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(This has news through Apr. 28. No. 3 was mailed Apr. 25.)

RETURN REQUESTED

Truck Subsidies Big and Growing

—photo by Steve Leonardo

NARP Pres. John R. Martin (2nd from left) spoke Feb. 23 at NARP's regional meeting in Albany. Also this year, he addressed NARP regional meetings in Boston, Savannah, and Dallas. He is shown above with (from left) Louis Rossi, Director—Rail Division, NY DOT; Empire State Passengers Assn. Pres. Frank Barry; and Elizabeth Harriman Bean, a member of both the NARP Board and the Schenectady County Legislature. (NARP staff spoke at these regional NARP meetings in Mar.: Exec. Dir. Ross Capon—Arlington, VA; Vancouver, WA; and San Francisco; Asst. Dir. Barry Williams—Ottumwa, IA.)

TRAVELERS' ADVISORY

Be advised: **Washington-Montreal "Montrealer" is detouring over Central Vermont Ry. via Amherst, MA, since Mar. 17, due to a Boston & Maine work stoppage. Detour is creating 2-hour delay and Northampton, MA, is being missed. Since Mar. 25, New York-Montreal "Adirondack" has been suspended north of Albany (at first, Schenectady) due to related strike on Delaware & Hudson. Buses are substituting. A strike over job security for 112 Maine Central workers began Mar. 3 and spread to D&H and B&M (all 3 are Guilford Transportation railroads).**

Among the more noteworthy schedule changes that took effect Apr. 27, these trains run earlier:

- **"Lake Shore Ltd." dp. Chicago :40 earlier (5:50 PM)—this marginally improves eastbound times at Cleveland (ar. 1:19 AM, not 1:54);**
- **"California Zephyr" dp. Oakland :35 earlier (11:05**

(continued on page 4)

National Weight-Distance Tax is the Answer!

"The tax structure established by the Surface Transportation Assistance Act of 1982 (STAA) improved equity for all classes of [highway] vehicles, although the heavy combination trucks still underpay their cost responsibility by about 35%."

—U.S. Department of Transportation (DOT), Jan., 1984

(This is the 3rd in a series of transportation subsidy articles to help NARP members combat the popular, but false, notion that only Amtrak is subsidized. Trucks—and the also-heavily-subsidized barge industry—are major factors in the drastic decline in railroads' share of domestic intercity freight. Trucks now totally control short-distance, high-value merchandise traffic—the kind of business that, if kept on the rails, might mean faster, smoother Amtrak rides today in time-sensitive corridors outside the Northeast. Railroads took 72% of domestic intercity freight revenues in 1929, 24% in 1975, and preliminary figures peg 1985 at only 17%. Although rail's ton-mile share remains high—37.5% in 1984—this reflects bulk commodities offering less profit and meaning less upgrading of routes useful to passenger train operations. Truck subsidies are not the sole cause of the railroads' woes, but they are important. Previous articles dealt with subsidies to highway users generally (June '85) and aviation (Dec. '85) and are available if you send a self-addressed, stamped envelope to NARP. Specify which newsletters you'd like.)

Truckers do not pay their fair share of highway costs. In recent years, increases in allowable truck sizes and weights have roughly offset increases in truck taxes. Today's larger, heavier trucks mean reduced unit costs and bigger subsidies for truckers—and more highway safety problems. A national weight-distance tax should be imposed to best correlate truck user-charge payments with the cost of the damage trucks do to the nation's highways.

On Jan. 6, 1983, President Reagan signed the STAA. It included the first truck tax increase *in 20 years,* despite numerous federal and state studies documenting many years of significant under-payment in highway taxes by heavy trucks.

Truckers fared well under STAA, notwithstanding their loud protests that its truck tax hikes were inequitable and would devastate the trucking industry. STAA:

- Hiked truck taxes much less than the U.S. Department of Transportation (DOT) recommended—and even DOT would have retained some subsidy for heavy trucks;

● Granted truckers major productivity gains: increased federal truck size and weight limits estimated to have increased truck carrying capacity by 14-30% (longer trailer lengths, 28 ft. double-trailers, and 80,000 lb. weights nationwide); and

● Most significantly, allowed the productivity gains to take effect immediately, while postponing the imposition of tax increases for 18 months. (The Jan. '83 *NARP News* reported this under the headline, "Bigger, Heavier Trucks This Year: Heavy Truck Taxes in '84—Maybe." The time lag gave truckers time to lobby—successfully, as it turned out—for changes in the tax.)

