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**Effects of State and Local Regulations
on
INTERSTATE
MOVEMENT
of
AGRICULTURAL
PRODUCTS
by Highway**

Marketing Research Report No. 496

**UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service
Transportation and Facilities Research Division**

PREFACE

This study was initiated as a result of recommendations of the Advisory Committee to the USDA on transportation research and the concern of farm organizations and others about the effects of varying regulations and tax levying measures among the States upon the marketing and costs of movement of products of agriculture transported by motor-truck.

Motortrucks carry a large proportion of the agricultural products, and the efficient performance of this agency of transportation is of vital importance to agriculture. In recognition of the need for flexibility in the marketing of farm products, Federal law exempts interstate truck transportation of these commodities from economic regulation by the Interstate Commerce Commission.

This is one of several studies to determine how variations of motor vehicle regulation and tax laws among the several States affect the marketing of agricultural products. These variations may take the form of restrictions or tax requirements that make the transportation of commodities more costly: (1) By forcing truckers to use longer routes than necessary; (2) by limiting the number of trucks available to reach particular markets; (3) by circumscribing the area within which it is economical and convenient for trucks to operate; or (4) by requiring agricultural haulers to report various features of their operations to so many jurisdictions as to discourage them from continuing to operate.

The first of these reports was "Highway Transportation Barriers in 20 States," released in March 1957, an analysis of the size and weight limitations and tax provisions of the Northeastern States. No attempt was made at that time to ascertain their actual effects upon the transportation of agricultural commodities. The present report undertakes to appraise the economic consequences of such barriers in the United States, with special emphasis upon the 20-State area covered by the first report.

Unquestionably, the States have a real problem. Collection of funds through appropriate measures to provide for necessary construction and maintenance of highways is essential. So are rules and regulations for the protection of citizens and to safeguard highways and bridges from undue injury. Conditions of topography, soil and climate vary greatly, and may importantly affect the ability of highways to withstand heavy traffic loads. Shippers and carriers recognize these facts and it is clear that the complaints that were registered were not against the propriety of the taxes or regulations as such, but rather, against the effect of the differences among the States and the burden of multiple recordkeeping and reporting.

The purpose of this study is not to criticize the legislative or administrative policies of any individual State, but to bring out the cumulative effects upon shippers and motor carriers of varying policies by the many States through which individual interstate carriers transport agricultural products to market.

The States are working steadily toward greater uniformity, and some of the restrictions that were in effect at the time the study was completed may have been removed by the time it reaches print. However, it is hoped that it will represent a contribution toward a better overall understanding of the importance of reasonable uniformity among the States in their application of tax laws and regulations.

July 1961

ACKNOWLEDGMENTS

This study was made possible through the cooperation of shippers of agricultural products, motor carriers (both regulated and nonregulated), and truck brokers located in Florida, Georgia, North Carolina, and Virginia. These firms gave generously of their time in answering a detailed questionnaire, and the motor carriers submitted their records for examination of mileage tax and fuel use. Many shippers who owned their own vehicles and conducted a private carrier operation also submitted detailed tax information.

Appreciation is expressed to the various trade organizations which assisted in planning the project, and to State officials who provided information on their tax programs and regulations.

Special acknowledgment is due to the staffs of the American Trucking Associations, Inc., and the National Highway Users Conference, Inc., for their technical assistance throughout the project.

Dr. Hugh S. Norton, transportation economist, assisted in the overall planning of the project and in conducting the field survey. George D. Dodge and Joseph E. Kirby, transportation economists, also formerly with the Department, assisted in the interviews with motor carriers, truck brokers, and shippers.

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SUMMARY

State taxes and regulations which affect the operations of motor vehicles in interstate commerce are the subject of this report. The direct or indirect effect of these regulations on the marketing of agricultural products by trucks is the prime concern of the study.

The regulations discussed relate to State operating authorities, size and weight limitations, and safety regulations, many of which differ from those of the Interstate Commerce Commission and of other States. The problem of differing size and weight limitations between the States has been alleviated considerably in the last 5 years. However, the requirement by the majority of the States that all interstate carriers obtain State-by-State authority to operate has been a particularly difficult one for the agricultural hauler who is exempt from economic regulation by the Interstate Commerce Commission.

The tax problems encountered by the motor carrier are principally the following: (1) Varying tax programs which make it difficult to apply reciprocity among the States; (2) the imposition of weight-distance taxes which are not the subject of reciprocal or proration agreements; (3) the lack of uniformity in bases used for imposition of these taxes; (4) the cumulative effect of fuel-use taxes; and (5) the multiplicity of taxes enacted by governmental units within a State (counties and cities).

A statistical survey was conducted during 1956-57 among motor carriers (regulated and nonregulated), truck brokers, and shippers domiciled in Florida, Georgia, North Carolina, and Virginia. The first part was a questionnaire by mail followed by personal interviews with a smaller group of those who had indicated in the mail questionnaire that State taxes and regulations interfered with their operations.

Of those who replied to the mail questionnaire and who came within the scope of the survey, 45 percent of the motor carriers, 84 percent of the truck brokers, and 31 percent of the shippers said various State taxes and regulations interfered with their operations.

In personal interviews with respondents reporting interference, 81 percent of the regulated and 93 percent of the nonregulated carriers said that State taxes and regulations unduly interfered with their operations; 98 percent of the truck brokers and 78 percent of the shippers claimed undue interference.

The word "unduly," as used in this report means that the respondent was put to serious inconvenience in terms of cost or time. It excludes trivial objections to State regulations and those instances in which the regulations were an annoyance.

Motor carriers, truck brokers, and shippers all reported the same four regulations or taxes as interfering most with the operations of motor carriers. According to the frequency listed, the following types of restriction were reported: (1) The fuel-use tax; (2) difficulty in obtaining authorities; (3) the ton-mile tax; and (4) the axle-mile tax. (The last two are both a form of mileage tax.)

Shippers reported the following economic effects resulting from variations in State taxes and regulations on motor carriers: Unavailability of motor vehicles into certain areas, increase in costs to the shipper through higher rates charged, loss of markets, interference with flexibility of service, and with convenience of service (the ability to drop small shipments at various points). The latter service is important to the shipper as drop shipments by truck cost considerably less than by rail.

The purpose that may be served by many different State requirements for "operating authority" that are difficult and costly for carriers to satisfy is not clear. A simple form, to be uniform among the States, which would show the number of trucks operated, a general description of the type of traffic hauled, and evidence of appropriate insurance

coverage, has been endorsed by the National Association of Railroad and Utilities Commissioners.

The action of many States to effect regional agreements to facilitate interstate trucking helps to preserve the flexibility and efficiency in marketing products of agriculture made possible by the motortruck. The 14-State reciprocity agreement which provides recognition of the basic vehicle license plate of one State by all the other States in the agreement is generally considered a satisfactory and workable arrangement by the States and the industry. Other compacts, such as the agreements for the prorationing of license fees formed by Western States (the Uniform Agreement) and the Central States (the Midwest Compact), present a more difficult problem. They require multiple filing of reports, and differences in application and interpretation of their requirements have arisen. State authorities, through the National Association of Railroad and Utilities Commissioners, are also studying methods of simplifying, reducing, and attaining uniformity in State reporting requirements.

While the States have made notable progress in approaching uniformity regarding size and weight limitations, there is still considerable lack of uniformity in other phases of operation such as insurance requirements, identification devices, and methods of taxation. Generally the limitation of reciprocity agreements to the registration fee places a burden upon the interstate carrier attempting to comply with State regulations in all the jurisdictions in which he may operate.

EFFECTS OF STATE AND LOCAL REGULATIONS ON INTERSTATE MOVEMENT OF AGRICULTURAL PRODUCTS BY HIGHWAY

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Transportation and Facilities Research Division
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INTRODUCTION

This is a report on a study of the effects of regulations affecting interstate movement of agricultural products by highway. The area east of the Mississippi River was selected as a focal point for examining some of the economic consequences of barriers to highway transportation. The basic information for the report was obtained from the following sources:

1. --Mail questionnaires from 823 highway users with headquarters in Florida, Georgia, North Carolina, and Virginia. These motor carriers, truck brokers, and shippers reported that they originated shipments of agricultural products from, to, through, or within any one of the four States selected for special study (Ohio, New York, Kentucky, and Virginia), or that they avoided operating in any one of these States because of some restriction on motor carriers.

2. --Personal interviews with 251 motor carriers. These were respondents to the mail survey who said that certain regulations in at least one of the four States of destination or transit interfered with their operations in that State.

3. --Correspondence and interviews with the officials of 13 States whose tax programs and regulations were the subject of complaint in the field survey.

4. --Court decisions on State regulations or taxation of motor carriers.

5. --Papers and discussions on State regulations and tax matters at the annual meetings of the North American Gasoline Tax Conference and the American Association of Motor Vehicle Administrators.

Although the report contains a large amount of quantitative data, it was not possible, in all instances, to obtain enough such data to measure accurately the economic effects of the State regulations and taxes. In lieu of quantitative data, subjective appraisals furnished by shippers, truck brokers, and motor carriers were employed to assist in determining the effects of some State regulations and taxes.

CHAPTER I

GROWTH OF THE MOTOR CARRIER INDUSTRY AND ITS IMPORTANCE TO AGRICULTURE

Motor carriers of property have gradually increased their share of the nation's traffic each year. Over the last 20 years they have more than doubled the proportion of ton-miles they carried in relation to the other modes of transportation. In 1939, motor

¹ Miss Ayre transferred to the Department of Commerce in February 1960.

carriers claimed only 9.7 percent of the intercity ton-miles carried by all modes of transportation, public and private. In 1955, motor vehicles carried 17.7 percent of the total ton-miles of intercity traffic moved by all modes of transportation; in 1956 they carried 18.7 percent of the ton-miles, and by 1957 the amount had climbed to 19.3 percent of the total (34, p. 3 and 10).²

MOTOR TRUCK REGISTRATION BY TYPE OF OWNERSHIP

There were 10,900,000 truck registrations of all types in the United States during 1957, an increase of 145.3 percent over the 4,444,330 registrations in 1937. The registrations represent both privately and publicly owned vehicles.³ Privately owned vehicles represented about 96 percent of the total, (3, p. 20) of which 2,900,000 or 27.8 percent were farm trucks (3, p. 22).

According to reliable sources, about half of the trucks in the United States are owned by one-truck operators. It is estimated that 83 percent of the truck owners in the United States have only one truck; 10 percent have two trucks and 7 percent have more than two trucks. In 1956 there were 4,810,000 persons who owned 1 truck each, as against 50,000 owners who had 10 or more trucks (2, p. 48).

TABLE 1.--Truck owners and number of trucks owned in the United States July 1, 1956

Size of fleet ¹	Owners		Trucks owned	
	Number	Percent	Number	Percent
10 or more trucks.....	50,000	0.9	1,760	18.5
5 to 9 trucks.....	100,000	1.9	880,000	9.2
3 to 4 trucks.....	240,000	4.1	894,000	9.4
2 trucks.....	600,000	10.3	1,200,000	12.6
1 truck.....	4,810,000	82.8	4,810,000	50.3
Total.....	5,810,000	100.0	9,544,000	100.0

¹ A "fleet" consists of two or more vehicles registered at a given post office by a given owner. Fleets of motor coaches and Government-owned trucks and motor coaches are not included.

IMPORTANCE OF TRUCKS TO AGRICULTURE

In half of the States, one-third of the trucks were on farms. In North Dakota, South Dakota, and Montana, over 50 percent of the trucks registered were farm trucks.⁴ A total of 2,213,000 farms or 46 percent of the total farms in the United States reported they owned trucks (2, p. 23).

While the farm truck may carry produce from the farm to the initial market, for-hire vehicles predominate in the carrying of agricultural products interstate, except in the case of large shippers who for convenience in marketing and other reasons own private fleets of trucks which they use in connection with their business.

² Underscored figures in parentheses refer to items in Literature Cited, page 99.

³ The publicly owned vehicles include Federal, State, county, and municipal vehicles. Vehicles owned by military services and busses are not included. The privately owned vehicles include farm trucks registered at a nominal fee and restricted to use in the vicinity of the owner's farm.

⁴ North Dakota reported 71.9 percent, South Dakota 58.6 percent, and Montana 51.3 percent of total trucks registered in the State were on the farms.

A large number of the "for-hire" vehicles are engaged almost exclusively in carrying agricultural products. Many of these vehicles which carry agricultural products are operated by a "one-truck" owner. The predominance of one-truck operators in the field survey who carried agricultural products is significant in the analysis of the various State taxes and regulations which affect differently the large and small carriers. Among both the exempt for-hire carrier and the private carriers in the survey there was a large proportion of one-truck operators.⁵

The exemption, by Congress, of motor vehicles carrying agricultural commodities, from economic regulation by the Interstate Commerce Commission⁶ under the motor carrier part of the Interstate Commerce Act, has fostered the movement of those commodities by truck. The exemption means that anyone may haul agricultural commodities and fish by truck from one State to another, even on a for-hire basis, without getting permission from the Interstate Commerce Commission and with no ICC control over his routes, his schedule, or his rates. Giving impetus to truck shipments is the fact that the truck offers fast and dependable service from the farmer's field to the wholesale market, a chainstore warehouse, a storage house, or a processing plant.

The increase in the movement of agricultural products by truck has occurred among all or most farm products, although it is more pronounced among certain types of commodities than others. Practically all of the live and fresh-dressed poultry and shell eggs move by truck. Almost all of the milk moves by truck, except in New England, where about 50 percent moves by rail into Boston from Vermont and New Hampshire. Over the last few years, about 75 percent of the butter and 55 percent of the cheese in the United States moved to markets by truck, based on receipts at the 12 principal markets. In 1957 movement of all species of livestock to 60 major public markets totaled 70,200,713 head of which 58,408,025 or 83.2 percent moved by truck (28, p. 2). There are a number of markets where all the livestock is received by truck. During 1957, out of the 60 public livestock markets the entire receipts were by truck for hogs and calves at 22 markets, sheep and lambs at 18 markets, and cattle at 14 markets. Many other markets received more than 90 percent of their livestock by truck.

Increased tonnages by truck have also been noted for fresh fruits and vegetables. One report (21) stated that during the 1955-56 season, Florida shipped out by truck 56 percent of the citrus, 65 percent of the miscellaneous other fruits, and 61 percent of the vegetables, or a total of 60 percent of the fruits and vegetables. A study (10) by the United States Department of Agriculture reported that the tonnage of fresh fruits and vegetables moving to selected markets by truck increased from 53 percent in 1951 to 62 percent in 1957. This report was based on unloads of 8 specified fresh fruits and vegetables at 13 major markets.⁷

⁵ See table 2, p. 8.

⁶ Part II, Sec. 203. (b) (6) The Interstate Commerce Act, as amended; "Motor vehicles used in carrying property consisting of ordinary livestock, fish (including shell fish), or agricultural (including horticultural) commodities (not including manufactured products thereof), if such motor vehicles are not used in carrying any other property, or passengers, for compensation; Provided, That the words 'property consisting of ordinary livestock, fish (including shell fish), or agricultural (including horticultural) commodities (not including manufactured products thereof)' as used herein shall include property shown as 'Exempt' in the 'Commodity List' incorporated in ruling numbered 107, March 19, 1958, Bureau of Motor Carriers, Interstate Commerce Commission, but shall not include property shown therein as 'Not exempt'; Provided further, however, that notwithstanding the preceding proviso the words 'property consisting of ordinary livestock, fish (including shell fish) or agricultural (including horticultural) commodities (not including manufactured products thereof)' shall not be deemed to include frozen fruits, frozen berries, frozen vegetables, cocoa beans, coffee beans, tea, bananas, or hemp, and wool imports from any foreign country, wool tops and noils, or wool waste (carded, spun, woven, or knotted), and shall be deemed to include cooked or uncooked (including breaded) fish or shell fish when frozen or fresh (but not including fish and shell fish which have been treated for preserving, such as canned, smoked, pickled, spiced, corned, or kippered products)" (31).

⁷ Based on unloads of apples, grapefruit, oranges, celery, lettuce, potatoes, tomatoes and watermelons at the following major markets: Atlanta, Baltimore, Boston, Chicago, Cleveland, Denver, Los Angeles, New York, Philadelphia, San Francisco, Oakland, Seattle, and Washington, D. C.

TYPES OF MOTOR CARRIERS

Motor carriers are referred to as "regulated" and "nonregulated." Regulated carriers are those subject to economic regulation by the Interstate Commerce Commission, which includes such matters as commodities authorized, rates charged, points and places served and, in many instances, routes to be followed. All carriers subject to the Commission's regulation are classified by it according to size, based on their average gross revenue, and are designated Class I, Class II, and Class III.⁸

These carriers are either common carriers, who hold themselves out to serve the public generally, or are contract carriers who each serve only a few shippers. Common carriers may haul either general or special commodities and fall into two categories: Regular route and irregular route operators. The regular route operators are those for each of whom the Commission has defined the origin and termini with fixed routes over which it may operate and the intermediate points, if any, which it may serve. For the irregular route operators, the Commission defined the commodities and areas which the carriers may serve, but left the routes unspecified.

The nonregulated carriers are either exempt or private carriers. The exempt haulers are those over which the Commission does not exercise economic regulation. There are 9 groups exempt from economic regulation. However, these groups are nevertheless subject to the regulations of the Commission "relative to qualifications and maximum hours of service of employees and safety of operations or standards of equipment."⁹ For example, items included under safety of equipment are specifications pertaining to such things as brakes, coupling devices, towing methods, lighting devices, and reflectors.

This study is concerned only with two groups of exempt carriers of property, agricultural cooperative associations,¹⁰ and "for-hire" carriers of agricultural products.¹¹ This study also includes private carriers of agricultural products. A private carrier¹² is one who engages in a transportation service as incidental to his primary business of the manufacture or sale of goods. Private and exempt for-hire motor carriers performed approximately two-thirds of the total intercity ton-miles by highway in 1956. (34, p. 3)

TYPES OF EQUIPMENT

Although straight panel trucks may be used for many agricultural commodities going from the farm to the initial market, some types of agricultural products such as live poultry or livestock require specialized equipment when going to market or processor (fig. 1). Fresh produce, as well as frozen foods, are generally carried in refrigerated vehicles, cooled either by an ice-blower or by mechanical means. These vehicles are of several types and sizes: A 3-axle straight truck with tandem rear axle, a 3-axle tractor semitrailer, a 4-axle tractor semitrailer, or a 5-axle tractor semitrailer. The last two vehicle types have a tandem, or double, axle on the rear of the trailer. Each rear axle carries two wheels at either end or a total of four wheels; a tandem axle would, therefore, have a total of eight wheels. The tandem-axle straight truck or "10-wheeler," as it is generally referred to by the trade, is an elongated straight truck with an extra axle in the rear. The modified straight truck with its tandem axle provides 8 wheels in the rear (2 sets of dual wheels on each rear axle) and 2 single wheels on the front axle, or a total of 10 wheels.

⁸ The classification of motor carriers of property effective January 1, 1957, is:

Class I - \$1,000,000 or more

Class II - \$200,000-\$1,000,000

Class III - Less than \$200,000

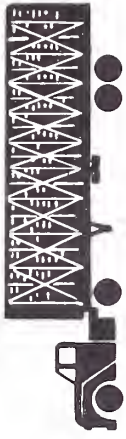
⁹ Sec. 203(b).

¹⁰ Sec. 203(b) (5) of the Interstate Commerce Act.

¹¹ Sec. 203(b) (6) of the Interstate Commerce Act.

¹² Sec. 203(a) (17) of the Interstate Commerce Act.

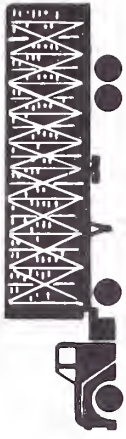
SOME TYPES OF TRUCKS USED IN HAULING AGRICULTURAL COMMODITIES



2-Axle Straight Truck



Live Poultry



Livestock



3-Axle Straight Truck
with tandem rear axle



3-Axle Tractor Semitrailer



4-Axle Tractor Semitrailer



5-Axle Tractor Semitrailer



5-Axle Tractor, Semitrailer and Full Trailer Combination



9-Axle Tractor, Semitrailer and Full Trailer Combination

The tandem-axle straight truck or 10-wheeler was found by the U. S. Department of Agriculture interviewers to be particularly popular in certain areas of the eastern United States, but the 4-axle tractor semitrailer was seen more frequently throughout the area than any of the other types. Until recently the 5-axle tractor semitrailer and full trailer combination was seldom used in the eastern United States as the size or weight limitations of some States interfered with extensive operation. In the majority of the eastern States, the combination tractor and semitrailer may not be more than 50 feet long overall, nor over 65,000 pounds maximum gross weight. Rigs now used in the far West are generally made up of a tractor semitrailer and full trailer combination, with a maximum overall length of 60 to 65 feet and a maximum gross weight between 70,000 and 80,000 pounds.

However, on the "thruways" in New York, Ohio, New Jersey, and other States, the special combination vehicle described above, frequently called a "double bottom" is being used. It consists of a tractor semitrailer and full trailer combination, sometimes with tandem axles on the trailers. Since all of the thruways are toll roads, concessions are made by some States permitting greater length and weight of vehicles using them. The double-bottom rig may therefore have a length up to 98 feet and a maximum gross weight of 130,000 pounds. These rigs must be dismembered at the thruway terminals before they leave the thruway in order that the units may conform to the general State regulations limiting size and weight.

CHAPTER II

THE FIELD SURVEY 1956-57

State taxes and regulations were examined especially in the four States of Ohio, New York, Kentucky, and Virginia, although data were tabulated for other States wherever allegations of restrictions were made by firms which the staff members consulted.

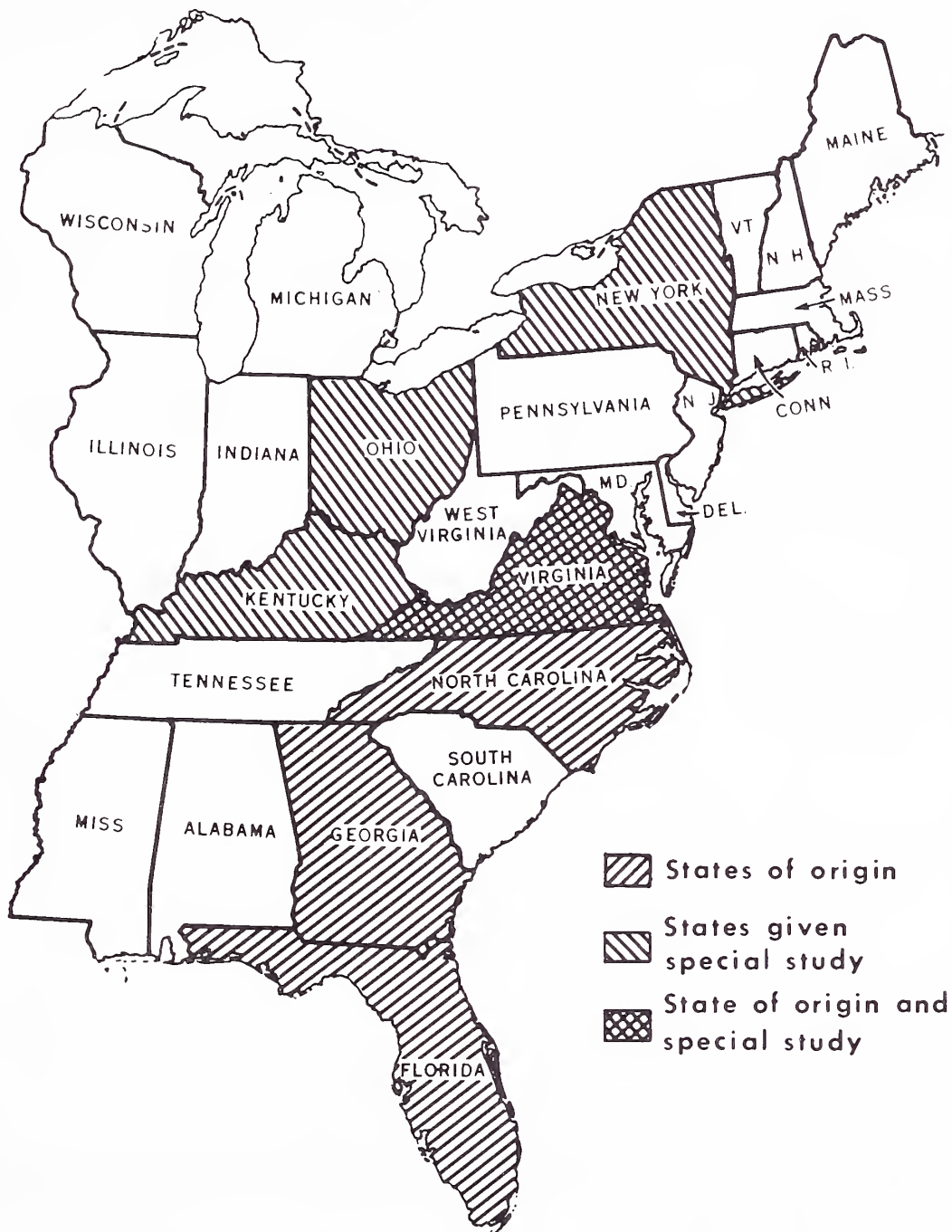
A survey was conducted in four "origin" States--Florida, Georgia, North Carolina, and Virginia--the points of origin of some of the area's leading agricultural products which are moved to markets of the populous Northeastern Region into, through, or within Ohio, New York, Kentucky, or Virginia. (See figure 2.)

Three types of businesses--motor carriers, truck brokers, and shippers--were questioned both by mail and by personal interview in all four origin States. Both regulated and nonregulated motor carriers (exempt and private) were included. Shippers of the principal commodities moving from these States were selected as follows: Florida--shippers of canned goods, frozen foods, fresh fruits, and vegetables; Georgia--shippers of nuts and fresh and frozen dressed poultry; North Carolina--shippers of fresh meats, livestock, fresh and frozen dressed poultry, fruits and vegetables; and Virginia--shippers of fresh and frozen dressed poultry, nuts, livestock, fresh fish, meats, fruits and vegetables.

The system employed in planning the survey resulted in a satisfactory geographical distribution as well as a representation by type of business.

A one-page questionnaire was mailed to 1,795 firms in Florida, Georgia, North Carolina, and Virginia as follows: 686 motor carriers, 123 truck brokers, and 986 shippers. Among the 1,142 replies received, a total of 823 firms came within the scope of the survey. A firm was considered "within scope" if, during 1955, (1) it operated or shipped from, to, through, or within any one of the four States whose restrictions were to be especially studied or (2) it avoided operating in any one of these four States, during 1955, because of some tax or regulation on motor carriers.

STATES OF ORIGIN AND OTHER STATES GIVEN SPECIAL STUDY IN MOTORTRUCK SURVEY



U. S. DEPARTMENT OF AGRICULTURE NEG. AMS 9-61(5) AGRICULTURAL MARKETING SERVICE

Figure 2

After some preliminary screening, research workers using detailed questionnaires personally interviewed respondents from 251 firms who had said that certain regulations in at least one of the four States (Ohio, New York, Kentucky, Virginia) interfered with their operations in that State.

THE MAIL SURVEY

Among the 823 questionnaires which were "within scope," 347 firms indicated that their operations were adversely affected in some way by the taxes or regulations imposed by 1 or more of the 4 States of Ohio, New York, Kentucky, or Virginia; 450 indicated "no restrictions" and 26 did not answer this question (table 2).

TABLE 2.--Firms reporting unrestricted operations and those reporting no operations or limited operations in survey of 4 States, by type of business and State of home office, 1955¹

Type of business and home office	Reported no operation or restricted operation in one or more States ²	Reported unrestricted operations ³	No answer to this question	Total firms "within scope" of this survey
	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>
Motor carrier:				
Florida.....	61	27	1	89
Georgia.....	19	11	0	30
North Carolina.....	42	71	5	118
Virginia.....	34	68	6	108
Total.....	156	177	12	345
Truck broker:				
Florida.....	54	10	1	65
Georgia.....	8	1	0	9
North Carolina.....	1	0	0	1
Virginia.....	4	1	0	5
Total.....	67	12	1	80
Shippers:				
Florida.....	69	84	5	158
Georgia.....	10	11	1	22
North Carolina.....	22	43	3	68
Virginia.....	23	123	4	150
Total.....	124	261	13	398
All types:				
Florida.....	184	121	7	312
Georgia.....	37	23	1	61
North Carolina.....	65	114	8	187
Virginia.....	61	192	10	263
Total, all types.....	347	450	26	823

¹ If questionnaire reported restrictions to any extent in any one or more of the four States (Ohio, New York, Kentucky or Virginia) under survey.

² Answer "yes" to question: "Did any State tax or regulation cause you not to operate in any of these four States during 1955?"

³ Answered "no" to above question.

A total of 42 percent of all firms "in scope" reported their operations were so affected. By type of business, 84 percent of the truck brokers, 45 percent of the motor carriers, and 31 percent of the shippers reported they were limited in their operations by one or more of the States in the survey (table 3).

The fact that a larger proportion of truck brokers indicated the existence of limitations which interfered with their operations is probably due to the nature of the broker's business, which gives him the occasion to become acquainted with these regulations. Truck brokers book cargo for various motor carriers destined for many different places. They generally keep informed as to all pertinent taxes and regulations so that they can advise the carriers of what is required of them in carrying a load to a certain place. Before a truck broker can book a load for a shipper, he must ascertain that he has found a truck qualified to carry the load through all States in which the truck must travel in order to reach its destination. Thus the truck broker has an association with a greater number of jurisdictions than many small shippers or motor carriers with limited operations. His opinion is formed by the extensiveness of his operations in regard to both the territory he covers and the volume of business he conducts in these varied jurisdictions.

Many questionnaires from truck brokers contained comments such as this: "In my business as a truck broker, I secure loads of farm produce for approximately 150 independent truckers who own and operate their own trucks. We use these independent truckers or owner-drivers for a specific reason and that is time. Farm produce as you know is highly perishable and a 1-day delay can mean hundreds of dollars to the shipper. So, the driver-owner knows the importance of making the market more so than just an ordinary truck driver. Now the problem of these truckers is State barricades, such as fuel tax reports or mileage tax reports, and failing to do so [that is, to comply] revokes

TABLE 3.--Firms in scope reporting restrictions on their operation's by type of business and State of home office, 1955

Type of business and response to questionnaires	Unit	Florida	Georgia	North Carolina	Virginia	Total
Motor carrier:						
Replies in scope.....	Firms	89	30	118	108	345
Reporting restrictions.....	do.	61	19	42	34	156
Percent reporting restrictions.....	Percent	69	63	36	31	45
Truck Brokers:						
Replies in scope.....	Firms	65	9	1	5	80
Reporting restrictions....	do.	54	8	1	4	67
Percent reporting restrictions.....	Percent	83	89	100	80	84
Shipper:						
Replies in scope.....	Firms	158	22	68	150	398
Reporting restrictions.....	do.	69	10	22	23	124
Percent reporting restrictions.....	Percent	44	45	32	15	31
Total:						
Replies in scope.....	Firms	312	61	187	263	823
Reporting restrictions.....	do.	184	37	65	61	347
Percent reporting restrictions.....	Percent	59	61	35	23	42

his privilege to operate in that State. I know of at least 20 of these truckers that will go out of business this year and right now we don't have enough trucks to move the produce from Pompano."

There were one or more complaints of restrictions from shippers of every type of commodity except the group hauling fresh meat (table 4.) A typical comment included on a shipper questionnaire stated:

"We stay out of Kentucky because of the regulations. We find in our business that there are so many different regulations imposed by the various States through which trucks travel, it is almost impossible for them to keep up with the book work that is required and to keep posted as to the requirements of the various States. Many of the trucks are forced off the highway for the reason that it is impossible for them to keep up with the numerous regulations. We feel that some uniform regulations should be established whereby motor trucks could traverse State lines freely and not in such a confused state of affairs as they now find themselves. Length of vehicle, weights, gasoline and diesel fuel taxes, hours of service should be uniform."

A greater number of exempt haulers than any other group of motor carriers indicated their operations were restricted. Of the 119 exempt carriers 74, (62 percent) alleged restrictions, while only 54 (33 percent) of the 164 regulated carriers and 28 (45 percent) of the 62 private carriers complained.

TABLE 4.--Shippers reporting restrictions on their operations, by type of commodity shipped, 1955¹

Commodity	Reported no operations or restricted operations in one or more States	Reported unrestricted operations	No answer to question on commodity	Total
	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>
Canned goods.....	14	20	1	35
Fish.....	1	0	0	1
Frozen foods.....	8	12	1	21
Fruits and vegetables.....	73	102	6	181
Livestock.....	12	73	3	88
Meats.....	0	14	1	15
Nuts.....	2	12	0	14
Poultry.....	14	28	1	43
Total.....	124	261	13	398

¹ Type of commodity shipped is reported on the questionnaire as secondary classification.

The exempt haulers usually described their difficulties with particularity, such as:

"To transport Middle West, we have to put up bond with Tennessee,¹³ secure a permit and quarterly report on gasoline purchased in Tennessee and send along duplicate fuel tickets. In Iowa, we have to obtain a permit and report monthly on gasoline purchased.

¹³ Some of the regulations and charges of particular States mentioned in this and quotations on following pages may have been modified or removed since they were cited to the researchers by truckers, brokers, or shippers.

