



# Energy 101

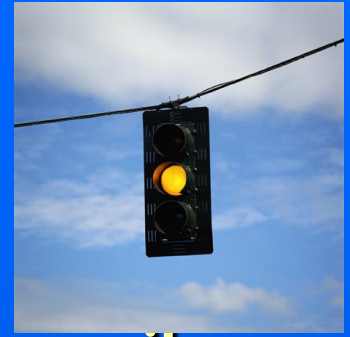
**Greg Cohen**  
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**for**  
**Consumer Energy Alliance**  
**Advisory Committee**

Washington, DC  
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# Hwy User Interests & Energy Company Interests: Where do they meet?



- **Consumers need stability in fuel prices. When prices spike:**
  - Energy companies are blamed, consumers hurt
  - Families have to cut back (but mostly on non-fuel expenses)
  - Highway construction material costs go up and hwy revenue drops.
  
- **We Have Common Adversaries**
  - NIMBYs
  - BANANAs
  - Anti-highway, anti-energy, anti-mobility groups
  - Bureaucracy

# Hwy User Interests & Energy Company Interests: Where do they meet?

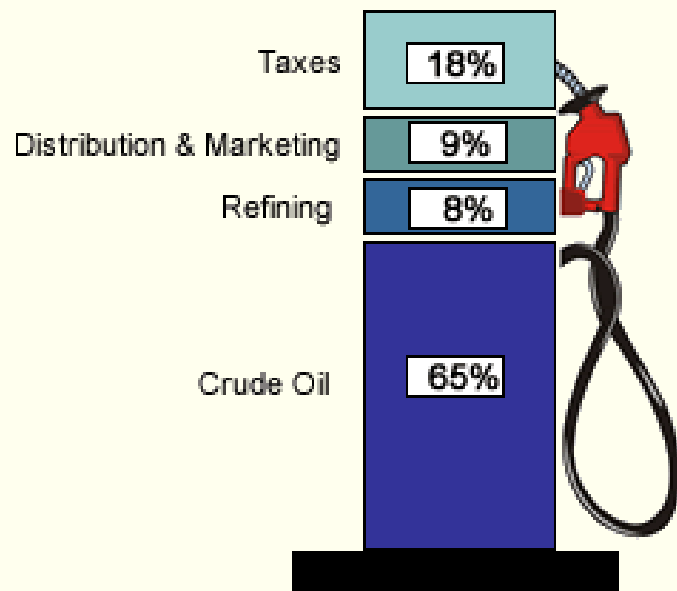


- Highway supporters are familiar with many bureaucratic problems facing energy companies
  - Federal bureaucracy slows major highway project approvals by 13 years on average
  - Highway projects vilified by extreme groups – through use of negative imagery and a focus on past mistakes that would never be repeated.
  - Anti-mobility adversaries want to create “sin taxes” on fuel to create pain for motorists and divert funds to “more virtuous” travel options
  - Anti-highway, anti-petroleum groups look at European policies as an ideal

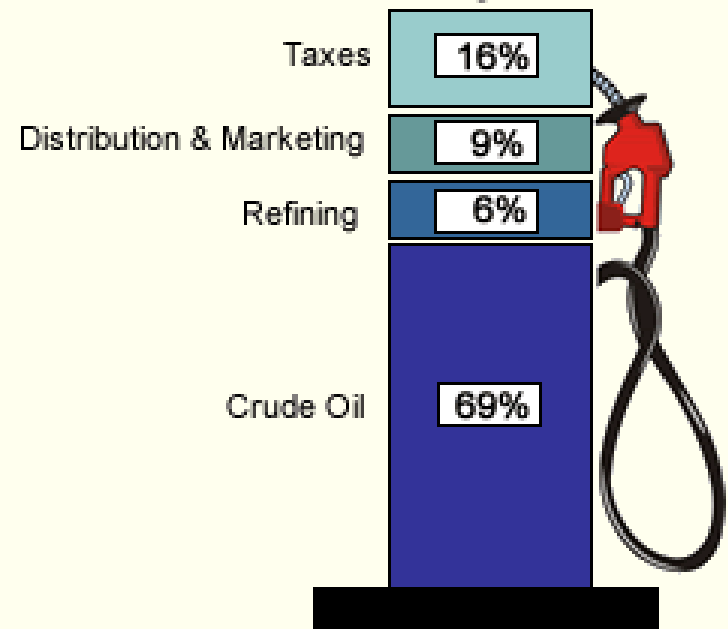
# Highway Users' Energy Use

- 181 Billion gallons of taxable motor fuel collected per year for highway use (97.5%)

What We Pay For In A Gallon Of Diesel  
(October 2009)  
Retail Price: \$2.67/gallon