Under STAA, even without consideration of the productivity gains, heavy trucks would only have paid 65% of their "cost responsibility" (i.e., received a 35% subsidy). The bigger and heavier trucks further increased truckers' competitive strength.

After STAA passed, however, the truckers went to work on Capitol Hill. Before the July 1, 1984 effective date for STAA's truck taxes, Congress cut the heavy truck use tax—the major component of STAA's truck tax hike—by about 70% (the maximum was reduced from $1,900/year to $550; DOT had originally recommended $3,900!) and substituted a 6¢/gallon increase in the federal diesel fuel tax.

The resulting heavy reliance on the diesel fuel tax favors heavy trucks: fuel consumption rises slowly in relation to truck weight while road damage rises exponentially with weight. An 80,000 lb. truck uses only 14% more fuel than a 50,000 lb. truck, but does twice the road damage!

Moreover, since the fuel efficiency of heavy truck engines is steadily improving, trucks are paying less and less per mile of travel. Also, the heaviest truck classes travel the most miles. By 1998, fuel efficiency improvements may reduce heavy truck tax payments by $500/year—virtually cancelling out the maximum heavy truck use tax payment.

Federal and State Studies: Many federal and state highway cost allocation studies have been conducted over the years to determine if highway costs are equitably distributed among highway users, as required by the Highway Revenue Act of 1956. Study after study has found significant underpayment in taxes by heavy trucks.

STUDY FINDINGS OF COMBINATION TRUCK TAX UNDERPAYMENT

State	Tax Payment/Cost Responsibility*
Florida (1979)	.51
Georgia (1979)	.44
Oregon (1980)	.92**
Colorado (1981)	.56
Maryland (1982)	.56
Connecticut (1982)	.63
Ohio (1982)	.35
North Carolina (1982)	.78
Federal Study (1982)	.60

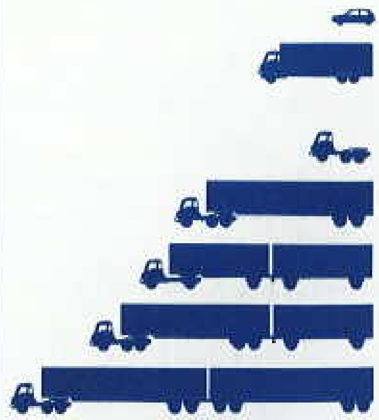
***Ratio less than 1.00 indicates underpayment (subsidy)**
****Indicates effectiveness of Oregon's weight-distance tax**

Source: *Indiana Cost Allocation Study*

The basic principle underlying cost allocation studies is that certain highway costs are incurred specifically to accommodate vehicles of different sizes, weights, and axle loadings. Such expenditures are, therefore, "attributed" to these vehicles.

Other expenditures, not linked to any particular vehicle class, are "common" costs and assigned equitably to all highway users. The key is the comparison between the taxes paid by each vehicle class and its cost responsibility (the ratio of taxes paid to cost responsibility).

Early studies tended to assign a large percentage of costs as common, thereby under-assessing the cost responsibility and subsidy to heavy trucks. The 1982 DOT study, which served as the basis for the STAA tax hike, represented a significant improvement over earlier studies as it more accurately assigned vehicle costs.



The vast majority of all big trucks are tractor-trailers and western doubles. A few states allow triples, a tractor pulling three 26 to 28 foot trailers.

Source: *Big Trucks,* **Insurance Institute for Highway Safety, which says: "Some trucks may simply be too big and too heavy to be operated safely on any roads." Undaunted, truckers—supported by Sen. Packwood—seek the right to operate the largest trucks throughout the West.**

Even with their shortcomings, the earlier studies found hefty heavy truck subsidies. A 1977 Congressional Research Service study found that heavy trucks had been underpaying taxes since 1940 to the tune of $2.5 billion in 1977 dollars for the 1957-76 period alone. A 1978 Congressional Budget Office study also found heavy big-truck subsidies.