"In Missouri, we have to have a PUC permit or else pay a fine of \$37.50 plus \$50.00 to hire a tractor with a permit to pull trailer through State. Also, in Wisconsin a permit is required to operate through that State or suffer a \$25.00 penalty.

"To transfer west through Texas, one is required to have a permit issued by the Texas Railroad Commission or else pay \$37.50 each time one is caught in State. We now have one, but the average trucker cannot afford or cannot obtain one due to red tape.

"In Mississippi and Louisiana, they require gasoline purchases to cover mileage thru their State. But they check the purchases at their scales and also have several men checking along the highways. Now this is a great saving to the State as well as a headache saver to the trucker for the trucker does not have to send in a monthly or quarterly statement.

"Some of the truckers do not have permits in all States and will not travel through them to keep from paying a stiff penalty. Too many of the truckers are quitting because they feel they are not capable of keeping records for each State and cannot afford to hire someone to do it for them."

Complaints Registered

The number of individual "restrictions" reported by the different types of business and by State of origin is shown in table 5. The 347 respondents reported a total of 801 "restrictions." Over half of the number reported came from respondents domiciled in Florida. The greatest number of restrictions reported was 366 from the motor carrier group, or 46 percent of the total number reported. However, proportionately to the firms reporting, truck brokers averaged 3.4 complaints per firm, compared to 2.3 per motor carrier and 1.9 per shipper.

An attempt was made to classify the various complaints made by motor carriers--table 6. Most of the 156 motor carriers who complained of restrictions listed their particular complaints against each of the 4 States. However, in some instances merely the name of the State was checked, without an explanation in answer to the question: "Did any State regulation or tax cause you not to operate¹⁴ in any of these 4 States during 1955?" "If 'yes', check those States and indicate the nature of the regulation or tax." When the name of the State was checked, but no reason written out it was tabulated as "State named, no reason given".

The principal reasons given by those who specified a restriction were the axle-mile tax in Ohio, the weight-distance tax in New York, and the gross-weight limit in Kentucky and Virginia.¹⁵ Restrictions would be noted for some States and not for others; for instance, whereas there were only 42 "no answers" to the Kentucky block on the questionnaire there were 88 for Virginia.

"The four States mentioned (Ohio, New York, Kentucky, and Virginia) are not the only ones which affect our operation. The following States affect us even more so - Mississippi, Texas, New Mexico, Arizona, and Oregon. Most of the Western States have ports-of-entry and the trucks lose two to five hours time at the ports while each State checks on weight, diesel fuel permits, temporary permits in lieu of license tags, and many other requirements they have. This loss of time at each State makes it impossible to give the farmers the service that they need and require.

¹⁴ Form 1(a), motor carriers said, "to operate", Form 1(b), truck brokers said, "to book shipments", Form 1(c), shippers said, "to make shipments".

¹⁵ The survey by mail was conducted before the weight limits were increased in Kentucky and Virginia. The mailing of the questionnaires began in early March 1956; the effective date of the Kentucky statute was March 22, 1956; the effective date of the Virginia statute was June 29, 1956. The Kentucky statute increased weight limits within Kentucky from 42,000 pounds gross weight to 59,640 pounds gross weight. Up until this revision, Kentucky requirements were the lowest in the United States. The Virginia bill increased their weight limit from 50,000 pounds to 56,800 pounds gross weight.

TABLE 5.--Number of restrictions encountered in the 4 States surveyed, as reported by 3 types of firms with home offices in specified States, 1955

Type of business and home office	Ohio	New York	Kentucky	Virginia	Total
	<u>Restric- tions</u>	<u>Restric- tions</u>	<u>Restric- tions</u>	<u>Restric- tions</u>	<u>Restric- tions</u>
Motor carrier:					
Florida.....	42	32	54	33	161
Georgia.....	9	9	17	6	41
North Carolina.....	27	25	24	18	94
Virginia.....	21	19	19	11	70
Total.....	99	85	114	68	366
Truck broker:					
Florida.....	40	38	51	36	165
Georgia.....	4	6	6	4	20
North Carolina.....	0	1	0	1	2
Virginia.....	3	4	3	0	10
Total.....	47	49	60	41	197
Shipper:					
Florida.....	19	22	50	43	134
Georgia.....	5	5	8	6	24
North Carolina.....	7	9	12	12	40
Virginia.....	10	12	7	11	40
Total.....	41	48	77	72	238
All types:					
Florida.....	101	92	155	112	460
Georgia.....	18	20	31	16	85
North Carolina.....	34	35	36	31	136
Virginia.....	34	35	29	22	120
Grand total.....	187	182	251	181	801

"We have refused loads into Ohio, New York, Kentucky, and Virginia at different times because of the weight laws and because of their requirements for permits and mileage tax. All of this keeping up with the requirements of the different States and then filing the required reports makes for a lot of extra bookkeeping. If the truck isn't properly registered before it leaves and is stopped in the States, the fine is much too high - Virginia, for instance, charges \$100.00 if you don't display an identification tag which cost \$1.00. The fine in New York is the same (\$100.00) for a \$10.00 tag - (\$5.00 for tractor and \$5.00 for trailer). As a truck broker, we have refused a few loads because other truckers had the same problems as outlined above.

"Anything that can be worked out to eliminate these problems will be a much needed help to the trucking business as well as to the farmers."

Transportation of Agricultural Products

In order to determine the significance of the so-called State "barriers" to the movement of agricultural products, each of the motor carrier questionnaires included

TABLE 6.--Motor carriers citing specified complaints against restrictions in 4 States, 1955

State and restriction noted	Regulated	Non-regulated	Total
	<u>Motor carriers</u>	<u>Motor carriers</u>	<u>Motor carriers</u>
Ohio			
State name, no reason given.....	4	5	9
Axle-mile tax.....	33	40	73
Procedural matters.....	3	4	7
Other.....	1	9	10
No answer.....	13	44	57
Total.....	54	102	156
New York			
State name, no reason given.....	4	3	7
Ton-mile tax.....	26	34	60
Procedural matters.....	3	6	9
Other.....	1	8	9
No answer.....	20	51	71
Total.....	54	102	156
Kentucky			
State name, no reason given.....	5	3	8
Weight limit (gross).....	14	58	72
PUC license fee.....	1	5	6
Size and weight limit.....	3	1	4
Fuel use tax limit.....	3	3	6
Procedural matters.....	2	1	3
Other.....	4	9	13
Specifies 1956 weight limit satisfactory..	1	1	2
No answer.....	21	21	42
Total.....	54	102	156
Virginia			
State name, no reason given.....	0	5	5
Weight limit (gross).....	7	26	33
Fuel use tax.....	6	10	16
Other.....	4	10	14
No answer.....	37	51	88
Total.....	54	102	156

a question: "During 1955, did you carry any agricultural products (either processed or unprocessed) or fish?" Among the 345 motor carriers whose questionnaires were "within scope", 21 percent carried nothing but agricultural products or fish. An additional 19 percent carried cargoes averaging - 80-99 percent (by weight) of either processed or unprocessed agricultural products or fish. Thus, for 40 percent of all the carriers questioned the tonnage carried consisted of at least 80 percent agricultural products. Only 13 percent answered "none" to the question. An additional 7 percent were uncertain of the exact amount they carried and 10 percent gave "no answer" (table 7).

TABLE 7.--Motor carriers reporting specified amount of their cargoes consisting of agricultural products, 1955

Percentage of agricultural products	Reported unrestricted operations				Reported no operations or restricted operations ¹				No answer	Grand total
	Regulated	Nonregulated		Total	Regulated	Nonregulated		Total		
		Private	Exempt			Private	Exempt			
	Motor carriers	Motor carriers	Motor carriers	Motor carriers	Motor carriers	Motor carriers	Motor carriers	Motor carriers	Motor carriers	Motor carriers
None.....	34	0	0	34	9	0	0	9	1	44
1-19 percent.....	25	4	1	30	14	1	1	16	1	47
20-39 percent....	6	1	0	7	7	1	2	10	0	17
40-59 percent....	4	1	2	7	6	1	4	11	0	18
60-79 percent....	9	1	4	14	2	2	5	9	2	25
80-99 percent....	5	2	4	11	12	8	32	52	2	65
Only agricultural products.....	2	13	18	33	2	12	23	37	4	74
Exact amount uncertain.....	2	5	7	14	0	2	4	6	1	21
No answer.....	17	5	5	27	2	1	3	6	1	34
Total carriers...	104	32	41	177	54	28	74	156	12	345

¹ If questionnaire reported restriction to any extent in any one or more of the four States (Ohio, New York, Kentucky, or Virginia) under survey.

Amounts Handled by Motor Carriers

Among the 345 motor carriers returning questionnaires which were "within scope" there were 164 regulated and 181 nonregulated carriers. Table 7 shows the percentage of agricultural products carried by regulated and nonregulated carriers, according to those which reported restrictions or no restrictions on their operations.

A total of 102 nonregulated carriers reported their operations were restricted to some extent by State taxes and regulations. Of these 102 nonregulated carriers, 28 were private and 74 were exempt carriers. Twenty of the private and 55 of the exempt had cargoes at least 80 percent agricultural.

Agricultural Products Handled by Truck Brokers

The truck broker questionnaire contained a question similar to that on the motor carrier questionnaire pertaining to the movement of agricultural products: "During 1955, did you book cargoes of agricultural products (either processed or unprocessed) or fish?" There were 80 truck brokers within the scope of the survey whose questionnaires were analyzed, 71 stated they booked cargoes of agricultural products with motor carriers, 7 answered "none" to the question, and 2 did not answer. Of the 71 truck brokers, 51 said they booked only agricultural products and 8 said that 80-99 percent of their business consisted of agricultural products.

Number of Vehicles Operated

There's one carrier not accounted for, here, $345-330=15$ - and only 14 are accounted for. One private carrier (included in the 345 total) had no vehicle in inter-city service. A total of 6,200 vehicles were operated by 330 carriers,¹⁶ or an average of about 19 vehicles per carrier. The 161 regulated carriers had a total of 5,521 vehicles, 89 percent of the total, and an average of 34 vehicles per carrier. Exempt, for-hire and private truckers operated the remaining 11 percent of the vehicles. The private carriers averaged nearly 6 vehicles per owner, while the exempt haulers averaged only about 3 vehicles per owner.

Table 8 reports the number of for-hire and private carriers owning any particular number of vehicles. More of the exempt and private carriers owned a small number of vehicles, while nearly two-thirds of the regulated carriers owned 10 or more vehicles. Of the 109 exempt haulers who reported vehicles 49 owned only 1 vehicle, while 81 of the 109 owned no more than 3 vehicles. The private carriers followed the same pattern with 35 of the 60 vehicle owners falling within the 1 - 3 vehicle category.

The significance of the various types of taxes and regulations in relation to the size of firm (number of vehicles owned) will be treated in later chapters. Various taxes and

TABLE 8.--For-hire and private carriers operating specified numbers of vehicles,
December 31, 1955

Number of vehicles operating in intercity service	For-hire			Private	All carriers
	Regulated	Exempt	Total		
	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>
0.....	2	2	4	1	5
1.....	10	49	59	12	71
2.....	7	19	26	12	38
3.....	7	13	20	11	31
4.....	10	9	19	6	25
5.....	9	5	14	2	16
6.....	7	4	11	2	13
7.....	6	3	9	3	12
8.....	4	1	5	2	7
9.....	0	0	0	4	4
10.....	12	0	12	1	13
11-15.....	18	1	19	2	21
16-20.....	13	3	16	0	16
21-30.....	12	1	13	2	15
31-40.....	10	1	11	0	11
41-50.....	9	0	9	1	10
51-100.....	13	0	13	0	13
101-200.....	12	0	12	0	12
Over 200.....	2	0	2	0	2
No answer.....	1	8	9	1	10
Total.....	164	119	283	62	345

¹⁶Of the total number of carriers in scope (345), there were 10 carriers which did not answer the question and 5 which said they had no vehicles. One exempt hauler had gone out of business and sold his vehicles. The business of the other 4 was such that they didn't own vehicles. They were an equipment company, an express company, and a company specializing in moving horse vans.

regulations affect differently the various types of carriers. Some taxes are less burdensome to the "large" carrier, others to the "small" carrier.

THE PERSONAL INTERVIEW SURVEY

Detailed personal interviews were held with 251 firms that had indicated in the mail survey that regulations in Ohio, New York, Kentucky, or Virginia had interfered with their operations. The firms included 112 motor carriers, 52 truck brokers, and 87 shippers. Among the 112 carriers interviewed were 16 private, 42 regulated, and 54 exempt haulers (table 9).

Of the 42 regulated carriers, 39 were of the "irregular route" type and 1 carrier had both regular and irregular route authority. Among the 39 irregular route carriers 4 were carriers of household goods. Because of the similarity between operations of irregular route carriers and those of an exempt hauler of agricultural products, the replies of the irregular route carriers (including the household goods movers) are of particular significance to this survey. Their business takes them all over the United States, and like the exempt carriers, they are not confined to any particular route and may never go the same way twice in a month. While only a few household goods carriers have nationwide authority, others achieve flexibility of operation required to service their accounts by the means of trip lease arrangements as the occasion demands it.

Extent of Operations of Firms Interviewed

As in the mail questionnaire, the extent of the operations of the motor carriers, truck brokers, and shippers in the four States under survey was examined. About two-thirds of the 251 firms operated in three or four of these States.

The 92 firms which reported operations in all four States included about half of the shippers, approximately 60 percent of the truck brokers, but only about 16 percent of the motor carriers. There were more nonregulated than regulated carriers in the group operating in all four States, and principally "exempt" carriers in the nonregulated category. Seventy-four percent of the exempt haulers, 50 percent of the regulated and 56 percent of the private carriers operated in three or four States.

Extent of Restrictions Reported

The following section treats of the number of firms of each type reporting interference with their operations by some tax or regulation in the four States under survey, the types of restrictions reported, and the States against which complaints were registered. While the methodology established early in the survey limited the study to firms operating in or attempting to operate in one of the four survey States, the analysis was not confined to the problems encountered in these four States. Although the survey was begun with emphasis on the particular points and areas about which the most complaints had been made, data were tabulated from the questionnaires regarding other problem areas.

Of the firms interviewed, 98 percent of the truck brokers, 88 percent of the motor carriers, and 78 percent of the shippers claimed that some tax or regulation in one or more of these four States (Ohio, New York, Kentucky, or Virginia) unduly interfered with their operations. Up to this point--the personal interviews--respondents had not been asked whether State laws and regulations had "unduly interfered with or restricted their operations." Some of the firms hesitated over the wording "undue interference" in the questionnaire and would state "it interferes, but I can't say it is 'undue interference.'"¹⁷

¹⁷ The question on the motor carrier form said: "Do any State regulations or taxes (now in effect in any State) unduly interfere with movement of your trucks?" The same question was asked on the truck broker and shipper forms as follows: Truck broker: "Do any State regulations or taxes (now in effect in any State) unduly interfere with truck movements?" On the shipper questionnaire it read: "Do you know of any State tax or regulation (now in effect in any State) which unduly interferes with truck movement?"

TABLE 9.--Number of firms interviewed, by type of business and location of home office, 1955

Type of business	State of home office				Total interviews
	Florida	Georgia	North Carolina	Virginia	
Motor carriers:	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>
Regulated:					
Class I.....	3	4	7	5	19
Class II.....	2	2	8	4	16
Class III.....	0	0	4	3	7
Total regulated.....	5	6	19	12	42
Non-regulated:					
Private.....	5	3	3	5	16
Exempt.....	36	7	5	6	54
Total non-regulated.....	41	10	8	11	70
Total motor carriers.....	46	16	27	23	112
Truck brokers.....	44	4	0	4	52
Shippers: ¹					
Canned goods.....	9	1	0	0	10
Frozen foods.....	6	0	0	0	6
Fruits.....	10	0	1	3	14
Fruits and vegetables.....	6	0	1	2	9
Vegetables.....	18	1	5	7	31
Livestock.....	0	0	1	3	4
Nuts.....	0	1	0	0	1
Poultry.....	0	5	6	1	12
Total shippers.....	49	8	14	16	87
Grand total.....	139	28	41	43	251

¹ Two commodities, fresh fish and fresh meat, which were listed in the mail survey were not included in the interview shipper survey. Questionnaires were sent to only a few shippers in those categories, and the 16 replies received did not indicate that their operations were restricted by State taxes and regulations.

The answers were interpreted strictly and unless the individual would state definitely he considered the interference "undue" it would not be tabulated as such, that is, the answer was tabulated "no" if the person hesitated about the use of the word "undue."

The word "undue" was used in the interview questionnaire to eliminate trivial objections to State regulations which might be only annoying, and confine "yes" answers to matters in which the trucker was put to serious inconvenience in terms of cost or time.

Number of Firms Reporting Restrictions

Motor Carriers. --Of the 99 carriers claiming undue interference to their operations, 34 of the regulated and 65 of the nonregulated stated that their operations were restricted. These represent 81 percent of the regulated and 93 percent of the nonregulated carriers interviewed (table 10). Proportionately more exempt than private carriers said their operations were affected (94 percent of the exempt haulers reported undue interference as compared to 88 percent of the private carriers). There would be proportionately fewer private carriers complaining of State regulations because they are not generally subject to certain regulations which apply to for-hire carriers.

Of the carriers for-hire and not-for-hire, 85 of the 96 "for-hire" carriers listed themselves as "restricted." Segregating the complaints by State of home office, it is noted that all the 23 carriers interviewed in Virginia claimed that taxes or regulations in one or more of the four survey States unduly interfered with their operations.

Florida ranked second as the home office for the greatest percent of for-hire carriers claiming undue interference to their operations because of some State tax or regulation. All of the 5 regulated carriers located in Florida, 4 of the 5 private carriers, and 34 of the 36 exempt haulers registered there, indicated that a tax or regulation "unduly interfered" with their operations.

Truck Brokers. --In Florida, Georgia, and Virginia 52 brokers were interviewed; no brokers were interviewed in North Carolina. All but one truck broker stated that some tax or regulation in one or more of the four States under survey interfered with his operations.

TABLE 10.--Motor carriers claiming State taxes or regulations interfered unduly with their operations, by type and class of carrier, 1955

Type of carrier	Claiming undue interference	No undue interference	Total carriers interviewed
Regulated carriers:			
Revenue class:	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>
Class I.....	16	3	19
Class II.....	13	3	16
Class III.....	5	2	7
Total.....	34	8	¹ 42
Route authority:			
Regular route.....	1	1	2
Irregular route.....	32	7	39
Regular and irregular route.....	1	0	1
Total.....	34	8	42
Nonregulated by I.C.C. except for safety provisions:			
Exempt.....	51	3	54
Private.....	14	2	16
Total.....	65	5	70
Total, regulated and nonregulated.....	99	13	112

¹ 41 of the 42 regulated carriers held common carriers authority; one Class II carrier in Florida was a contract carrier.

Shippers. --While 78 percent of the shippers interviewed reported undue interference on motor carrier operations of State taxes and regulations, the percentage was greater in some areas than in others (table 11). Just as in the case of motor carriers, all shippers interviewed in Virginia complained of restrictive taxes or regulations. The greatest number of shippers reporting restrictions in relation to number interviewed in the three remaining States occurred in the following order: North Carolina, Georgia, and Florida.

TABLE 11.--Shippers reporting undue interference of State taxes or regulations on motor carriers, by location of shipper's main office, 1955

State of shipper's main office	Undue interference	No undue interference	No answer	Total interference
	Number shippers	Number shippers	Number shippers	Number shippers
Florida.....	32	15	2	49
Georgia.....	7	1	0	8
North Carolina.....	13	1	0	14
Virginia.....	16	0	0	16
Total.....	68	17	2	87

Types of Restrictions Reported

Motor carriers and truck brokers reported a variety of problems interfering with their operations. The types of regulations or taxes which appeared to be most widespread or to apply most stringently where found, were selected for particular examination. There were three types of taxes in addition to high registration fees listed on the questionnaire for individual tabulation. The regulations about which inquiries were made related to physical limitations, safety regulations, and operating authorities required of interstate carriers by State Public Utility Commissions.

The questions pertaining to physical restrictions included inquiries regarding gross weight, axle weight, and length limitations, which were the most common restrictions encountered by the carriers on the motor vehicle itself.

Motor Carriers. --The 99 carriers stating that their operations were affected unduly by some State tax or regulation listed a total of 782 reports of restrictions (table 12). Sixty-seven percent of the instances listed were reported by the nonregulated carriers and 33 percent by the regulated carriers. The exempt haulers registered 87 percent of those reported by the nonregulated carriers (table 12).

The Class I carriers reported 50 percent of the instances of restrictions listed by the regulated carriers, Class II reported 35 percent, and Class III reported 15 percent. The irregular route carriers reported 93 percent of the restrictions shown by the regulated carriers.

The fuel-use tax and State operating authorities comprised 60 percent of the total restrictions reported, fuel-use taxes ranking first and PUC operating authorities second in number of times reported by the carriers. The axle-mile and ton-mile taxes together accounted for almost another 20 percent, while the physical limitations made up around 15 percent of the total restrictions reported.

Although the greatest number of regulated carriers were located in North Carolina, the greatest number of restrictions were reported by those domiciled in Virginia. However, on an average basis, the regulated carriers with home office in Georgia reported almost 15 instances per carrier compared to 9 per carrier in Virginia, 6 in Florida, and

TABLE 12.--Restrictions reported by motor carriers, as being undue, by type of restriction and type of carrier, 1955¹

Type of restriction	Regulated carriers				Non-regulated carriers			Total reported by all carriers
	Regular route	Irregular route	Both regular and irregular	Total reported by regulated	Private	Exempt	Total reported by non-regulated	
	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions
Gross weight.....	0	8	0	8	1	16	17	25
Axle weight.....	0	7	0	7	2	22	24	31
Length limitations.....	2	28	2	32	1	24	25	57
Safety regulations.....	0	2	0	2	1	8	9	11
High registration fee.....	0	7	0	7	2	9	11	18
Difficulty in obtaining PUC operating authority..	0	44	0	44	9	125	134	178
Fuel use tax.....	6	91	7	104	31	157	188	292
Ton-mile tax.....	0	20	1	21	10	45	55	76
Axle-mile tax.....	1	25	0	26	9	34	43	69
Other.....	0	5	0	5	0	20	² 20	25
Total.....	9	237	10	256	66	460	² 526	782

¹ Replies from 99 of the 112 carriers interviewed. One carrier may report more than one type of restriction; also, the same restriction may be reported in more than one State.

² Includes one complaint registered against Canada.

5 in North Carolina. The nonregulated carriers (including both private and exempt carriers) averaged almost 10 per carrier in North Carolina, 9 in Florida, 7 in Virginia, and 6 in Georgia.

Each of the motor carriers, truck brokers, and shippers was asked the question: "Which of these restrictions named interferes the most with motor carrier operations?" Some firms would not state an opinion as to which restriction interfered the most, but 88 percent of the motor carriers claiming undue interference did specify one type of restriction that caused them more trouble than the others they listed.

Both types of carriers, regulated and nonregulated, designated the fuel-use tax as the most troublesome; it comprised about one-third of the total number of answers to this question. Complications in obtaining PUC operating authority rated second in number; 65 percent of these replies were received from the exempt haulers. The ton-mile and axle-mile tax together accounted for almost one-third of the number listing principal restrictions. More regulated carriers reported the axle-mile taxes the most serious, while a greater number of nonregulated carriers nominated the ton-mile tax. The reason given for this variance in personal interviews was that while the ton-mile tax started with a lower rate than the axle-mile tax, it was applied to a lower weight group. Only the heavier trucks were taxed in Ohio, which has an axle-mile tax. In New York, with a ton-mile tax, the enforcement was reported as being more severe. Many carriers complained of being assessed high fines for errors. One particular hardship cited was the fact that once a carrier had filed in New York for one month, it was thereafter required to file a report every month whether or not it made another trip into New York.¹⁸ In other words, the carrier was required to file a negative report saying it had no taxable miles in New York during the month. Many exempt haulers did not understand this ruling, so if they

¹⁸ The instructions on the reverse of the form for reporting to the Truck Mileage Bureau (TMT-3) says: "Every carrier must make a monthly return and pay the tax due (pursuant to section 503 of the Tax Law) on each motor vehicle or combination or motor vehicles having a gross weight over 18,000 lbs. operated on New York State highways. Each motor vehicle for which a permit has been issued must be reported, even though no taxable miles have been traveled during the month covered by the return."

did once again, after a long period, wish to enter the State and filed for a license, a tax would be assessed for the interim period, upon the assumption that the carrier had gone into New York during that time and had not reported.

Several carriers interviewed in the survey had some experience of this nature. One, a Georgia private carrier of poultry stated that it was subjected to an assessment of \$200.10 by the State of New York when it filed for a temporary permit to carry a load during April 1956, because it had not filed returns during the period from February 1955 to that date. The carrier stated it had not sent a vehicle into New York State during that time. A portion of one letter from New York Truck Mileage Bureau is given below.

"Every carrier to whom highway use permits and plates have been issued is required to file a truck mileage tax return for each calendar month, even though no taxable mileage was incurred on the highways of New York State.

"If, during the particular month, your vehicles did not operate on the highways of New York State, a statement to that effect on the face of the tax return is all that is required."

Produce haulers, whose operations are seasonal, will only haul a few months out of the year from certain areas. Several firms in the sample told of assessments so large (for an interim period of nonreporting when they did not go to New York) that they could not afford to pay the tax. The only alternative for the carriers was to not go into New York State again. That is what the carriers interviewed indicated that they did--stayed out of New York thereafter. Several of those were carriers who hauled tomatoes and apples from up-State New York when these items were in season there.

Truck Brokers.--The types of restrictions reported by truck brokers followed a pattern similar to the reports by the motor carriers (table 13). The principal difference was that the truck brokers listed more instances of problems regarding State operating authorities, with the fuel-use tax falling second in number of times reported. The ton-mile and axle-mile tax together accounted for about 17 percent of the total restrictions

TABLE 13.--Restrictions reported by truck brokers, as being undue, by type of restriction and location of business office, 1955

Type of restriction	State of business office ¹			Total, 3 States
	Florida	Georgia	Virginia	
	<u>Restric- tions</u>	<u>Restric- tions</u>	<u>Restric- tions</u>	<u>Restric- tions</u>
Gross weight.....	22	0	1	23
Axle weight.....	6	0	2	8
Length limitations.....	15	0	3	18
Safety regulations.....	4	0	0	4
High registration fee.....	6	0	1	7
Difficulty in obtaining PUC operat- ing authority.....	147	7	12	166
Fuel-use tax.....	127	15	16	158
Ton-mile tax.....	39	4	4	47
Axle-mile tax.....	26	3	4	33
Other.....	14	2	1	17
Total.....	406	31	44	481

¹ No truck brokers were interviewed in North Carolina.

reported. Physical limitations on trucks accounted for another 10 percent. As with the motor carriers, a greater number voiced dissatisfaction with the ton-mile tax than with the axle-mile tax.

Of the 51 truck brokers reporting restrictions, 47 designated a particular restriction as causing most interference with the operations of motor carriers. Sixty percent of the truck brokers named State operating authorities as causing the greatest interference; 30 percent named the ton-mile tax.

Shippers. --A different pattern was found among the 68 shippers reporting the types of restrictions upon motor carriers than among truck brokers and motor carriers (table 14). Shippers averaged 4.4 complaints each, but there was no emphasis upon any particular type of restriction. However, the shippers did follow the same order as the motor carriers--fuel-use tax in first place and State operating authorities second. Fuel-use tax accounted for about 28 percent of the total restrictions listed, and difficulties in obtaining State operating authorities about 20 percent. However, the shippers reported a larger proportion of instances in which physical limitations affected motor carrier operations. Twenty-two percent of the total restrictions were attributed by the shipper to physical limitations, among which gross weight was the principal factor. Ton-mile and axle-mile taxes together accounted for 25 percent of the total limitations named.

Fifty-eight of the 68 shippers reporting undue interference with truck movements picked out one restriction which they said was most troublesome. The ton-mile tax ranked highest, being listed by 19 firms; the State operating authorities required ranked second - listed by 13 firms. Fuel-use tax was named by 7, axle-mile tax by 6, and physical limitations by 11, most of whom indicated the problem was with the gross-weight restriction.

TABLE 14.--Restrictions on motor carriers reported by shippers as being undue, by type of restriction and location of shipper's main office, 1955

Type of restriction	State of shipper's main office				Total
	Florida	Georgia	North Carolina	Virginia	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Restrictions</u>	<u>Restrictions</u>	<u>Restrictions</u>
Gross weight.....	20	4	4	4	32
Axle weight.....	6	4	4	8	22
Length limitations.....	1	1	5	4	11
Safety regulations.....	0	0	0	2	2
High registration fee.....	1	0	2	1	4
Complications in getting PUC operating authority.....	30	5	8	15	58
Fuel-use tax.....	16	19	31	17	83
Ton-mile tax.....	18	6	10	10	44
Axle-mile tax.....	11	4	7	8	30
Other.....	5	3	3	1	12
Total.....	108	46	74	70	298

States Reported as Having Restrictions on Motor Carrier Operations

Tabulations were made of information received from all three classes of firms regarding the different States in which the various types of restrictions were found. The

types reported included the nine types previously mentioned. However, for convenience in presentation, the gross-weight and axle-weight restrictions were combined under "weight restrictions" and "safety regulations" were included under "other."

State Restrictions as Reported by Motor Carriers

The carriers queried reported some tax or regulation limited their operations in 43 States (table 15). The nonregulated carriers not only reported more restrictions proportionately than the regulated carriers, but also listed 11 States not named by the regulated carriers: California, Idaho, Kansas, Nebraska, Nevada, New Hampshire, New Mexico, South Dakota, Utah, Wisconsin, and Wyoming. The States having weight limitations listed the greatest number of times were Mississippi and Virginia; the greatest number of reports of length limitations were listed for West Virginia. The States where the greatest difficulty was encountered in obtaining operating authorities by number of instances reported were in this order: Kentucky, Connecticut, Missouri, Texas, and Tennessee. The fuel-use tax was reported the most often for the following States in order named: North Carolina, Virginia, Georgia, South Carolina, Kentucky, Tennessee, and Maryland. The weight-distance taxes were principally listed for New York and Ohio. The "other" column contained 11 instances in which safety regulations were reported as causing undue hardship.

Lack of reciprocity in Arizona is one of the items included in the "other" column. Arizona does not recognize the license plate of any other State, being the only State which does not grant reciprocity on motortrucks to any degree. Reciprocity is granted on passenger automobiles. In that State the interstate carrier has the alternative of buying a license plate for a full year or paying the "Lieu Tax" in lieu of full annual registration. Non-resident vehicles may be registered at the following fees for portions of a year; 30 days - 12 1/2 percent of the full annual fee, 60 days - 22 percent of the full annual fee, 90 days - 30 percent of the full annual fee. The full annual fee may range as high as \$185. This fee is in addition to the license fee of the State in which the carrier is already domiciled and the \$25 operating authority fee also required by Arizona.

The greatest number of weight limitations reported in Virginia were those for axle-weight rather than gross weight, and were registered principally by the nonregulated rather than the regulated carriers. When the gross-weight limits were raised in Virginia during 1956, an axle-weight limit was imposed on tandem axles so that the maximum which could be carried on a tandem axle was 32,000 instead of 36,000 pounds. This worked as a hardship on the carriers using straight trucks with three axles, informally referred to as "ten-wheelers." This type of vehicle is prevalent on the Eastern Shore of Virginia-Maryland in serving the New York City market. The law permitted existing trucks of this type to be used for the duration of the life of the vehicle, but would not permit any more to be purchased and licensed. But while the law of June 29, 1956, legally increased the permissible gross weight of the ten-wheelers, it actually decreased the cargo weight by reducing the weight on tandem axles. Prior to the amendment, ten-wheelers were legally permitted 18,000 pounds on any axle, including each of the tandem axles as long as the vehicle was within the 40,000-pound gross weight limit. The amendment, by limiting the weight on the tandem axles to 32,000 pounds instead of the 36,000 permitted formerly, reduced the pay load a trucker could carry by 4,000 pounds. This type of truck was so designed that the cargo is supported and carried by the rear axles. Consequently, the trucker had to reduce his load to meet the gross weight that could be carried by the tandem axles, even though the overall gross weight limit allowable was raised. The carriers who operated only this type of vehicles said they were at such a disadvantage they must either convert to tractor-trailer combinations or go out of business when the vehicles operated under "grandfather" rights had to be retired.

As of July 1, 1959, the gross weight in Mississippi for a tractor, semi-trailer tandem combination of 55,650 pounds was the lowest in the United States and is much lower than that of the two adjoining States. For the same type of vehicle Louisiana has a gross weight of 64,000 pounds and Alabama had 64,650 pounds.