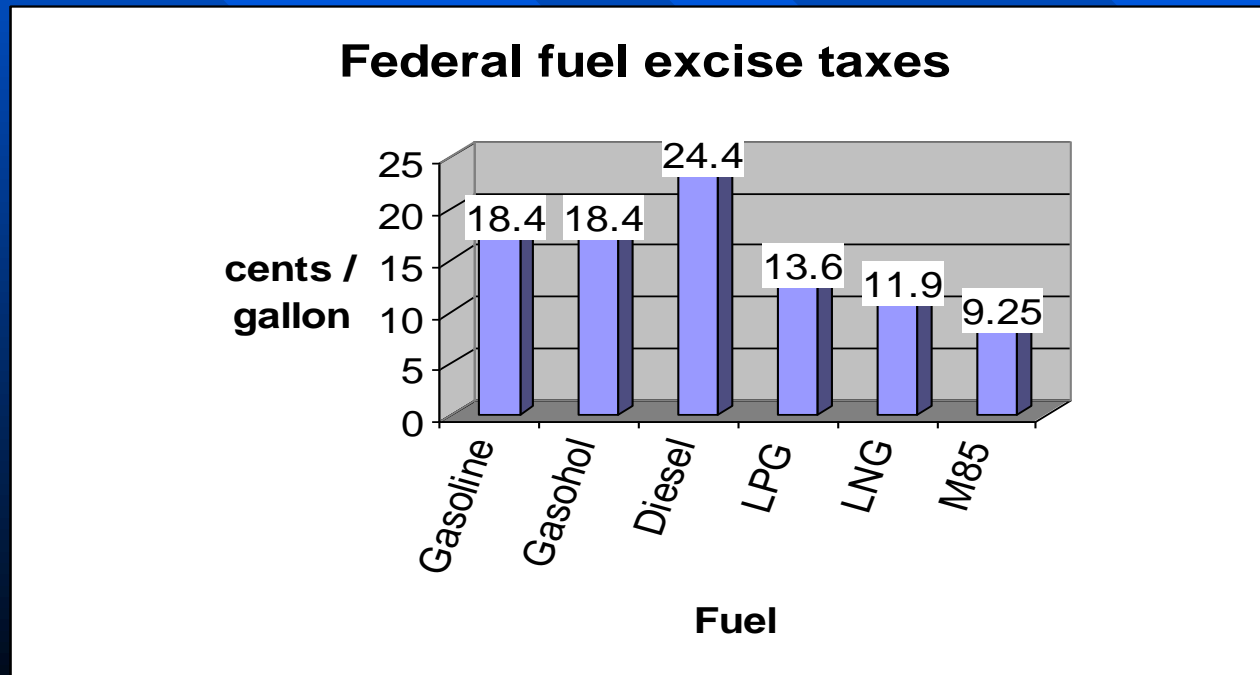


What We Pay For In A Gallon Of Regular Gasoline  
(October 2009)  
Retail Price: \$2.55/gallon



# The Federal Fuel Excise Tax: A User Fee\*

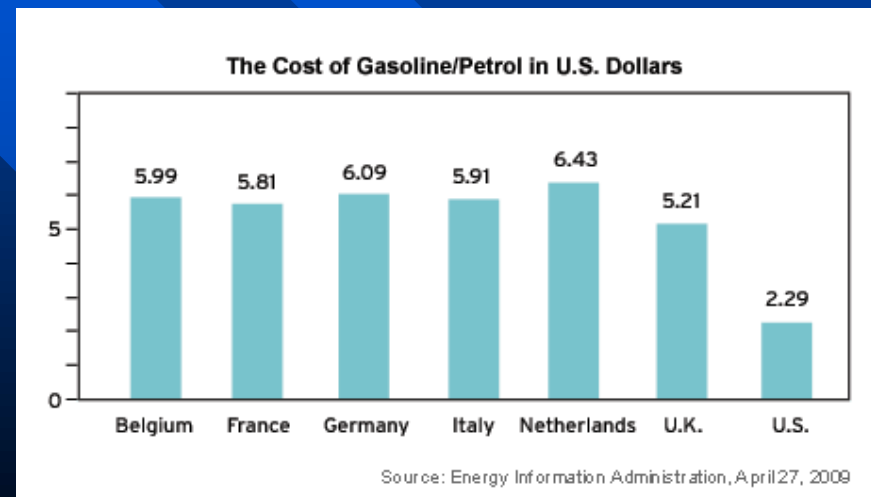
- 1956: Federal excise taxes on fuel are dedicated to the Highway Trust Fund as a highway user fee.
- Petroleum companies have supported a strong tie between the excise taxes and highway funding. Why?



