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REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION  
ELIZABETH HANFORD DOLE  
TO THE PRIVATE TRUCK COUNCIL OF AMERICA  
ATLANTA, GEORGIA  
APRIL 29, 1983

Your invitation was one of the first I received in my new position as Secretary of Transportation. I accepted it eagerly. For one thing, I wanted to express in person my appreciation to the Private Truck Council for your support during the battle on Capitol Hill over the Surface Transportation Assistance legislation. You were with us from the beginning and your president was there on January 6th of this year when President Reagan signed the bill into law.

We are grateful for your help. I know you did not agree with all the bill's provisions, but at the same time you recognized the importance of meeting our nation's growing highway needs and you were not afraid to stand up and be counted when we asked for the industry's support. I hope you start a trend as well as you set an example. For it is exactly that kind of unselfish vision that we could use more of in the legislative process -- more willingness by those with special interests to look first at the public interest. And more understanding that whatever strengthens the country as a whole will in the long run strengthen its component parts, even when all the concerns of a particular constituent group may not be immediately satisfied.

So I wanted to come here to thank you, but there are other reasons why I welcome this opportunity to meet with all of you personally. Since taking office I seem to be encountering 18-wheelers at almost every turn -- first in the attempted shut-down by a small group of the independent operators, and then more recently through the objections raised in a few Eastern states against the admission of tandem rigs and larger trailers.

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I can recall when our hometown papers used to report the first robin of spring, but a story in one of the Washington papers last week proclaimed the "first sighting of a tandem trailer truck in Virginia." It went on to say that the incident "marks the beginning of a new era on our highways." This is a new era -- one of greater productivity, greater efficiencies and greater safety.

Those trucks will bring greater productivity. But I am sure that if they cannot be operated with a high degree of safety, neither we in the government nor you in the industry will sanction their continued use on our highways.

At the time of my confirmation hearings, I indicated that surface transportation deregulation, "phase two," would be an early and significant priority. As you may know, last December the President's Task Force on Regulatory Relief approved the submission of legislation in this session of the Congress eliminating most of the remaining Interstate Commerce Commission regulatory authority over the motor carrier industry. We have been engaged in putting that legislation together, consulting with interested parties along the way, and we are now ironing out the final details, expecting to send that legislation to the Hill very soon.

My own concern has been to determine what is best for the public and how, in meeting that test, to assure the greatest help and the least harm to the industry. Research has consistently shown what our experience tends to confirm; namely, that motor carriers -- and especially private carriers -- and freight forwarders would operate more efficiently, and at greater benefit to shippers and consumers, if -- for all intents and purposes -- they were free of economic regulation. Our research further shows that trucking service to the small, rural shippers is at least as good as it was before the Motor Carrier Act of 1980, and -- in more than a few instances -- better. Much of the credit for this goes to the private carriage provided by you and your members which has been, and continues to be, a major part of the service rural shippers enjoy. What this tells me is that the single biggest issue standing in the way of trucking deregulation is, in reality, a non-issue.

Of course, it's not quite that simple. Things in Washington seldom are. For ours is the task of balancing conflicting needs and economic priorities. In such an atmosphere, theory often yields to experience. For example, by throwing out the last vestiges of Federal economic regulation, we would not want to invite a surge of action by the states to fill what they might perceive as a regulatory void. I know this possibility concerns you, and in developing our legislative proposals we are giving careful attention to the proper balance between the further reduction of Federal regulation and the preservation of appropriate levels of state responsibilities.

For the trucking industry, the last few years have been a traumatic period of adjustment. Higher fuel prices, an uncertain economy, increased competition: all have posed substantial problems. The worst of those problems, I am convinced, are now behind us and I trust you would agree with me that the industry's pressing needs today are for improvements in productivity and relief from the current mixture of state registration and tax requirements.

Let's talk for a few minutes about the first of those -- productivity.

We hear a lot about what we have spent, and are spending, on the Interstate system. But I defy anybody to put a realistic price tag on the benefits that system has brought to motorists, to the tourism industry, to economic and urban development, and to motor carrier commerce itself. The Interstate system has shortened distances,



reduced travel time, saved operating and maintenance costs, put more places in America on the map, and made the truck a highly competitive freight and commodity hauler. As a result, your vehicles have become the new Conestogas of commerce -- a mobile link between farm and market, factory and store, producer and consumer.