TABLE 15.--Restrictions reported by motor carriers as being undue, by type of restriction and by States, 1955

State imposing restriction	Weight	Length	High registration fee	Difficulty in obtaining PUC operating authority	Fuel-use tax	Weight distance tax	Other ¹	Total restriction
	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions
Alabama.....	0	2	0	1	1	0	0	4
Arizona.....	0	0	4	4	1	1	8	18
Arkansas.....	0	0	0	1	3	0	0	4
California.....	0	0	1	5	3	0	2	11
Colorado.....	0	0	2	1	1	2	2	8
Connecticut....	0	2	0	28	0	0	0	30
Georgia.....	1	1	0	2	46	0	0	50
Idaho.....	0	0	0	2	1	0	1	4
Illinois.....	0	0	1	7	0	0	3	11
Indiana.....	0	2	0	1	1	0	1	5
Iowa.....	0	6	0	0	0	0	1	7
Kansas.....	0	0	0	4	2	1	0	7
Kentucky.....	7	6	1	31	29	0	1	75
Maine.....	1	1	0	5	1	0	0	8
Maryland.....	0	0	0	1	15	0	0	16
Massachusetts..	0	0	0	4	0	0	0	4
Michigan.....	0	0	0	1	0	0	3	4
Mississippi....	12	6	0	0	3	0	0	21
Missouri.....	4	5	0	23	0	0	1	33
Nevada.....	0	0	1	1	1	1	0	4
New Jersey.....	1	2	0	0	0	0	2	5
New Mexico.....	0	0	0	2	1	2	2	7
New York.....	0	0	1	2	0	67	1	71
North Carolina.	4	1	1	1	51	0	0	58
North Dakota...	1	0	1	0	0	2	0	4
Ohio.....	1	0	1	3	1	65	2	73
Oklahoma.....	0	0	0	1	2	0	0	3
Oregon.....	0	0	1	1	1	3	0	6
Rhode Island...	0	0	0	2	0	0	1	3
South Carolina.	0	1	0	2	46	0	0	49
Tennessee.....	1	6	0	10	24	0	0	41
Texas.....	1	1	0	19	2	0	0	23
Utah.....	0	0	0	2	0	0	1	3
Virginia.....	19	2	2	2	50	0	1	76
Washington.....	0	0	1	2	2	0	1	6
West Virginia..	2	12	0	3	3	0	1	21
Other States ² ..	1	1	0	4	1	1	1	9
Total.....	56	57	18	178	292	145	36	782

¹ Complaints on safety regulations, lack of reciprocity in Ariz., gross receipts tax in Calif., necessity of purchasing a for-hire tag in Ill. (even though trucker is an exempt hauler) were the principal complaints in terms of number of times reported.

² Consists of 7 States with less than 3 restrictions per State (2 States were listed twice the remaining 5 once.)

In West Virginia the length limit has been raised from 45 to 50 feet since the information was tabulated in this questionnaire. Therefore, that problem may have been alleviated, although the length limits in some adjoining States are still higher (55 feet).

Difficulties encountered with State operating authorities were listed first in importance by truck brokers, second by motor carriers, and third by shippers. While the different types of firms varied as to which State they rated most restrictive they all named the same States in connection with this problem: Connecticut, Kentucky, Missouri, Tennessee, and Texas. Truck brokers, motor carriers, and shippers interviewed said that in some States where there was no exemption from regulation of agricultural commodities in "for-hire" trucks, the operating authority requirements were difficult to meet. They stated that in both Texas and Missouri it was necessary to obtain an attorney to represent them at a public hearing on the "convenience and necessity" of their proposed operation. While the tag itself costs \$25, they said the expenses incurred in obtaining it might run as high as \$500 if regular route carriers and other interests opposed their operation.

The researcher working on this survey wrote to the Railroad and Public Utilities Commissions of Connecticut, Missouri, and Texas (1) asking if it was necessary to obtain a certificate or permit to operate through the State, for a truck engaged exclusively in carrying agricultural commodities in interstate commerce? (2) Requesting detailed information about any existing requirements, along with application forms and instructions for filing them. The reply from Connecticut included the following section:

"Common and Contract Carriers. Trucks and Tractors with Semi-Trailers: May be operated Interstate in Connecticut, but must obtain Public Utilities interstate permit and PUC distinguishing plates from the Connecticut Public Utilities Commission, State Office Building, Hartford. Annual charge for PUC distinguishing plates is \$5.00 per vehicle."

Further inquiry was made of Connecticut officials regarding hauling for hire over Connecticut highways of commodities which are exempt under Sec. 203(b)(6) of the Interstate Commerce Act. The following reply was received from the Connecticut Public Utilities Commission:

"If a carrier desires to transport such commodities for hire on Connecticut highways this Commission requires that he execute an application for interstate carrier authority, copy enclosed, and indicate in answer to question numbered four the type of commodities to be transported. This application must be supported by application and payment for distinguishing plates, proper insurance coverage on the vehicles to which plate assignment is requested and a letter or exemption certificate from the local representative of the Interstate Commerce Commission located in his State indicating that his proposed for hire operations on Connecticut highways are exempt under Section 203(b)(6) of the Interstate Commerce Act."

According to the Field Service Department, Bureau of Motor Carriers, Interstate Commerce Commission, the "certificate of exemption" referred to above is obtainable upon application to the nearest field office of the Interstate Commerce Commission. It usually consists of a statement "to whom it may concern" issued by the local supervisor having jurisdiction over that area after the carrier has requested it. The Field office also serves the carrier a copy of the motor carrier safety regulations so that he may be apprised of the fact that he is subject to the safety regulations of the Interstate Commerce Commission. As of Nov. 1, 1959, there were 80 ICC Field Offices in the U. S. and one in Canada.

Missouri, in reply to the same type of inquiry, mailed a printed 93-page report, General Order No. 33-C, entitled "Missouri Bus and Truck Law," published by the State of Missouri Public Service Commission. Rule #7 gives the requirements for submission

of the application. This procedure is required for all agricultural carriers as well as common and contract carriers: "RULE NO. 7. Form and Contents of Applications For Permits By Interstate Carriers. Every application for an interstate permit by any motor carrier shall be in writing. The application must contain or be accompanied by:

"(a) A statement showing the name, address or location of the principal office or place of business of the applicant;

"(b) A statement describing the business organization of the applicant, i. e., individual, firm, partnership, corporation, lessee, receiver, etc.;

"(c) A statement showing the points or territory in this State, if any, proposed to be served in interstate commerce, or if appropriate, showing that the State is being traversed for operating convenience only. In addition, the type of operation proposed to be conducted (e. g., common carrier, property) and the commodities to be transported must be set forth;

"(d) If applicant is not a resident of this State, a written document designating the Secretary of the Public Service Commission of the State of Missouri as an authorized agent upon whom legal service may be had in all actions arising in this State from any operation of motor vehicles under authority of this Commission;

"(e) A full and complete copy of appropriate certificates of convenience and necessity or permits issued to applicant by the Interstate Commerce Commission authorizing interstate operations within or through this State. If the service sought to be rendered is an exempt operation under the federal law or the rules and regulations of the Interstate Commerce Commission and is not exempt under the laws of this State, the application shall so state," (16, p. 31).

Texas is the only State which sent an application form. In addition to an equipment report including all the data on each vehicle, a four-page application form is required. Clauses 2 and 3 indicate the following data are required:

"2. The commodity or commodities or class or classes of commodities which the applicant proposes to transport and the specific territory or point to, or from, or between which the applicant desires to operate, together with the description of each vehicle which the applicant intends to use.

"3. It shall be accompanied by a map, showing the territory within which, or the points to or from or between which the applicant desires to operate, and shall contain a list of any existing transportation company or companies serving such territory, and shall point out the inadequacy of existing transportation facilities or service, and shall specify wherein additional facilities or service are required and would be secured by the granting of said application."

The fuel-use tax is similar in its application throughout the various States.

State Restrictions as Reported by Truck Brokers

The 51 truck brokers who reported that State taxes or regulations unduly interfered with the operations of motor carriers listed 43 States for which they named specific restrictions. No complaints were registered against Delaware, Florida, Indiana, Louisiana, Nebraska or the District of Columbia. There were 10 States listed only once by truck brokers as having some restriction on motor carrier operations: Alabama, Maryland, Nevada, New Hampshire, New Jersey, Pennsylvania, Rhode Island, South Dakota, Vermont, and Wyoming. There were 7 States which were listed twice each by truck brokers: Idaho, Minnesota, Montana, North Dakota, Oklahoma, Utah, and Washington. Table 16 shows in detail, by States the restrictions reported where three or more were recorded per State.

TABLE 16.--Restrictions on motor carriers reported by truck brokers as being undue, by type of restriction and by States, 1955

State imposing restriction	Weight	Length	High registration fee	Difficulty in obtaining PUC operating authority	Fuel-use tax	Weight-distance tax	Other ¹	Total restrictions
	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions
Arizona.....	0	0	1	2	1	0	1	5
Arkansas.....	0	0	0	1	3	0	0	4
California.....	0	0	0	1	4	0	2	7
Colorado.....	0	0	0	2	2	2	0	6
Connecticut....	0	2	0	33	0	0	0	35
Georgia.....	2	0	0	0	22	0	0	24
Illinois.....	0	0	3	4	0	0	1	8
Iowa.....	0	3	0	0	2	0	0	5
Kansas.....	0	0	0	2	2	0	2	6
Kentucky.....	4	2	0	30	15	0	0	51
Maine.....	5	0	0	5	3	0	0	13
Massachusetts..	1	1	0	3	1	0	0	6
Michigan.....	0	0	0	0	1	0	3	4
Mississippi....	6	2	0	0	1	0	0	9
Missouri.....	0	1	0	34	2	0	1	38
New Mexico.....	0	0	1	0	2	0	0	3
New York.....	0	0	0	0	0	43	2	45
North Carolina.	1	0	1	0	21	0	0	23
Ohio.....	0	0	0	1	0	33	0	34
Oregon.....	0	0	0	2	1	0	0	3
South Carolina.	0	0	0	0	19	0	1	20
Tennessee.....	2	2	0	12	23	0	0	39
Texas.....	0	1	0	23	1	0	0	25
Virginia.....	6	0	0	0	22	0	0	28
West Virginia..	0	3	0	0	0	0	0	3
Wisconsin.....	0	0	0	3	0	0	1	4
Other States ² ..	4	1	0	6	10	2	1	24
Total.....	31	18	6	164	158	80	15	472

¹ Complaints on: safety regulations, California's gross receipts tax, insurance requirements in Kansas and Missouri, Michigan's trip leasing, Arizona's lack of reciprocity, Wisconsin's requirement of reciprocity stickers, Illinois enforcement officials' demands that trucks entering Illinois must have license tags for States to which loads are consigned.

² Consists of 17 States with less than 3 restrictions per State.

The truck broker list of restrictions for the respective States followed a pattern similar to that of the motor carrier list. The truck brokers, as did the unregulated motor carriers, listed New York ahead of Ohio in describing the severity of the weight-distance tax on their operations. These two States predominated in the instances in which this type of tax was mentioned as a restriction.

Truck brokers reported the same States as motor carriers regarding difficulties in connection with State operating authority; Missouri, Connecticut, Kentucky, Texas, and

Tennessee. Six of the seven fuel-use States listed by the motor carriers were also on the truck broker list: Tennessee, Virginia, Georgia, North Carolina, South Carolina, and Kentucky. Truck brokers included the same States listed by the motor carriers in describing physical limitations, but added problems in some other States, such as the gross-weight limitation in Maine. Again, this particular restriction has been removed since these data were tabulated. Maine, the most recent State along the Eastern Seaboard to increase its gross-weight limits to a level comparable to that of other States, passed a law May 27, 1957 (effective 90 days later) which increased gross weight limits from 50,000 to 60,000 pounds and length limits from 45 to 50 feet on tractor semitrailer combinations. (25).

Truck brokers also reported some of the same problems tabulated in the "other" column as found in the motor carrier listing, among them lack of reciprocity in Arizona, the gross-receipts tax in California, the Michigan law prohibiting trip leasing, and the Illinois restriction on pick-up loads. Illinois prohibits trucks with out-of-State licenses picking up loads in Illinois to be transported to another State different from that of the license plate of their truck. For instance, a truck bearing Florida license plates cannot, after it has delivered a load in Illinois, pick up a return load destined for any State other than Florida. If the load is to be dropped elsewhere en route, the truck may be stopped in Illinois and the carrier required to purchase Illinois plates. There is no question of an intrastate movement involved; the question involves interstate shipments both ways.

One type of restriction named by both motor carriers and truck brokers, which was tabulated in the "other" column is a particular insurance requirement of Kansas; that Kansas did not recognize insurance companies not doing business in that State. Truckers with insurance that is not recognized in Kansas must pay \$20 for single-trip insurance to operate through the State.

State Restrictions as Reported by Shippers

Shippers who reported that some State tax or regulation unduly interfered with truck movements listed specific restrictions for 29 States named (table 17). States listed for only one type of restriction were: Alabama, Arkansas, California, Iowa, Massachusetts, New Jersey, and Vermont. Four States were named as having two types of restrictions each: Indiana, Nebraska, Pennsylvania, and South Dakota.

Shippers answers in general followed the same trend noted in similar tabulations of the motor carriers and truck brokers regarding the particular types of restrictions noted in the different States. The New York weight-distance tax was listed in more instances than the Ohio axle-mile tax. The States named for fuel-use tax were: North Carolina, South Carolina, Virginia, Tennessee, Georgia, and Kentucky. More instances of problems in connection with State operating authority were registered for Kentucky than any other State; 31 percent of the total of this type of restriction listed by shippers was checked against Kentucky. Connecticut, Missouri, Maine, and Texas were also listed as problem areas where State operating authorities were required. While both the motor carriers and truck brokers listed Maine in the grouping of States requiring operating authorities which hampered truck movement the shipper group listed more instances proportionately in Maine than in some other areas. Although North Carolina gross-weight limits are somewhat higher than Virginia (62,000 pounds in North Carolina and 56,800 in Virginia) they are still lower than the Florida limits of 66,450. The shipper complaint is not so much that of a lower limit being imposed as it is of lack of uniformity between the States; even though they comply with the laws of the jurisdiction in which the load originates, the vehicle can be stopped by other jurisdictions en route. Many shippers complained of the uncertainty of a truckload of produce reaching a market fresh because of the possibility of the driver being arrested due to infraction of a law of which he was not aware. A typical statement made by a Georgia poultry shipper follows: "We should have a universal weight law for the entire U. S. If the load is legal for the State in which it is loaded, it should be legal in every State the truck goes through. As long as the truck travels over U. S. sponsored highways, the weight limits it encounters should be universal."

TABLE 17.--Restrictions on motor carriers reported by shippers as being undue, by type of restriction and by States, 1955

State imposing restrictions	Weight	Length limitations	High registration fee	Difficulty in obtaining PUC operating authority	Fuel-use tax	Weight-distance tax	Other	Total restrictions
	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions	Re- stric- tions
Connecticut.....	0	0	0	9	0	0	0	9
Georgia.....	0	0	0	0	7	0	0	7
Illinois.....	0	0	2	1	0	0	0	3
Kentucky.....	4	1	0	18	7	0	¹ 3	33
Maine.....	8	0	0	6	2	0	0	16
Maryland.....	0	0	0	0	3	0	0	3
Michigan.....	1	1	0	1	0	0	² 4	7
Mississippi.....	11	0	0	0	1	0	0	12
Missouri.....	0	0	0	8	0	0	³ 1	9
New York.....	0	1	0	0	0	42	⁴ 1	44
North Carolina..	5	0	1	1	18	0	0	25
North Dakota....	1	0	0	0	0	2	0	3
Ohio.....	2	0	0	0	0	30	⁵ 1	33
South Carolina..	0	0	0	1	16	0	0	17
Tennessee.....	2	2	0	1	8	0	0	13
Texas.....	0	0	0	4	0	0	0	4
Virginia.....	16	0	1	2	16	0	1	36
West Virginia...	1	5	0	0	3	0	0	9
Other States ⁶ ...	3	1	0	6	2	0	3	15
Total.....	54	11	4	58	83	74	14	298

¹ Bond and other special regulations accompanying fuel-use tax.

² No trip leasing permitted by State.

³ A firm filing forms both as a shipper and motor carrier, claiming to be a private carrier, stated that they were fined in Missouri for not having an operating authority.

⁴ Union unload charges.

⁵ "Rated" highways not clearly marked (secondary highways upon which vehicles of lower weight limits are prohibited are not adequately marked).

⁶ Consists of 11 States with less than 3 restrictions per State.

Note--58 shippers reported 298 restrictions.

However, it should be recognized that conditions of climate, type of soil and topography affect the ability of highways to bear heavy loads without injury to them. This can be particularly important in some of the northern States where freezing in winter and subsequent thawing in the spring make macadam roads susceptible to damage from heavy loads.

CHAPTER III

STATE REGULATIONS AND TAXES ON MOTOR CARRIERS IN 1959

TYPES OF REGULATIONS

Regulation of motor carriers by the different States is applied in various forms, first by the mere registration of the vehicles, and second by other forms of taxes and regulations. These regulations are of various types: they may be regulations on operations (operating authority), limitations on size and weight, regulations pertaining to safety, or restrictions in the nature of inhibitions upon carrying certain items between States.

There is no need to discuss quarantine regulations which are conceded to be necessary to protect the public health and welfare. Safety regulations are equally necessary; it is only when these regulations are in conflict that difficulties may arise. Only regulations which are inconsistent between the respective States and with those of the Interstate Commerce Commission are discussed here.

State Operating Authorities

Discussion under this topic refers only to the State requirements on carriers whose entire operation is interstate. It does not refer to regulations of the various States on intrastate carriers or the intrastate operations of interstate carriers.

Nearly all the States require some form of "operating authority" from interstate carriers but the requirements, procedures, and fees vary among the States. Usually the forms and procedures are just enough different from those of the ICC and each other that each requires specific attention. There must be an application made and generally a fee filed with the form.

In some States the regulated carrier may secure his operating authority upon the presentation of a copy of his ICC certificate or permit along with his application and fee to the Public Utility Commission. However, in some other States the carrier must make an appearance with counsel at a scheduled hearing, date set by the commission, where proceedings similar to those held by the ICC are conducted. A few States require hearings in order to obtain an operating authority to traverse the State, require the carrier to show not only his financial responsibility to operate a motor carrier business, but he must also report the commodities he expects to carry, the territory or points between which he expects to operate, and the equipment he expects to use.

The so-called "exempt" hauler¹⁹ must also file for an operating authority in most States that he wishes to traverse.

Certain States which require regulated carriers to file evidence of their ICC certificate or permit require an exempt agricultural hauler to file evidence of an exemption by ICC from economic regulation. Some States have statutes that would apply to interstate agricultural carriers, but through administrative discretion they are not strictly enforced against these haulers. There is little uniformity among the States in their provisions, or application of their provisions, with respect to agricultural carriers operating interstate.

Identification Devices

The Public Utility Commission regulations of the various States include identification requirements by cab cards in the tractor, inscriptions painted on the body, decals affixed

¹⁹ Exempt from Federal regulation under Sec. 203 (b) (6) of the Motor Carrier Act of 1935, as amended.

on the doors, and plates attached to bumper of tractor or rear of trailer. The laws of some States go so far as to prescribe the exact phraseology of the inscription, the height of the letters and numerals, and the width of the brush strokes. The New Mexico State Corporation Commission has prescribed that the identification number "shall be distinctly displayed on the right and front doors of each such vehicle in one-half inch figures not less than two and one-half inches high." (27, p. 33) These inscriptions on the side of the vehicle may almost completely cover the side door of a tractor in nationwide service. Also, there is sometimes conflict between the States with respect to the printed material on the truck. One private carrier interviewed who was domiciled in Virginia experienced difficulty with New York State in trying to comply with New York State Truck Mileage Bureau requirements, while at the same time printing the markings required by Virginia.

Because of the great similarity between operations of irregular route carriers and those of an exempt hauler of agricultural products, the replies of the irregular route carriers, especially household goods movers, are of particular significance to this survey. The situation of the household goods carriers is analogous to that of the exempt haulers because their business takes them into many States. The operations of general freight carriers are limited generally to an average of eight States. However, the exempt hauler's operations usually are much broader in scope than those of haulers of general freight.

Illustrations of State identification requirements considered troublesome by the carriers appear on the following pages. The trucks of exempt haulers had fewer tags than those of most household goods carriers because of the generally broader scope of operation of the latter.

Figure 3 shows the side of one of the vehicles belonging to one of the carriers interviewed. Also, many vehicles have numerous "tags" both front and rear (fig. 4).

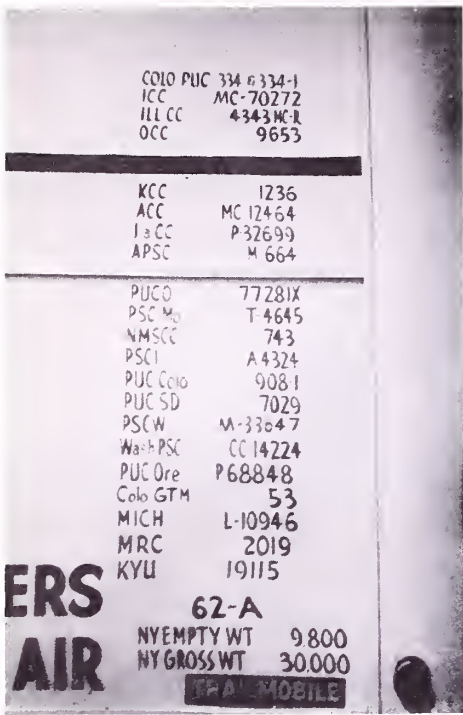
Many States require windshield stickers as an identifying device. For an interstate carrier operating in many States this can be an obstruction to vision and a hazard (fig. 5). In most cases, the State commissions issue a cab card in addition to the other identifying devices, whether a special license tag, a decal on the side of the truck or on the windshield. The cab card contains information pertaining to the vehicle and must accompany the vehicle as evidence that the plate was issued to that particular vehicle. The combination of papers required by State PUC's include a formidable array of cab cards, abstracts of operating authorities, copies of lease agreements, registration cards, and other necessary papers, such as bills of lading, that the truck must carry for each trip. The absence of any necessary paper may make the trucker liable for arrest and fine in a State in which its regulations have not been followed. The great number of tags on the trucks is principally due to operating authority requirements. Any carriers which operate through States that are linked in to the Uniform (Western) proration agreement must have a combined license plate for registration of the vehicles with spaces for prorate tags of each State. (See figure 6.)

All but three jurisdictions require an operating authority for common and contract carriers -- Delaware, District of Columbia, and New Jersey. These three jurisdictions do not require an operating authority for either intrastate or interstate operators. The remaining States,²⁰ except California,²¹ require an operating authority for intrastate carriers which is also invoked against interstate operators. A typical statement under the section "Interstate operated" of each of the State laws on "for-hire" vehicle property carriers is that given for Arkansas: "Pay same fees as are shown for above vehicles of same class similarly operated, subject to reciprocity agreements, in case of non-resident vehicles as to registration fees. Interstate operators may pay 'Special Fees' assessed against intrastate vehicles" (17, series 2). Some States assess a filing fee but no plate fee,²² Iowa has a plate fee but no filing fee.

²⁰ No information has been received yet regarding procedures in Alaska and Hawaii on this point.

²¹ California requires of the interstate-operated vehicles "the same registration and special fees (except operating authority fees) as intrastate operated vehicles, similarly operated."

²² Colorado, Idaho, Michigan, Missouri, New York, Pennsylvania, Tennessee, and South Dakota.



BN-12119

Figure 3. --Markings on side of tractor.



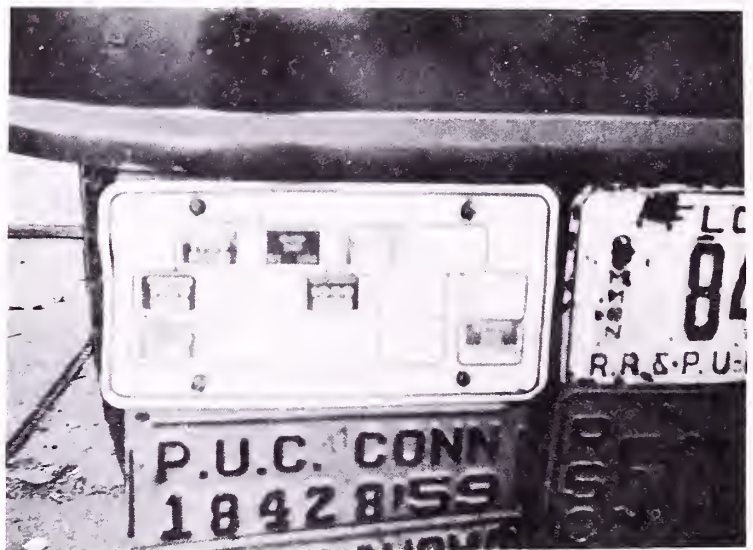
BN-12130

Figure 4. --Tags on front of tractor.



BN-12131

Figure 5. --Stickers on windshield of tractor.



BN-12132

Figure 6. --Tractor with pro-rate tags.

A few States charge no fee in connection with interstate operating authorities, or charge a smaller fee than is required of carriers with intrastate operations. A few others do not charge either filing or plate fee against interstate carriers, but nevertheless require an operating authority.²³ In addition to the three jurisdictions named (Delaware, New Jersey, and the District of Columbia) which require no operating authority from any carrier and the one (California) which exempts interstate carriers, from operating authority requirements, Illinois, Kansas, Michigan, and Minnesota may relieve the interstate carrier from State operating authority requirements on the principle of reciprocity. Generally speaking, the registration fee is the only fee subject to reciprocal agreements. However, in the four above-named States (Illinois, Kansas, Michigan and Minnesota) it appears that the reciprocity principle may be applied to the operating authority requirements as well. A statement in the Kansas regulations reads: "Vehicles engaged solely in interstate operations and operated by non-residents are accorded same treatment as is given Kansas vehicles similarly operated in such non-resident's home State. Such requirements (as to taxes and fees, not size or weight limits) are usually negotiated by the Reciprocity Commission with other States" (17, p. 70-5). Similarly-worded statements are found for Michigan and Minnesota in the same reference series. Pertaining to both Michigan and Minnesota it is reported that the interstate carrier must: "Pay same registration and special fees as intrastate operated vehicles of same class similarly operated, subject to reciprocity agreements in the case of non-residents."

Some States made their provisions so specific, that there was no doubt about what was expected of the interstate carrier. Colorado, for instance, says: "All interstate operators are required to obtain operating authority permits and certificates and pay the mileage taxes . . . Fees for interstate operated vehicles are the same as shown above for intrastate operated vehicles with one exception:²⁴ Operating authority certificates and permit application must be accompanied by fee of \$15 for common carriers (with additional \$5 fee payable on issuance) and fee of \$5 for private carrier;²⁵ filing fee on application to transfer either certificate or permit is \$5."

Size and Weight Limitations on Motor Carriers

The trend among the States in the last 10 years has been to liberalize the size and weight limitation imposed upon motor carriers, thus removing a number of the most troublesome differences and reducing the overall problem. However, there has also been a trend toward longer hauls of agricultural commodities by motor truck which tends to accentuate the importance of those differences that remain. Cross-country movements of many commodities are now common. As long as the limitations on the length, weight, or height of vehicles in one State differs from those in the other States through which the vehicles must pass on a normally traveled route, the effect of the improved conditions in some of the States is impaired. So the problem is not simply what the maximum or minimum size or weight should be, but one of uniformity of maximum limits among the States discussed here. Limitations on the length of a tractor semitrailer combination vary from 50 to 65 feet. The majority of the Eastern and Mid-western States have a 50-foot limit; the majority of the Western States a 60-foot limit. Only Nevada has no restrictions on length (or height). (See figure 7.)

The maximum gross weight allowed a tractor semitrailer tandem combination varies from 55,650 pounds in Mississippi to 75,600 pounds in New Mexico. Variations in the State maximum weight limitations on designated highways as of November 1, 1959, are depicted in figure 8.

The height limitations do not affect the carriers as seriously as the length and weight restrictions except in areas where bulky, light commodities are important. In North

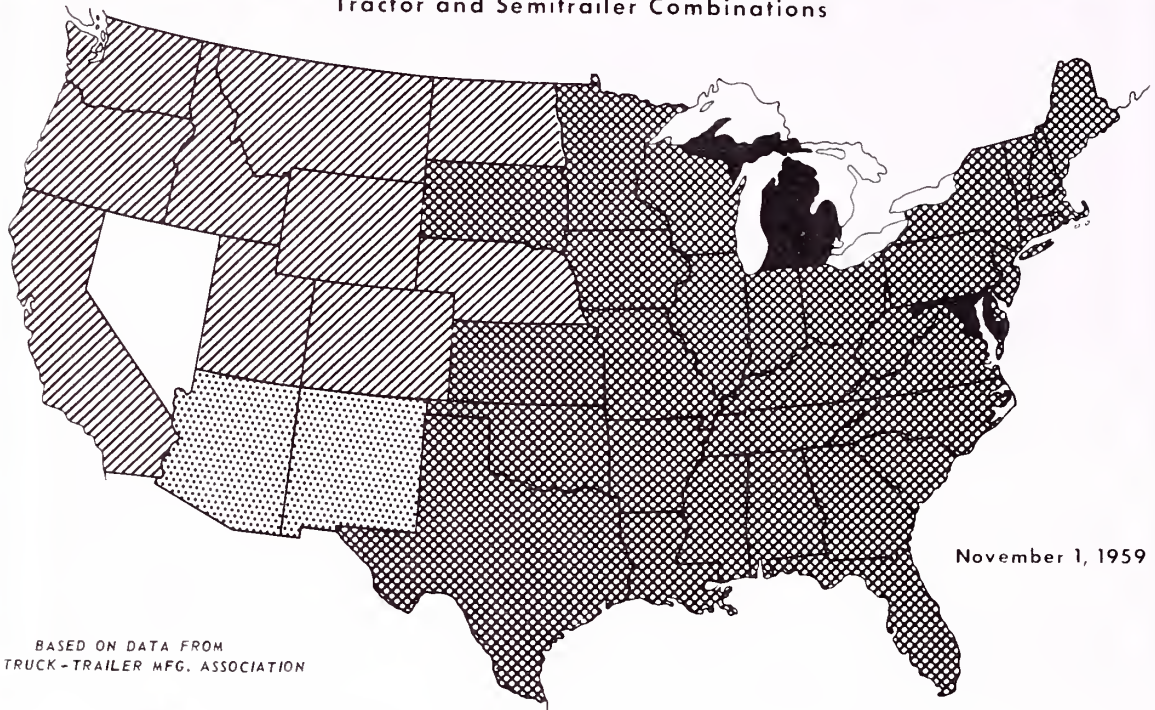
²³ Maryland, Minnesota, Nevada, Ohio, South Carolina, Vermont, and West Virginia.

²⁴ Filing fee for intrastate operator is \$35 compared to the above listed fees for interstate operators (\$20 for common carriers and \$5 for contract).

²⁵ "Private" carrier in Colorado means "contract." The definition is: "Operation under specific contracts, other than as common or commercial carrier."

LIMITS ON LENGTH OF INTERSTATE MOTORTRUCKS

Tractor and Semitrailer Combinations



BASED ON DATA FROM
TRUCK-TRAILER MFG. ASSOCIATION

50 ft. 55 ft. 60 ft. 65 ft. No restriction

U. S. DEPARTMENT OF AGRICULTURE

NEG. 7667-60 (3) AGRICULTURAL MARKETING SERVICE

Figure 7

Carolina where a great deal of tobacco, a bulky commodity, is transported, the cubic measure is significant. Here the limit on height is 12 feet 6 inches. In Tennessee, also a grower of tobacco, the height is also 12 feet 6 inches, but an exception is made for agricultural products.²⁶ Height restrictions throughout the country range from 12 feet 6 inches to 14 feet. In 19 States (including the District of Columbia) height is limited to 12 feet 6 inches and in 24 States to 13 feet 6 inches. New York and South Dakota have a limit of 13 feet, Idaho and Utah 14 feet, and Nevada and Massachusetts have no restrictions on height.