# Why Do Energy Companies Support the User Fee Concept for the HTF?



- The User Fee sets the “upper limit” of fuel excise taxes. Highway supporters strongly oppose fuel taxes that are not dedicated to roads.
- Contrast with W. European countries, there is no trust fund and no desire to make fuel taxes serve as a benefit to users.

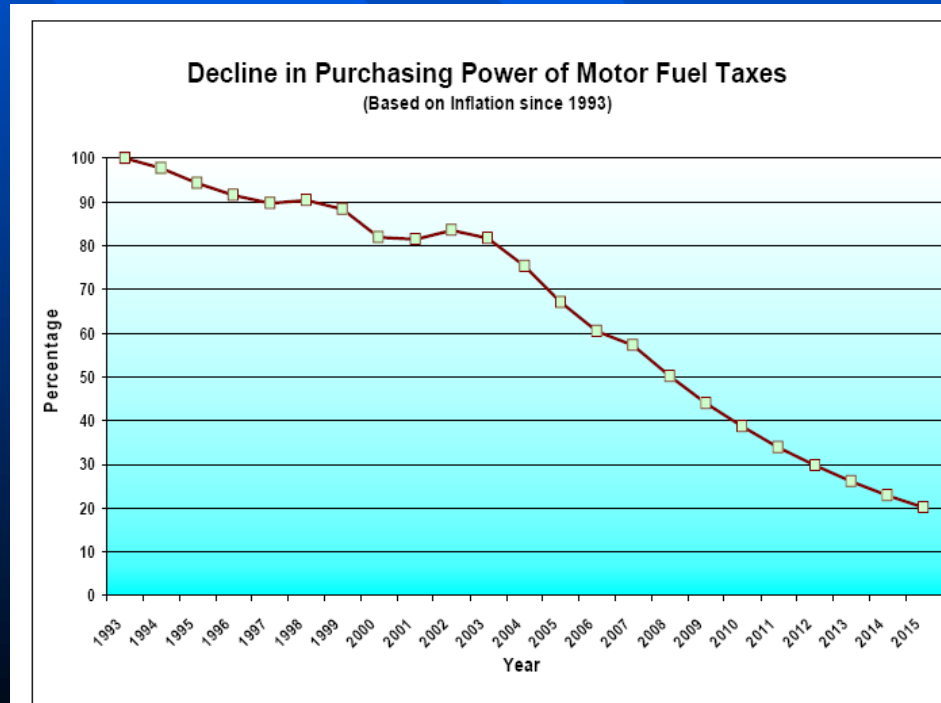




# Highway Trust Fund in Trouble



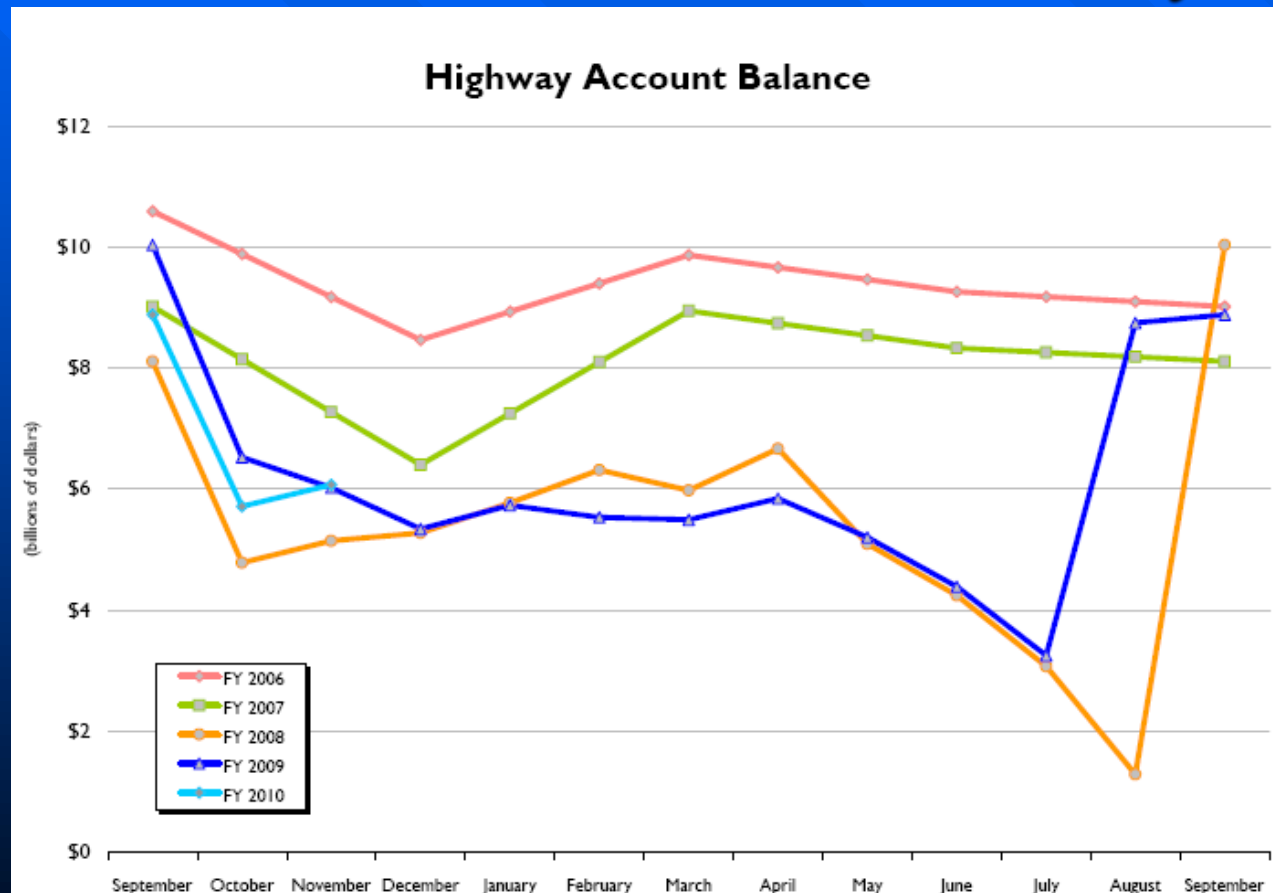
- Diversion, Waste, Bad Earmarks
- Lack of defined federal program purpose
- Real value of user fee less than half of 1993 level



