

Talk by Thos. H. MacDonald, Chief, U. S. Bureau
of Public Roads, before Luncheon Sponsored by
the Michigan Good Roads Federation,
Hotel Statler - Detroit, Michigan
October 20, 1938

Commissioner Van Wagoner, Gentlemen: -

In 1934 the Congress of the United States announced a new principle to govern the distribution of Federal aid funds for highway improvement. Stated exactly, the Congress said: "It is unfair and unjust to tax motor vehicle transportation unless the proceeds of such taxation are applied to highways. After June 30, 1935, Federal aid for highway construction shall be extended only to those States that use at least the amounts now provided by law for such purposes."

A new and important policy! Yes. Perhaps one that may awaken criticism until the essential facts causing the necessity for such a policy are known.

When this policy was adopted the Congress was struggling with the great problem of giving more people more work through increased road appropriations. Several years before, when this attempt was first made, it was found that even with increased appropriations by the Federal Government, the total expenditure remained on practically a dead level, due to the diversion of State income to other purposes from special taxes on motor transport. Many times this was against the implied or actual

requirements of the State laws. This diversion became increasingly alarming as the need to provide employment became more acute, since there was no outlay that could possibly offer a more direct or more quickly applied remedy than to give work on the roads.

So the first reason prompting this Federal policy on diversion was the necessity for the Congress to make certain that the increased Federal appropriations for road improvement would actually increase employment and that this purpose would not be defeated.

The second reason behind the adoption of this policy was the knowledge of the committees of Congress that nationally we were losing ground in the battle to provide adequate highways for the rapidly growing traffic. Few people realize that in the 12-year period preceding 1937 we increased the number of motor vehicles upon the public highways by almost 100 per cent. Not only did we double the number of units, but we increased the speed at which these vehicles are operated, and the mileage use per year of each vehicle, - all of which threw upon our roads a burden which they are unable to carry safely. The Congress facing these facts stated the simple compensating principle that if the State is careless in its attitude toward its own roads, it cannot expect the Federal Government to make up the deficiency.

Another fact! The Congress knew the responsibility being placed upon the State highway departments to build and maintain an ever increasing mileage of the secondary and farm to market roads. From 1930 to 1936 - a period of just six years - the amount of road user taxes per mile available per year to the State highway departments for maintaining and constructing the principal roads of the States, had decreased by one half, or in actual figures from \$1740 per mile to \$810 per mile.

One further fact! In 1925 there was almost no diversion of the special road user taxes to any other purpose, and this condition remained without great change until 1929, but in 1936 the diversion of these special taxes to other than road purposes reached 169 million dollars. The disturbing fact remains that thirteen and one-half cents out of every dollar of State taxes paid by highway users in 1937 was diverted to other than highway purposes.

The Federal provision on diversion has been called the imposition of a penalty. Perhaps. But in its application by the Bureau of Public Roads there has been no disposition to give a narrow interpretation. The provisions of the law have been interpreted liberally to cover the use of the special road user taxes for any purpose legitimately a part of the

improvement of highways, their maintenance, or the operations of traffic over them, including the necessary patrolling, and the development of recreational grounds along the highways.

The purpose of the law is not to inflict penalties. Its purpose is to call to the attention of the people of the United States the inadequacy of the present income to meet the traffic demands upon our highways. State after State is adopting the wise policy of providing, by constitutional amendment, that these special road user taxes shall be diverted to no other purpose. Two States have suffered a deduction of Federal highway funds and these deductions will be made where diversion of motor vehicle revenues continues. With the increased use of our highways not a matter of opinion but of measured facts, is there need to argue, particularly in this motor capital of the nation, that these special taxes must be used solely for highway improvement if we are eventually to have highways that are efficient, and moreover, highways that are safe.

I earnestly hope that the people of Michigan whose economic well being is so closely tied to really adequate roads will give Amendment No. 3 a sweeping victory. And may the same success attend the anti-diversion Amendments in all the other States of our Nation, which do not already have this vitally necessary protection.