In today's motor carrier commerce, the truck is your machine -- the highway your factory. We cannot afford to allow so valuable a national asset to deteriorate. America's road system must be kept efficient and in good condition. Washboard pavements can wreck schedules as well as tires. Weight-restricted bridges and detours do precious-little for productivity.

No one in America knows this better than you. No one can better appreciate that the larger revenues from the user fees authorized under the Surface Transportation Assistance Act are going to make the difference between a hat-in-hand highway and bridge rehabilitation program and one adequately funded to protect and preserve the system now in place -- a system vital to your industry and the nation's economy.

The Act provides about \$5 billion more per year for highways, authorizing more than \$12 billion for Federal-aid highways, bridges and related programs this fiscal year and about \$56 billion through FY 1986. As a result of the jobs bill the President signed recently, highway funding levels will receive an additional shot in the arm worth \$300 million above the amount authorized in the Surface Transportation Act -- bringing the total close to \$13 billion. That means a more than 50 percent increase in highway construction money for most states.

And since states can now schedule highway and bridge projects with the assurance that Federal funds will be available, many projects are being accelerated.

To go back to the tax increase on truckers included in the Act, there's a story of three men applying for entrance to heaven that illustrates the point. The first man told Saint Peter that he had been a minister of the Gospel for over 40 years.

"Step aside for further consideration," he was told.

Then the second man reported that he, too, had been a preacher for over 30 years. And he, too, was directed to step aside. Then up came the third candidate. "I was never a minister," he said, "but I was employed for ten months by the Internal Revenue Service."

"Step right in," Saint Peter said, bowing low.

One of the ministers objected. "How is it?" he asked, "that this government clerk is given preferential treatment over two men of the cloth?"

"Well," Saint Peter said, "this is the way I look at it: this IRS agent probably scared the devil out of more people in ten months than you fellows did in a lifetime."

The IRS has been scaring a lot more than the devil out of American taxpayers. But now, thanks to the President's tax-cutting, more than \$300 billion that would have gone to Washington will remain in the pockets and savings accounts of those who worked to earn it. Taxes are no more popular on the road than in the home or the pulpit. Your own industry knows that fact well. But I ask you for a moment to put the whole issue in perspective.



As I mentioned earlier, I took office just at the time a number of independent truckers were attempting to shut-down the system in protest over the higher fees levied by the Surface Transportation Assistance Act. On the one hand, I felt a great deal of sympathy for the truckers. Knowing their plight, it was hard not to. At the same time, I thought they were getting a lot of misinformation. As we tried repeatedly to explain, the heavy vehicle taxes were being phased-in gradually. They wouldn't begin to take effect until July 1984, for fleet operators, or July 1985 for the smaller operators with five or fewer trucks. Even then, the increases would be implemented on a graduated basis: the full tax would not be in place until 1989.

Let me take this opportunity to thank you for your efforts in helping us get this information out to the trucking community, and stopping the attempted shut-down. The Private Truck Council and its members became a very welcome voice of reason, helping to calm the storm of violence threatening motor carrier commerce. Your assistance was timely, well-articulated and much appreciated.

We realize, of course, that however implemented, the new taxes do represent an increase in the cost of doing business. And no one wants his costs to go up, if he can help it. But as long as the trucking industry pays less than its fair share, somebody else -- motorists, light-truck operators or the general taxpayers -- must pay the difference. According to the extensive cost allocation study completed last year, heavy trucks, in the past, have paid about 56 percent of their fair share of highway costs. Even with the new fees, they will still pay less than three-fourths of their costs. In the meantime, we will continue to be open to your views and the suggestions of other organizations regarding alternatives to a flat annual charge per truck. There may be another equitable collection system which would relate the tax more proportionately to actual highway use.

As you may know, we are doing a study of alternatives to the annual heavy vehicle use tax. We have promised to send the results of this study to Congress by January 1, 1984, which is a year earlier than the law requires. But we are going to do even better. We will have a preliminary assessment of those alternatives ready this summer. That will give everyone interested an early indication of the direction the study is taking. The preliminary assessment will concentrate on the equity and user convenience characteristics of the alternatives, while the remaining time will be used primarily to address the administrative compliance and enforcement aspects of the tax alternatives examined. We continue to believe that the taxes levied on the heaviest trucks are fair, but at the same time we are very much interested in ways that the tax structure can be improved.

Whatever the collection system, it is still our feeling that the tax is more than offset in most instances by the increases in productivity the new law permits. While the relative costs and benefits will vary from company to company, and depending on circumstances, our best rule-of-thumb calculations show an annual net gain -- by 1985 -- of \$3.2 billion of benefits over costs for the industry as a whole.