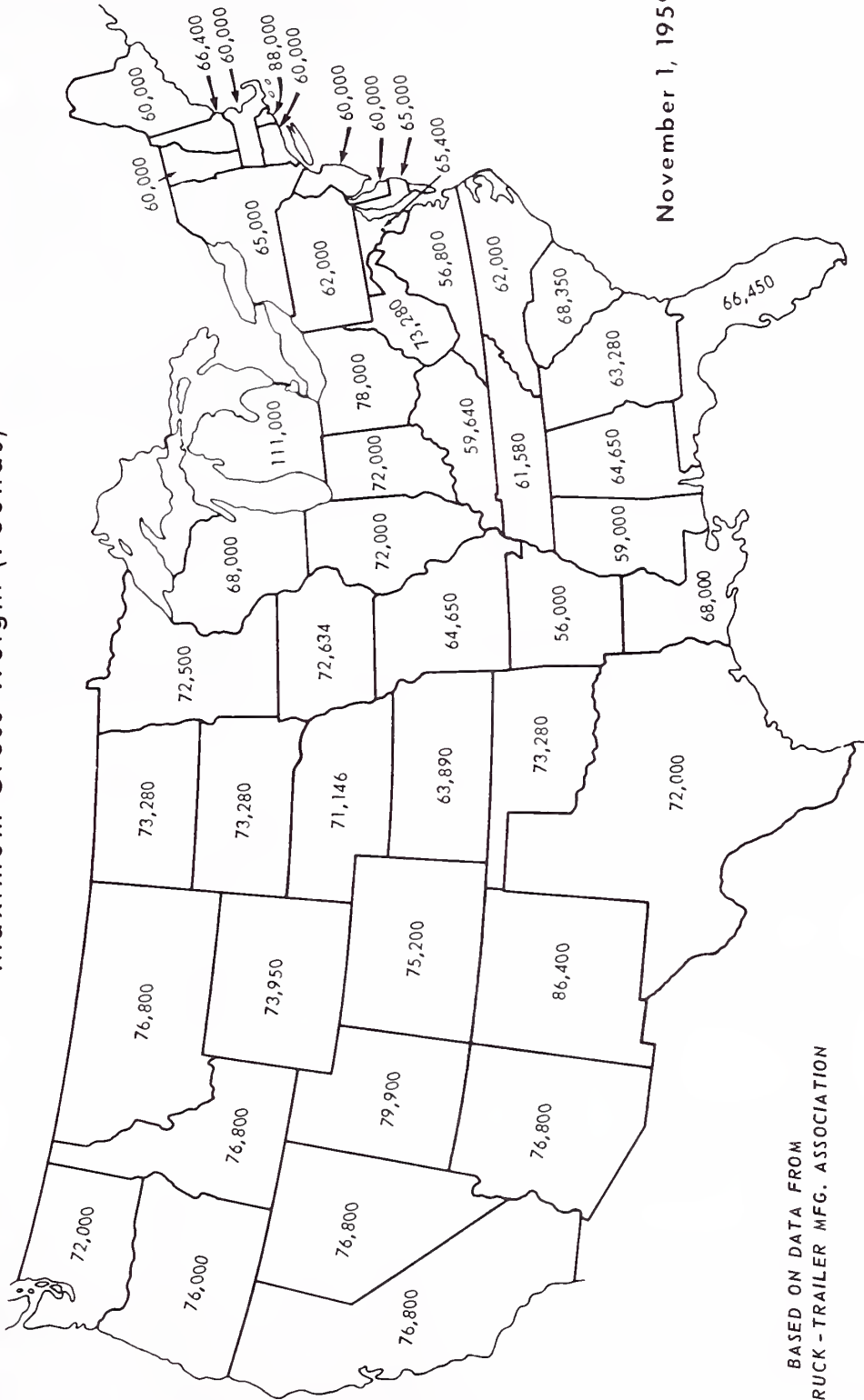
Width limitations do not vary appreciably. An 8-foot limit is standard except in Connecticut, Rhode Island, and New Mexico on designated highways where 102 inches is permitted. In Arizona and Kansas 102 inches and in California and Oregon 100 inches is permitted across the tires, but in those States the body width may not exceed 96 inches.

Nevada is unique in not having any height or length restrictions and its weight restriction of 68,000 pounds for a tractor semitrailer tandem combination is very liberal. But any one State that imposes restrictions much more severe than its neighboring State may create trouble for the motor carrier. Carriers that were interviewed gave examples of circuitous routes frequently used to avoid States that had regulations more restrictive than those of other States along the routes the carrier would normally travel.

²⁶ In Tennessee the standard measurement permissible is still 12' 6" -- the increase to 13' 6" applies only to vehicles hauling livestock, agricultural commodities or farm equipment exclusively.

LIMITS ON WEIGHT OF INTERSTATE MOTORTRUCKS

Maximum Gross Weight (Pounds)



BASED ON DATA FROM
TRUCK - TRAILER MFG. ASSOCIATION

U. S. DEPARTMENT OF AGRICULTURE

NEG. 7668-60 (3) AGRICULTURAL MARKETING SERVICE

Figure 8

As an example of the inconsistency in size and weight regulations between the States, let us trace a truck loaded in Florida to its destination in Maine shown in table 18.

It is an ordinary four-axle tandem tractor combination. The maximums allowed by the various States along the route on this type of vehicle were those in effect November 1, 1959.

Obviously the carrier cannot change the truck's physical dimensions from one State to another as it travels along. So the motor carrier must cope with the problem by conforming to the most restrictive length limit along his route and the most restrictive height limit, and by loading his truck to the lowest maximum weight allowed in the States through which the truck passes. The alternative usually followed is to take a roundabout route in order to stay out of some States altogether. If the truck is over the required measurements, the carrier has no alternative but to stay out of the State. It matters not if all the States along the route are members of a reciprocity agreement; reciprocity generally is not applied to physical specifications--only registration fees. Therefore, because of these restrictions the truck has either to go around the State or load to the lowest maximum permissible on the routes generally travelled, and the result is inefficient utilization of equipment. A third alternative is to unload the excess at the State line and ferry it across the State in another truck but this generally costs more than the other alternative mentioned.

The prerogative of the States to impose restrictive size and weight limitations has been affected to some degree by the Highway Act of 1956, which in effect established a "freeze" on size and weight limits existing in the States. Title I Sec. 108 (j) "Maximum Weight and Width Limitations" provided that to receive Federal funds for the Interstate System within its borders, a State might not permit vehicles on its highways in excess of 96 inches wide and 73,280 pounds in weight unless such vehicles were permitted in the State prior to July 1, 1956. In other words, the Highway Act of 1956 established a maximum as of July 1, 1956, for States enacting physical restrictions on motor vehicles. The States were permitted to use the limits established by the Federal Highway Act or the specifications of the States on July 1, 1956, whichever are higher.

Since the passage of the Federal Highway Act with the above-named provisions it is noted that some States have expanded their excess weight permits from a temporary one trip pass to an annual permit. Also, the use of some of these permits have become more widespread. Instead of being applied only to particular movements of outsize machinery or equipment, they have been extended to include heavier weights of regular commodities.

TABLE 18.--Maximum State allowances for trucks, along route from Florida to Maine, November 1, 1959

Name of State	Height		Length	Gross weight
	Feet	Inches	Feet	Pounds
Florida.....	12	6	50	66,450
Georgia.....	13	6	50	63,280
South Carolina.....	12	6	50	68,350
North Carolina.....	12	6	50	62,000
Virginia.....	12	6	50	56,800
District of Columbia.....	12	6	50	65,400
Maryland.....	12	6	55	65,000
Delaware.....	12	6	50	60,000
New Jersey.....	13	6	50	60,000
New York.....	13	0	50	65,000
Connecticut.....	12	6	50	60,000
Massachusetts.....	No restrictions		50	60,000
New Hampshire.....	13	6	50	66,400
Maine.....	12	6	50	60,000

TAXES ON MOTOR CARRIERS

Although motor vehicles have been subject to various taxes throughout the years, the taxes that were the principal source of revenue were generally of two types: Registration and fuel taxes. These are commonly referred to as the two-structure tax system. "In general, since registration fees were usually graduated upward progressively in terms of size and weight of vehicle, and also since the truck used considerably more gasoline than the private motorcar, there was a rough correlation between highway use (including intensity of use) and tax paid" (20, p. 25).

The two-structure tax system sufficed to meet the needs of the country until after World War II, when increased revenue to develop a highway program deferred by the war made necessary the exploration of new methods of obtaining revenue. Efforts were made by State legislators to secure a greater amount of taxes from motor carriers and at the same time to work out a closer correlation between the tax payments and use made of the highways by trucks.

Thus experimentation began in a number of States with various types of taxes on motor vehicles. Soon there arose many new types of taxes which usually fall into two categories: Regulatory fees and user charges. The regulatory fees include certificate or permit fees, identification-plate fees, and franchise taxes (except where these are graduated according to weight, capacity, or earnings). While some forms of regulatory fees existed prior to World War II, their existence among various States was not as widespread as since the War. However, it should be noted that the regulatory fees usually are limited to the amount necessary to cover administrative costs and are not designed for revenue collection as such.

The user charges include such types as gross-weight taxes, mileage taxes, empty weight, and capacity taxes. Any of these various types of taxes which do not fall within the registration fee and motor fuel tax categories are generally referred to as third-structure taxes. Some form of third-structure tax is levied by nearly all the States in addition to the motor-vehicle registration fee and gasoline tax. Over one-third of the States impose special mileage taxes. In addition, there are miscellaneous types of taxes found in some States.

First-and Second-Structure Taxes

Registration Fees

Initially, motor-vehicle registration fees were imposed primarily to defray the cost of issuing identification plates. They were nominal fees and usually consisted of a flat annual charge. One by one the States began adopting registration fees, until all the States now have them. The registration fees now are a form of user charge and are graduated in an attempt to correlate, at least to a degree, the fee with the intensity of use of the highways by the vehicle.

The fee bases for registering commercial vehicles vary considerably from State to State. Among the factors considered are gross-vehicle weight, empty vehicle weight, chassis weight, owner's declared capacity, manufacturer's rated capacity, and gross weight per load-carrying axle.

The registration fee of a State generally varies with the type of use made of the vehicle, that is, whether it is a commercial vehicle operating "for-hire", a farm vehicle, or other type of private vehicle. The range of the fees is extensive. For example in Illinois they range from \$10 for a truck with gross weight of 3,000 pounds or less to \$1,139 for a five-axle tractor semitrailer combination of 59,001 to 72,000 pounds capacity.

The fees also vary widely among the States for the same type of vehicle. However, it is difficult to make a comparison of registration fees between different States, because

there is no uniformity in the concept of what is a registration fee. In some States the registration fee is purely a license fee; in others the registration fee includes a form of user charge based on a graduated scale. For instance, many persons have referred to the registration fees of Colorado as the lowest in the United States and Illinois as the highest. The real difference seems to be in what one considers the registration fee.

While Colorado has a registration fee of \$22.50, it has a mileage tax which, for all practical purposes, is part and parcel of the registration fee. On the other hand Illinois, which is often said to have the highest registration fee, has in fact an annual license fee of \$5.00, but because it imposes its "Flat Weight Fee," a graduated scale form of user charge, as a part of its registration fee, the so-called registration fee for the same type of vehicle on which \$22.50 is paid in Colorado may go as high as \$1,139 in Illinois. However, when Colorado's mileage tax is considered, the disparity in fees is not so evident. Therefore, in making comparisons between the States, one type of tax cannot be segregated; if an accurate result is to be achieved, the tax system for the State must be considered. The difference in terminology which various States use in describing their taxes is particularly significant in the application of reciprocity agreements. In fact, as in the case of Colorado and Illinois, it has been the source of a real problem in reciprocity. The difficulty arises because reciprocal agreements usually are based on the registration fee alone; the other types of taxes are not made subject to the agreement.

Motor Fuel Taxes

Most trucks burn gasoline or diesel fuel. The tax on motor fuel was the second type of tax to evolve in the taxation of motor carriers. It, to, is now levied by every State. The present range for gasoline is from 3 cents per gallon in Missouri to 7 cents in Alabama, Florida, Kentucky,²⁷ Louisiana, Maine, Mississippi, Nebraska, New Hampshire, Ohio, North Carolina, South Carolina, Tennessee, and West Virginia. The Federal tax is 4 cents and is in addition to the State tax. There may also be an additional amount added by some counties and municipalities in a few jurisdictions.

Property and Miscellaneous Taxes

Many other types of taxes are imposed upon intrastate and interstate carriers. These taxes vary from State to State. Among these various taxes found in the States are: License taxes (other than registration fees), gross receipts taxes, excise taxes, "rolling stock" fees, "privilege" fees, "highway compensation fees," intangible assets taxes, ad valorem taxes, personal property taxes, and a special tax referred to as an "in lieu" tax. The taxes listed above are the designations used in different States. In reality, different names may be applied in different States to the same base. For instance, in some cases the "license tax" may be based on gross receipts of the carrier's business. The "excise tax" may in reality be a tax on gross receipts or again it may be based on the vehicles themselves.

Maine, for instance, bases the excise tax on so many mills per dollar of the manufacturer's list price, the number of mills being established on a scale graduated downward by the age of the vehicle. "Highway compensation fees" or "privilege fees" may be based on the gross earnings, the gross weight of vehicles, or mileage run by the vehicles.

Some States grant the carrier an alternative to paying full annual fees; these taxes are referred to as "in lieu" taxes. At least eight States have some form of "in lieu" tax.²⁸ In some States it may take the form of a permit in lieu of a registration fee. In others it is a permit, plus a mileage tax in lieu of an annual registration fee. In Colorado it is referred to as a "specific ownership tax" in lieu of a personal property tax and is a prerequisite to registration for the mileage tax.

²⁷ Plus 2 cents surtax for vehicles 3 axles and over (July 1, 1958). The surtax when first passed in 1956 applied to vehicles "having more than 3 axles."

²⁸ Alabama, Arizona, Colorado, Idaho, Nevada, North Carolina, Tennessee, and Utah.

Third-Structure Taxes

Mileage Taxes

On the theory that certain classes of motor vehicles were not paying their fair share of highway costs, many States have passed mileage tax laws intended to distribute the highway cost burden more equitably among the various classes of motor vehicles. Many of the States impose special mileage taxes in addition to the gasoline taxes and registration fee. In a few instances²⁹ the carrier has an option of operating under a mileage tax or paying the registration fee.

These mileage taxes for property carriers are a tax on vehicle-miles, ton-miles, or axle-miles. In any event, the tax formula tries to reflect mileage traveled and usually the size of vehicle or weight of its load.

There are many variations in the basis and application of the mileage tax. In some States it is based on the weight of the load carried, in others, the tax is levied against the combined weight of the vehicle and load. One State bases the tax on the factory-rated capacity of the vehicle and the mileage. Some States require the carrier to declare his anticipated maximum annual mileage, and the tax is based on this declaration.

The mileage fee in Ohio is a flat fee per axle-mile in some States per a ton-mile;³⁰ in some it is a graduated range according to weight;³¹ and in some States a distinction is made between empty and loaded mileage.³²

Some States levy the mileage tax only on for-hire regulated carriers; some apply the tax to all carriers including private carriers and for-hire "exempt" carriers of agricultural products. Certain vehicles are generally exempt from this tax: vehicles which operate exclusively within the city limits, publicly owned and operated vehicles, and farm trucks.

Some States have enacted the mileage tax as a measure of the highway's use by heavy trucks, and intend that this form of tax should represent the principal source of revenue (except fuel-tax revenue) from motor carriers.³³ In these States the truck-trailer registration fees are generally lower than in the other States. In other words, the various States emphasize different forms of taxes in their tax structure.

There are 18 States with mileage tax statutes of some type (fig. 9). Some of these States require a mileage tax of all carriers, interstate as well as intrastate. In other States the mileage tax is enacted as an alternative measure, that is, the carrier may elect the mileage tax in lieu of a registration fee or other special fees designed as highway compensation taxes. Of the 18 States with some form of mileage tax, 10 provide no alternative tax measures which the carrier may elect: Alabama, Colorado, Florida, Idaho, Michigan, New York, Ohio, Oregon, South Carolina, and Wyoming. But 3 of these 10 States, provide for reciprocity between the interstate carrier's home State and the other 2 States: Alabama, Michigan, and South Carolina.

Eight States use a mileage tax as an alternative measure in lieu of either a registration or a gross receipts tax: Illinois, Kansas, North Dakota, South Dakota, Mississippi, Nevada, New Mexico, and Utah. One of these States, South Dakota, provides no reciprocity to the mileage tax for interstate carriers. Interstate carriers operating in South Dakota are subject to one or the other--either the mileage tax or a gross receipts fee. If they elect the mileage tax, they cannot invoke a reciprocal agreement with their home State. One trip per year is allowed without being subject to the mileage tax.

²⁹ Florida, Idaho, Illinois, Mississippi, Nevada, North Dakota, South Dakota, Tennessee, and Utah.

³⁰ Alabama, Colorado, Florida, South Carolina, and Utah.

³¹ Florida, Illinois, Michigan, New Mexico, New York, and North Dakota.

³² Colorado and New York.

³³ Colorado, Idaho, Ohio, Oregon, New York, and Wyoming.

STATE MILEAGE TAXES ON INTERSTATE MOTORTRUCKS

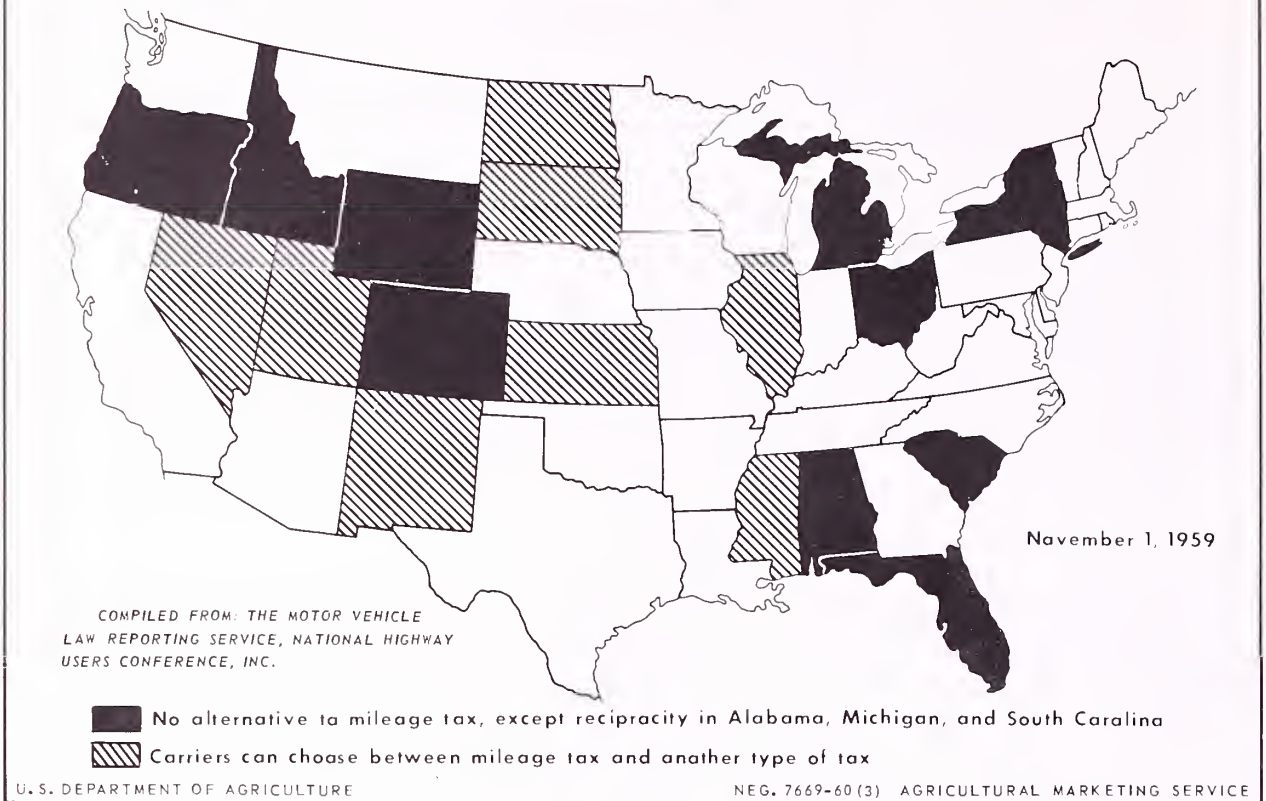


Figure 9

Fuel-Use Taxes

The fuel-use tax is based on the theory that a carrier should pay for the use it makes of the highways and thus should purchase and pay a fuel tax in a State for the amount of fuel burned by its vehicle in traveling through the State. Some States³⁴ impose the fuel-use tax as a tax on importing fuel into the State. They allow a maximum number of gallons in the tank, for instance 30 gallons, and tax all above that amount. Other States require the carrier to purchase within the State the quantity of fuel its vehicles use in the State, or pay the State tax on the fuel consumed there. Virginia's fuel-use tax law, passed in 1940, is said to have influenced the passage of fuel use laws in the other Southeastern States. The Virginia statute provides: "Every motor carrier of passengers shall pay a road tax equivalent to six cents per gallon, and every motor carrier of property shall pay a road tax equivalent to eight cents per gallon calculated on the amount of gasoline or liquefied gases or other motor fuel used in its operations within this State," (36 ch. 12. 3, Sec. 58-628).

The Virginia statute applies only to "heavy vehicles," which it interprets as "a passenger bus or a tractor or a truck having more than two axles." The statute charges the property carrier a tax of 8 cents a gallon on all the fuel used in its operations in Virginia and credits it with 6 cents a gallon on all the fuel purchased in Virginia (that is, at the 6-cent tax rate). The statute further provides a formula for computing the number of gallons of motor fuel subject to the tax: "The amount of gasoline or other motor fuel used in the

³⁴ Florida, Oklahoma, Arkansas, Louisiana, and West Virginia.

operations of any motor carrier within this State shall be such proportion of the total amount of such gasoline or other motor fuel used in its entire operations within and without this State as the total number of miles traveled within this State bears to the total number of miles traveled within or without this State" (36, ch. 12.3, Sec. 58-632). In other words, the number of gallons used in Virginia is deemed to be the same percentage of the gallons used in all the operations of the carrier as his Virginia mileage is of his total mileage. Mileage is measured over the routes actually traveled. The formula applies to all the taxable operations of a carrier, regardless of the kind of fuel used and whether the vehicles are loaded or empty.

One month after the end of each quarter (on the last day of April, July, October, and January) reports must be filed and taxes due must be paid. If more gasoline is purchased in Virginia than used there, a credit may be applied against a tax liability for any of the four succeeding quarters. Excess credits are not refunded.

However, if the carrier is subject to a fuel-use tax in another State having a law similar in effect to that of Virginia, the carrier may apply there for a refund of taxes on fuel purchased in Virginia and used in the second State. The refund must be applied for within 180 days from the end of the quarter in which the excess credit occurs. It cannot exceed 6 cents a gallon.

Other States enacting similar statutes followed the same general pattern of the provisions of the Virginia statute, although in most States the fuel-use tax rates is the same as the regular State tax rates on fuel, either gasoline or diesel. However, in Kentucky as well as in Virginia, a differential of two cents per gallon is placed on heavier vehicles.³⁵

The fuel-use tax is a form of tax which has spread among the States in the last few years. The nature of the tax is such that if one State enacts the tax, other nearby States may try to protect their interests by acquiring the proportion of tax revenue due them from interstate trucks which travel their highways. (See figure 10.) At present there are 23 States with fuel-use tax laws which can be identified as such, although the provisions vary greatly among them.

The 23 States reported herein as States with fuel-use laws are ones in which the statutes specifically spell out fuel-use requirements for gasoline consumption and 15 of these require reporting with payment if the proper amount of gas was not bought in the State. The remaining 8 have an "importer's" tax limiting carriers to the amount they can bring in the State in their tanks. In Alabama, Idaho, and Iowa the import limitation is 20 gallons, in Louisiana 30 gallons, and in Florida 50 gallons. Nearly all the States require a report of fuel consumed and the purchase within the State of the amount used when the fuel is diesel or other special fuels.

Furthermore, in application, there are some other States which have fuel-use requirements, but do not have specific statutes on the point. New Hampshire, Vermont, and Utah have used reciprocal statutes to apply the fuel-use laws of other States in their own State. Since Virginia has a fuel-use tax, these States, under the reciprocal principle, have applied the Virginia fuel-use law to Virginia carriers when they come into New Hampshire, Vermont, and Utah.

Many States require that operators subject to the fuel-use tax register, obtain vehicle markers, and post bonds. Seven States require bond varying in amounts from \$500 to \$50,000. All of these States require periodic reports but vary as to the frequency and date of filing.

³⁵ In both Virginia and Kentucky the "breaking point" is at the two-axle level; vehicles over two axles must pay a fuel-use tax in Kentucky of 9 cents and in Virginia of 8 cents. Vehicles of only two axles pay the regular 6 cents gas in tax in Virginia and 7 cents in Kentucky. They are exempt from the "use" tax.

STATES ENFORCING GASOLINE USE TAXES ON MOTORTRUCKS

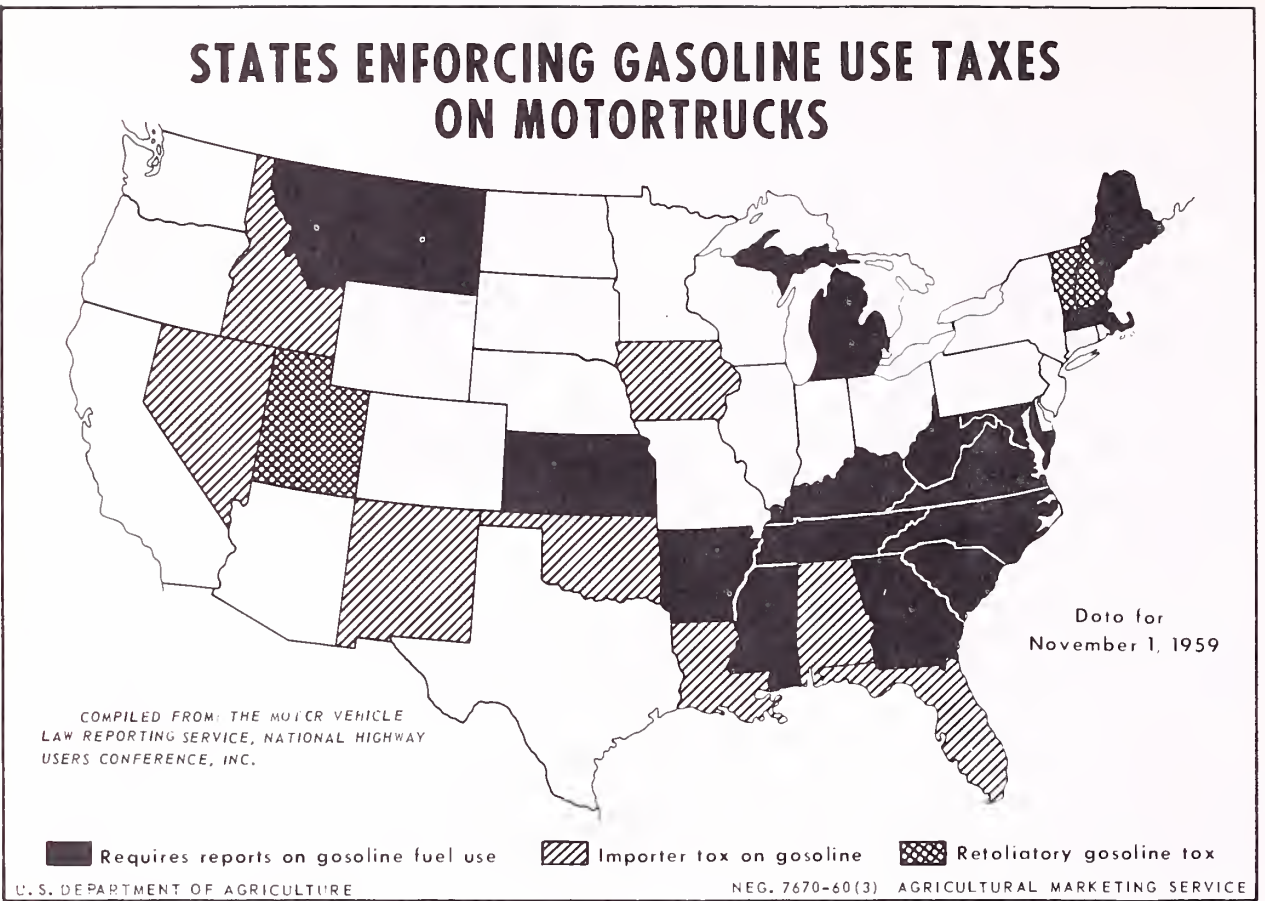


Figure 10

Regulatory Fees

Regulatory fees take the form of certificate or permit fees, identification plate fees, and franchise taxes. When a State requires an operating authority in order that a carrier may traverse the State, it usually requires an identification tag for each trailer in the carrier's fleet as well as an identification tag or "cab" card in the tractor.

The application fee to accompany a request for a certificate or permit ranges from \$10 in one State to as high as \$150 in another State.³⁶ An annual "plate" fee is required for each vehicle in the carrier's fleet. These fees range from \$0.25 to \$15. Then there are varying other fees such as "transfer fees", "renewal fees", and "inspection fees." Each State has its peculiar details of enforcing operating authority requirements. Thirty-eight States impose on property carriers a fee for a certificate or permit to do for-hire business in the State.

³⁶ In North Dakota the application fee is to be fixed by the Public Service Commission. It can be set at any amount from \$15.00 to \$150.00 by the Commission.

Excise and Gross Receipts Taxes: Other Special Fees

There are 20 States which impose some other form of third-structure tax, such as gross receipts taxes,³⁷ excise taxes,³⁸ license fees,³⁹ equipment registration fees,⁴⁰ "inspection and supervision" fees,⁴¹ and "privilege"⁴² or carrier compensation tax.⁴³ There are other similarly designated taxes with various forms of application. (See figure 11.) Study of the taxes enacted by each State on motor carriers of property shows that the tax structure of each State consists usually of a registration fee and operating authority fee, a tax on fuel,⁴⁴ and one or more "other" taxes on motor carriers. The "other" types of taxes selected by the States vary among them, and the description or terminology may vary among the States when the same object is used as a base for the tax. Also, the emphasis or application of identical taxes varies between the States. In some States the emphasis may be on the registration fee, in others on a weight-distance tax, and still others on a gross receipts tax. The variation among States results in differing laws and regulations which create confusion among the interstate operators attempting to pay taxes in different States.

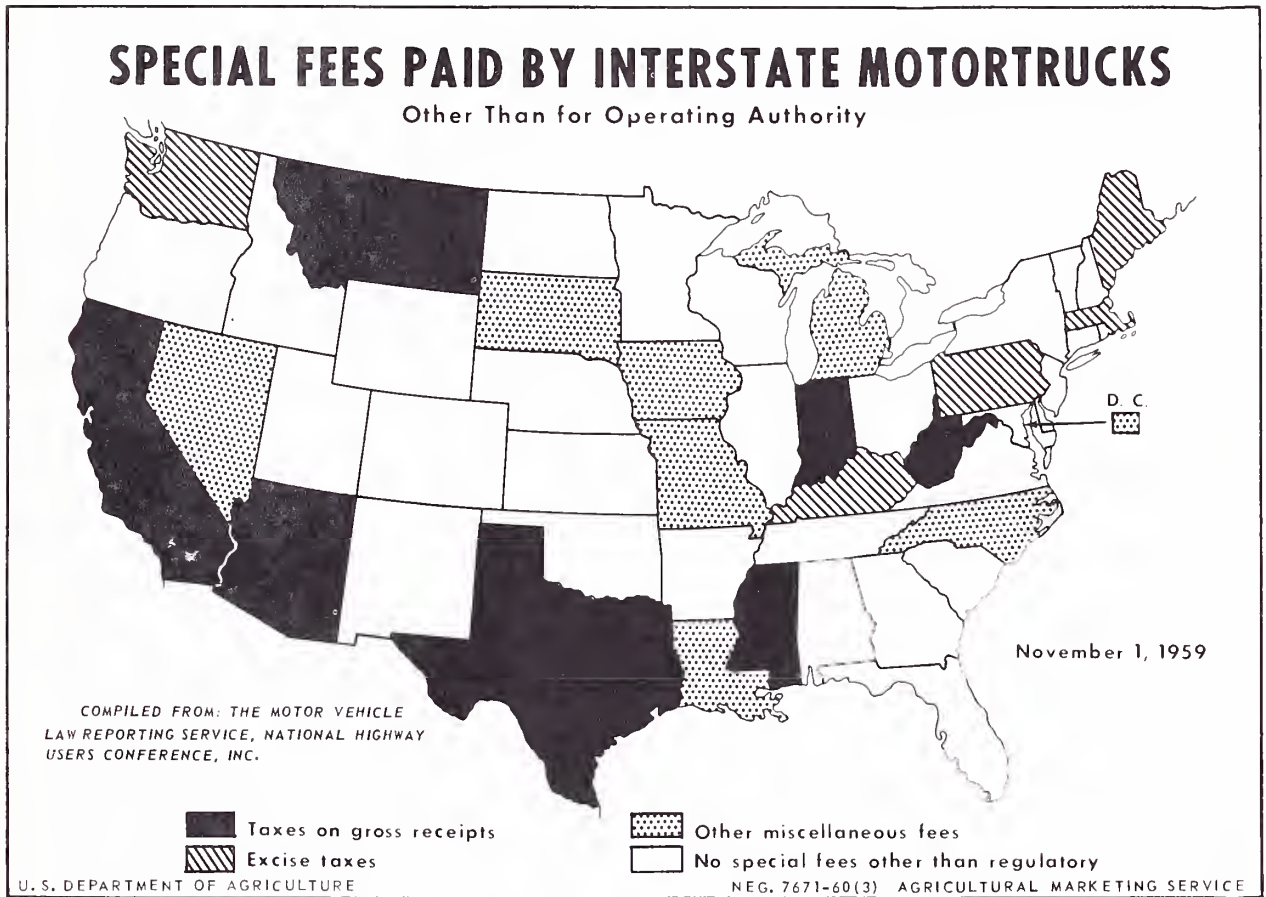


Figure 11

³⁷ Arizona, California, Indiana, Mississippi, Montana, Texas, and West Virginia.

³⁸ Kentucky, Maine, Massachusetts, Pennsylvania, and Washington.

³⁹ Missouri, Nevada.

⁴⁰ North Carolina.

⁴¹ Louisiana.

⁴² Michigan.

⁴³ Iowa and South Dakota.

⁴⁴ The tax specifies whether on gasoline or other type of fuel, and a State may have a tax on both and if so, the special-fuels tax sometimes bears a higher tax rate (one cent or 2 cents more than gasoline). The reason for this may be that vehicles burning special fuels obtain a greater mileage per gallon used than gasoline - burning vehicles.