The recent 1982 DOT study found that combination trucks in 1977 were only paying 60% of their cost responsibility and the heaviest trucks, 70,000 lbs. and over, only 45%. In that year, the subsidy to the heaviest vehicles was $1,750/truck!!

DOT found that truck tax hikes needed to improve equity among highway-users—an amount much greater than actually enacted—would mean for combination trucks, at most, a 2% increase in operating costs, and for the heaviest trucks, not more than a 3-4% increase—a far cry from the devastating impact truckers have claimed. On the whole, in fact, DOT found that user charges as a percent of total vehicle operating costs would fall in future years compared to 1977.

While truckers have attacked the 1982 study's methodology, it has been endorsed by state highway and transportation officials.

Heavy Trucks and Road Damage: Road damage increases exponentially with increases in vehicle axle weight. One 5-axle 80,000 lb. truck does the equivalent damage of 9,600 automobiles, according to the American Association of State Highway Officials' (AASHO) Road Test mandated by Congress in 1956.

Of all trucks (excluding light-duty pickups and vans), only 12% exceed 70,000 lbs., but DOT found that they are responsible for 45% of all pavement repair costs and 36% of new pavement costs.

Highway planners' projections of traffic volumes and weights are used to design roads to last 20 years before major rebuilding. Encouraged by lenient taxation policies, the number and weight of heavy trucks has increased above projections, so highways are wearing out in less than 20 years.

The bulk of the Interstates were designed for truck axle weights lower than those permitted today. In 1975, Congress increased single axle weights from 18,000 lbs. to 20,000 lbs.; tandem axles (i.e., 2 axles close together) from 32,000 to 34,000 lbs.; and maximum gross vehicle weight from 73,280 lbs. to 80,000 lbs.

Two years later, in a House Ways and Means Committee hearing, the chairman of the American Association of State Highway & Transportation Officials (AASHTO—formerly AASHO) transportation committee testified that the increase from 18,000 lbs. to 20,000 lbs. single axle weight could cut remaining highway life an average 25-40%! A further increase to 22,000 lbs. (which has not occurred—yet) could result in a loss close to 60%.

Truck numbers and miles traveled have also increased. DOT

On A Roll, Amtrak Celebrates 15

As Amtrak marks its 15th birthday on May 1, business is thriving despite discount air fares and falling gasoline prices. 1985 was a banner year for America's passenger railroad, and early indications are that 1986 may be even better.

1985

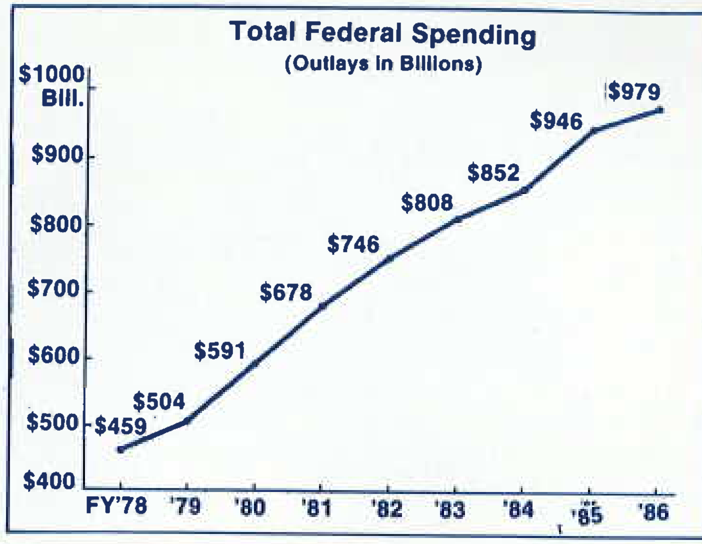
- In Fiscal Year (FY) 1985, total Amtrak **revenues** hit $826 million—up 9% over FY '84 and an all-time high for the railroad. [Passenger-related revenues were $588 million].
- Total **passenger-miles per train-mile** (PMTM), a key volume indicator that measures the number of passengers carried per train-mile, hit 159—another all-time high, breaking the previous record of 157 set in '84.
- The **revenue-to-cost, or operating, ratio** climbed to 58% cost-recovery in '85—up from 56% in '84 and another all-time high. The ratio has jumped a full 10 points since 1981's 48% level.
- System **ridership** reached 20.8 million—up 4% from '84 and the third-best in Amtrak's history [only gas-crisis years '79 and '80 were higher at 21.4 and 21.2]. Ridership on the Los Angeles-San Diego Southwest Corridor hit 1.3 million—up 5.5% over '84 and the highest not only in Amtrak's history, but since the line was opened over 100 years ago! During '85, ridership growth was especially strong on the New York-Miami/Tampa "Silver Star" and "Silver Meteor" (up 16%), the NY-Savannah "Palmetto" (up 18%), and NY-Chicago "Cardinal" (up 15%).
- Total **passenger-miles,** the truest measure of a carrier's output, hit 4.8 billion—up 6% from '84 and the second-best ever [only '79 was higher at 4.9].
- Train punctuality—**on-time performance**—was 80.8%—up from 80.1% in '84 and the second-highest ever.

