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User Pays

By [Fawn Johnson](#)

Correspondent, National Journal

The House Republicans are making infrastructure the backbone of their own jobs proposal, a foil to President Obama's jobs package. They are offering a long-term (and long overdue) highway bill that would be paid for by expanded domestic drilling. It's a blatant political move, designed to make Democrats squirm because they generally oppose drilling and support infrastructure.

The proposal departs from the traditional "user pays" model of funding transportation, which is best exemplified by the gas tax but also reflected in transit fares or even toll roads. The economic philosophy of user pays is a sound one--frequent commuters pay more for road and rail upkeep than occasional travelers. But the user pay model has broken down over the last ten years because highways and railroads cost more than the current user payment systems collect. When that happens, general treasury funds are added to the mix, muddying what was once a simple equation.

The politics are far behind the economic theories that underlie the user pay system. Increasing the gas tax is an unacceptable idea for all politicians. Implementing a sophisticated vehicle miles traveled (VMT) payment system is fraught with privacy and technical perils. We're left with off-the-wall proposals like the House Republican plan or less money for infrastructure, which is reflected in the bipartisan Senate highway bill.

Does the user pay model still hold up for transportation? Is there a better way to pay for infrastructure? Can users fully fund the roads, bridges, and railways they use? How much should users be on the hook for? What about taxpayers?



1 Response

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Abandon “User pays” for transportation?

By [Gabriel Roth](#)

Research Fellow, The Independent Institute

Those who try to apply market principles to transportation might reply to Fawn’s five questions as follows:

“Does the ‘Users pay’ model still hold up for transportation?” I hope so, as the alternative of “taxpayers pay” is likely to be worse for those who travel or send goods.

“Is there a better way to pay for infrastructure?” I cannot think of one.

“Can users fully fund the roads, bridges, and railways they use?” In the US, frequently not. But a more relevant question might be “Should people have the right to use roads, bridges and railways that they are not prepared to pay for?” If they have that right, then others have an obligation to provide, an obligation some might not accept.

“How much should users be on the hook for?” In a market economy they generally pay for what they get, and get what they are prepared to pay for.

“What about taxpayers?” Taxpayers should expect to pay for government services, such as street lighting, that cannot be provided by economic markets. Local roads are often paid for in this way, by property taxes.