TAX PROGRAM OF FOUR STATES IN SURVEY

The motor carrier tax program in four selected States was studied: Ohio, New York, Kentucky, and Virginia. These States are ones to which especial attention was directed in planning and conducting the field interviews with motor carriers, truck brokers, and shippers.

Effort was made to obtain comparable data from each of the four States regarding: (1) total revenue from taxes, (2) revenue from taxes on motor carriers, and (3) the proportion of motor carrier tax revenues allocated to highways.⁴⁵ A summary has been prepared of the motor vehicle and motor carrier tax receipts and the fuel tax receipts of the four above-named States for the calendar year 1956.

Revenue From Taxes on Motor Carriers

Each of the various types of taxes described in the preceding section was present in one or more of these four States during 1956.⁴⁶ Each had statutes providing for registration fees and various other fees on the motor vehicle as well as taxes on the use of the vehicle and on the fuel consumed by the vehicle. Table 19 summarizes motor vehicle and motor carrier tax receipts during the calendar year 1956 in Ohio, New York, Kentucky, and Virginia. Table 20 summarizes motor fuel tax receipts for these four States for the same period.

Table 19 shows that the revenue from registration fees derived from trucks, tractors, and trailers totaled \$36,609,000 in Ohio and \$30,915,000 in New York; revenue from mileage taxes was \$10,509,000 in Ohio and \$13,869,000 in New York. The principal source of revenue from motor carriers in three of the four States continues to be the motor fuel tax; in New York the motor vehicle and motor carrier tax receipts exceed the fuel tax receipts by about \$3 million. Comparison of the revenues received from motor fuel taxes in table 20 with those received from all other motor vehicle and motor carrier taxes in table 19 shows that Ohio received 60 percent more from the fuel tax than from all other taxes on motor vehicles, Kentucky received 178 per cent more, and Virginia 209 per cent more. One reason the motor vehicle and motor carrier tax receipts are higher in New York is that a greater amount is received from registration fees, particularly from automobiles, than in the other States. The amount of fuel-tax revenue in relation to revenue from other taxes on motor vehicles is greater in Kentucky and Virginia than in Ohio because of the fuel-use tax program adopted in Kentucky and Virginia, that is, the surtax on heavy vehicles. Moreover, the regular tax rate (before surtax) is higher in Virginia and Kentucky than in Ohio and New York. At the time these data were reported the following gasoline tax rates were in effect: Ohio - 5 cents, New York - 4 cents, Virginia - 6 cents (8 cents), and Kentucky - 7 cents (9 cents). While the mileage tax is an important part of Ohio's and New York's method of relating motor vehicle taxation to highway use by the respective vehicles, Kentucky's and Virginia's method is the fuel-use tax. Virginia was the first State to adopt this form of tax, in 1940,⁴⁷ but other States have followed since that date. A total of 23 States employ this form of tax in an effort to impose taxes on the various types of users commensurate with the use of the highways.

⁴⁵ Information on the latter two points from the Bureau of Public Roads was utilized, rather than material received from the individual States in an effort to achieve uniformity for comparative purposes. However, for detailed analysis it is necessary to examine the annual reports from the individual States. Comparison is difficult, as the State annual reports are prepared on a fiscal year basis, whereas the Bureau of Public Roads data are on the calendar year basis. Data on item (1) (total revenue from taxes) could be obtained only from the individual States.

⁴⁶ While the gross receipts tax in Virginia was repealed with respect to property carriers effective April 1, 1957, when the surtax law was invoked on the fuel-use tax, it is still in effect as to passenger carriers.

⁴⁷ While the fuel-use tax was passed by the General Assembly in 1940, enforcement was not rigid until 1954. An amendment to the code effective July 1, 1954, rewrote the definition of motor carriers and some of the provisions pertaining to the taxing and regulation of motor carriers. The amendment effective June 29, 1956, established the differential of 2 cents to be applied to trucks over 2 axles, that is, these trucks pay 8 cents instead of 6 cents.

TABLE 19.--Motor vehicle and motor carrier tax receipts in 4 States, 1956

Type of tax	Ohio	New York	Kentucky	Virginia
Registration fees:	1,000	1,000	1,000	1,000
Motor vehicles:	<u>dollars</u>	<u>dollars</u>	<u>dollars</u>	<u>dollars</u>
Automobiles (including taxicabs).....	31,013	71,822	3,141	10,554
Buses.....	911	621	167	340
Trucks and tractor trucks.....	28,783	24,959	4,427	4,613
Total.....	60,707	97,402	7,735	15,507
Other vehicles:				
Trailers.....	7,826	5,956	--	2,569
Motorcycles.....	123	77	9	27
Total.....	7,949	6,033	9	2,596
All registration fees.....	68,656	103,435	7,744	18,103
Other fees:				
Operator and chauffeur permits.....	1,283	7,431	1,171	485
Certificates of title fees.....	2,693	--	--	736
Special titling taxes.....	--	--	7,248	--
Fines and penalties.....	1,000	3,940	--	91
Estimated service charges, local collections.....	1,435	291	730	--
Gross receipts taxes.....	--	--	--	1,571
Mileage, ton-mile and passenger mile taxes.....	10,509	13,869	204	--
Special license fees and franchise taxes:				
Weight or capacity.....	1,120	--	1,257	--
Flat rate.....	--	677	--	--
Certificate or permit fees.....	240	47	173	35
Misc. receipts less unclassified funds.....	1,490	2,536	593	965
Total other fees.....	19,770	28,791	11,376	3,883
Total receipts.....	88,426	132,226	19,120	21,986

Compiled from Highway Statistics - 1956, (30, p. 20).

Revenue From Taxes on Motor Vehicles - Ohio

The revenue from highway taxes, fees, and fines was the second largest revenue-producing group of taxes in Ohio during the fiscal year 1956. The distribution among the various taxes in that group is shown in table 21.

The Highway-Use Tax. --The highway-use tax contributed only 5 percent of highway revenue collections of the State. The highway-use tax is levied on trucks and tractor-trailer combinations with three or more axles at rates ranging from 0.5 cent to 2.5 cents per mile traveled in Ohio. It is levied on out-of-State vehicles as well as those domiciled in Ohio, and since its adoption, has been excluded from reciprocity agreements by the State. Only mileage traveled on the turnpike is excluded from application of the tax. There, mileage revenues are obtained by a toll.

A highway-use permit, issued by the Highway Use Tax Section, upon payment of a \$2 fee, must be obtained for each vehicle subject to the tax. The permits are permanent. Tax returns, accompanied by tax payments, must be filed quarterly. All the revenue from the highway-use tax is earmarked for the State highway construction and bond retirement fund.

TABLE 20.--Motor fuel tax receipts in 4 States, 1956

Type of tax	Ohio	New York	Kentucky	Virginia
	1,000 <u>dollars</u>	1,000 <u>dollars</u>	1,000 <u>dollars</u>	1,000 <u>dollars</u>
Receipts from taxation of motor fuel:				
Gross tax collections.....	149,061	136,160	55,778	73,135
Deductions by distributors for expenses.....	--	1,362	548	--
Gross receipts.....	149,061	134,798	55,230	73,135
Refunds paid.....	7,757	5,615	2,147	5,041
Net receipts.....	141,304	129,183	53,083	68,054
Other receipts in connection with motor-fuel tax:				
Distributors and dealers licenses.....	--	48	--	2
Inspection fees.....	--	--	--	--
Fines and penalties.....	--	--	--	6
Miscellaneous receipts.....	--	--	--	--
Total.....	--	48	--	8
Net total receipts.....	141,304	129,231	53,083	68,102
Dedicated revenue from non highway fuel.....	--	--	--	149
Adjusted net total receipts.....	141,304	129,231	53,083	67,953

Compiled from Highway Statistics - 1956, (30, p. 9).

TABLE 21.--Revenue from highway taxes, fees, and fines, Ohio, fiscal year 1956

Type of tax	Amount	Percentage of total highway revenue
Motor vehicle fuel taxes.....	\$144,857,134	63
Marine motor fuel tax.....	2,501	(¹)
Highway use tax.....	11,808,354	5
Motor vehicle licenses fees.....	50,003,097	22
Drivers' license fees.....	1,687,316	1
Dealers' and salesmen's license fees.....	67,981	(¹)
Certificate of title fees.....	1,185,799	1
Motor transportation fees.....	1,102,986	(¹)
Highway patrol fines.....	968,946	(¹)
Miscellaneous highway fees, sales, etc.....	17,137,223	8
Total.....	\$228,821,337	100

¹ Less than 0.05 percent.

The bulk of the highway-use tax is paid by Ohio trucking companies; \$8.1 million of the \$11.5 million, or 70 percent, was paid by these carriers in 1956. The remaining 30 percent, or \$3.4 million, was paid on trucks from 47 States, Canada, and the District of Columbia; Wyoming was the only State not represented. Nonresident truckers paid amounts ranging from \$4.68 for North Dakota to a total of \$772,951.48 for Indiana, which adjoins Ohio. The revenue from out-of-State trucks is largely concentrated in a few States, 5 of which are contiguous to Ohio. Nine States⁴⁸ accounted for almost \$3 million or about 87 percent of the total revenue from nonresident trucks (6, p. 73).

Revenue from the highway-use tax in Ohio declined from \$11.8 million in 1955 to \$11.5 million in 1956, or 2.4 percent. The decline was confined to that paid on out-of-State trucks operating on Ohio highways; the collections from this source fell from almost \$4 million in 1955 to \$3.4 million in 1956, a decline of 13.7 percent. In contrast, the amount collected from Ohio-domiciled trucks increased 3.3 percent (6, p. 73).

Officials of the State attribute the decline in out-of-State collections principally to an Ohio Supreme Court decision on July 27, 1955, which held that a 1937 reciprocity agreement with the State of Michigan was sufficiently comprehensive to include the highway-use tax (6, p. 73).⁴⁹ This ruling was, of course, applicable to all States with similar reciprocity agreements, Ohio then announced a cancellation of existing reciprocity agreements and offered to negotiate new agreements which would include third-structure taxes. This action on the part of Ohio gave rise to further litigation regarding the application of the reciprocity principle.⁵⁰ The constitutionality of the tax has only recently been established and the uncertainties relating to its administration resolved. During the period that the tax was in dispute many firms withheld payment of the tax, so that it is not possible to gauge the potential revenue from this highway-use tax.

Another factor viewed by the State officials as adversely affecting the revenue from the axle-mile tax was the turnpike which opened in October 1955. As noted above, the turnpike mileage, on which tolls are exacted, is not subject to the highway-use tax. "Recent downward revisions in turnpike toll rates for trucks are expected to increase the truck traffic on the turnpike and this may further affect highway-use tax revenues" (6, p. 74).

Revenue from Taxes on Motor Vehicles - New York

New York State, in its fiscal year ending March 31, 1957, collected \$261,848,000 from taxes on motor vehicles and motor fuel and truck mileage taxes, which amounted to 18.5 percent of the total State tax collections of \$1,334,139,381. This was a decline in percentage from 19.3 percent during the fiscal year 1956, when \$258,021,000 was collected from these sources.

A comparison of the 1957 fiscal year with the 1956 fiscal year as to motor vehicle, motor fuel, and motortruck mileage tax collections is given in table 22.

⁴⁸ Indiana, Pennsylvania, Illinois, Michigan, West Virginia, New York, Missouri, Kentucky, and New Jersey.

⁴⁹ Interstate Motor Freight System versus Bowers, 128 N. E. 2nd 97, July 27, 1955.

⁵⁰ In *Geo. F. Alger v. Bowers*, 143 N. E. 2nd 835, June 19, 1957, the constitutionality of the tax was attacked on the grounds that it discriminated in exempting trucks with two axles and did not evenly graduate the tax, among trucks with more than two axles, in relation to the amount of weight carried per axle. The Supreme Court of Ohio upheld the legality of the tax. It also held that the Reciprocity Board offered an amended agreement to Michigan which Michigan refused and that, therefore, since agreements require acquiescence of the other State, in the absence of action, reciprocity is not invoked and the carriers from Michigan are subject to the tax. On appeal to the Supreme Court of the United States, May 12, 1958, this case was dismissed "for want of a substantial Federal question," 79 S. Ct. 21, October 13, 1958. Two other cases involving the axle-mile tax also made their way to the Ohio Supreme Court; *Charles H. McCreary versus Bowers*, 150 N. E. 850 May 21, 1958 and *Kaplan Trucking versus Bowers*, 151 N. E. 2nd 654, July 2, 1958. In the first case the Supreme Court held there was no debatable question as to the constitutionality. (The carrier had alleged inequities in the application of the tax.) In the latter case the Ohio Supreme Court upheld the administration of the State's axle-mile tax. The court held that the constitutional guarantee of equal protection was not violated by the classification of motor common carriers by domicile. This classification resulted in the requirement that Ohio-domiciled carriers pay the tax, but permitted the State to exempt carriers domiciled in other States if Ohio has reciprocity pacts with them.

TABLE 22.--Net collections from taxes on motor vehicle, motor fuel, and truck mileage in New York State fiscal year, ended March 31, 1956 and 1957

Tax source	1956	1957
Motor vehicle fees:	<u>1,000 dollars</u>	<u>1,000 dollars</u>
Passenger registrations.....	66,647	66,659
Commercial registrations.....	24,791	25,248
Trailer registrations.....	5,861	6,302
Operators' and chauffeurs' license.....	12,067	5,797
Other.....	10,860	12,019
Refunds and county clerks' fees.....	-1,945	-1,795
Total.....	118,281	114,230
Motor fuel tax:		
Gasoline.....	121,850	128,623
Diesel.....	3,575	3,969
Total.....	125,425	132,592
Truck mileage tax:		
Tax.....	13,663	14,348
Permits.....	652	678
Total.....	14,315	15,026
Grand total.....	258,021	261,848
	<u>Percent</u>	<u>Percent</u>
Percentage of all State taxes.....	19.3	18.5

Source: New York State Joint Legislative Committee on Carrier Taxation, (19, p. 77).

The Highway-Use Tax. --The New York State highway-use tax law, known both as the weight-distance tax and the truck-mileage tax, became effective October 1, 1951. The tax applies to all vehicles having a declared combined weight of vehicle and load in excess of 18,000 pounds and is levied on mileage. Rates begin at six mills per mile for vehicles weighing from 18,001 pounds maximum gross weight and are graduated for each 2,000 pounds of weight to a maximum rate of 35 mills per mile plus two mills per ton per mile for vehicles with gross weight in excess of 76,000 pounds. A corollary of this tax is the permit and tag required for each vehicle. A permit and identifying tag are required for each truck, tractor, or trailer that, alone or in combination, exceeds 18,000 pounds gross weight. The initial fee is \$5.00 for each truck, tractor, or trailer. Renewal fees every 3 years are \$2 each.⁵¹

A total of 378,972 truck mileage permits were in force as of March 31, 1957. These permits were issued to 77,253 straight trucks, 133,951 tractors, and 167,768 trailers. The majority of both the tractors and trailers were out-of-State vehicles; 107,523 tractors, or 80 percent of the total number of tractor permits, and 137,399 trailers, or 82 percent of the total trailers, were owned by out-of-State truckers (19, p. 34).

The permits were issued on a gross weight basis for the trailers and trucks, but on an unladen weight for the tractors. Statistics prepared by New York State⁵² showed the number of permits in force for each type of equipment, according to designated weight groups. In each case the data were tabulated in classes of 2,000 pounds.

The tractor classifications began with a 2,000 - 4,000 pound group and ranged to 26,001 - 28,000. The greatest concentration in size was in the class from 10,001 -

⁵¹ Fees for third series permits became due in 1957.

⁵² Research and Statistics Bureau, New York State Department of Taxation and Finance.

12,000 pounds--a total of 44,884 tractors. There were 44,625 tractors tabulated in the weight group from 8,001 - 10,000 pounds. These two groups constituted 67 percent of the total 133,951 tractors for which permits were in force as of March 31, 1957. Out-of-State firms registered 71,913 tractors, or 80 percent, of the total 89,509 tractors to which permits were issued in the weight groups from 8,001 - 12,000 pounds.

Since the mileage tax applies to trucks weighing over 18,000 pounds, the vehicles were reported in gross-weight groups beginning with 18,001 - 20,000 and ranging to 76,001 and over. In contrast to the issue of permits for tractors and trailers, the issue of permits for straight trucks was greater to New York State residents than to out-of-State owners. Only 22,788 of the 77,253 permits for trucks, or 29 percent, were issued to out-of-State vehicles; about 78 percent of the trucks fell in size groups up to 38,000 pounds. The class with the greatest number was the 24,001 - 26,000 pound group, which had a total of 9,167 trucks.

The trailers were tabulated in groups of gross weights from 10,000 pounds and under to 76,001 and over. The most trailers (51 percent of the total 167,768) fell within the class groups from 44,001 - 54,000 pounds, with the greatest concentration in the 48,001 - 50,000 class group. There were 24,246 permits outstanding as of March 31, 1957, to trailers in this weight group.

There are 18 weighing stations which enforce the truck-mileage law. These are operated by the Truck Weighing Bureau of the Department of Public Works. During the calendar year 1957, there were 1,497,394 vehicles weighed and 30,549, or 2 percent, were found in violation of the weight-distance tax.

Highway Tax Program of Kentucky

Kentucky income from all sources totaled \$273,071,628 in the fiscal year 1956-57 of which \$54,215,509 or 19.9 percent came from motor-fuel and motor-use taxes. The total license and privilege taxes accounted for over \$26 million (13.2 percent of the State's income); almost one-third of this came from trucks. Fees collected by the State of Kentucky on motor vehicle registrations and truck permit fees totaled \$8,340,110.54 for the 1956-57 fiscal year. For-hire trucks contributed \$3,371,050.63 (13, p. A-4) of the total motor vehicle registration fees, and private carriers with trucks exceeding 18,000 pounds gross contributed \$799,367.05.⁵³

The Fuel Use Tax. --Kentucky adopted the fuel-use tax as a method of measuring the use of its highways and charging truck operators for this use. This type of tax is used by Kentucky and Virginia in preference to the mileage taxes used by Ohio and New York.

When Kentucky increased its gross-weight limit from 42,000 pounds to 59,640 pounds in 1956, it amended its fuel-use tax to include a surtax on "heavy equipment with more than three axles." The basic tax on gasoline and special fuels is 7 cents per gallon and the surtax of 2 cents meant that these vehicles of more than three axles must pay 9 cents per gallon in computing mileage traveled in Kentucky for which they did not purchase gas in Kentucky. Kentucky, like Virginia, also allows credit for gas purchased at the rate of the regular State tax on gasoline, not the amount including the surtax.

After the surtax had been in force about a year, a survey was made. It showed that the surtax was not bringing the income which had been anticipated, that it was costly to administer, that it provoked evasion of the fuel-use tax among all classes of operators, and that it induced a substantial diversion of heavy trucks from the use of gasoline to diesel fuel. As a result of this study the fuel-use tax law was amended, effective July 1, 1958, to apply to vehicles with more than two axles, thus bringing a greater number of vehicles under the application of the law.

⁵³ Extra registration fees collected from private carriers with gross weight of load and truck exceeding 18,000 pounds.

Out-of-State carriers are required to furnish bond (a minimum of \$500) that they will pay the fuel-use tax, in order that they may operate in Kentucky. Enforcement of the fuel-use tax is maintained by 32 port-of-entry stations. An analysis made of the port-of-entry system from April through June 1, 1957, showed that a total of 905,730 vehicles, both intrastate and interstate (excepting farm trucks), having a declared gross weight in excess of 18,000 pounds were checked through these 32 ports. The number reported entering ports was 459,190 and the number leaving ports 446,540.⁵⁴

Highway Tax Program of Virginia

The net revenue of the Commonwealth of Virginia from highway sources during the fiscal year 1956-57 was \$91,456,535.57, an increase of 7.2 percent (See table 23.) over the \$85,329,026.51 collected in the previous fiscal year.

The Fuel-Use Tax. --Virginia was the first State to adopt a fuel-use tax, followed by the adjoining or nearby States of Kentucky, North Carolina, South Carolina, West Virginia, Maryland, Georgia, and Tennessee.

Virginia imposed a tax of 8 cents a gallon on fuel used in Virginia by carriers required to register under its act. The law applies to vehicles with more than two axles. Credits allowed at the rate of 6 cents a gallon on fuel purchased in Virginia, and excess credits against the tax due carried forward for no more than four succeeding quarters.

Virginia uses a metal plate as an identification marker on the truck. However, a carrier operating more than 10 motor vehicles requiring registration may apply for permission to paint his identification number on the side of his vehicles. Carriers are required to obtain new registration and identification markers each year. Virginia requires quarterly reporting and uses about 12 to 15 auditors to assist in its enforcement program.

TABLE 23.--Highway revenue, Commonwealth of Virginia, fiscal year 1956-57
(Net collections after refunds)

Source	Amount	Percentage of total
Title registration fees.....	\$749,414.19	0.8
Motor vehicle license fees.....	20,757,961.46	22.7
Operators' license fees.....	746,330.02	.8
Dealers' license fees.....	61,768.00	.1
Motor fuel taxes.....	69,048,854.65	75.5
Copying and certifying records.....	88,187.50	.1
Nonresident service fees.....	3,292.75	(1)
Miscellaneous.....	727.00	(2)
Total.....	\$91,456,535.57	100.0

¹ Less than .005 percent.

² Less than .001 percent.

Annual report of the Division of Motor Vehicles, Commonwealth of Virginia, Fiscal year July 1, 1956, to June 30, 1957 (35, exhibit No. 2, statement 1.)

⁵⁴ The difference between the number of trucks entering and leaving ports is due primarily to the starting and cut-off date of the program and the further fact that some trucks passed through internal ports only.

Tax Revenues Allocated to Highways

Many States, including Kentucky and Ohio, have passed antidiversion constitutional amendments which prohibit the appropriation of revenue from highway user taxes for any purpose other than highways. In the four States under survey according to the data obtained from various sources, it appeared that, in 1956, none of the revenue from motor carriers or highways was used for nonhighway purposes. Table 24 shows the disposal of these taxes in Ohio, New York, Kentucky, and Virginia.

The revenue reported in table 18 (Motor vehicle and motor carrier tax receipts) plus that reported in table 20 (Motor fuel tax receipts) is the total amount received by each of the four States from highway users. Table 24 shows that all the motor carrier receipts in each of the four States in the survey were spent for highway purposes--construction, maintenance, and administration of State highway systems or for local roads and streets.

Comparison of Taxes on Motor Vehicles and Their Use in the Four States Under Survey

Each of the four States in the survey has attempted to tailor its taxes to the use of its highways to heavy commercial vehicles. New York and Ohio have used the weight-distance tax, while Kentucky and Virginia have employed the fuel-use tax. In Ohio the rate of the tax runs considerably higher than in New York, but Ohio's exemption of trucks up to and including three axles confines the tax to heavier vehicles. The New York tax is levied

TABLE 24.--Disposition of receipts from State taxes on highway users, 1956

Purpose for which spent	Ohio	New York	Kentucky	Virginia
	1,000 <u>dollars</u>	1,000 <u>dollars</u>	1,000 <u>dollars</u>	1,000 <u>dollars</u>
Net total receipts of calendar year.....	229,730	261,457	72,203	89,939
Adjustments due to undistributed balance, etc.....	9,155	504	-4	-625
Receipts available for distribution.....	238,885	261,961	72,199	89,314
For collection and administration of highway user revenues.....	-10,632	-11,576	-2,463	-2,788
Net funds distributed.....	228,253	250,385	69,736	86,526
For state highway purposes--construction, maintenance, and administration:				
State highway systems.....	77,312	165,684	60,324	77,867
Park, forest, and other State roads.....	--	20,825	--	--
State highway police and safety.....	11,094	4,870	2,766	5,743
Service of obligations for State highways.....	28,488	14,772	--	--
Total.....	116,894	206,151	63,090	83,610
For local roads and streets:				
County and other local roads.....	74,956	44,234	6,646	771
City streets.....	36,403	--	--	2,145
Service of obligations for local roads.....	--	--	--	--
Total.....	111,359	44,234	6,646	2,916

Compiled from Highway Statistics - 1956, (30, p. 36).

on all vehicles with a combined weight of vehicle and load in excess of 18,000 pounds. The rate in New York begins, however, at 6 mills per mile, while in Ohio it begins at one-half cent. Neither State includes the tax in its reciprocity agreements. Any truck using the highways in either State must pay the tax regardless of what reciprocity agreements may be in effect between its home State and either Ohio or New York. However, the mileage tax in neither of these States yields as high revenue as other taxes on motor vehicles and their use. The total of registration fees for trucks, tractor-trucks, and trailers in Ohio amounted to over three times the amount received from the mileage tax, and in New York they came to over twice as much as the revenues from the weight-distance tax.

The fuel tax is still the principal source of revenue in three of the four States. In Ohio, Kentucky, and Virginia more revenue is received from the fuel tax than any other tax on motor carriers; in New York the motor vehicle and motor tax receipts are slightly higher.

CHAPTER IV

ECONOMIC EFFECTS ON MOTOR CARRIERS AND SHIPPERS OF VARIOUS STATE REGULATIONS AND TAXES

EFFECTS ON MOTOR CARRIERS

Tax Records Maintained by Carriers

The number of carriers paying axle-mile, ton-mile, and fuel-use taxes and the amounts paid by each of them was recorded in the survey. An attempt was also made to report the cost of keeping records of these types of taxes. The fuel-use tax was tabulated according to the States in which the tax was paid. These taxes represented only a portion of the highway-use taxes paid by the carriers; records of registration fees, fuel taxes, gross receipts taxes, ad valorem taxes, property taxes, and special tolls paid by these carriers were obtained where the data were available. Information on some of these taxes were recorded from about 15 firms on a case-study basis.

A detailed account of these taxes was not requested from all the carriers interviewed because of the time required on the part of both the carrier and the interviewer. One of the complaints of the carriers was the interference to their operations in the audits made by the various State tax examiners.

Ohio Axle-Mile Tax

Information was requested of each carrier which operated in Ohio, regarding the total vehicle miles it operated there in 1955 and the amount of axle-mile tax which it paid in Ohio during that period. The information was reported quarterly on a form called the "Highway Use Tax Return 3-55" required by the Division of Sales and Highway Use Taxes, Department of Taxation, State of Ohio.

The axle-mile tax is applied, on a graduated scale beginning with one-half cent per mile, to "commercial tractor combination or commercial tandem with three axles or over." The form applies only to taxable miles operated in Ohio; mileage operated over the turnpike is not subject to the tax as it is covered by a special toll. Only the mileage which is taxable need be reported on the form.

Not all the carriers in the survey traveled in Ohio, and some of those that did were not subject to the axle-mile tax as they used the turnpike. The 40 carriers in the sample who reported axle-mile taxes paid a total of \$22,520 axle-mile taxes to Ohio of which

85 percent was paid by the 14 regulated carriers and the balance by the 26 nonregulated carriers (table 25). While the average per carrier would amount to \$563, that figure is misleading as the actual amounts paid varied widely within each group of carriers, depending upon the individual firm's operations. Although the range of the amounts paid by the nonregulated carriers was generally much smaller than those paid by the regulated, some regulated carriers paid small amounts in contrast to some quite high figures paid by others.

TABLE 25.--Axle-mile taxes paid to the State of Ohio by 40 motor carriers, 1955¹

Type and class	State of home office of carrier								Total	
	Florida		Georgia		North Carolina		Virginia			
	Carriers	Amount	Carriers	Amount	Carriers	Amount	Carriers	Amount	Carriers	Amount
Regulated:	Number	Dollars	Number	Dollars	Number	Dollars	Number	Dollars	Number	Dollars
Class I.....	2	1,525	2	2,109	1	12	4	10,955	9	14,601
Class II.....	1	4,277	0	0	3	68	0	0	4	4,345
Class III.....	0	0	0	0	0	0	1	100	1	100
Total regulated.....	3	5,802	2	2,109	4	80	5	11,055	14	19,046
Nonregulated:										
Private.....	2	927	0	0	0	0	1	1	3	928
Exempt.....	16	1,161	0	0	4	1,006	3	379	23	2,546
Total nonregulated.....	18	2,088	0	0	4	1,006	4	380	26	3,474
Total motor carriers.	21	7,890	2	2,109	8	1,086	9	11,435	40	22,520

¹ Of the 72 motor carriers excluded from this table, 34 did not travel in the State of Ohio during this period, 18 paid no axle-mile tax to Ohio, 20 did not reply.

Actually the bulk of the axle-mile taxes paid by the carriers in the survey was paid by a Class I carrier domiciled in Virginia and a Class II carrier domiciled in Florida. The Class I carrier paid \$10,713.10 in axle-mile tax to the State of Ohio, or 73 percent of the total amount paid by the nine Class I carriers and 56 percent of the total amount of axle-mile tax paid by the regulated carriers.

The mileage taxes paid to Ohio and New York amounted to 18 percent of the operating taxes and licenses paid by this firm to all collecting agencies. Operating taxes and licenses paid to the various States and the Federal Government amounted to \$59,537, or 3.59 percent of the company's entire expenses.

This carrier said: "The preparation of all these extra records costs money for additional clerical help in the office and also slows up operations on the road. The driver has to spend time filling in mileage reports and checking tags to be sure he can legally operate the particular trailer in States through which he must pass. I feel that some of the time the driver should devote to servicing his vehicle and expediting his deliveries is spent in paper work.

"...The administration of the New York ton-mile tax is definitely an added expense to the carrier. In addition to paying the tax, having the additional cost of record keeping and reporting, the carrier whose home office is out of the State of New York must pay all the expenses of the New York State auditor who comes down to inspect his books."

One Class II carrier, domiciled in Florida, conducted two distinct operations in Ohio. One, with 42 straight trucks, was principally intrastate, under an ICC docket

number assigned to him as an Ohio carrier which authorized him to carry rock, sand, gravel, asphalt, and road building materials. The other operation, interstate in scope, with 38 tractor-trailer combinations, consisted of the movement of fresh vegetables and produce exempt from regulation by the ICC. This operator said that initially his main office had been in Ohio and his branch office in Florida, but he reversed his principal place of operation and made Florida his main office. While he admitted that the favorable climate entered into his decision to a degree, he stated that the axle-mile tax of Ohio was a large factor in motivating the change. He also said he had discontinued registering some of his vehicles in Ohio and was registering them in Alabama for two reasons: the lower license fee in Alabama and the retaliation of other States against Ohio license plates.

This carrier's produce operation had originally included service into New York, but that operation was abandoned because of the New York weight-distance tax. His produce operation included fresh vegetables from Florida to Ohio, Indiana, and Illinois, with his vehicles trip-leased on return to different common carriers.

Carrier records were examined to determine the amount spent for axle-mile and weight-distance taxes in comparison with the entire amount spent for operating taxes and licenses and with the amount of their total expenses. Of the 40 carriers reporting axle-mile tax to Ohio, 35 reported their total operating taxes and licenses. Table 26 shows that 26 of the 40 carriers paid less than \$100 and 15 paid less than \$25 in axle-mile taxes. Among the 26 carriers paying less than \$100 in axle-mile taxes, 17 reported they spent less than \$10,000 for operating taxes and licenses, and 11 of these 17 paid less than \$25 in axle-mile taxes.

Among the 40 reporting axle-mile taxes, 33 reported their total expenses (table 27). Of the six carriers with total expenses over \$1,000,000, one reported total expenses of \$3,579,052. Nine of the carriers reporting axle-mile taxes under \$100 had expenses amounting to less than \$50,000.

TABLE 26.--Motor carriers paying specified amount of Ohio axle-mile taxes, by size of their total operating taxes and licenses, 1955

Total operating taxes and licenses	Ohio axle-mile taxes paid					Total
	Under \$25	\$25-\$99	\$100-\$499	\$500-\$999	\$1,000 and over	
	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>
Under \$1,000.....	7	0	0	0	0	7
\$1,000 - \$4,999.....	3	4	4	0	0	11
\$5,000 - \$9,999.....	1	2	0	0	1	4
\$10,000 - \$14,999.....	0	2	0	0	0	2
\$15,000 - \$19,999.....	1	0	0	0	1	2
\$20,000 - \$24,999.....	1	0	0	1	0	2
\$25,000 - \$49,999.....	0	0	1	3	0	4
\$50,000 and over.....	0	1	1	0	1	3
Not reported.....	2	2	0	1	0	5
Total interviewed.....	15	11	6	5	3	40

TABLE 27.--Motor carriers paying specified amounts of Ohio axle-mile taxes, by size of their total expenses, 1955

Total expenses	Axle-mile tax					Total
	Under \$25	\$25-\$99	\$100-\$499	\$500-\$999	\$1,000 and over	
	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>
Under \$25,000.....	6	0	0	0	0	6
\$25,000 - \$49,999.....	2	1	0	0	0	3
\$50,000 - \$99,999.....	0	2	2	0	0	4
\$100,000 - \$199,999.....	3	3	1	0	0	7
\$200,000 - \$499,999.....	0	2	1	0	0	3
\$500,000 - \$999,999.....	0	1	0	2	1	4
\$1,000,000 and over.....	1	0	1	2	2	6
Not reported.....	3	2	1	1	0	7
Total interviewed.....	15	11	6	5	3	40

The New York Weight-Distance Tax

Since New York required the separate reporting of laden and unladen mileage of vehicles operated in the State, provision was made in the interview form for entering the data in the same manner as reported by carriers to New York State. The source from which this information was obtained was the carriers' copies of the monthly report to the Truck Mileage Tax Bureau, Department of Taxation and Finance, State of New York.⁵⁵ This form requires a report of the activities of each vehicle in the fleet, by tractor permit number and by trailer permit number. The maximum gross weight of the unit is used for the computation of the laden-weight figure. The tax is computed for each combination by determining the rate based on the particular gross weight and multiplying that by the miles traveled. If the vehicle is completely empty, the unladen rate is used; if it is only partially empty, the laden figure must be used. In order to compute and report the monthly activity of each vehicle, records must be kept first on each trip made. A separate report (form 200) is required for each vehicle each month as a "work sheet" to build up the data necessary to compile the monthly report submitted to New York State.

