verdict of the program, since it “may be a tool that is needed down the road,” according to one DOT director.

Weighing In From Alaska

The concept of a VMT tax is not new to Massachusetts. Several state lawmakers have introduced legislation to study a VMT tax as a replacement for the Bay State’s motor vehicle fuel excise tax, now at 24 cents per gallon. However, none of the previous bills has advanced as far as the most recent proposal.

In July 2016 the Senate passed a transportation bond bill ([H. 4424](#)) with a provision ([S. 2455](#)) for a VMT pilot program. Under S. 2455, the DOT would have to seek federal grant money for a VMT pilot program in fiscal 2017 and every year after until fiscal 2020 or until the money was secured, whichever came first.

After the Senate passed the bill July 23, DOT Legislative Director Michael Berry alerted other department heads via email. In an email to nine DOT employees, Berry said there were two versions of H. 4424, noting that the Senate version called for a VMT pilot program, which “MassDOT opposes.”

Several emails over the next week show an effort within the DOT to compile a summary and analysis of the expanded H. 4424 and to coordinate with the governor’s office on a public response to the provision.

Talk of vetoing the provision arises in a July 29 email from the transportation secretary’s chief of staff, Rob Garrity, to Pollack herself, who appeared to have been on vacation in Alaska. Garrity informed Pollack of the Senate’s inclusion of the VMT provision in H. 4424, writing that “we did end up with a requirement that we apply to be part of the federal VMT pilot programs,” noting the importance via exclamation point.

He adds in the email that H. 4424 is “line-itemable” in underlined words. “Right now we are talking about recommending a veto. Please let me know if you want to have a deeper conversation,” Garrity continues.

In a separate email sent to DOR heads July 29, Pollack said she assumed the DOT would recommend that Baker veto the provision, “especially as there is nothing that clearly states that such a pilot would have to be revenue neutral and/or limited to parts of the state where people have real transportation alternatives.”

“As I have emphasized repeatedly, pricing transportation is not like pricing electricity or heating fuels where people can avoid the higher price by taking conservation measures,” Pollack continued in her email from Alaska. “With transportation pricing, unless you live somewhere where walking/biking/transit is a realistic alternative then the additional cost is purely and simply a tax -- if not a punishment.”

Pollack’s email on the VMT provision was sent on the same day that Baker spokesman William Pitman emailed a statement to a reporter from *The Republican* denouncing the Senate’s VMT provision.

“Governor Baker does not support raising taxes on the people of Massachusetts and does not support this amendment,” the statement said. “The administration also believes the waning hours of the legislative session is not the time to move forward with any new proposal to require the state to participate in such a federal program.”

Garrity alerted Pollack to the governor’s opposition in an August 4 email upon her return from vacation in Alaska, saying that “there doesn’t seem to be any appetite to get out in front and lead a parade on VMT.”

Support Emerges, but Veto Prevails

August 4 emails show that DOT staff received two letters in support of the VMT provision and that one staffer received a call from the office of state Senate President Stan Rosenberg (D) expressing support for the provision.

The Conservation Law Foundation, a northeastern U.S. environmental advocacy group, sent a letter urging Baker to pass H. 4424 with the VMT provision. The letter said studying a VMT would send the Bay State in the right direction to address its need to identify alternative sources of transportation funding.

Gas tax revenue in Massachusetts has hovered between \$650 million and \$660 million since 2009, after spiking in 2007 and dropping off after 2008, according to [data](#) published by the Tax Policy Center.

“The Commonwealth’s participation in the pilot does not presume an increase in taxes or fees, and indeed, the pilot can be used to evaluate alternatives that would be revenue neutral compared to the current transportation financing system,” according to the Conservation Law Foundation letter.

A similar letter from three Massachusetts lawmakers addressed to Baker made its way to the DOT on August 4. It extolls the benefits of a VMT pilot program and pushes the governor to sign the measure into law.

“This pilot will help inform the Legislature and your Administration on the viability of VMT as a policy solution to solve the problem of our steadily declining and somewhat unfairly balanced gas tax,” the letter said. “If ever implemented statewide, we expect that a VMT program would replace the gasoline tax.”

The letter, which came from Democratic Rep. Tricia Farley-Bouvier and Sens. Jason Lewis and Thomas McGee, also noted that the state transportation finance commission recommended that Massachusetts look into a VMT program in 2007. “Since then, several states have taken steps to adopt VMT pilot programs,” according to the letter.

Five states -- Delaware, Connecticut, New Hampshire, Pennsylvania, and Vermont -- were [awarded](#) nearly \$1.5 million in federal funding to study the feasibility of a multistate VMT program. The I-95 Corridor Coalition will spearhead the study, which coalition Director Patricia Hendren said is likely to get underway early this year.

In an August 4 email, the DOT’s chief strategy officer, Scott Bosworth, wrote to Pollack and Berry that he had received a call from a staffer at Rosenberg’s office supporting a VMT pilot program. Bosworth wrote that he told the staffer that “we are supporting the I-95 Coalition’s effort and have researched pilot opportunities of our own and will strongly consider submitting for the next round of grant funds.”

The DOT is not pursuing or seeking any funding for a program at this time, agency spokesman Patrick Marvin told Tax Analysts in a January 9 email.

After several emails between DOT staff about the House’s approval of the inclusion of the VMT

provision, the death of the provision was confirmed August 9 during an email exchange between Garrity and Pitman.

“Looks like this is the legislation that has the VMT pilot program,” Garrity wrote to Pitman, referring to a copy of H. 4424, which included the entirety of S. 2455. “Are we vetoing that?”

“We are,” Pitman responded.

On August 10 Baker issued a [letter](#) to state lawmakers saying he was “proud to sign the majority of this bill” but that he had vetoed the VMT provision. He said the state would need to calculate the cost of such a pilot program, and further research the technology involved in a VMT and its impact on citizens’ privacy.

“Also, I would oppose any VMT program that would impose taxes in addition to the existing gas tax,” Baker wrote. Before Baker issued his veto, Berry asked that the DOT participate in crafting the letter. “VMT may be a tool that is needed down the road, so we do not wish to slam the program itself too directly,” Berry wrote in an email to state officials on August 4, days before Baker issued his veto letter.

Declining Gas Tax Revenues Will Continue

According to Aloisi, who served as the head of the Massachusetts DOT in 2009, gas tax revenues will only further decline as technology advances toward more fuel-efficient cars and other greener options like self-driving cars.

Adopting a provision requiring the DOT to seek federal funding for a VMT program would have allowed Massachusetts “the opportunity to begin the necessary task of weaning itself off the waning and unpopular gas tax, replacing it with a 21st century revenue system,” wrote Aloisi, who has long advocated a VMT program. “The gas tax is a 20th century dinosaur, and we need to recognize that fact and move on.”

However, transportation experts have [said](#) a VMT model would pose challenges, including privacy concerns regarding tracking miles driven and public perception of what is viewed as a new tax.

Carl Davis, a transportation expert with the Institute on Taxation and Economic Policy, told Tax Analysts in July that he believes a VMT tax should be explored but that the gas tax will likely remain for now.

“Mileage taxes are a promising idea worthy of more study,” Davis said. “But I don’t think any state will be able to raise a meaningful amount of revenue from them for many years.”

“I expect that the gas tax will remain a cornerstone of transportation finance for a while longer, and lawmakers shouldn’t lose sight of that fact even as they begin to look toward alternative long-term funding options such as mileage taxes,” he added.