We had hoped that the states would be responsive to the new truck widths and the use of double trailers on qualifying routes. A number of states, as you know, have registered objections to the sections of non-Interstate roads added by the Federal Highway Administration to provide a system of connected routes. The problem was that, while some states came in with a good system, carefully thought-out and designed to assure route continuity, others sent in maps with bits and pieces of routes that left gaps you could drive a truck through but, unfortunately, not over. The Federal Highway Administration tried to amend those proposals to produce a workable route system but



four states have challenged those additions, so we have temporarily withdrawn permission for double trucks to operate on the Federally-designated roads while we go through a formal rule-making in each of those states. We will continue to work with the states to reach agreement on a route structure that is mutually acceptable and provides adequate access to freight centers.

As far as enforcement goes, we have never intended to rush into the pre-emption of state regulations until we are satisfied that safety considerations are fully protected. We have the ability to enforce our rule by court order, and we will do that if necessary. For the present, however, I prefer to pursue the course of rule-making and reconciliation.

I think we must remember that, while tandem rigs have been legal for years in 38 states, in many Eastern states they are a new phenomenon. Even though you and I know that the limited-width twin-trailer trucks now permitted are not much longer than many conventional semi-trailer units and may, in fact, be easier to maneuver in some tight situations, to the uninitiated, they loom large -- especially on the generally older highways of the Northeast.

As I have said, I think we have ample time to work out an acceptable system before the October 3rd deadline for final system definition. In the meantime, I do not want a highway tragedy or series of tragedies to occur simply because we tried to act too quickly in opening sections of the Primary system to larger trucks. And I know you share my concern.

We will continue to work with your industry on this issue as in another area where productivity can be improved -- through a greater uniformity of state truck registrations and tax administration.

I am very pleased that your president, Don Wilson, serves on our Motor Carrier Advisory Committee. He provides an eloquent and persuasive voice for truckers, as a member of the Section 19 sub-committee. As you know, that group is concerned with developing recommendations that will lead to a more uniform, efficient and consistent system of state regulations for interstate motor carriers.

I must confess that I did not realize, until I looked into it, the lengths to which truckers must go to comply with the states' differing registration requirements, fuel tax payments, operating authority rules and "third structure" taxes. During the attempted shut-down last February it became quite clear that this was an area of legitimate concern to the industry, and also one in which we perhaps could be helpful.

Our experience suggests the unlikelihood of the states, with their own laws and particular revenue needs, agreeing voluntarily to any universal trucking registration and taxing mechanisms. Neither can the Federal government pre-empt entirely the

taxing prerogatives of the states. We do believe, however, that it is possible to reduce the administrative complexity of the various state tax and registration requirements, which will lower the cost of Interstate trucker operations.

The Federal role, as we see it -- and we will be listening to the subcommittee's and Don Wilson's views on this issue -- is one of leadership and direction. We expect to submit legislation soon providing a mechanism for the states to use to reach agreement on truck registration and tax administration practices, and one that the Department can employ to see that improvements are implemented uniformly across the states. We



know this is not a simple problem since the very diversity of the states leads them to individual and, at times, very different approaches to the regulation of motor carrier activity. But this diversity must be balanced by the benefits which the nation derives from the operation of an interstate trucking industry delivered from the current hodge-podge of state tax and registration arrangements. We are committed to seeing that this balance, which has weighed too heavily in the interest of the individual states, is adjusted to better reflect the needs of the interstate trucking community.

Here in Atlanta, we have as a backdrop to this convention a city that has grown up with transportation and is now one of the largest trucking centers in the South. But one does not have to come to Atlanta, or any other single city for that matter, to appreciate what the presence of the big rigs and the system of intercity motor transportation means to our economy, our defense and our standard of living. It is safe to say that one could not exist without the other. And it is precisely that kind of mutual dependence that should guide us all in seeking a genuine partnership of equals.

We may never be able to deliver everything that the trucking industry would like, even though the industry has demonstrated its ability to deliver everything that our plants, producers and people need. We may not make that long, lonesome road any shorter or more convivial, but we can surely guarantee that it won't crumble beneath your wheels.

On behalf of the President and an Administration committed to less dictation from Washington and more negotiation at the grassroots, we can also promise sensitivity, an open door, and the open mind that it reflects. As long as I am Secretary, you can count on all three.

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