# Highway Trust Fund in Trouble

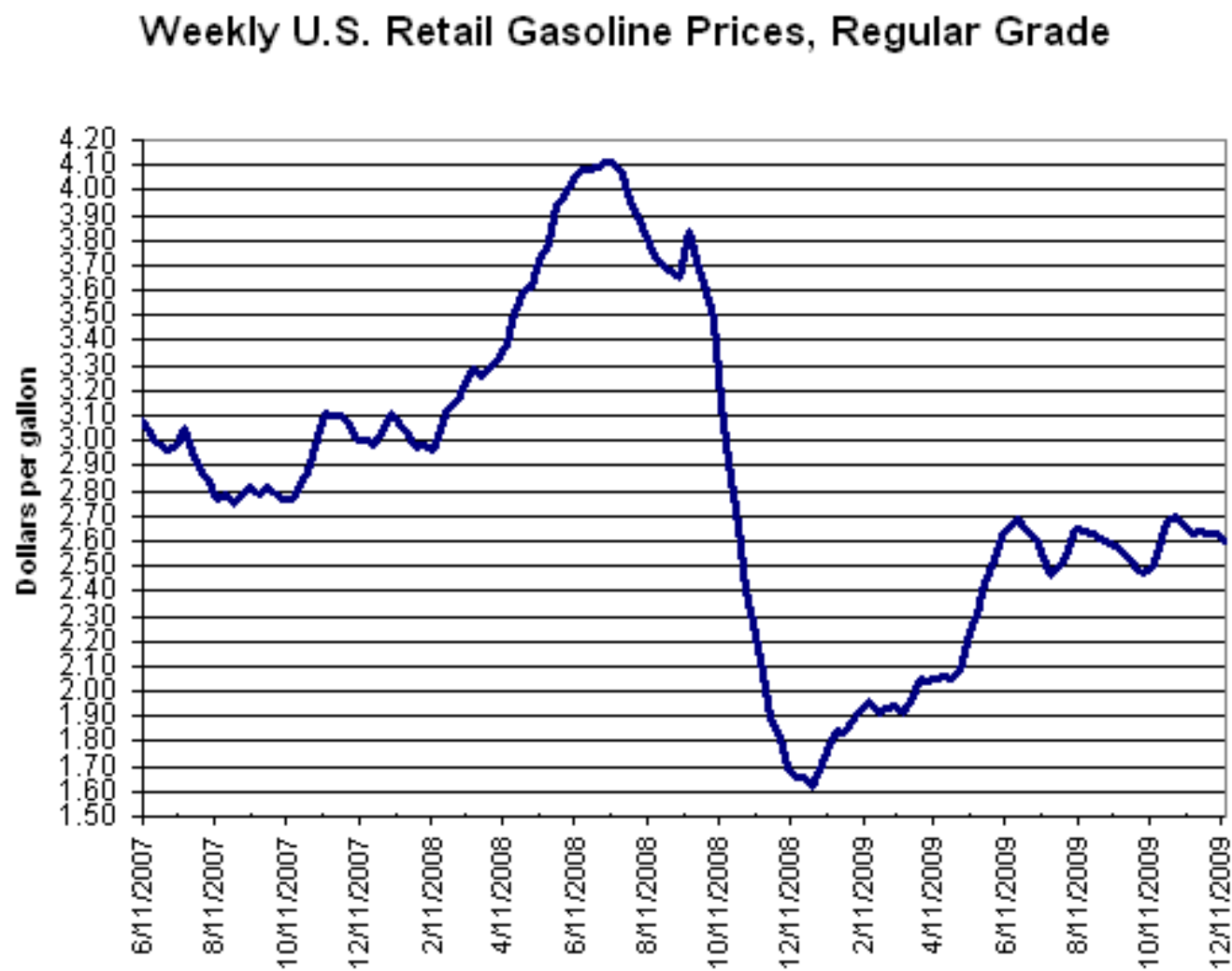


- Fund is insolvent -- 2 bailouts already





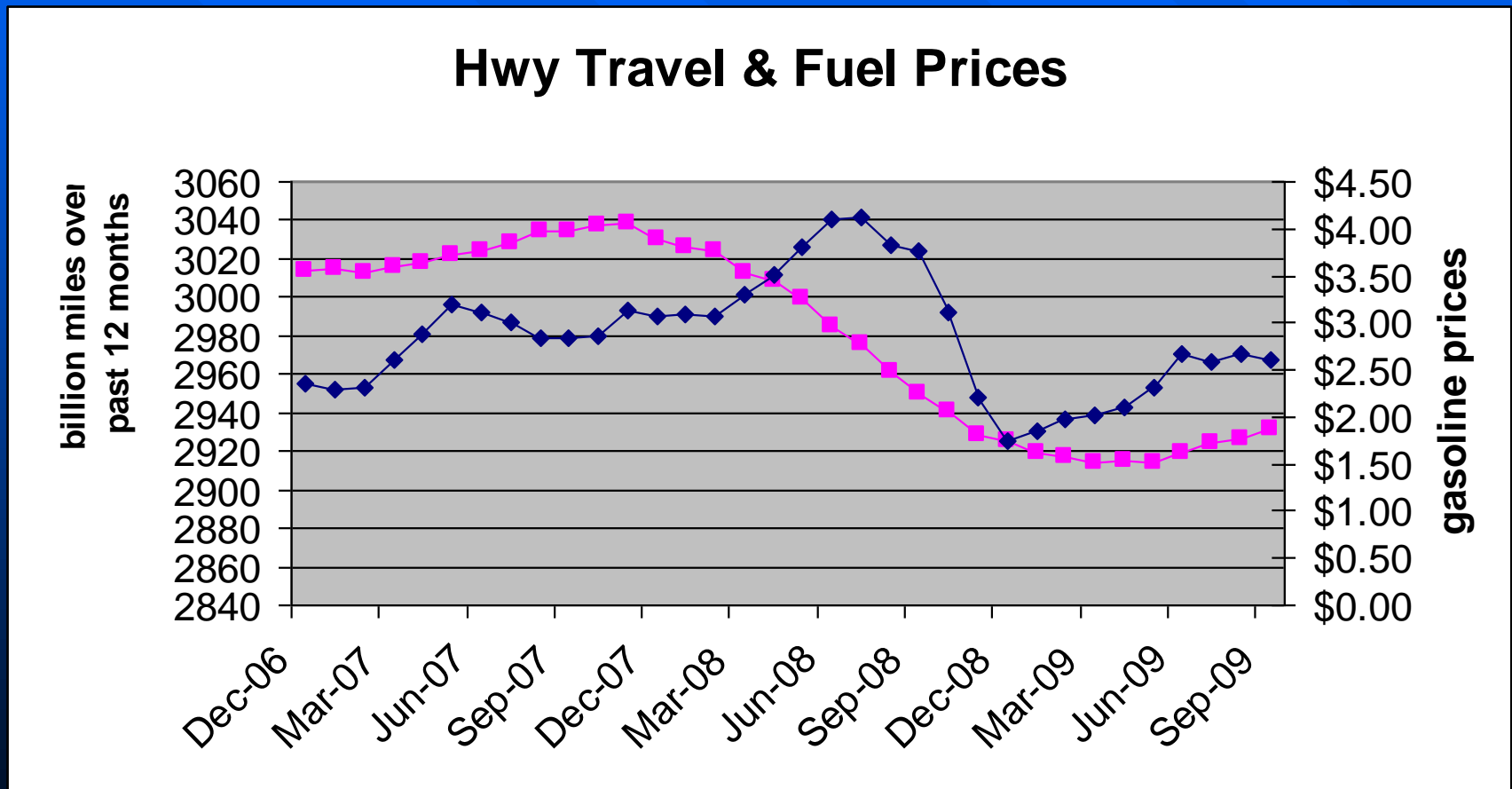