There were 63 carriers in the survey which reported weight-distance taxes paid to New York totaling \$11,150 (table 28). Twenty-one, or 33 percent of the carriers were regulated by ICC and reported 54 percent of the taxes paid to New York State. Fourteen of these were Class I carriers, who paid 91 percent of the weight-distance taxes reported by the regulated carriers.

Among the nonregulated group the private carriers paid proportionately more of the New York weight-distance tax reported than did the exempt haulers. The nine private carriers paid about 53 percent of the tax reported or an average of \$298.44 per carrier; the exempt haulers averaged \$73.46. From the above information, it can be seen that the majority of the carriers in the sample paid small weight-distance taxes to the State of New York. While evidence obtained showed that intrastate carriers might have to pay substantial sums of money for the Ohio axle-mile tax and the New York weight-distance tax, the majority of respondents in this sample, which included only interstate carriers as far as Ohio and New York were concerned, paid small amounts of the tax.

⁵⁵ Form No. TMT 3-(6-OMO - 379).

TABLE 28.--Weight-distance tax paid to the State of New York by 63 motor carriers, 1955¹

Type of carrier	State of home office of carrier								Total	
	Florida		Georgia		North Carolina		Virginia			
	Car-rier	Amount	Car-rier-	Amount	Car-rier	Amount	Car-rier	Amount	Car-rier	Amount
Regulated:	<u>Number</u>	<u>Dollars</u>	<u>Number</u>	<u>Dollars</u>	<u>Number</u>	<u>Dollars</u>	<u>Number</u>	<u>Dollars</u>	<u>Number</u>	<u>Dollars</u>
Class I.....	2	636	2	442	5	3,738	5	657	14	5,473
Class II.....	1	4	0	0	3	174	1	246	5	424
Class III.....	0	0	0	0	1	1	1	142	2	143
Total regulated.....	3	640	2	442	9	3,913	7	1,045	21	6,040
Nonregulated:										
Private.....	5	2,574	0	0	1	18	3	94	9	2,686
Exempt.....	22	1,665	3	73	4	644	4	42	33	2,424
Total nonregulated.....	27	4,239	3	73	5	662	7	136	42	5,110
Total.....	30	4,879	5	515	14	4,575	14	1,181	63	11,150

¹ Of the 49 motor carriers excluded from this table, 21 did not travel in the State of New York during this period, 13 paid no weight-distance tax to New York State, 15 did not reply. (No tax is payable on New York State Thruway for the use of which a fee is charged).

TABLE 29.--Motor carriers paying specified amounts of New York State weight-distance taxes, by size of their total operating taxes and licenses, 1955

Total operating taxes and licenses	Weight-distance tax paid					Total
	Under \$25	\$25-\$99	\$100-\$499	\$500-\$999	\$1,000 and over	
	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>
Under \$1,000.....	8	3	2	0	0	13
\$1,000-\$4,999.....	7	6	5	0	0	18
\$5,000-\$9,999.....	0	1	3	0	0	4
\$10,000-\$14,999.....	0	2	2	0	0	4
\$15,000-\$19,999.....	1	2	0	0	0	3
\$20,000-\$24,999.....	0	0	2	1	0	3
\$25,000-\$49,999.....	0	2	1	0	1	4
\$50,000 and over.....	1	1	1	0	1	4
Not reported.....	3	3	4	0	0	10
Total interviewed.....	20	20	20	1	2	63

Table 29 shows the number of carriers interviewed who paid varying amounts of the New York weight-distance tax, according to the size of their total operating taxes and license fees. Of the 63 carriers reporting weight-distance tax, 53 reported their total operating taxes and licenses. Of the 63 carriers, 60 paid less than \$500 in weight-distance taxes, 40 paid less than \$100, and 20 paid under \$25. Of the 60 carriers paying under \$500 weight-distance tax, 35 had operating taxes and licenses under \$10,000. The only 2 carriers with high weight-distance taxes had comparably high operating taxes and licenses.

Table 30 shows the number of carriers interviewed who paid weight-distance taxes to New York, according to the size of their total expenses. Of the 63 carriers reporting weight-distance taxes, 55 also reported their total expenses. Of the 40 carriers paying under \$100 in weight-distance taxes, 24 reported total expenses of under \$100,000. Of the 26 carriers reporting \$100,000 or more for their total expenses, 12 reported less than \$100 in weight-distance taxes.

Fuel Use Tax

The majority of the States now have a fuel-use tax on either diesel oil or gasoline consumed by motor carriers, and all but 13 of these States require some form of report to be submitted by all carriers. However, since the questionnaire had been designed to ask for data pertaining only to the gasoline-use tax, the analysis was confined to that subject. The data tabulated included only the gasoline use tax in States where monthly or quarterly reports must be filed. States where gasoline taxes were enforced by other means, such as measuring the tank at the border, were not included in these tabulations.

Of the 112 carriers in the survey, 46 showed fuel-use taxes paid in States requiring reports for gasoline purchased and used (table 31). These 46 carriers reported a total of \$143,202 for the calendar year 1955. Since more States have adopted gasoline purchase laws, the total amount might have been greater if the survey had been taken since 1955.

The regulated and nonregulated carriers were evenly divided, but the 23 regulated carriers paid 97 percent of the fuel-use taxes and most of this was paid by the Class I regulated carriers. Ninety percent of the entire gasoline-use tax reported was paid by the 3 Class I regulated carriers domiciled in Georgia, who had extensive operations in many States.

The 46 carriers reporting payment of fuel-use taxes operated fleets ranging from under 3 to over 100 vehicles. Of the 24 carriers with fleets of 10 or fewer vehicles 22 reported fuel-use taxes under \$200; 17 reported fuel-use tax under \$50.

TABLE 30.--Motor carriers paying specified amounts of New York State weight-distance taxes, by size of their total expenses, 1955

Total expenses	Weight-distance tax							Total
	Under \$25	\$25-\$49	\$50-\$99	\$100-\$199	\$200-\$499	\$500-\$999	\$1,000 and over	
	Carriers	Carriers	Carriers	Carriers	Carriers	Carriers	Carriers	Carriers
Under \$10,000.....	2	0	1	0	0	0	0	3
\$10,000-\$19,999.....	7	3	0	1	0	0	0	11
\$20,000-\$49,999.....	3	2	2	0	2	0	0	9
\$50,000-\$99,999.....	1	1	2	2	0	0	0	6
\$100,000-\$199,999.....	2	1	2	3	0	0	0	8
\$200,000-\$499,999.....	1	1	2	2	1	0	0	7
\$500,000-\$999,999.....	0	0	1	0	2	0	1	4
\$1,000,000-\$2,999,999....	1	0	1	1	0	1	1	5
\$3,000,000 and over.....	0	0	0	0	2	0	0	2
Not reported.....	3	1	0	1	3	0	0	8
Total interviewed.....	20	9	11	10	10	1	2	63

TABLE 31.--Fuel-used taxes paid, by type of carrier and State of home office 1956¹

Type of carrier	State of home office								Total, 4 states	
	Florida		Georgia		North Carolina		Virginia			
	Car- rier	Amount	Car- rier	Amount	Car- rier	Amount	Car- rier	Amount	Car- rier	Amount
Regulated:										
Class I.....	3	2,892	3	128,931	2	3,416	4	3,155	12	138,394
Class II.....	2	287	0	0	3	315	2	312	7	914
Class III.....	0	0	0	0	2	15	2	68	4	83
Total regulated....	5	3,179	3	128,931	7	3,746	8	3,535	23	139,391
Nonregulated:										
Private.....	3	1,067	0	0	1	37	3	89	7	1,193
Exempt.....	14	2,306	0	0	0	0	2	312	16	2,618
Total nonregulated	17	3,373	0	0	1	37	5	401	23	3,811
Total.....	22	6,552	3	128,931	8	3,783	13	3,936	46	143,202

¹ Gasoline only.

Amounts of Tax Paid. --These 46 carriers reported gasoline-use tax in 11 States. Since many of them filed reports in more than one State, the 46 carriers paid fuel taxes from \$100 to over \$1,000 in 94 instances in these 11 States. (See table 32). The 94 instances of taxes paid refer to the total amount for the year in each State, rather than one individual (quarterly or monthly) report to each State.

Forty-six of the 94 tax reportings were in amounts under \$50. Eighty-four percent of the reportings were in amounts under \$500. More tax payments were made in Virginia than any other State. North Carolina was second, with Tennessee third and South Carolina fourth, in the number of times carriers reported they were subject to State gasoline purchase laws.

Fuel Tax vs. Fuel-Use Tax. --The records showed that many times the carriers in the sample were not required to pay fuel-use tax because they had purchased in the State gasoline equivalent to the quantity they consumed. (table 33). Tables 31, 32, and 33 show that while the 46 carriers reported 94 payments of fuel-use tax to 11 States, there were 174 reportings of fuel tax paid in these States. Some carriers may have paid the fuel tax at the pump and not paid any fuel-use tax. Others may have paid only fuel-use tax because they did not purchase any in the State. Still others may have reported fuel tax paid and an additional fuel-use tax. All together, in 193 instances these 46 carriers reported either fuel tax or fuel-use tax to these 11 States which resulted in a total of \$415,151. for both types of tax. Of this amount \$271,949 was reported for fuel tax and \$143,202 for fuel-use tax. Thus, 66 percent of the total revenue obtained by these 11 States from the carriers interviewed in the sample was obtained from the fuel tax rather than the fuel-use tax.

Administration of Tax by Various States. --The requirements vary from State to State concerning the administration of the gasoline purchase laws. Some States, such as Iowa, Massachusetts, Montana, and Oklahoma, require quarterly reporting. Bond requirements among the States vary from \$500 to \$50,000.

Carriers interviewed indicated that the troublesome part of the fuel-use tax, as in the case of the axle-mile and weight-distance taxes, is the recordkeeping on each vehicle. Some said that, in a sense, the fuel-use tax created more difficulty than the axle-mile or weight-distance tax as the recordkeeping is multiplied by the greater number of States requiring the gasoline purchase reports. A further complication carriers noted was the variation in requirements between the States and the dates of the reporting. A copy was

TABLE 32.--Motor carriers paying fuel-use tax, by size of tax and State in which paid, 1956¹

State where fuel-use tax was paid	Fuel-use tax						Total
	\$1-\$19	\$20-\$49	\$50-\$199	\$200-\$499	\$500-\$999	\$1,000 and over	
	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>
Arkansas.....	0	0	0	0	1	1	2
Georgia.....	1	1	3	1	1	1	8
Iowa.....	0	0	1	0	0	0	1
Kentucky.....	2	2	0	3	0	1	8
Maryland.....	3	1	2	2	1	0	9
Mississippi.....	0	0	0	0	0	1	1
North Carolina.....	4	4	2	2	2	0	14
Oklahoma.....	1	0	2	0	0	0	3
South Carolina.....	2	1	3	3	0	1	10
Tennessee.....	2	5	1	1	0	2	11
Virginia.....	11	6	5	2	1	2	27
Total.....	26	20	19	14	6	9	94

¹ Most of the 46 carriers paid taxes in more than one State.

TABLE 33.--Fuel-use and fuel taxes paid by motor carriers in States requiring payment of fuel-use tax, 1955¹

States where taxes were paid ²	Fuel-use tax paid by--						Fuel tax		Total both taxes	
	Regulated		Nonregulated		Total					
	Carriers	Amount paid	Carriers	Amount paid	Carriers	Amount paid	Carriers	Amount paid	Carriers	Amount paid
	<u>Number</u>	<u>Dollars</u>	<u>Number</u>	<u>Dollars</u>	<u>Number</u>	<u>Dollars</u>	<u>Number</u>	<u>Dollars</u>	<u>Number</u>	<u>Dollars</u>
Arkansas.....	2	2,181	0	0	2	2,181	2	449	2	2,630
Georgia.....	5	50,697	3	373	8	51,070	15	19,655	18	70,725
Iowa.....	1	162	0	0	1	162	2	330	2	492
Kentucky.....	6	14,456	2	26	8	14,482	9	16,008	10	30,490
Maryland.....	8	1,289	1	8	9	1,297	10	8,689	11	9,986
Mississippi.....	1	2,162	0	0	1	2,162	2	3,114	2	5,276
North Carolina.....	4	1,712	10	925	14	2,637	24	30,898	30	33,535
Oklahoma.....	3	142	0	0	3	142	2	169	3	311
South Carolina.....	3	1,814	7	806	10	2,620	15	8,522	19	11,142
Tennessee.....	5	59,275	6	267	11	59,542	18	20,463	20	80,005
Virginia.....	13	5,501	14	1,406	27	6,907	75	163,652	76	170,559
Total.....	51	139,391	43	3,811	94	143,202	174	271,949	193	415,151

¹ The number of carriers exceeds the number in the survey, as some carriers paid taxes in more than one State.

² This table includes only the States in which gasoline fuel-use taxes were required to be reported; other States requiring diesel reports or importer's tax were not included.

made of the checklist kept by one exempt hauler in Florida showing the States to which he was required to report and pay taxes and the type of tax paid (table 34).

This carrier operated 20 rigs over a total of 1,194,112 vehicle-miles during 1955. Information on the total operating expenses and revenues was not obtained, but the carrier paid \$566.67 in axle-mile taxes to Ohio, \$264.49 in weight-distance taxes to New York, and a total of \$1,197.32 in fuel-use taxes to Kentucky, North Carolina, South Carolina, and Virginia. This carrier stated that his office force to operate the business cost him 3 cents per vehicle-mile, of which 1/4 cent per vehicle-mile was the cost for maintaining records and reporting taxes in the various States.

TABLE 34.--Report schedule for payment of State and Federal taxes by a Florida exempt hauler, 1955

State	Type of tax	Period required	Due date
Arizona.....	Fuel	Monthly	20th
California.....	Fuel	Monthly	25th
California.....	B.E. tag ¹	Quarterly	25th
Colorado.....	Ton-mile	Monthly	15th
Colorado.....	Fuel	Monthly	25th
Florida.....	Fuel	Monthly	20th
Georgia.....	Fuel	Quarterly	20th
Kentucky.....	Fuel	Quarterly	20th
Maine.....	Fuel	Monthly	25th
New Mexico.....	Fuel	Monthly	25th
New York.....	Mileage	Monthly	20th
North Carolina.....	Fuel	Quarterly	20th
Ohio.....	Axle-mile	Quarterly	20th
South Carolina.....	Fuel	Quarterly	20th
Tennessee.....	Fuel	Quarterly	25th
Texas.....	Fuel	Monthly	25th
Virginia.....	Fuel	Quarterly	31st
Florida.....	Sales tax	Quarterly	20th
Florida.....	Ind. Comm.	Quarterly	
Florida.....	FIAC & WITH	Quarterly	

¹ California Board of Equalization issues California license plates.

Miscellaneous Taxes

In the field survey it was learned that carriers sometimes encounter varied tangible and intangible taxes imposed by local tax jurisdictions within a State. Tennessee and Kentucky were noted especially as States in which counties and even municipalities levied taxes upon motor carriers. The result was a multiplicity of taxes by overlapping jurisdictions. For example, the records of one irregular route carrier of frozen foods revealed that in Kentucky the firm was required to pay a franchise, an intangible tax (such as a school tax) or some form of personal property tax in five counties and five cities for the same period in amounts varying from \$1.19 to \$45.15. One county had two taxes on this carrier, one based on mileage run amounting to \$4.20, the other a "franchise" tax amounting to \$31.08. The \$4.20 assessment was by a "Graded School District" based on 4 miles run by the carrier in the area and called a "tangible personality tax." These taxes were in addition to the fuel tax, the fuel-use tax, and the fees for the public utility operating authority which the company had already paid the State. The last-named involved not only the license fee for the authority, but a fee for each vehicle it operated in Kentucky. The same firm was also assessed an "ad valorem" tax of \$64.50 by one

Tennessee city. Other States with "ad valorem" taxes assessed on this carrier were Arkansas in the amount of \$90.19 and Texas in the amount of \$220.66, of which \$67.16 was a State assessment and the balance a county assessment. Such tax assessments by local jurisdictions are, fortunately, not common.

Annual Reports Required by States

Some irregular-route carriers regulated by the Interstate Commerce Commission reported when interviewed that they were required to file annual reports with many States in which they only had interstate operations. Some of these reports in the office of a household goods carrier and again in the office of a frozen foods carrier were examined by one interviewer. These reports were similar to the Form A required by I. C. C. of Class I carriers over which the Commission has economic regulation. However, each State's report varied sufficiently so that each must be prepared individually -- a copy of material used for one would not suffice for the other States. Among the States in which the carriers were required by the Public Utility or Public Service Commissions to file annual reports for their interstate operations were: Arkansas, Tennessee, Texas, Indiana, and Kentucky. Neither of the operators referred to above had intrastate authority in any of these jurisdictions.

Cost of Keeping Records

The interviewers questioned firms regarding the cost of keeping records on weight-distance, axle-mile, and fuel-use taxes in an attempt to analyze the cost of recordkeeping in relation to taxes paid. For the sake of uniformity, the interviewer tried to confine the reporting of costs to the recording of the trips per vehicle and the actual preparation of the forms. However, many hours of bookkeeping were required prior to this stage which could not always be completely segregated from other office jobs, such as the recording of the mileage by routes, and the mileage per vehicle per trip in and out of each State, the gasoline purchased, where purchased, and other details of operation.

The States hold that a motor carrier must keep detailed business records anyway - if he has an efficient operation. But the motor carriers say they can keep adequate records and have an efficient operation without the type of records the reporting of taxes to the respective States requires. A motor carrier operation does not break its service at State lines which is what the respective State reports in effect require. Each State requires the carrier to report its operations as segments of a whole, reporting it State by State. One interviewer checked on this particular point - examined the type of records "before" and "after" the New York ton-mile tax was required of carriers.

Without the ton-mile tax, normal business records on a trip included information such as this:

- | | |
|--|-------------------------|
| 1. Number of shipments picked up | 6. Time out |
| 2. Total weight picked up | 7. Time in |
| 3. Number of shipments delivered | 8. Mileage |
| 4. Total weight delivered | 9. Total hours traveled |
| 5. Tractor and trailer or truck number | |

In addition to trip records, the carrier would keep maintenance and repair records on the vehicle itself such as when refueled, the mileage to gallon per vehicle, and the other costs of maintenance and repairs on the vehicles.

The States, on the other hand, require recordkeeping, not necessarily designed to show performance of the vehicle or the firm, but rather the firm's obligation to the respective States. Since the purposes for recordkeeping are entirely different, it follows that the recordkeeping for the States would be different than that which would be required for the normal operation of a firm. The records required by the States also differ from information required by ICC of carriers subject to its economic regulation.

Furthermore, the carriers complained that records which they normally maintained would be kept by the dispatchers and other trained office personnel. They said the basic records required by the States must be kept by the truck drivers, who are experienced as persons qualified to manipulate a truck, but not as bookkeepers. Some States require a log be kept on each truck on a specified form which has to be kept in addition to the ICC log.

There is not necessarily a relationship between the taxes paid and the cost of keeping records. In fact, there even may not be any tax to be paid. In the case of weight-distance taxes, if the toll roads are used and tax paid at that time there will be no tax on that portion of the mileage operated in Ohio or New York. Also, in all the fuel-use States the records must be kept, if the carrier passes through the States, regardless of whether or not he must pay fuel-use taxes. If the carrier is successful in balancing his purchases with the gasoline consumed in the State, no additional tax must be paid with the report.

Table 35 showed that 8 of the 49 carriers who answered the question on cost of recordkeeping of fuel-use and weight-distance taxes actually had no tax to pay after their computations were completed. Thus, the States acquired no additional revenue from this many carriers in spite of the carriers' costs incurred in recordkeeping. Twenty-seven of the 49 carriers which reported their costs of keeping records of fuel-use and weight-distance taxes made an annual tax payment of under \$300. Of the 35 carriers paying no tax or less than \$300 in taxes, 33 spent under \$3,000 for recordkeeping. Of the two remaining carriers with recordkeeping costs over \$3,000, one paid no tax and the other carrier paid under \$100.

TABLE 35.--Motor carriers paying specified amounts of fuel-use and weight-distance taxes, by size of their record keeping costs on these types of taxes, 1955

Cost of keeping records	Amount of fuel-use and weight-distance taxes paid							Total
	None	Under \$100	\$100-\$299	\$300-\$999	\$1,000-\$1,999	\$2,000-\$2,999	\$3,000 and over	
	<u>Car-riers</u>	<u>Car-riers</u>	<u>Car-riers</u>	<u>Car-riers</u>	<u>Car-riers</u>	<u>Car-riers</u>	<u>Car-riers</u>	<u>Car-riers</u>
Under \$500.....	4	12	3	0	1	0	0	20
\$500-\$999.....	2	1	4	0	0	0	1	8
\$1,000-\$2,999.....	1	3	3	3	1	0	2	13
\$3,000-\$3,999.....	1	0	0	2	0	0	1	4
\$4,000-\$6,999.....	0	1	0	1	0	0	0	2
\$7,000 and over.....	0	0	0	0	0	0	2	2
Total reporting ¹	8	17	10	6	2	0	6	49

¹ Of the 112 motor carriers interviewed, 29 did not answer this question, and 34 could not determine what amount of the total accounting and clerical time should be allocated to the cost of keeping records on the weight-distance and fuel-use taxes.

Many of the carriers interviewed referred to these taxes as "nuisance" taxes. Their complaints were that the expenditure of time and trouble to secure permits and tags and maintain records was out of proportion to the revenues received by the States. One carrier said, "When I operate over the New York turnpike I don't pay the mileage tax as I'm subject to the toll. When carriers go from New Jersey through the tunnel into New York City, there is only about 3 city blocks to the market. I find that I pay 2 cents on my mileage going in and 1 cent coming back. Thus, New York collects about 3 or 4 cents for a round trip upon which it cost me about \$2 to keep records."

According to the carriers, the actual recordtaking and bookkeeping is only one aspect of the cost to the carrier, especially in the case of the exempt hauler. A large regulated carrier will generally have an office force equipped to keep business records. A one-truck operator carries all records with him, or his wife keeps them for him at home. Some of the one-truck carriers reported that the excessive recordkeeping now required by the multiple fuel-use reporting necessitates so much extra bookkeeping for them that they lose money by having to forfeit trips to get records in on time. They say they can't be on the road and get reports in; at the time of the month that most of the reports fall due they sometimes miss a trip in order to get the reports computed.

Costs Encountered by Exempt Motor Carriers

Data on revenues and expenses were obtained from eight exempt haulers (table 36). The summary of expenditures by the eight firms showed that a very small portion of the carriers' expenses consisted of the mileage tax, fuel-use tax, or other special "use" taxes. The small amount of tax that was paid represented not a payment to one State, but insignificant payments to many States. For instance, the \$38 item listed under "road use or special permits" for carrier no. 5, represented a total of \$37.75 in miscellaneous use tags and special permits ranging from 50 cents to \$10.00 in the following States: Connecticut, New York, Virginia, North Carolina, South Carolina, Georgia, and Massachusetts. Tolls paid by these eight carriers amounted to a greater sum than any of the other types of use taxes. This type of tax is one for which no reporting or recordkeeping is required by the motor carrier.

Impact of State Taxes and Regulations on Motor Carriers

Many carriers interviewed attributed the increased number of taxes and regulations prescribed by the States on motor carriers as being an important factor in the number of small carriers going out of business. Between the time that the mail questionnaire was sent out and the interviews conducted, five carriers were unavailable for questioning because they had gone out of business. One carrier, who returned the mail questionnaire and indicated on it that he had conducted a restricted operation in Ohio, New York, and Virginia, said: "I no longer am a truck owner-operator. I was forced to cease operations as of December 1955. Reasons: highway use permits, motor fuel taxes, weight limitations, and 'wheel tax' of these four and other States. Also, unfair leasing on back hauls between freight lines and produce haulers, large company monopolies, etc."

The purpose of quoting in this report some of the rather vigorous statements made by respondents is to convey directly to the reader the strong feelings held by many of those interviewed.

One Georgia carrier interviewed wrote this letter to the Department after the field interviews were completed:

". . . since Georgia, South Carolina and North Carolina have joined New York, Virginia, Ohio and other States, together with the additional tax imposed by the Federal government on trucks I have decided to quit the business.

TABLE 36.--Operating revenue and expenses of 8 exempt haulers, calendar year 1955¹

Items on operating statement ²	Carrier	Carrier	Carrier	Carrier	Carrier	Carrier	Carrier	Carrier
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 6	No. 7	No. 8
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Operating revenue.....	24,380	25,113	16,052	124,026	12,289	143,284	12,975	10,438
Operating and maintenance expenses:								
Fuel, grease and oil ³	4,744	14,838	10,217	24,033	3,201	19,439	6,578	4,894
Tires and repairs.....	4,740							
Refrigeration.....	836	0	0	418	0	0	172	0
Tolls.....	335	0	0	0	191	0	279	0
Insurance.....	1,907	(⁶)	(⁶)	1,186	(⁷)	6,167	263	695
Loading, unloading, packing and weighing.....	711	0	0	4,448	0	0	492	0
Salaries and wages.....	2,534	⁸ 208	637	28,189	0	18,566	780	0
Brokerage and lease charges.....	493	949	⁹ 1,377	3,142	⁷ 2,385	¹⁰ 50,453	0	377
Administration and general expenses ¹¹	309	244	0	4,541	775	6,917	50	0
Total operation and maintenance expenses.....	16,609	16,239	12,231	88,043	7,219	117,607	10,255	7,291
Other expenses:								
Mileage tax, Ohio and New York.....	94	21	28	10	10	¹² 0	100	2
Fuel use tax.....	74	¹³ 0	¹³ 0	23	20	218	6	¹³ 0
Road "use" or other special permits.....	40	81	0	0	38	0	0	0
Registration (license tags)..	498	⁶ 1,610	⁶ 1,363	¹⁴ 4,067	288	1,147	330	0
Property and miscellaneous taxes.....	0	0	0	0	63	4,059	140	131
Depreciation.....	0	0	1,700	19,215	3,119	11,016	2,425	565
Total other expenses.....	706	1,712	3,091	23,315	3,538	16,440	3,001	698
Total all expenses.....	17,315	17,951	15,322	111,358	10,757	134,047	13,256	79,892
Net revenue.....	7,065	7,162	730	12,668	1,532	9,237	¹⁵ (281)	2,449

¹ Cents were rounded off to the nearest dollar.

² These items are set up as a composite of the accounts carried by the exempt haulers. In some instances the categories used represent an amalgamation of similar designations used by different carriers for a certain type of account.

³ The fuel bill includes the fuel tax to Federal and State Governments.

⁴ Includes ice.

⁵ The tires and repairs account also includes expenditures for grease and oil.

⁶ Registration (license tags) includes insurance.

⁷ Brokerage includes insurance.

⁸ This carrier was an owner-operator, who did his own driving and office work. This small account may have been for parttime help in some capacity.

⁹ Brokerage includes road expense.

¹⁰ Five vehicles were leased.

¹¹ Includes interest and social security.

¹² This carrier reported he did not operate any vehicles into or through Ohio or New York.

¹³ These three carriers "paid tax at pump" that is, purchased enough fuel in States which had fuel use tax, as they passed through, so they were not required to pay any additional tax--the "fuel use" tax.

¹⁴ Registration (license tags) includes tolls.

¹⁵ This carrier operated at a loss.

¹⁶ These carriers were owner-operators who did not set up an account for their own time spent in operating their trucking business.

"By the time you pay to each state, pay tolls for crossing bridges, tunnels etcetera, unionized unloaders at terminal points, brokerage to load procurers, 30 to 33 cents for fuel, 45 cents per quart for oil, 20 percent of the gross revenue to driver, high premium public liability and bodily injury insurance, high mechanical labor charges for maintenance, there is not enough left to make it worth the worry, to say nothing of the investment."

Many truck brokers who engage the services of motor carriers indicated that State taxes and regulations were interfering with the operations of interstate carriers. They are concerned about the situation because the truck broker must secure carriers to fill shipper requests. One broker said: "All the bookkeeping is putting many of the owner-operators out of business. Weight-distance taxes and fuel-use taxes swamp the small operator who does not have the office facilities, nor can he afford them. Many truckers would rather pay a higher flat fee to various States than compute all the mileages, etc., required." How much the taxes and regulations contribute to the carriers' decisions in going out of business is a matter of degree and, of course, subject to interpretation. However, these samples reported above are indicative of the opinion stated and comments made by persons interviewed -- motor carriers, truck brokers, and shippers.

Availability of Vehicles

Many carriers, truck brokers, and shippers said that particular taxes or regulations in different States affected the availability of vehicles. This is especially true at certain seasons. When the shipping season is in full swing and trucks are in demand, the carriers can afford to be selective and choose the areas where they would prefer to carry a load.

In answer to the question⁵⁶ regarding any influence of weight-distance, axle-mile, or fuel-use taxes on freight bookings, one Florida truck broker said in regard to the New York weight-distance tax: "Every day or at least every other day I have to turn down some shipper. Some days it's 2 or 3 instances, next day maybe none, so it would average out to about a load a day I have to turn down because of unavailability of trucks with New York permits." In regard to Ohio, the same truck broker said: "I average about twice a week, turning loads down to Ohio." In reply to the question, "Other taxes on trucking," the broker said: "Occasionally I have to turn down loads because of the fuel-use tax. I do not have to turn down loads as often as for New York or Ohio taxes." When truck brokers were being interviewed calls would frequently be heard over their loud-speaker system asking for a truck to a particular State. Although there might be many trucks in the yards the broker could not always find a truck with all the required tags to make the trip.

Table 37 shows the particular taxes and regulations which the truck brokers reported caused trucks to be unavailable at times when needed. Fifty-one of the 52 truck brokers in the sample listed 1 or more regulations causing "for-hire" vehicles to be unavailable. New York, Ohio, and Kentucky, in the order named, were the States shown to be principally avoided by the carriers. In many cases, carriers would accept loads to New York City, but would not carry loads to up-State New York. Brokers stated that fewer and fewer vehicles each year had Ohio and New York permits. Once a carrier had some difficulty with a State enforcement official, he frequently would not go back into the State for fear of being fined.

Of the 51 truck brokers who listed one or more regulations which caused for-hire vehicles to be unavailable, 36 said that these restrictions had unduly interfered with the marketing of agricultural products or fish.

⁵⁶ Truck broker (Form 2(b), Question 16 -- "Have your freight bookings been influenced by:

- (a) The New York weight--distance tax (b) If 'Yes', explain.
- (c) The Ohio axle-mile tax? (d) If 'Yes', explain.
- (e) Other taxes on trucking? (f) If 'Yes', explain.

Truck broker (Form 2(b), Ques. 14(c): "Has this (the unavailability of vehicles) unduly interfered with the marketing of agricultural products or fish?"

TABLE 37.--Truck brokers reporting State regulations which caused "for-hire" vehicles to be unavailable when needed, 1955¹

State with restrictive regulation	Size and weight restrictions	Difficulty in obtaining PUC operating authority	Fuel-use tax	Weight-distance taxes	Total restrictions
Connecticut.....	0	17	0	0	17
Kentucky.....	7	21	5	0	33
Maine.....	1	1	0	0	2
Missouri.....	0	16	0	0	16
New York.....	0	0	0	40	40
North Dakota.....	0	0	0	1	1
Ohio.....	0	0	0	26	26
Tennessee.....	1	5	6	0	12
Texas.....	0	8	0	0	8
Virginia.....	7	0	3	0	10
Total.....	16	68	14	67	165

¹ 51 of the 52 truck brokers listed a tax or regulation in 1 of these States as making for-hire vehicles unavailable when needed.

Limited Service Offered

Due to various State taxes and regulations, carriers rejected some loads outright, and in some instances they used a circuitous route to arrive at the destination. If the carrier did not have the necessary authority to enter the State where the load was destined, he would have to reject it. If he did have authority to enter that State, but did not have the necessary permits for an intervening State he could sometimes accept the load and go around the latter State, depending upon the location of the particular State and the routes available to be used.

Table 38 shows, by State of home office, the carriers in the sample who rejected loads because of some State tax or regulation and those who accepted loads but took circuitous routes to arrive at their destination. Eighty-six, or 77 percent of the carriers in the sample answered the question regarding whether or not they rejected loads.⁵⁷ Of the 86 carriers who answered, 59 stated they did reject loads because of some State restrictions. Of the 77 carriers who answered the second part of the question 47 said they accepted loads but avoided certain States.⁵⁸

Exempt haulers more than any other group rejected loads. Since regulated carriers are required by statute to serve the public, they do not have the flexibility of the exempt hauler. However, since all but two of the regulated carriers interviewed held irregular route authority, they had sufficient flexibility to select the routes over which they might travel between certain points. Thirty-nine of the exempt haulers answering the question said they rejected some loads. Thirty-two carriers who answered this question reported that they accepted the load but avoided certain States. A typical comment, however, in reply to question 12 was "No, I just turn down the load and go elsewhere."