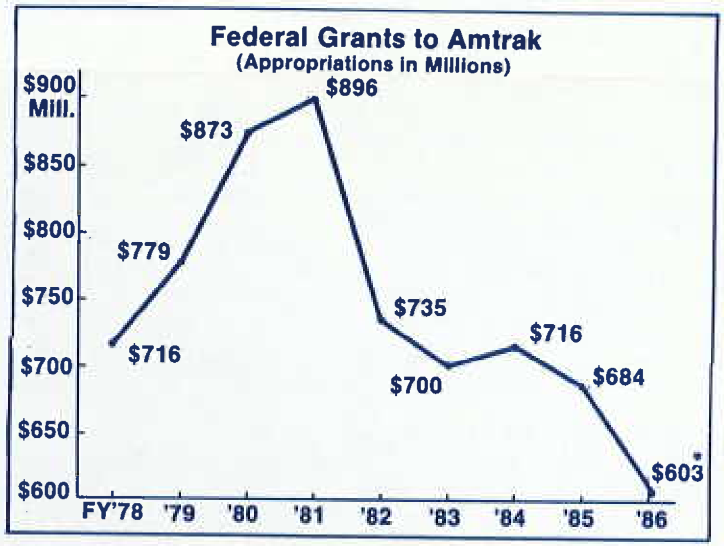
1986

Results from the first quarter of FY '86 [i.e., Oct.-Dec. 1985] show continuing improvements in almost every aspect of Amtrak's financial and operating performance. During this period, total revenues increased 8% over the first '85 quarter [passenger-related revenues rose 11%]. Passenger-miles were up 12% [16% when adjusted for discontinued trains] and system ridership was up 4% [5% adjusted]. Non-passenger revenues were also up: mail revenues up 20%, real estate revenues up 67%.

While realizing these financial and operating achievements, Amtrak has been reducing its need for federal funds. Since 1975, Amtrak passenger-miles delivered per dollar of federal support have soared 155%. Since 1981, while total federal spending in outlays has climbed 44%, federal appropriations to Amtrak have dropped by 32%! The drop in constant dollars [adjusted for inflation] has been even more dramatic.

Clearly, Amtrak has been doing its share to reduce the nation's budget deficit—while at the same time providing a better service to the public. A rare example of "doing more with less." ■





—NARP Graphics/Barry Williams

While total federal spending has been rising steadily and substantially in recent years, federal spending on Amtrak has been dropping dramatically—by one-third since 1981!

***$603 mil. includes $12 mil. Northeast Corridor Improvement Project money.**

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says truck *travel* increased 7% since 1975, more than double the rate of autos and vehicles as a whole. Truck travel has increased most among the heaviest vehicles—over 50% of the heaviest trucks travel 60,000 miles or more/year compared to an average of 12,000 for autos and 30,000 for light trucks.

Truckers Push for More Subsidies: Truckers are promoting the establishment of a 750-mile radius circle ("pinwheel") centered on Salt Lake City (a 17-state area) within which states would be allowed to issue permits for truck combinations in excess of 80,000 lbs. Sen. Bob Packwood's (R-OR) "Trucking Competition Act of 1986" (S.2240), introduced Mar. 26, includes the "pinwheel" provision. While many states already allow weights above 80,000 lbs. due to "grandfather" clauses in highway law, the pinwheel amendment would result in much higher weights—130,000 lbs. or more.