# Recent Fuel Price Issues



Source: Energy Information Administration

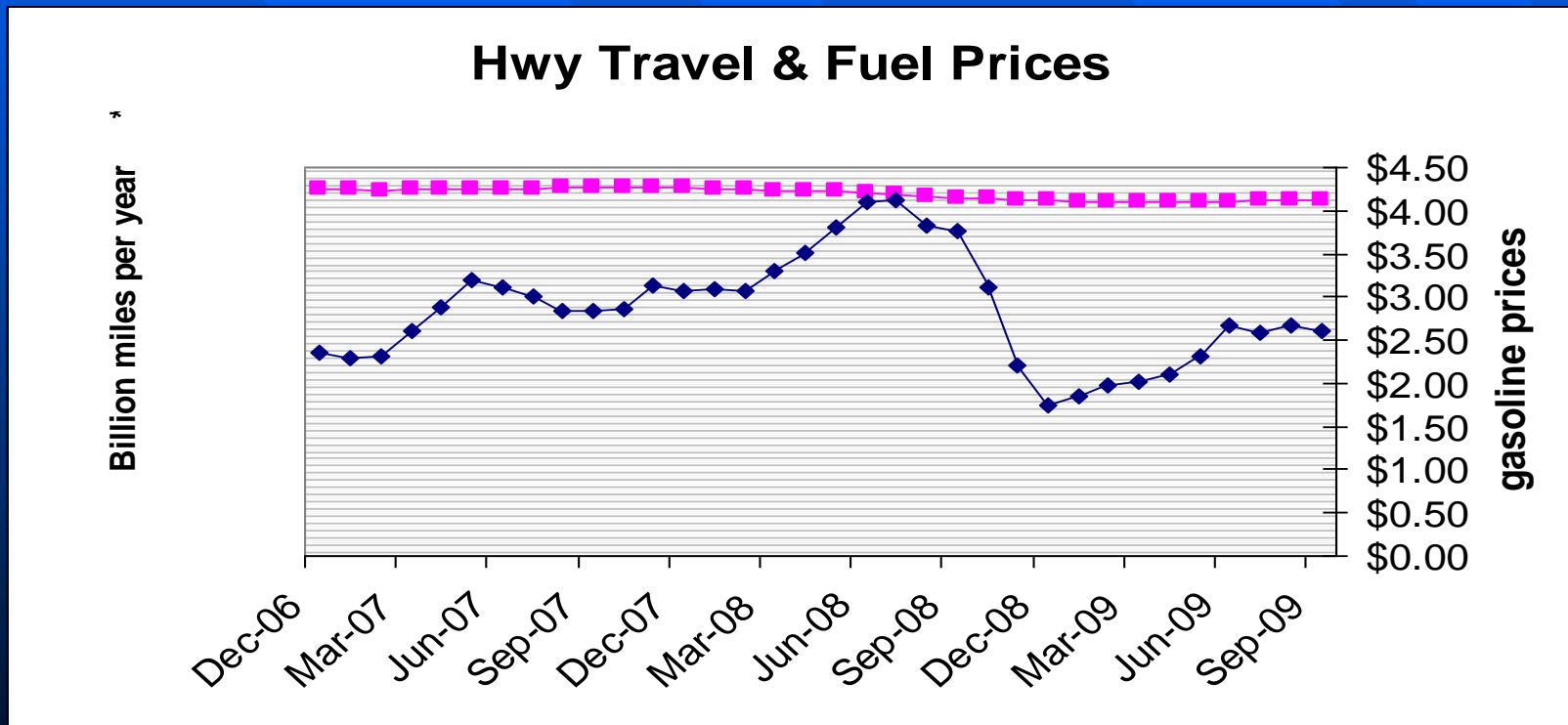
# Hwy Travel and Fuel Prices

➤ You may have seen something like this

