



POLICY STATEMENT ON TRANSPORTATION FUNDING

The Virginia Manufacturers Association welcomes the investigation of the General Assembly into the funding needs of the Commonwealth's transportation infrastructure. Transportation infrastructure is vitally important to manufacturers and their ability to compete globally. As such, the VMA is exclusively focused on the multi-modal movement of freight (air, maritime, rail, and road) and has adopted the following Public Policy Statements and Economic Priorities related to Transportation Funding.

Public Policy Statements

The VMA Supports transportation policy that insures adequate resources are allocated toward insuring our commerce-based infrastructure is operated securely and competitively while valuing that technology and safety enforcement are integral to a multimodal transportation infrastructure that maintains Virginia's industrial competitiveness in intrastate and interstate commerce.

The VMA supports fiscal policy that does not allow core government services to be devolved into fee-based services that force disproportionate taxation on specific sectors of the economy and recognizes that preference Virginia must demonstrate in encouraging businesses that represent "basic industry" and, therefore, bring new money to the Commonwealth by virtue of the fact that 50% or more of their sales come from outside the state or nation.

The VMA supports tax policy that enhances economic growth and encourages productivity through technology and investment incentives and recognizes that the effective tax rate on manufacturers must be measured against our ability to compete globally versus simple arithmetic comparisons of single tax rates in neighboring states.

The VMA thinks fees for services should be controlled as "unfunded mandates" on industry, measured as a part of an overall effective tax rate and not allowed to be altered without the same machinations required for other tax rate alterations. Further, fees should: (1) Recover only a portion of the agency's costs of permit processing, (2) be collected for the purpose of more efficiently and expeditiously processing permits, (3) augment, not supplant or reduce, general funding of agencies, (4) have dollar amounts of the fees capped by statute, (5) not place existing or prospective industries at a competitive disadvantage with industries in competing states and countries, and (6) require regulatory agencies to be accountable to the General Assembly for their effective use of these fees.

Economic Priorities

Avoid conversion of existing infrastructure into toll roads. VMA strongly opposes the conversion of existing facilities into toll facilities unless trucks are given a non-tolled option. In February 2004, the Virginia Manufacturers Association reported results from a survey conducted in relation to the proposed I-81 toll proposal that .27cent per mile toll facility would place 3,183 jobs at risk in Virginia and 77% of manufacturers would seek alternative routes in order to avoid tolls. Regardless of the facility, these figures hold true today. Tolls represent double taxation because truck users currently pay millions annually in fuel taxes, road taxes and other taxes to support highway maintenance and construction. Trucks (fleet and for-hire) move nearly 90% of all manufactured goods in Virginia. Trucks also account for only 8% of all vehicle miles traveled in Virginia, yet pay 32% of state highway user taxes and 38% of Federal highway user taxes collected for Virginia. Since manufacturers already have the highest effective tax rate of all Virginia's business sectors, these companies are increasingly sensitive to even marginal tax increases.

Differentiate between commerce-dependent and computer-dependent infrastructure.

1. Consider the benefit-cost of the Port of Virginia and air freight infrastructure to our economy. Most Financial support for these resources are already produced through fees.
2. Consider the benefit-cost of improved short-haul railroad service on underserved incumbent rail lines. More manufacturers are being forced to move freight from rail to truck due to service challenges in the rail industry.

Implement intelligent transportation initiatives that improve the capacity, safety and efficiency of our current infrastructure – i.e., no build solutions.

1. It has been estimated that by simply allowing the operation of a nine-axle, twin 48 – foot trailer truck (turnpike double) with a gross vehicle weight of 127,400 pounds, freight movement productivity would improve by 23.8%¹.
2. It is also possible to expand statewide “weigh in motion” technology to keep truck freight moving more efficiently and reduce the incidents of truck-car accidents near weigh stations. For example, California currently manages the PrePass™ program which is automated, state-of-the-art system allowing heavy vehicles that are registered in the program to legally bypass open weigh stations.

Insure that all transportation costs are competitive against regional, domestic and foreign competition. This competitive analysis is particularly important in relation to the Port of Virginia.

In closing, there are substantial needs in Virginia's transportation system. These needs should be analyzed in the context of commuter or commerce-dependent infrastructure. When it comes to commerce-dependent infrastructure, it is important that all transportation taxes are price competitive and directly correlate to productivity, infrastructure, safety and/or service improvements in air, maritime, rail and road freight movement.

¹ David J. Forenbrock and Jim March, *Issues in the Financing of Truck-only Lanes*, USDOT-FHA, September/October 2005