Because truck axle weight limits would not increase, more axles would be needed to accommodate the increased weight, so there would be longer trucks (longer doubles and triples). If the "pinwheel" is approved (not likely this year), truckers would then push for higher limits nationwide in the name of "uniformity"—the same argument used in 1982 to raise the federal weight to 80,000 lbs.

The increased highway and bridge damage caused by these heavier trucks would mean still bigger public subsidies for heavy trucks. A June '85 DOT study, which examined the costs and benefits of designating a nationwide road network for longer combination trucks (LCV's) stated: "Extending the operation of LCV's would substantially increase highway investment costs. Since LCV's would not come close to paying their share of highway costs under current user fees, extending their operation without a substantial increase in user fees would unfairly subsidize them at the expense of other highway users and other freight transportation modes."

More Rail-to-Road Freight Diversion: The same DOT study found that "freight could be diverted from rail to truck if there were an LCV network and the diverted freight would come disproportionately from high revenue-producing freight categories. . . . The net revenue of some rail carriers could be substantially reduced due to competitive rate reduction and traffic diversions."

Big Trucks Aren't Safe!: Trucking costs are also kept lower because "hours-of-service" and other safety regulations are applied more strictly to railroads than to trucks. The Insurance Institute for Highway Safety says nearly 4,500 people/year die from injuries in crashes involving big trucks and most of the fatalities are car occupants. DOT says one of every 3 tractor-trailers can be expected to crash in a year, compared to one of every 13 passenger cars and every 26 smaller trucks.

The rate of fatal crashes per mile on all highways is much higher for trucks than for cars, and is growing. "The American Insurance Assn. reported to the Interstate Commerce Commission that accident frequencies for interstate truckers" rose from 2.65 accidents per million miles in 1983 to 3.06 in 1984 and 3.39 in the first half of 1985. "The figures indicate there has been a 28% increase in interstate motor carrier accidents during the past 2½ years.... Reportedly, some drivers have been resorting to the use of drugs and alcohol. Also, older operating equipment is being utilized and maintenance has not always been adequate" [*Traffic World*, Feb. 24].

The Weight-Distance Tax matches cost responsibility with tax payment much better than do diesel fuel taxes and registration fees. A weight-distance tax is graduated; its rates increase with the weight of the vehicle and the miles it travels. National weight-distance tax supporters include AASHTO, the American Automobile Assn., the National Assn. of Counties, the National Taxpayers Union, Assn. of American Railroads, and many public interest groups.

Not surprisingly, the American Trucking Assns., the Private Truck Council of America, the Western Highway Institute, and the American Retreaders Assn. all opposed the idea at a Mar. 19 Federal Highway Administration (FHWA) hearing.

10 states have enacted weight-distance taxes or ton-mile taxes: Arizona, Arkansas, Colorado, Idaho, Nevada, New Mexico, New York, Ohio, Oregon, and Wyoming.

Considering how the growing number of heavy trucks are accelerating highway and bridge deterioration and the large unmet repair bills nationwide, huge truck subsidies should end. We need a *federal* weight-distance tax!

The Debt Reduction Act of 1984 requires DOT—of which FHWA is a part—to study and report by Oct. '87 on the feasibility of a national weight-distance tax. FHWA will hold a workshop on weight-distance taxes June 4-5 at the Federal Aviation Administration Building's auditorium in Washington, DC and will accept written comments until Oct. 1, 1986. Send them to: FHWA Docket 85-20, HCC-10, 400 7th St., SW, Room 4205, Washington, DC 20590. Further information: James R. Link, Chief, Operations Analysis Branch (202/426-0570). ■

ARE BUDGET CUTS ALREADY REVERSING AMTRAK'S PROGRESS?

"Last year, Amtrak Pres. Claytor said that Amtrak, which received $684 million in FY '85, could live with $616 million this year (a 10% cut) only with great difficulty. [Ed.: Amtrak wound up with only $591 million.] Those difficulties are becoming more obvious. Claytor said last month that Amtrak is already 'in a bit of a ditch with deferred maintenance' and that he must restore shorter intervals between heavy maintenance on locomotives. On a recent San Francisco-to-Chicago trip, my train was delayed a total of more than 2½ hours by two engine failures.