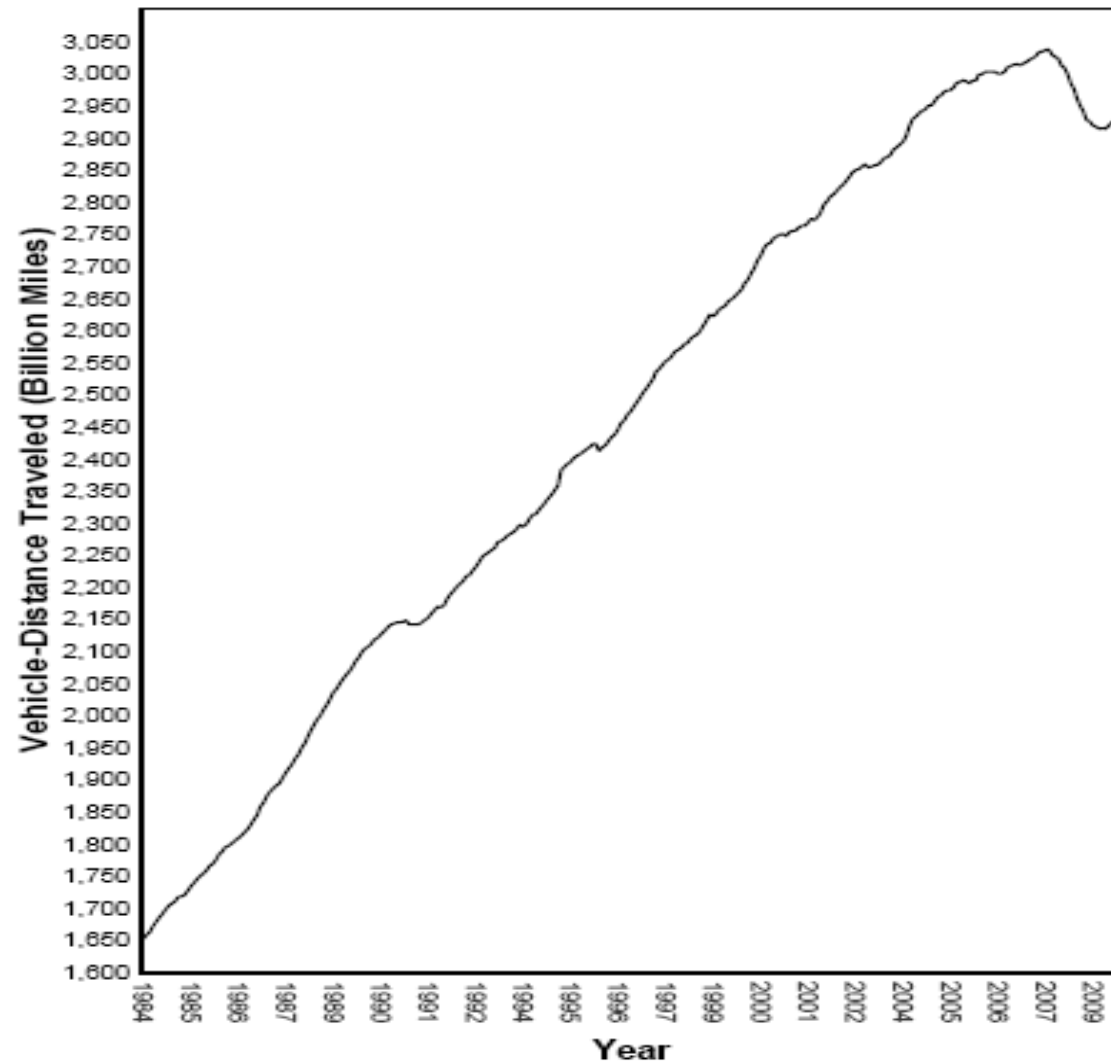


# Hwy Travel and Fuel Prices

- It's really more like this: Momentary 3% drop – 97% of that drop led to travel not taken



