

Estimates of Administrative Costs for VMT

Commissioner Schenendorf requested estimates of administrative costs for a mileage-based user charge. Commission staff found no estimates of administrative costs in a quick scan of available literature on mileage-based user charges, but staff believe costs should be comparable to costs for electronic toll collection. The following information is taken from a Web Site called "ITS Decision: A Gateway to Understanding and Applying Intelligent Transportation Systems."

http://www.calccit.org/itsdecision/serv_and_tech/Electronic_toll_collection/electron_toll_collection_report.html#costs

Toll Agency Costs

Cost per transaction of an ETC system: from \$0.05 to \$0.10. In comparison, the cost per transaction in a manual collection system is approximately \$0.086. Cost projections estimated for the Pennsylvania Turnpike Authority indicates that a full ETC interchange can cost as little as one-quarter to one-fifth the cost of a conventional cash toll interchange. While a conventional interchange requires 25 full-time employees (assuming four toll booths), at a cost of up to one-third of the toll collection revenue, the ETC option would require only one maintenance person and account support (ITS International, 1997).

There clearly are economies to scale, at least up to a point. Credit card companies process many more transactions than would be required under a mileage-based user charge system, and their administrative costs are low enough that companies don't have to charge a premium for credit card use. There is no question that administrative costs for a mileage-based user charge would be greater than for the fuel tax, but there is nothing to suggest that administrative costs would be prohibitive.

This paper represents draft, pre-decisional briefing material; any views expressed are those of the authors, and do not represent the position of either the Section 1909 Commission, or the U.S. Department of Transportation