"Amtrak has been setting performance records in recent years largely because of its recently-established reputation for reliability. If that young but precious reputation is lost, Amtrak's ability to continue improving its revenues-to-costs ratio will also disappear, as will the pattern of increases in passenger-miles handled.

"We fear that, without [an appropriation of] the full $606.1 million [authorized for FY '87] plus continued Northeast Corridor Project funding [previously authorized], Amtrak will be forced before October 1 to choose between losing revenue as a result of *major* service cutbacks or a continued deterioration in service quality. We believe Amtrak can afford neither approach and strongly hope you will find it possible to fund Amtrak at the authorized level."

—NARP Exec. Dir. Ross Capon, Apr. 22, in testimony before the House Appropriations Subcomm. on Transportation

TRAVELERS' ADVISORY *(continued from page 1)*

AM);

- **"Pioneer" dp. Seattle :30 earlier (6:30 AM);**
- **"Desert Wind" dp. Los Angeles :50 earlier (1:20 PM) and run via Fullerton instead of Pasadena and Pomona (latter 2 will continue to be served by "Southwest Chief").**

Purpose of the latter 3 changes above: reduce delays to connecting trains at Chicago when the combined transcontinental is late. NARP protested the early Seattle departure. Amtrak Pres. Claytor replied: "Basically we are trading the impact on the 73 passengers who board at Seattle for the potential impact on thousands of passengers on trains originating in Chicago.... The move to the D&RGW depot at Salt Lake City should reduce [Salt Lake City] switching delays; we anticipate [the move] will give us the ability to improve Seattle departure times in October."

And these trains run later:

- **"Silver Star" dp. New York 1:17 later (11:35 AM);**
- **"Silver Star" dp. Tampa/Miami :55 later (8:15/6:10 PM, respectively);**
- **"Capitol/Broadway" dp. Chicago :45 later (6:35 PM);**
- **"Capitol Ltd." dp. Washington 1:00 later (5:50 PM);**
- **"Broadway Ltd." dp. New York :42 later (4:02 PM).**

The latter three changes add up to somewhat worse Pittsburgh times westbound (dp. 1:37 AM, not 12:47) and better times there eastbound (ar. 5:13 AM, not 4:28).

As reported here last issue, starting Apr. 27 all Amtrak sleeping-car passengers except those in slumbercoaches (available east of Chicago only) became entitled to free meals. To pay for this, room charges were increased; some Superliner economy room increases ran as high as 46%. Only time will tell if this major change makes sense.

As Amtrak sees it, the change is a response to: (a) the success the system has enjoyed on the Florida run where it has been in effect since Jan. '83; (b) marketing difficulties associated with co-existence of the "Florida" and "regular" systems, as well as confusion and dissatisfaction among passengers connecting between Florida and other long-distance services; (c) marketing recommendations of Amtrak's advertising agency based on surveys of first-class passengers on Florida and other routes; and (d) written comments submitted by first-class passengers as well as input from Amtrak's own reservation sales offices based on phone conversations with actual and potential customers. (At this time, Amtrak does not plan to expand the buffet dining service also used on the Florida trains—including Auto Train—but this remains a future possibility.)

On Mar. 20, New York-New Orleans "Crescent," NY-Savannah "Palmetto," and Seattle-Salt Lake(-Chicago) "Pioneer" resumed *daily* operation. These trains had run tri-weekly over some or all of their route Jan. 12-Mar. 20 due to federal budget cuts. "Crescent" diner again runs New York-New Orleans.

Fargo, ND, has a "new" Amtrak station: in late February, Amtrak moved from its large, expensive-to-heat station to the former Railway Express building nearby, which underwent a $100,000 remodelling.

Erie, PA, and Camden, SC, Amtrak stations lost their ticket agents Mar. 28; the latter also lost baggage express service. Santa Fe personnel cuts mean the end of station agents May 1 at Raton and Las Vegas, NM; Amtrak will assume SF staff at Garden City, KS, on that date.

Texas-Mexican Ry. began weekend-only passenger train service Jan. 31 between Corpus Christi and Laredo, TX—a 157-mile route which hadn't seen passenger trains in over 40 years. "Tex-Mex Express" runs Fr/Sa/Su, departing Corpus 9:30 AM, Laredo 4 PM; flagstops at Alice, Hebbronville.