# Travel trends – long term

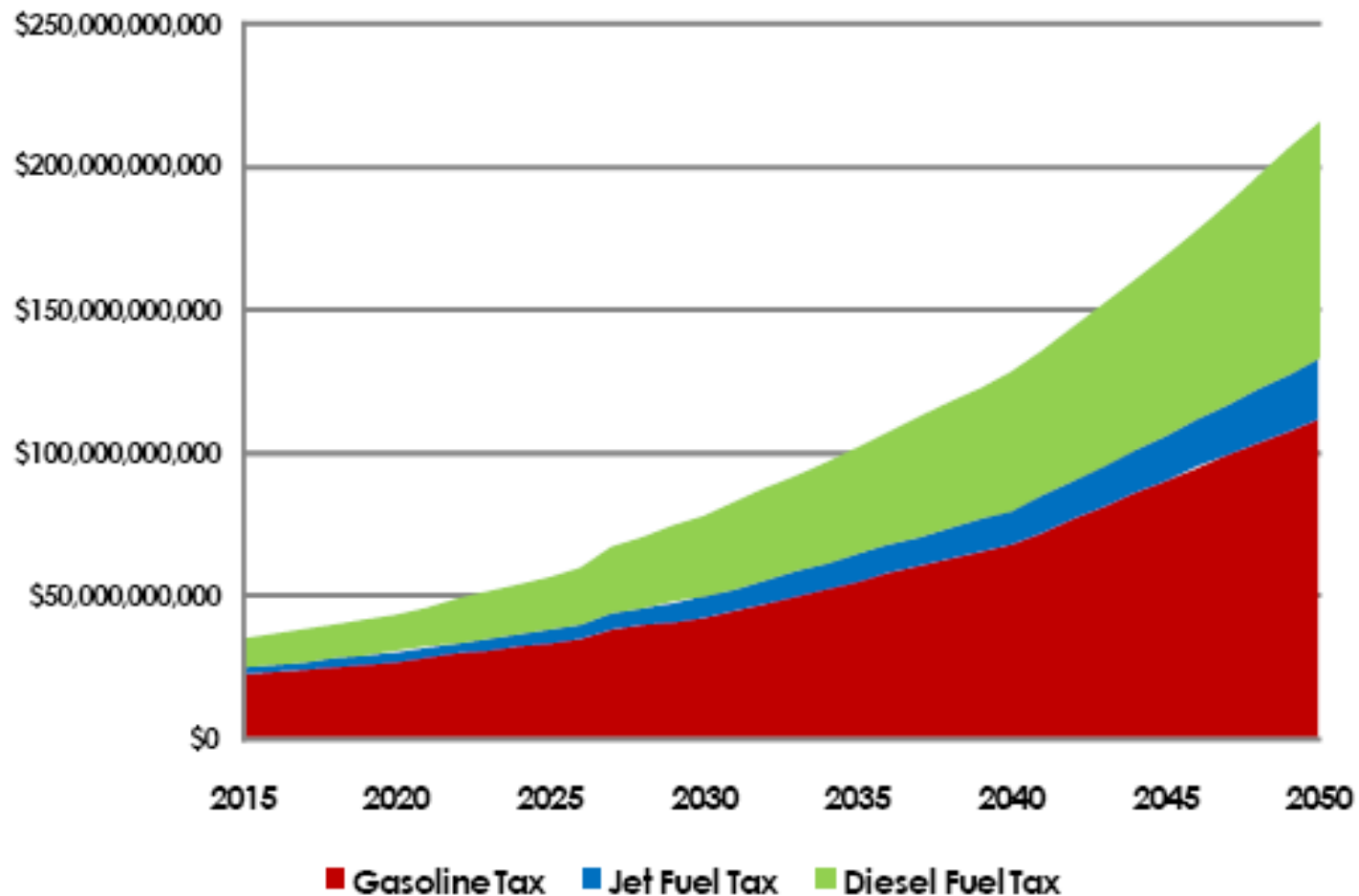


# Related National Issues: Cap-and Trade

## Climate Change Bill

- Working with other fuel users on climate legislation & fuel price impacts
- Helped review EPW & Commerce Committee Republicans critique of Waxman-Markey and the \$3.6 trillion tax it would create on fuel users (\$3.3 trillion on gasoline & diesel)
- Highway Users drafted united transp. planning position papers:
  - Papers highlighted needed provision changes
    - New planning regulations
    - Restrictions on use of cap-and-trade funds

## Waxman-Markey: \$2.0 Trillion Gasoline Tax, \$1.3 Trillion Diesel Tax, \$330 Billion Jet Fuel Tax





# Related National Issues

## Chairman Oberstar & Boxer's Water Regulation Bill – S.787

- Joined with other transportation and industry groups to oppose S. 787, which extends US Corps of Engineer permitting jurisdiction over isolated, non-navigable waters
- S. 787 would lead to highway project delays and cancellations
- Non-navigable water is regulated by states