⁵⁷ Motor carrier Form 1(b), question 12(a): "Do you make it a policy to reject loads because of any of the restrictions you have indicated in question #9 above? If 'yes', name States and type of restriction."

⁵⁸ Question 12(b): "Do you accept loads but avoid the restrictive States by a round-about route?"

TABLE 38.--Motor carriers rejecting loads or avoiding some States, by type of carrier and State of home office, 1955

Type of carrier and State of home office	Carriers reject loads			Carriers accept loads, but avoid States			Total carriers
	Yes	No	Total	Yes	No	Total	
Regulated:	<u>No.</u>	<u>No.</u>	<u>No.</u>	<u>No.</u>	<u>No.</u>	<u>No.</u>	<u>No.</u>
Florida.....	3	0	3	1	1	2	5
Georgia.....	2	4	6	4	2	6	6
North Carolina.....	1	5	6	1	5	6	19
Virginia.....	7	2	9	5	3	8	12
Total.....	13	11	24	11	11	22	42
Nonregulated:							
Exempt carriers:							
Florida.....	28	6	34	24	7	31	36
Georgia.....	5	1	6	3	3	6	7
North Carolina.....	2	0	2	3	1	4	5
Virginia.....	4	2	6	2	2	4	6
Total.....	39	9	48	32	13	45	54
Private carriers:							
Florida.....	1	3	4	2	2	4	5
Georgia.....	3	0	3	2	0	2	3
North Carolina.....	0	3	3	0	1	1	3
Virginia.....	3	1	4	0	3	3	5
Total.....	7	7	14	4	6	10	16
Total nonregulated.....	46	16	62	36	19	55	70
Total carriers:							
Florida.....	32	9	41	27	10	37	46
Georgia.....	10	5	15	9	5	14	16
North Carolina.....	3	8	11	4	7	11	27
Virginia.....	14	5	19	7	8	15	23
Total.....	59	27	86	47	30	77	112

Table 39 reports the rejection of loads by the motor carriers, the type of restriction stated, and the State to which they were said to apply. More carriers reported that they rejected loads into Kentucky than any other State. Ohio was listed by the carriers as the State second in importance causing them to reject loads. Missouri and New York tied for third place. The lack of State operating authority was the chief restriction which caused carriers to reject loads.

Additional Mileage from Circuitous Routes. --There were certain problem areas that the carriers avoided by going a circuitous route around them. The particular States avoided by the carriers interviewed were: Colorado, Connecticut, Kentucky, Kansas, Tennessee, and Missouri. Among the carriers interviewed, Kentucky and Tennessee were the principal States avoided.

TABLE 39.--Motor carriers reporting restrictions causing them to reject loads, by States imposing restrictions, 1955¹

State with restrictive legislation	Weight-restrictions	Length limitations	Difficulty in obtaining PUC operating authority	Fuel-use tax	Weight-distance tax	Other ²	Total restrictions
	Carriers	Carriers	Carriers	Carriers	Carriers	Carriers	Carriers
California.....	0	0	2	1	0	0	3
Connecticut.....	0	0	10	0	0	0	10
Illinois.....	0	0	4	0	0	1	5
Kentucky.....	8	1	21	4	0	0	34
Maine.....	0	0	5	0	0	0	5
Mississippi.....	3	1	0	0	0	0	4
Missouri.....	0	2	16	0	0	0	18
New York.....	0	0	0	0	18	0	18
Ohio.....	1	0	0	0	26	0	27
Tennessee.....	0	1	6	5	0	0	12
Texas.....	0	0	4	1	0	0	5
Washington.....	0	3	1	0	0	1	5
Other States ³	5	0	11	3	1	6	26
Total.....	17	8	80	14	45	8	172

¹ 86 of the 112 motor carriers reported State restrictions caused them to reject loads; certain restrictions were reported more than once.

² "Other" contains 4 high registration complaints, one each for Colorado, North Dakota, Oregon and Washington.

³ Includes 18 states with less than 3 restrictions reported.

Among the 47 carriers who said they accepted loads but avoided certain States, there were many who reported the extra mileage they were required to run because of this circuitous routing. No attempt was made to present these data in a table as the range of extra mileage incurred varied greatly, depending upon the number of trips made during the year by the respective carriers. Circuitous mileage operated yearly was estimated by the regulated carriers interviewed to range from 12,000 to 825,000 additional miles per carrier. Since the exempt haulers operated fewer vehicles their mileage was, of course, not as great as that of the regulated carriers. However, these haulers reported additional mileage per year of 5,000 to 50,000 miles due to various State restrictions which caused them to avoid certain States. One exempt hauler operated one tractor semi-trailer about 5,000 additional miles yearly to avoid Kentucky and Tennessee; he said the additional distance amounted to approximately 250 miles extra on each of about 20 trips a year to Chicago. These circuitous mileage figures per trip were about average for the carriers who said they traveled around Kentucky and Tennessee.

These examples are illustrative of the data and comments made by the carriers which were entered on the questionnaires. Kentucky and Tennessee were mentioned most frequently as being responsible for circuitous mileage; Missouri was second and Connecticut third in order of frequency reported by the carriers.

It should be borne in mind that the complaints quoted in this report were made in 1956 and 1957 and at least some of the conditions that were then complained of have now been corrected or modified. However, the extent and importance of some other practices such as the fuel-use tax, have grown since that time, although not necessarily affecting the States mentioned.

Effect on Carrier's Operations

Because of information obtained on the exploratory field trips the questionnaire was designed to include questions regarding the specific effects of the Ohio axle-mile and New York weight-distance tax on motor carriers.

Table 40 shows that 70 carriers indicated they operated in Ohio and 87 reported operations in New York. Some carriers reported effects who indicated they did not operate in either Ohio or New York because of them; 2 carriers who reported they did not operate in Ohio and 6 carriers who reported they did not operate in New York indicated certain "effects" as "reasons" for not operating there. Most carriers cited more than one of the effects listed, many of them cited at least 3, so that a total of 105 "effects" were named for Ohio and 140 for New York.

Bookkeeping was the principal concern of both regulated and nonregulated carriers as almost all of them complained of that aspect regarding both States, Ohio and New York. In fact it was the reason some of the carriers reported that they had discontinued operating in either Ohio or New York.

The actual financial burden of the tax found second place among the economic effects cited by both types of carriers. About 57 percent of the regulated and 47 percent of the nonregulated carriers operating in Ohio complained that the axle-mile tax was a financial burden. Fifty percent of the regulated carriers and 45 percent of the nonregulated carriers operating in New York made the same complaint about the weight-distance tax.

Effect Upon the Income of the Carriers

Restrictions increased the costs of carriers in two ways: If they went around the State and if they split the load. Table 41 tabulates the carriers who operated in Virginia and Kentucky during 1955, prior to the increase in the weight limits in these two States, and since the date of the increase in 1956. Ninety-four carriers said their operations were favorably affected, at least to some degree, by the increase in weight limits. Of these, 79 reported revenue gains. Perhaps some of the remainder who said they obtained no revenue gain were the carriers operating 10-wheelers who actually suffered a loss in pay load, because of the axle-weight limitation. Eighty-six percent of the operators who said their operations were affected by the increased weight limits said the change was "very important." Eighty-two percent of the nonregulated carriers and 63 percent of the regulated who said their operations were affected indicated that the revenue gains since the increase in weight limits were "very important." When the Virginia gross weight limit was 50,000 pounds, the tractor semitrailers generally shifted their load at Weldon, N. C., on a trip from Florida to New York or other northern points which took them through Virginia. The cost of the carriage depended upon the commodity and whether or not the driver assisted in the loading and unloading. In the case of potatoes, one carrier said the rate was 30 cents per bag if his driver assisted in loading and unloading and 25 cents if he did not.

How much extra a carrier spent for having his overweight loads carried across Virginia depended, of course, upon how many trips a year he made. One Florida carrier with 9 tractor semitrailer pieces of equipment said it cost him \$3,000 per season to carry his excess weight across Virginia.

One truck broker reported that six North Carolina truckers located at Weldon, N. C., did nothing but haul "for-hire" the excess weight of vehicles wishing to cross Virginia. He said that "A run from Weldon to Washington, D. C., is 225 miles. Charges for this service vary from \$35 - \$38 per trip per overweight vehicle. Often the six pool excess poundage into one trip, hence delaying the overweight truckers from 6 to 12 hours to secure the overload."

Various carriers indicated that since the weight increase they could carry a pay load of about \$35 to \$50 more per trip across Virginia, depending upon the commodity carried. In other words, they netted in additional revenue about what it had cost them to have the excess weight hauled across Virginia.

When a carrier elected to avoid trucking through a particular State or States the cost of the circuitous mileage depended, of course, upon the operating cost of each individual carrier. A Florida carrier with one truck, said his operating costs were 19.8 cents per mile. Another carrier said it cost him about \$600 annually to go around Mississippi and Missouri.

TABLE 40.--Motor carriers reporting the effects on their operations of weight-distance tax in Ohio and New York State, by type of carrier, 1955

Type of carrier and State of home office	Effects of taxes							
	Financial burden		Bookkeeping a problem		Interchange problem		Total ¹	
	Ohio	New York	Ohio	New York	Ohio	New York	Ohio	New York
Regulated:	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>
Florida.....	2	1	4	4	0	0	6	5
Georgia.....	2	2	4	3	0	0	6	5
North Carolina.....	2	4	9	13	0	0	11	17
Virginia.....	6	6	10	11	2	4	18	21
Total.....	12	13	27	31	2	4	41	48
Nonregulated:								
Florida.....	17	25	28	39	0	0	45	64
Georgia.....	0	0	3	6	0	0	3	6
North Carolina.....	2	1	3	6	0	2	5	9
Virginia.....	3	3	8	10	0	0	11	13
Total.....	22	29	42	61	0	2	64	92
Grand total.....	34	42	69	92	2	6	105	140

Type of carrier and State of home office	Carriers operating in--		Carriers reporting effects of taxes		Total carriers
	Ohio	New York	Ohio	New York	
Regulated:	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>
Florida.....	4	4	4	4	5
Georgia.....	4	4	4	3	6
North Carolina.....	7	10	9	14	19
Virginia.....	6	8	10	11	12
Total.....	21	26	27	32	42
Nonregulated:					
Florida.....	34	39	29	39	41
Georgia.....	3	5	3	6	10
North Carolina.....	5	7	4	6	8
Virginia.....	7	10	9	10	11
Total.....	49	61	45	61	70
Grand total.....	70	87	72	93	112

¹ As carriers frequently cited more than one effect, the totals are larger than the number of carriers reporting effects of the taxes.

TABLE 41.--Motor carriers reporting effects on their operations of increases in weight limits in Kentucky or Virginia¹

Type of carrier and State of home office	Revenue gains were--			No gain in revenue	Total affected	Not net affected	Total carriers
	Very important	Moderately important	Of little significance				
Regulated carriers:	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>	<u>Carriers</u>
Florida.....	3	2	0	0	5	0	5
Georgia.....	3	1	0	0	4	2	6
North Carolina....	11	3	2	4	19	0	19
Virginia.....	2	2	2	2	8	4	12
Total.....	19	8	3	6	36	6	42
Nonregulated carriers:							
Florida.....	31	5	0	2	38	3	41
Georgia.....	4	1	1	1	7	3	10
North Carolina..	2	2	0	3	7	1	8
Virginia.....	3	0	0	3	6	5	11
Total.....	40	8	1	9	58	12	70
Grand total.....	59	16	4	15	94	18	112

¹ Carriers operating in these 2 States in 1955 and after the change in 1956.

Although the carriers varied in the amount of extra mileage and costs incurred they were fairly uniform in naming the particular States they avoided. But while the increased weight limits generally improved their operating conditions, the requirement of operating authorities in many States still resulted in carriers either turning down loads to States or going around them.

EFFECTS ON SHIPPERS

The interest of the agricultural shipper in the transportation of his commodities by motor truck was the motivating force for this survey. Consequently, an effort was made to determine if these restrictions on motor carrier operations impaired the service to the shippers, and if so, to what degree. The effect of these taxes and regulations upon the operations and income of the motor carriers has been discussed. This section will discuss particularly the effects on the shipper of various State taxes and regulations on motor carriers.

Effects on Service to the Shipper

Effort was made to determine to what extent, if any, the service offered shippers by motor carriers was affected by State regulations and taxes. Information obtained from the field interviews indicated that there was some effect on the carriers' service.

Unavailability of Service

Table 42 shows the number of shippers reporting that vehicles were sometimes unavailable when needed for shipment into the four States to which particular attention was given in this survey. Of the 59 so reporting, 55 expressed the opinion that State regulations or taxes had some effect upon the availability of vehicles when they were needed. Usually this happened when the supply of trucks was less than the demand and operators had a choice of loads to a variety of destinations. The shippers answering the question ranged in size from 1 small firm shipping under 500 tons to 3 who shipped yearly more than 50,000 tons of agricultural products.

Truck brokers who had also reported the unavailability of vehicles to go into certain areas reported that their bookings were influenced by the New York and Ohio mileage taxes. Sixty-six percent of the truck brokers reporting that they booked tonnage for shippers into or through Ohio said their bookings were influenced by the Ohio mileage taxes. Eighty-four percent of the 50 brokers who booked tonnage destined for New York State or beyond, said that their business was affected by the New York weight-distance tax.⁵⁹

One Virginia truck broker said: "If trucks are not available to get produce to market, the farmer suffers; his produce gets to market late and must compete with produce from other areas. Another 1,000 loads of potatoes would have left here if trucks had been available at the peak of the market. Competition for the available trucks pushed the market down and some farmers couldn't market the crop at all; they had to take a disc and turn it under."

The particular effect of the unavailability of vehicles was to cause the shippers interviewed to (1) offer truckers a higher rate to go to a certain area, (2) shift to a market to which they could get trucks to go, (3) shift to rail transportation, (4) purchase their own trucks, or (5) not market a portion of their products. Obviously, shippers will try any method of obtaining transportation that they think will give them some net return, rather than destroy part of the crop.

Shift in Markets. --Florida shippers and truck brokers, in answer to the question on State taxes and regulations interfering with the marketing of agricultural products, said that sometimes a load could not be moved, or if moved, had to be sent to a different market than originally intended. A truck broker who had listed various State taxes and regulations as interfering with agricultural shipments said: "I have known of shippers who couldn't get a load moved for this reason. The shippers would have to sell somewhere other than where they intended and possibly in a market not so favorable." This truck broker had listed the following regulations as causing undue interference with the marketing of agricultural products: The weight-distance tax of New York, the axle-mile tax of Ohio, and the operating authority requirements of Kentucky, Texas, Missouri, and Connecticut.

Another illustration of the shipper who selected the areas to which the would ship: "I stay out of Kentucky entirely and dodge every load I can to Ohio and New York. If I have one load of produce available and two buyers, one in Ohio and one elsewhere, the buyer other than Ohio or New York gets the load as a general rule."

In answer to the basic question⁶⁰ a large Florida citrus shipper said: "State taxes and regulations did not actually cause our firm not to operate, but they curtailed certain movements during part of the season. Also, at certain times of the season, they caused us to divert truck shipment to rail shipment. At certain times, usually late in the season - April or May - when trucks are disappearing, it is frequently necessary to divert to rail

⁵⁹ Truck Broker Form 2(b), question 16: "Have your freight bookers been influenced by (a) the New York weight-distance tax? (c) the Ohio axle-mile tax?"

⁶⁰ Shipper Form 3(b), question-5(b): "Did any State regulation or tax cause you not to operate in any of these four States (Ohio, New York, Kentucky or Virginia) during 1955?"

TABLE 42.--Shippers reporting availability of vehicles when needed for movement in Ohio, New York, Kentucky and Virginia, by tonnage shipped, 1955 /

Annual tonnage shipped by motortruck	Motor vehicles available in--					Total shippers reporting vehicles unavailable ¹	Total shippers in survey	Percentage of shippers reporting vehicles not available
	Ohio	New York	Kentucky	Virginia	4 States			
	<u>Shippers</u>	<u>Shippers</u>	<u>Shippers</u>	<u>Shippers</u>	<u>Shippers</u>	<u>Shippers</u>	<u>Shippers</u>	<u>Shippers</u>
Under 1,000 tons.....	4	4	4	3	15	5	12	42
1,000-1,999 tons.....	2	2	5	5	14	7	10	70
2,000-3,999 tons.....	6	6	10	7	29	12	14	86
4,000-7,999 tons.....	7	9	10	9	35	14	19	74
8,000-19,999 tons....	6	5	9	7	27	11	14	79
20,000-49,999 tons...	4	5	7	4	20	7	7	100
50,000 tons and over.	2	2	3	2	9	3	4	75
Total.....	31	33	48	37	149	² 59	³ 80	74

¹ This number is the unduplicated count of shippers reporting vehicles unavailable in one or more of the 4 States, that is, the shipper is counted only once, even if he list all 4 States.

² 65 shippers said that vehicles were unavailable, but 6 who did not report tonnage shipped were eliminated from this table.

³ There were 7 shippers who gave no answer.

movements into certain territories. New York State is one area especially where this must be done."

Shift to Private Carriage. --Of the 87 shippers interviewed, 37 owned trucks in which they carried their own commodities. Of the 37, there were 20 who stated they had purchased vehicles because "for-hire" motor transportation was not satisfactory. While it could not be determined specifically to what degree State taxes and regulations caused for-hire service to be unsatisfactory and how much they entered into the shippers' purchasing of trucks, there was some indication that State taxes and regulations were significant in shippers' decisions to purchase trucks in many instances. Since some of the questions on the questionnaires were subjective and the reasons given by shippers for purchasing trucks were sometimes a combination of several factors, it was difficult to segregate the reasons and evaluate clearly the influence of State laws and regulations along with the other factors involved.

One shipper said: "Trucks were not available, when needed, in sufficient quantity. I believe the reason is carriers don't bother with States where they are wary of regulations." This latter shipper, a grower and packer who also operated a wholesale jobbing house, had purchased three trucks although he said he had not wanted to go into the transportation business and would have to absorb these trucks as one of the costs in his business as a shipper.

The 37 shippers owning vehicles reported a total of 316 vehicles owned and operated. These included 132 straight trucks and 184 tractor semitrailer combinations. There was no correlation in the shipping pattern between total tonnage shipped by motortruck and the ownership of a private fleet. Some large shippers owned only a few trucks; their purchase of trucks depended upon other available transportation, the type of commodity, the distance shipped, and areas served. Among the shippers interviewed, the size of the fleet varied from 1 to 25.

Many States make a distinction between the registration fees for private and "for-hire" trucks, sometimes charging the private carrier one-third less than the for-hire owner. The principal inducement, however, for a shipper to purchase his own truck in order to ship his commodities where he wants to by motor vehicle is the exemption from

State operating authorities. While private carriers are subject to weight-distance and fuel-use taxes, they are not generally required to obtain State operating authorities. Only two or three States require operating authorities of private carriers. Thus, some shippers found it desirable to own vehicles to use in areas such as Texas, Missouri, Connecticut, and Kentucky, for which few "for-hire" carriers had operating authority.

Flexibility of Service

Many shippers who preferred truck to rail transportation because of the flexibility of the service offered, indicated that various State restrictions upon motor carrier operations interfered with flexibility of the service which the carriers could offer. Instead of being able to load a truck and then decide to which market to send it, the truck broker and shipper must ascertain first where the truck can legally go. One shipper said on one occasion he had to have a truck unloaded which was ready to roll, and secure another truck after discovering that the first truck could not go where he wished to send the load. This shipper also said that "State regulations interfered particularly with the practice of 'blank billing' because the trucks that can go to any point are few and far between."

Convenience of Service

One of the principal reasons cited by shippers for using trucks was the convenience of service. Convenience of service includes a variety of items (1) loading at the time and place the shipper desires, (2) unloading at the time and place the shipper requests, (3) unloading portions of the shipment at different points before the final destination.

The latter service is frequently referred to as "drop shipments" and makes the truck particularly advantageous to the shipper. Several shippers said it was too expensive to use railroads for drop shipments; they always used trucks when they had less than truck load lots destined for several points. They said that stop-off privileges were not available at all by rail to some towns. "In any territory other than transcontinental, we are only allowed two stopovers and the final destination.⁶¹ Transcontinental allows three and final destination." A comparison of stop-off railroad rates quoted by the shipper at time of the survey with more recent information is given in table 43.

He said that motor vehicles permit more stops and charge less. "The motor truck rate varies - it is \$10 in some places; more or less at other points. In the South it varies from \$3 per stop to 12 cents per hundred weight. In the South five stops are permitted (including the destination); in the North only four (including the destination)."

TABLE 43.--Railroad charges per car for each stop during transit

Territory	At time of survey	August 3, 1959
	<u>Dollars</u>	<u>Dollars</u>
Eastern (official).....	16.17	18.95
Southern.....	15.25	16.62
Southwest.....	15.19	15.77
Western Trunk Line.....	14.35	18.64
Mountain Pacific or Transcontinental.....	14.35	16.08

⁶¹ This shipper was speaking in reference to the particular commodity in which he was interested. Generally speaking there are 2 stopovers in territories other than Transcontinental and 3 in Transcontinental territory but it may vary; there are exceptions for different commodities. The charges also vary. The rate given here is the average.

The convenience of the drop privilege is affected by the various State taxes and regulations, according to some shippers interviewed in Florida and Georgia. When shippers can't get trucks to go to certain areas it interferes with their utilization of motor vehicles for drop shipments. One shipper who had a regular customer at Portland, Maine, involving drop shipments of citrus from Florida, said he lost this customer because he couldn't find trucks available which would take a load to Maine.

Effect on Cost to the Shipper

Information obtained from all three categories of persons interviewed, reflected the opinion that the various State taxes and regulations resulted in an increased cost to the shipper. The increased cost resulted from several different factors. Weight laws cost the shipper more if he had to send the contract in split loads and also if there was damage to the produce by shifting and transferring the load. Both truck brokers and shippers were asked to report the effect on their operations of the increase in weight limits in Kentucky and Virginia. All 52 truck brokers interviewed reported various effects on their operations because of the increase in weight limits in these States. (See table 44.) There were 44 truck brokers interviewed in Florida, 4 in Georgia, and 4 in Virginia. Of the 87 shippers interviewed, 65 reported benefits due to increased weight limits in Kentucky and Virginia. (See table 45). The remainder who did not answer the question were ones who did not qualify because they had not made shipments into Kentucky and Virginia both prior and subsequent to the weight increase. Unless the shippers had movements in both periods they could not make the comparison.

Although there were fewer shippers than there were truck brokers replying to the question, the same points were noted in order of importance by both firms. More truck brokers and shippers answered that "a greater number of motor carriers were willing to accept loads into Kentucky and Virginia." "Shorter transit time" was listed second and "access to more markets" third by both types of firms. A poultry shipper said: "Poultry shipped fresh must be packed in ice. The ice and boxes weight about 1,800 - 2,000 pounds, so a 30,000 pound contract would gross 32,000 pounds. The truck weighs around 25,000 pounds so that the total weight would be 57,000 pounds." In 1955, this exceeded the Virginia gross weight by 7,000 pounds and Kentucky gross weight by 15,000 pounds.

Various estimates were made by shippers of increased cost to them of State taxes and regulations. One shipper of poultry said that it cost 1/4 cent per pound more to ship to Milwaukee, Chicago, and Detroit or any point in that area where a movement involving Kentucky was concerned, as trucks had to go around that State. A second shipper (specializing in onions) said rates were reduced 10 cents a hundred pounds on onions by truck which didn't have to go around Kentucky.

CHAPTER V

ECONOMIC EFFECT OF THIRD-STRUCTURE TAXES ON STATE TAX STRUCTURES

ATTITUDE OF VARIOUS STATES TO THIRD-STRUCTURE TAXES

Third-structure taxes have become the subject of much controversy with respect to the alleged effect on the general commerce and industry of the respective States as well as upon the motor-carrier industry. While third-structure taxes include gross receipts, excise taxes, regulatory fees, special fees in lieu of property taxes, and fuel-use taxes as well as mileage taxes, the mileage tax is the one most widely known. The most common type of mileage tax is the ton-mile tax. Variations of the ton-mile tax include the gross ton-mile tax, the tare ton-mile tax, the capacity ton-mile tax, and the revenue ton-mile tax. The axle-mile tax of Ohio and the weight-distance tax of New York are examples of the "third structure" mileage tax which have caused much controversy.

TABLE 44.--Truck brokers reporting effects on their operations of increased weight limits in Kentucky and Virginia, by location of main office, 1955

Effects noted from increased weight limits	State of main office ¹			Total
	Florida	Georgia	Virginia	
	<u>Brokers</u>	<u>Brokers</u>	<u>Brokers</u>	<u>Brokers</u>
Greater number of motor carriers willing to accept loads into these areas.....	41	3	3	47
Access to more markets.....	38	3	1	42
Short transit time.....	41	3	0	44
Lower rates.....	13	3	1	17
Less need to split loads.....	36	4	3	43
Truckers carry heavy, low value commodities.....	36	3	3	42
Book more tonnage with origin or destination in these States in 1955.....	29	3	2	34
Other.....	14	1	0	15
Total number of effects reported.....	248	23	13	284

¹ No truck brokers were interviewed in North Carolina.

TABLE 45.--Shippers reporting effects on their operations of increased weight limits in Kentucky and Virginia, by location of home office, 1955

Effects noted from increased weight limits	State of home office				Total
	Florida	Georgia	North Carolina	Virginia	
	<u>Shippers</u>	<u>Shippers</u>	<u>Shippers</u>	<u>Shippers</u>	<u>Shippers</u>
Greater number of motor carriers willing to accept loads into these areas.....	23	4	5	7	39
Access to more markets.....	18	3	5	6	32
Shorter transit time.....	24	4	4	2	34
Lower rates.....	6	3	1	6	16
Other.....	9	3	3	2	17
Total number of effects reported....	80	17	18	23	138
Number of shippers reporting effects....	36	4	9	16	65

Over the last few decades the various States have been attempting to develop a tax which would meet their revenue needs and at the same time not place too great a burden on the motor-carrier industry. Studies have been made in an attempt to develop a scientific approach to the problem. Whatever the method of computation or the theory upon which the tax is based, the results so far have not been entirely satisfactory. Many States have experimented and rejected the ton-mile tax. Some States, such as New York, have retained the ton-mile tax, but, not completely satisfied with its result, are still experimenting with its structure and administrative procedures.

Generally, the question of the practicality of the tax has overshadowed the more abstract question of equity. Research groups studying the problem have pointed out several administrative difficulties. Among such groups was the Committee on Interstate and Foreign Commerce, House of Representatives, which said in its staff report (House document no. 449, 83rd Congress): "The mileage taxes proved impractical for the following

general reasons: (1) They were difficult to administer, (2) They were very unpopular among those who were taxed, (3) Administration costs were high in proportion to revenue obtained, (4) They raised obstacles to working out reciprocity agreements with other States," (32, p. 17).

The tax is difficult to administer because it depends largely upon the voluntary declarations by motor vehicle operators of the number of miles traveled and the cargo carried. Administrative costs run high if enforcement is maintained. This type of tax is unpopular with the industry because of the additional clerical work required for compliance with the tax provisions. Since mileage taxes are not included within the accepted type of taxes granted automatic reciprocity (the first-structure taxes), the presence of the tax in a State tax structure tends to complicate the reciprocal agreements between the taxing State and other States.

States Which Have Repealed Third-Structure Taxes

During the last 30 years of experimentation in highway user taxation, 12 States imposed ton-mile or other similar mileage taxes as a primary source of revenue from motor carriers and later rejected them completely.⁶² Legislatures in 18 States have killed such tax proposals within the last several years (11, p. 24). In the following 7 States bills were introduced but defeated in 1957: California, Connecticut, Iowa, Maine, Massachusetts, Minnesota, and Nebraska. Two more were attempted and defeated in 1958, in Arizona and Mississippi. During the 1959 legislative sessions mileage taxes were proposed in 8 States: Arkansas, Kansas, Montana, New Mexico, New Jersey, Pennsylvania, South Dakota, and West Virginia. The Montana bill was vetoed by the governor; all the other bills died upon adjournment of the legislature in the respective States. Unsuccessful attempts were made in Colorado and Illinois to change existing mileage taxes. Bills calling for repeal of Alabama's and Ohio's axle-mile taxes and a similar bill affecting New York's weight-distance tax died on adjournment.⁶³

The twelve States which have experimented with some form of ton-mile tax and then rejected it are: Georgia, Iowa, Kansas, Kentucky, Minnesota, New Mexico, Oklahoma, Tennessee, Utah, Virginia, West Virginia, and Wisconsin. (32, p. 16)⁶⁴ In many instances when the tax officials believed the tax equitable, they opposed it because of difficulty of administration and the cost involved. Similar reasons for repealing the weight-distance tax were given in these various States.

Georgia

The first mileage tax imposed by Georgia in 1929 was soon modified by the legislature in 1931 (30, p. 17). Under the revised law, all for-hire carriers were required to pay an annual fee, pay the gross weight tax for property carriers, and weight and capacity taxes for passenger carriers. In lieu of this the carrier operator might elect to pay a mileage tax with rates graduated according to weight and/or passenger capacity. Under this law, no reciprocity privileges were granted to nonresident for-hire vehicles.

Administrative expenses of the mileage tax in Georgia ran high. One Georgia official, a commissioner on the Georgia Public Service Commission, said in a speech before the Virginia Highway Users Association: "The most burdensome--and the most unsatisfactory to the public--are the mileage taxes. They are also the most expensive to collect;

⁶² A few other States have had a form of mileage tax, but it has not been the primary tax and has not been so onerous to the motor carriers as the levies in these 12 States.

⁶³ Taken from the files of the National Highway Users Conference.

⁶⁴ At the time this study was made 11 States had repealed the mileage tax; since that data, two others--Kansas and New Mexico--have repealed their mileage taxes, effective January 1, 1956, and one State Idaho which had then repealed its mileage tax has subsequently reinstated it.

the average being around twenty percent of the amount collected. In my own State of Georgia it was found that it cost even more than the average twenty percent to collect.

"In 1937, the mileage tax was repealed in favor of a 'maintenance tax' which remained in effect until the beginning of 1938, after which for-hire carriers were charged a registration fee roughly double that of private vehicles in most classes (page 155, Acts of 1937)" (32, p. 17).

Iowa

In 1925 Iowa imposed a ton-mile tax upon common carriers of property operating over regular routes between fixed termini, (32, p. 17). It excepted contract and private carriage.

Many criticisms of the tax followed, both by the carriers and by the administrators. The law was administered by the Board of Railroad Commissioners, which retained 20 percent of the revenue obtained for enforcement and further stated that "the collection costs represented only a small portion of total costs in administering the law as a whole" (9, p. 4-5).

The carriers complained that the tax was too high, and that a large part of the tax was not being collected, due to evasion and noncompliance with certificate requirements. The Superintendent of the Iowa Motor Vehicle Department stated in 1936 that while he thought the ton-mile tax was equitable, there had been no successful means yet found for the collection and the actual enforcement of such a tax, at a reasonable cost. One student of the problem wrote in an Iowa State College Bulletin after the ton-mile tax had been repealed: "Experience with the ton-mile tax in Iowa and other States indicates that it is difficult to administer because it involves self-declaration by each vehicle user of the ton-miles traveled. Payment of the full tax is therefore open to evasion" (1, p. 90).

The ton-mile tax in Iowa was repealed in 1939⁶⁵ after several proposed revisions in the law which never passed the Legislature. At the time of its repeal, the Legislature substituted two tax measures: A "highway compensation tax" payable annually in quarterly installments and a revised registration fee based upon gross weight instead of rated capacity.

Kentucky

The Commonwealth of Kentucky adopted a mileage tax in 1932 which applied to all for-hire carriers (32, p. 17). In 1938, the tax was repealed in regard to property carriers. Passenger carriers continued to be subject to a mileage tax based on passenger capacity.⁶⁶ A University of Kentucky report prepared by the Bureau of Business Research said: "Because of the difficulty in administering the mileage tax, the 1938 legislature substituted a tax determined by the unladen weight of such trucks with a rate of \$1 per 100 pounds of vehicle weight. This tax was replaced in 1946 by the present registration tax which is based on gross weight, i. e., the weight of the vehicle plus the heaviest load that the vehicle will be used to carry" (14, p. 17). Kentucky has also augmented its tax structure since that date with a fuel-use tax applicable to both passenger and property carriers having more than two axles or exceeding 27,000 pounds.⁶⁷

Minnesota

In 1936 Minnesota passed a law which provided that interstate property carriers, both private and for-hire, might elect to pay a mileage fee graduated according to the net

⁶⁵ H. B. 601, Laws of 1939 (Iowa). (In State legislation H. B. is often used as an abbreviation for House Bill, and S. B. for Senate Bill.)

⁶⁶ S. B. 212, Laws of 1938 (Kentucky).

⁶⁷ See ch. IV.

unloaded weight of vehicles instead of the fees imposed on intrastate carriers of the same class (30, p. 17). In 1949 the mileage tax was repealed⁶⁸ and the registration fees were revised to apply to gross weight instead of capacity and the classifications were substantially changed. The same fees were applied to interstate carriers as to intrastate operators, subject to reciprocity agreements.