# Additional Highway Policy Issues



## Tolling

- Highway Users & Energy Companies are opposed to the tolling of existing Interstate capacity
- We have supported tolling on new capacity
- We do not support “monetization” or leasing toll roads in exchange for upfront cash.
- Impact of tolling is largely seen as a targeted tax on interstate shipping – including fuel shipments

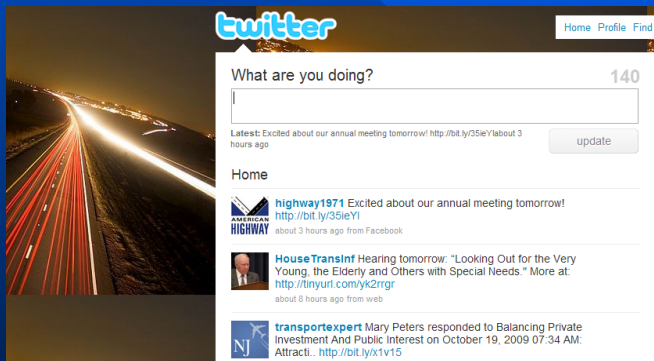
# New Action Fund

- A new lobbying, media, and grassroots action fund to combat anti-mobility groups
- Threats to mobility in proposed legislation and Administration policy
  - Coerce people to drive less and own less cars
  - Force freight off of trucks and onto rail
  - Requires local land use planning changes that de-emphasize highways
  - Bills that define livability as hostile to automobility
  - Increased EPA & HUD authority over DOT



# New Grassroots Initiatives

- We're focused on growing our grassroots to address shared highway and energy priorities



# Thank You



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