Prior to the revisions, the Minnesota Legislative Research Committee issued in August 1948 a report on motor vehicle taxation in which it commented on the operation of the mileage tax in Minnesota and other States. The report indicated that very serious difficulties existed in the administration of the law. It stated that: ". . . Because the nature of the tax makes enforcement both difficult and expensive, both intentional and unintentional evasion does exist. Thus, the tax tends to penalize large carriers who are reached because of their conspicuous position, and all carriers, whether large or small, who file accurate reports" (15, p. 64).

New Mexico

A mileage tax, with no reciprocity privileges, was passed in New Mexico in 1929 and was imposed upon both property and passenger carriers until its revocation January 1, 1956.⁶⁹ Property carriers licensed in the State bore a fee based on tonnage capacity, ranging from 1/8 cent per mile for 1 1/2 tons or less to 1 1/2 cents per mile for vehicles of over 5 tons. The fee for property carriers not licensed in the State was based on gross weight and ranged from 1 1/2 to 3 cents per mile. The fee for passenger carriers was similarly graduated, and with a distinction made between intrastate and interstate operator.

The mileage tax was supplemental to a registration fee. Carriers registered with the State Corporation Commission were issued licenses at one-half the registration fee, but were required in addition to pay the mileage tax.

According to reports issued by the New Mexico State Highway Department, the mileage tax netted a small amount of revenue and was expensive to administer. "Revenue amounted to only 0.2 percent of the 1929 State Highway Department income, and the tax never produced as much as 2 percent of the annual highway income until after the beginning of World War II. The cost of administration was often as high as 20 percent or more of total collections. In contrast, administrative costs of the motor fuel tax were legally limited to 3 percent of gross income, and those of the motor vehicle registration fees to 6 percent. In 1953 the mileage tax yielded \$781,381 to the State Road Fund" (18, p. 39).

When the 1955 legislature repealed the mileage tax, the same bill increased registration fees and adopted proportional registration of the interstate-operated fleets. An explanation of this bill submitted to the Senate Committee by James F. Lamb, New Mexico State Corporation Commissioner, gave 12 reasons for the repeal of the mileage tax among which the following four were included:

"5. Regardless of claims by those who wish to penalize certificated carriers, experience in New Mexico has proved that administration and enforcement of the mileage tax is difficult and costly. Some State officials estimate that compliance with mileage tax liability is no greater than 60 percent.

"6. To the extent that evasion of the mileage tax is practiced successfully, the discriminatory nature of the tax is increased accordingly. Many carriers, particularly those operating interstate under ICC authority, do not have the opportunity for evasion, and therefore on the average must pay a penalty of 40 percent or more if the estimate of evasion of mileage taxes is correct.

⁶⁸ Ch. 694, Sec. 5, Laws of 1949 (Minnesota).

⁶⁹ S. B. 298 (New Mexico).

"7. Discriminatory motor vehicle taxes on certificated carriers are a factor in higher freight rates, which are passed on to the consumer.

"8. In New Mexico, as in the few States with such levies, mileage taxes have been and will continue to be the major factor in unsatisfactory arrangements for reciprocity on motor vehicle taxes with other states. Under these circumstances, free flow of New Mexico products in interstate commerce is adversely affected to the detriment of the state's economy."

Mr. Lamb in a statement October 17, 1957, before the Western Interstate Committee on Highway Problems indicated a much more satisfactory tax structure in New Mexico under the legislation passed in 1955, effective January 1, 1956. A portion of the statement follows:

". . . year by year, the number of license plates that we were issuing to commercial vehicles went down and down and down. We had to do something about it, so we proposed a law that would eliminate the mileage tax and raise the license fees on all vehicles to offset--It wasn't a tax increase measure. It was never intended as such. It was never thought that it would actually produce more money. It didn't produce more money. It produced substantially the same in 1956 that we collected from the total sources in 1955. . . . I would say from the figures I have seen that our revenue in '57 will be substantially the same as it was in '56, which, as I previously stated, was about the same as '55. . . ."

Oklahoma

A mileage tax applicable to all for-hire carriers was adopted by Oklahoma in 1923. Ports of entry were established in 1935 to aid in its enforcement. In 1939, bills were passed repealing the mileage-tax law as it pertained to property carriers and removing the ports of entry.⁷⁰ A new registration fee based on laden weight was substituted as a means of raising revenue for the State.

Tennessee

A mileage tax was adopted by the Tennessee Legislature in 1931 which applied to all for-hire carriers, including interstate operators. This tax remained in effect until 1939 when a new law was passed, repealing the mileage fees except for interstate passenger carriers, and setting up new schedule or registration fees based on declared maximum gross weight.⁷¹

"A spokesman for the Tennessee State Government stated in a letter to the U. S. Board of Investigation and Research that the mileage tax laws had 'proved to be very impracticable. . . cumbersome and costly to administer,' and that 'operators had to employ additional personnel in order to file the numerous necessary reports, and a large force of state employees was required to check and maintain these records'" (33).

Utah

A ton-mile tax adopted by Utah in 1925 and revised in 1933 was applicable to all for-hire vehicles. It established a higher rate for travel on hard surfaced roads than for that on dirt roads. In 1935 the Legislature amended the law, doing away with the dirt-road provision and extending the coverage of the tax. Enforcement of the law was considered generally unsatisfactory by both the State and the motor carriers. The mileage tax was

⁷⁰ H. B. 192, Laws of 1939 (Oklahoma).

⁷¹ Ch. 105, Public Acts of 1939 (Tennessee).

repealed in 1937,⁷² when a new schedule of registration fees, covering both private and for-hire vehicles was established. In 1951 the legislature imposed an optional ton-mile tax on out-of-State carriers.⁷³

West Virginia

In 1933 a ton-mile tax was invoked in West Virginia against all regular route common carriers, both property and passenger, at the rate of 1/8 cent per capacity ton-mile for property carriers and 1/30 cent per passenger seat-mile for passenger carriers. The tax was repealed in 1951 with respect to property carriers, and in 1957 with respect to passenger carriers. The levy on regular route common carriers purportedly discouraged them from operating in the State.

One report of the National Highway Users Conference stated: "The unfortunate effect of the ton-mile tax in retarding the development of an efficient highway transportation system is illustrated in West Virginia, where the tax is imposed upon holders of a certificate for regular route intrastate operation. Despite the fact that there is a reported need for such service in West Virginia, there has been great reluctance among carriers to apply for such certificates because of the unpopularity of the accompanying ton-mile tax. As a result, the overwhelming majority of the carriers have applied for a territory certificate which exempts them from this tax. Early in 1950, there were only three certificates for regular route intrastate operation in the entire State" (7, p. 19).

Wisconsin

The ton-mile law in effect for about 22 years in Wisconsin was the subject of frequent revisions, and because of extensive exemption was applicable to only about 9 percent of the carriers. Initially the tax covered passenger carriers operating over fixed routes extending outside of municipalities, and all for-hire property carriers.⁷⁴ The basis of the tax was a gross ton-mile graduated according to weight classes with a rate ranging from 1 to 2 1/2 mills. In 1933 it was amended by the legislature which made the ton-mile tax optional with a gross weight tax for passenger carriers previously covered. In 1937 the mileage tax was abolished with regard to passenger carriers and made optional with a quarterly fee based on gross weight with regard to property carriers.⁷⁵ From the beginning, a large number of exemptions to the ton-mile tax were authorized. Prior to 1933, less than 3,000 of the 119,000 trucks in the State were covered. The law was said to be "entirely unsatisfactory, and that it was not being enforced generally."

"The Wisconsin Legislative Council reported in 1950 that 'over 91 percent of the commercial vehicles registered in Wisconsin in 1950 were exempt from the weight and ton-mile taxes, and only about 9 percent were subject to these taxes.' The statutory exemptions were based on type of vehicles, product hauled and area traveled. The report summarized them in six categories" (38, p. 171). The Wisconsin tax as applicable to property carriers was repealed, effective July 1, 1953.

Kansas

In Kansas, a ton-mile law applicable to all property carriers at the rate of 1/2 mill per gross ton-mile was passed effective July 1, 1931, and repealed January 1, 1956. A Kansas official stated as the reason for the repeal of the law: "Kansas trucks were burdened on account of reciprocity when they entered other States. Because of our ton-mile tax other States would impose taxes on our trucks engaged in interstate commerce".

⁷² Ch. 65, Laws of 1937 (Utah).

⁷³ House Bill 11-X, Laws of 1951 (Utah).

⁷⁴ Ch. 454, Laws of 1931 (Wisconsin).

⁷⁵ Ch. 339, Laws of 1937 (Wisconsin).

The biennial report of the Kansas Motor Vehicle Reciprocity Commission submitted to the 1957 Kansas Legislature reported the status of reciprocity in Kansas. The commission created in March of 1951 reported on March 23, 1953, that it had entered into reciprocity agreements with 9 States and on March 21, 1955, it had entered into agreements with 11 States. "One of the principal reasons why the Commission had not made agreements with more states was the fact that the state of Kansas was imposing a gross-ton mileage tax on commercial motor vehicles and other States would not enter into motor vehicle reciprocity agreements unless the Kansas Commission would waive the gross-ton mileage tax on motor vehicles from those states. The commission did not think it advisable to waive the tax, and therefore, only a few agreements were consummated. In 1955 the Legislature repealed the gross-ton mileage tax law, effective as of January 1, 1956. The repeal of this law made it possible for the Commission to enter into agreements with many more States.

"At the present time, (1957) there are in force and effect motor vehicle reciprocity agreements and motor vehicle proration and reciprocity agreements with thirty-nine States, the District of Columbia and the provinces of Alberta and Manitoba, Canada" (12, p. 347).

The report further stated: "Some. . . States, namely, North Dakota, New York, Ohio, Utah, and Wyoming, are charging mileage or axle-distance taxes against certain commercial vehicles licensed in Kansas. The State of Kansas therefore, charges a trip fee against similar vehicles licensed in such states when they are operated on the highways of Kansas" (12, p. 348).

Opinions of State Administrative Bodies Regarding Taxes in States in Survey

Information was obtained through correspondence and personal interview with officials in the four States in which specific taxes and regulations were under survey. These States include Ohio, New York, Kentucky, and Virginia. Since the tax program and the revenue from the respective third-structure taxes of these four States have been examined, only the administrative matters relating to taxes in these States will be treated here.

Ohio

The administration of the axle-mile tax in Ohio during the first 2 years of its inception was complicated by the fact that four departments of the State were involved: The Department of Taxation, the Bureau of Motor Vehicles, the State Highway Patrol, and the Office of the Attorney General. Legislation transferred the duties of the Bureau of Motor Vehicles to the Department of Taxation, effective October 1955. State officials report that enforcement activities have been more successful since that date. Administrative and compliance costs were reported by State officials to run between 4 and 5 percent and they estimated that they would not run over 6 percent. ⁷⁶

⁷⁶ "An accounting for the fiscal year ended June 30, 1955, would indicate that the costs of administration of the Ohio Highway Use Tax approximated \$500,000. The actual costs as reported for the year are as follows: Department of Taxation, \$404,737; Bureau of Motor Vehicles, \$82,000; Treasurer of State, \$8,000; and Auditor of State, \$1,000. These amounts add to a total of \$495,737 which is 4.2% of the actual collections (\$11,724,142) for the fiscal year. . . . The one potential cost source which is not accounted for here is the Ohio Highway. . . . Although it is undoubtedly true that the Patrol has devoted a portion of its activities to enforcement of the levy, nevertheless, there are no expenditures traceable to these particular activities (29, p. 14).

New York

Four State agencies in New York are involved in the administration of the highway use tax law known both as the weight-distance tax and the truck-mileage tax. "Administration of the weight-distance tax is divided between the Department of Taxation and Finance, Truck Mileage Tax Bureau, and the Truck Weighing Bureau of the Department of Public Works, with supplementary assistance from the State Police, Bureau of Motor Vehicles, and the Public Service Commission" (18, p. 34). "The cost of collecting the tax is estimated at about 9 percent" (18, p. 39). Upon inquiry, it was learned that the 9-percent cost of administration applied to the cost of operating only one segment of the administration and enforcement program, the Truck Mileage Bureau. If the allocated cost of maintaining the 18 weigh stations operated by the Department of Public Works, and the services performed by the State Police and Public Service Commission were added, the more realistic figure estimated by some sources of 14 - 16.5 percent of the tax revenue would be likely. Several officials interviewed indicated that the cost of collection ran around \$1.5 million or 10 percent of the total collection of taxes and permit fees, which was \$15,840,359.

The average tax return per vehicle for all vehicles in all gross weight classes was \$8.11 for the month of March 1957. This ranged from a low of \$2.95 for the 18,001 - 20,000 pound class to \$20.82 in the 68,001 - 70,000 class. Out-of-State vehicles averaged less than the New York State vehicles. The 7,306 out-of-State trucks averaged \$3.13 mileage-tax returns. In some gross-weight classes, the tax return amounted to less than \$1.00 per vehicle.

Kentucky

The 2 cents surtax which Kentucky placed on its vehicles of more than 3 axles did not prove satisfactory as a revenue measure, so the law was amended effective July 1, 1958, making it apply to vehicles with more than two axles. As the tax was not bringing in the revenue anticipated, a roadblock program was established to investigate the situation. Thirty-two ports of entry were established and "around-the-clock" operations were conducted for a 3-month period beginning April 1, 1957. Of the 8,045 Kentucky permits issued during the fiscal year, 3,925 or 48.8 percent were issued during the 3-month port of entry program. There were 444,387 trucks owned by 10,675 different truckers which passed through the ports of entry during this period. State officials observed the following facts as result of this survey: "(1) The 2¢ surtax on heavy trucks will produce a maximum of \$150,000 per quarter, or about \$600,000 per year. This estimate is based on actual collections plus estimated additional taxes to be collected by audits based on the roadblock data. Assuming perfect compliance of the carriers passing through the ports for this period, the 2¢ surtax would have yielded \$141,830 during the quarter. (2) Cost of collecting the 2¢ surtax will exceed the revenue from the tax. Direct costs for the April-June quarter approximated \$150,000. Undetermined indirect costs must be added in addition to the cost of auditing the carriers. (3) Very extensive evasion of the 2¢ surtax was indicated by a comparison of the identical truckers' tax returns with their recorded traffic through the ports. The conclusion drawn was that the evasion was not limited to the small or casual hauler, but was widespread among all size groups, domestic and foreign. (4) The roadblock program showed a substantial conversion of heavy trucks from gasoline to diesel fuel. The greater efficiency of diesel fuel in heavy equipment made it more attractive for the carrier when at the same price (7¢), the diesel could produce 40 to 50 percent more mileage than a gallon of gasoline". Thus, the effect of the surtax was partially nullified.

"One of the important findings was the large number of one and two trip operators which indicated the need for a special trip permit" (12, p. 13). Of the 10,675 carriers, 3,142 made three or less trips during the 3-month period and 1,425 made four to six trips during the period. Thus, a total of 4,567 or 42.8 percent of the total carriers entering Kentucky during April - June 1957 made six or less trips during that period.

Virginia

While Virginia was the first State to enact a fuel-use tax, it was not rigidly enforced until after New York State's weight-distance tax was passed. Several State officials upon interview indicated that the enactment of the use tax in Ohio and New York influenced their change in emphasis on motor carrier taxation from the gross-receipts tax⁷⁷ to the fuel-use tax. Due to its reciprocity provisions and an exemption of carriers whose gross earnings did not exceed \$5,000, the gross-receipts tax fell only on the larger carriers domiciled in Virginia. With the exception of Ohio and New York, which did not grant reciprocity to their highway-use laws, Virginia granted reciprocity on the gross-receipts tax to out-of-State trucks.

With the enforcement of the fuel-use tax and surtax becoming effective June 29, 1956, all interstate carriers were subject to the tax if they had more than two axles. This law caught the smaller intrastate operators as well as the interstate operators which had been exempt under the gross-receipts tax.

The fuel-use tax in Virginia is administered by the State Corporation Commission which is responsible for the issuance of the fuel-use license plate and the collection of the tax. Virginia's experience with the fuel-use tax has been more satisfactory than Kentucky's due to the fact that initially Kentucky exempted vehicles with three axles and over while Virginia did not. They each have the same amount of surtax (2 cents).

ECONOMIC EFFECT OF ENACTMENT OF THIRD-STRUCTURE TAX IN ONE STATE ON TAX PROGRAM OF NEARBY STATES

There is evidence that the enactment of a third-structure tax in one State may spur other States to impose a tax either as a retaliatory measure against the vehicles of the first State or to protect their State tax program from encroachment. The fuel-use tax is an example of various States vying with one another to be sure that fuel is purchased in their State proportionate to the mileage run in that State.

Information obtained from State officials in the States where interviews were held indicated that the existence of a fuel-use law in an adjoining State "forced" them into taking similar action in order to assure the purchase of gasoline within their own borders. Virginia officials indicated that their enactment of the surtax on heavy vehicles and the enforcement of the heretofore neglected fuel-use tax was partially a result of the Ohio and New York third-structure taxes. Statements were made to interviewers on exploratory field trips into Maryland which indicated that State was affected by the Virginia tax and consequently enacted its own fuel-use tax. North Carolina officials claimed Virginia was directly responsible for the enactment of the fuel-use tax in North Carolina. Georgia officials also interviewed stated that Georgia was forced into the fuel-use tax by North Carolina and the others. Kentucky, Tennessee, and Mississippi were also said to be influenced in the enactment of the fuel-use tax in an attempt to equalize the purchase of gasoline by the interstate carriers. One North Carolina official summed up the situation expressed by each of the States listed above when he said: "The reason for the enactment of our Highway Fuel Use Tax was due to the fact that the State of Virginia has a similar law in effect, and it was thought that the State of North Carolina was losing a large amount of revenue due to the numerous motor carriers bypassing North Carolina in order to buy fuel in Virginia . . . The chief source of revenue under our Act is reflected in additional motor fuels purchased in North Carolina by motor carriers, and there is no way to estimate the amount of this".

⁷⁷ Repealed on motor carriers of property only, effective April 1, 1957; still in effect on passenger carriers.

Officials of the State Corporation Commission of Virginia estimate that about 10 per cent of the revenue produced by the fuel-use tax is used in administration and enforcement.⁷⁸ While this is considerably higher than the amount used to administer the conventional fuel tax (about 1 percent in most States), any self-reporting tax requires careful supervision and policing in order to be effective.

CHAPTER VI

POLITICAL AND ECONOMIC EFFECTS OF DIFFERENT TAXES ON MOTOR CARRIERS

THE RECIPROCITY PRINCIPLE AND MOTOR CARRIER TAXATION The System of Reciprocity

Definition

"Reciprocity" is a term applied to a situation existing between two or more States under which a vehicle licensed in one State may have free access to the highways of the other States. This is the simplest explanation of the term; there are many varied concepts, depending upon the particular interest of the parties interpreting the term. The reciprocity principle is "based on comity which is, simply, the free and mutual courtesy under which sovereigns permit certain beneficial acts and recognitions not obligatory by strict law" (37, p. 1). Such compacts are not of the character prohibited by the Constitution of the United States. Reciprocal arrangements between States to exempt residents of one State from payment of a license tax on motor vehicles imposed by another do not violate the compact clause of the Constitution. *Bode v. Barrett*, 344 US 583.

Purpose of Reciprocity

The chief object of reciprocity is to eliminate duplicative or other additional taxes and registration fees for those motor carriers which use the highways of several States. "Such duplication or pyramiding of taxes and fees creates almost insurmountable barriers to the free flow of interstate commerce by motor vehicle."

Classes of Reciprocity

There are said to be two classes of reciprocity: "(1) automatic, in which privileges are extended equal to those given by the non-resident's home State, and (2) negotiated, in which agreements are consummated by State officials as to the extent each State will extend privileges to vehicles resident in a sister State."

Automatic reciprocity is referred to sometimes as a "complete" or "full" reciprocity. This means that vehicles "properly registered" in their home States can enjoy the rights of all the other States. This type of reciprocity "is enjoyed by the owners of private passenger automobiles in all of the States and the District of Columbia. . . it is universally accepted as a right rather than a privilege. . . . There are a few States which grant the same type of reciprocity to commercial vehicles, but these are in the minority. . . Under automatic reciprocity there is no need for either formal or informal agreements and some administrative officer determines whether the State wherein the foreign vehicle is licensed grants similar or equal privileges to vehicles registered in his own State" (4, p. 10).

⁷⁸ This amount includes the cost incurred by the State Corporation Commission (which is primarily responsible for the issuance of the fuel-use license plate and the collection of the tax), the operation of the Bureau of Motor Vehicles, and the State Police which assist in its enforcement.

Negotiated reciprocity is the type of reciprocity achieved by specific arrangements between the States. This type of reciprocity varies from written agreements to informal, oral stipulations. These agreements vary both as to the subject matter of the agreement and the application of its terms.

One analyst of the reciprocity problem summarized the situation by segregating it in to five general classifications or methods of extending reciprocity:

"1--Automatic and complete reciprocity on all fees and taxes. (That is, the reciprocity extended to passenger automobiles.)

"2.--Automatic reciprocity on license plates or registration fees to commercial vehicles properly registered in another jurisdiction.

"3--Reciprocity under bilateral agreements or informal agreements.

"4--Multistate reciprocal agreement. (Fourteen-state agreement between certain southern and eastern states.)

"5--Proportional registration. (Western states' vehicle registration proration and reciprocity agreement.)" (5, p. 41).

His first two groups correspond to the first class cited above, "automatic reciprocity." The third group or "bilateral agreement" is what was designated above as "negotiated" reciprocity. That latter type of reciprocity rests upon the shoulders of the administrative officials of the respective States who are entrusted with the task of administering reciprocity privileges. The fourth and fifth methods outlined represents "negotiated" reciprocity by a group of States instead of two. (See "Existing Agreements" later in this chapter for full discussion of this procedure.)

Bases for Reciprocity - Different Concepts

The basis for reciprocity, as the concept originated, was the registration or license fee. Since only first-structure taxes were prevalent when the reciprocity theory was invoked, it followed that the original concept would be restricted to those taxes. However, once the third-structure taxes made their appearance, the question as to whether these new taxes were to be included in the reciprocity agreements became pertinent. Highway user interests contended that the different classes of mileage taxes are still just another form of tax on motor carriers and should be included under existing reciprocity agreements.

However the generally accepted concept among the States is still that registration or license fees only should be the subject of reciprocity. Statutes of various States specify which taxes will be levied on intrastate motor carriers and which of these statutes also apply to interstate carriers. Most of those laws apply the reciprocity principle to the registration fees, but exempt from the application of reciprocal agreements mileage taxes, gross-receipt taxes, operating permit fees, excise taxes, and other special fees. Therefore, it appears that in general all third-structure taxes are exempt from the application of reciprocal agreements. In other words, an interstate carrier is subject to these third-structure taxes in whatever jurisdiction they occur, regardless of the fact that he has been properly registered by his home State and authorized by the Interstate Commerce Commission (if he is a regulated carrier) to operate among certain specified States.

THE ECONOMIC EFFECT OF THIRD-STRUCTURE TAXES ON RECIPROCITY

The introduction of a mileage tax into the tax structure of certain States complicates the application of the reciprocity principle for these States. In a situation where one State has a weight-distance tax and another, with which the first State has an agreement, does not have such a tax, problems frequently arise.

"The problems of two States in this circumstance may be demonstrated by a simple example. Suppose that 1,000 vehicles are operated in both States A and B, 500 of which

had been registered in each State. Under full reciprocity, vehicles registered in A would pay full annual taxes to A as if all their mileage were in A. None of the vehicles registered in B would pay annual taxes to A, but this might be regarded as satisfactory since A collected full annual taxes from its registered vehicles. Assuming equal mileage in each State, the result would be exactly the same as if A and B had registered all of the vehicles but had collected only half of the annual taxes from each.

"Now suppose A substitutes a mileage tax for its annual taxes. If B continues to offer and to demand full reciprocity, A faces a difficult problem. Instead of collecting full annual charges from each of the vehicles previously registered there, A now collects mileage taxes only on the actual mileage which these vehicles travel in A (i. e., on half their total mileage), and if it gives reciprocity on mileage taxes it collects nothing from vehicles registered in B. State A will be inclined to withdraw reciprocity, not only because of the apparent loss of revenue, but also because it seems patently inequitable to assess a clear variable-use tax against some vehicles but not against others.

"But State B also faces a dilemma. Suppose it continues to grant full reciprocity, even though A assesses its mileage tax against all vehicles. The vehicles previously registered in B would (if they did not move) have to pay full annual taxes to B and mileage taxes to A. B would feel that its vehicles were being discriminated against. And to avoid this, wherever possible, vehicles previously registered in B might for tax purposes move to A. In so doing, they would pay no more in mileage taxes, but they would no longer pay annual taxes to B.

"Clearly, if A is to collect mileage taxes on all operations within its borders (which seems quite reasonable from A's point of view), B should be entitled to collect a certain amount of taxes on interstate operations within B. But if B withdrew reciprocity entirely it would assess full annual charges on all interstate vehicles. This would appear to exceed B's just entitlement; and once again it could be argued that unreasonable trade barriers were being erected.

"For these and other reasons, the practice of granting full reciprocity with respect to commercial vehicles, in the above-defined sense, has broken down in many instances" (8, p. 4).

The Cancellation of Reciprocal Agreements

When various States began to adopt third-structure taxes in addition to the first- and second-structure taxes,⁷⁹ the reciprocity principle became subject to review. The imposition of third-structure taxes had an immediate effect upon reciprocity. The existing agreements were revoked in some instances and the reciprocity principle itself was impaired.

The relatively unstable basis upon which reciprocity agreements rest is well illustrated by the situations in New York and Ohio during the early 1950's and the more recent occurrences in Illinois and North Dakota. ". . . when New York instituted the weight-distance tax in 1951 and made it applicable to non-resident vehicles without any reciprocity, the repercussions were immediate. Vermont passed a law requiring that vehicles operating from any State assessing a ton-mile or similar tax against Vermont vehicles, must pay an equivalent tax when traveling in Vermont. Virginia, which had a 2 percent gross receipts tax applicable to Virginia-registered vehicles only and not to out-of-State vehicles through reciprocity agreements, cancelled this privilege for New York-registered vehicles. By February 1956, 17 states had cancelled their reciprocity agreements with New York because of this mileage tax.

"The results of the Ohio axle-mile tax, enacted in 1953, follow the same pattern. Immediately after its passage, 16 states imposed retaliatory taxes on Ohio-registered

⁷⁹ Registration and fuel taxes, respectively.

vehicles or cancelled their reciprocity agreements with Ohio. Georgia passed legislation requiring that trucks from states not granting reciprocity to Georgia trucks be required to secure an annual permit and pay \$10.00 for every trip made into the state. Kentucky put back into effect an old statute requiring a weight fee on trucks coming into the State from Ohio" (39, p. 5, 6).

The reciprocity question has been a recurring and troublesome problem since the adoption of the axle-mile tax.⁸⁰ The problem arose when Ohio, upon the passage of its axle-mile tax⁸¹ refused to grant reciprocity to carriers operating in Ohio but domiciled in other States. The for-hire motor carrier operations in Ohio were greatly affected for several years during the period of uncertainty while the tax was in dispute. Many regulated carriers filed reports but withheld payment of the tax pending the outcome of the court decisions. Many exempt haulers simply stayed out of Ohio.

One regulated motor carrier volunteered this information on his mail questionnaire: "We did not cease to operate although we feel the 'Third-structure' tax illegal. We have refused to pay the tax. The Supreme Court of Ohio declared the law an unlawful violation of the reciprocity agreement so Ohio cancelled all such agreements. There is no reciprocity between North Carolina and Ohio now so we never know when someone will require us to cease operations or to pay taxes so heavy we would be forced out of business." The Ohio Supreme Court decision referred to by this respondent was *Interstate Motor Freight System vs. Bowers* involving an agreement with the State of Michigan. The Court held that the axle-mile tax was included in that reciprocity agreement. It said "The reciprocity agreement of 1937 clearly includes a waiver and exemption of weight taxes for motor vehicles and also mileage fees for their operations in favor of Michigan's commercial motor vehicles operating in Ohio. It is also clear that the Ohio highway use-tax is a mileage tax."⁸² After the Ohio Supreme Court decision, Ohio administrative officials canceled the existing reciprocal agreements between Ohio and Michigan. This action precipitated the general cancellation of agreements between Ohio and other States which led to confusion for several years.

During this period many of the interstate carriers filed a report with protest against assessment of the axle-mile tax and did not pay the tax, but put up a bond to guarantee payment of the tax "when finally determined to be due." The carriers were required to pay the Ohio axle-mile taxes after the Supreme Court of Ohio held the tax to be a valid exercise of taxing power.⁸³ Several motor carriers in this survey volunteered the information that they paid the tax under protest. No specific question on this point was included in the questionnaire.

September 8, 1958, with only one dissenting vote, the Fourteen State Reciprocal Committee voted to invite Ohio to join the compact enjoyed by the Southern and Southeastern States.⁸⁴ However, there were four conditions established as pre-requisite to the entry of Ohio into the multi-State agreement. These four requirements were:

1. Full reciprocity on license plates.
2. Full reciprocity on axle-mile tax to household goods carriers where conditions could be met.
3. Ohio would charge a Public Utilities Commission fee where other compact members could not waive all PUC requirements.
4. Membership in the compact would be for one year, during which time Ohio would attempt to solve the axle-mile tax problem.

⁸⁰ See Ch. III p. 61 regarding four Ohio court cases, one of which was carried to the Supreme Court of the United States.

⁸¹ Effective October 1, 1953.

⁸² *Interstate Motor Freight System vs. Bowers*, 128 N. E. 2nd 97, July 1955.

⁸³ *George F. Alger Co. vs. Bowers*, 143 N. E. 2nd 835, June 19, 1957.

⁸⁴ These States include Alabama, Florida, Georgia, Indiana, Kentucky, Louisiana, Maryland, Michigan, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.

Ohio was accepted in the Fourteen State Reciprocal Agreement on a conditional basis for a year, full acceptances at the end of the year being dependent upon fulfillment of the prerequisites named above. Ohio was not able to comply with these conditions and was, therefore, dropped from the Compact at a meeting of the group in Miami June 1959. While the Ohio Legislature had introduced a bill in the 1959 session to repeal the axle-mile tax, it was defeated.

At the same meeting in August 1958 when the members of the Fourteen State Reciprocal Agreement voted to invite Ohio into membership, they also voted to extend the offer to Delaware, Missouri, Pennsylvania, Wisconsin, Iowa, and Nebraska. None of these States accepted the offer then; Missouri applied and was accepted in August 1959.⁸⁵

During the last 3 years tension has developed in several other areas concerning the application of the reciprocity principle. Differences in tax structures as between different States gave rise to controversies when attempt was made to apply reciprocal agreements which would apparently create inequities. One such controversy occurred between Colorado with a mileage tax and Illinois with a high registration fee. The Secretary of State of Illinois found that under the reciprocity agreement Colorado was waiving fees on Illinois trucks up to \$22.50 while Illinois was in turn allowing Colorado trucks to use the highways of Illinois without payment of registration fees ranging up to \$1,139. Since Colorado does not waive its ton-mile tax, Illinois officials regarded the arrangement as unfair.

The reciprocity agreement between Colorado and Illinois suffered a complete collapse during the latter part of 1957. The situation arose after Illinois adopted a new reciprocity law which permitted the Illinois Secretary of State to negotiate individual agreements with the operators of commercial trucks regarding both their licensing and their operation.

Tension between Colorado and Illinois eased when Illinois adjusted its definition of domicile for purposes of registration and permitted prorating between Illinois and Colorado carriers. Under the new agreement trucks are licensed in the State of the trucking firm's incorporation, with the exception that where a carrier, incorporated in one of the two States, has its principal place of business in the other State, its trucks shall be licensed in the State of principal business. The agreement between Illinois and Colorado carriers provided for a proration of vehicles in the fleet and a purchase of Illinois plates for these vehicles on a basis of the percentage of total mileage which was traveled in Illinois.

Illinois differed with Michigan and other States regarding the proration requirements on owners of trucks registered in other States. Two additional States with which Illinois had reciprocity controversies were Indiana and Wisconsin. As of this date (November 1, 1959) Indiana has no reciprocity agreement in force with Illinois. Carriers operating between these States must rely upon the "automatic" reciprocity principle.

Illinois still operates on the unilateral basis except for a bilateral agreement with Wisconsin and an area agreement among the four Midwestern States subject to a special compact (Illinois, Nebraska, Iowa, and South Dakota). Illinois thus has three different "reciprocity rules" it is applying with respect to different States. With Wisconsin, it is a proration agreement of vehicles in the carrier's fleet.

Illinois also had trouble with Michigan over split registration fees, but by the close of 1957 Illinois had solved its principal difficulties with Michigan and the other jurisdictions.⁸⁶ At one time, Missouri had canceled all reciprocity with Illinois and would not allow Illinois trucks to enter Missouri without payment of full registration fees.

⁸⁵ Information obtained from Harry E. Boot, General Counsel of the American Trucking Associations, Inc.

⁸⁶ Michigan splits its flat registration fees between the trailer unit and tractor unit. But in most other States, including Illinois, the trend is to place the flat registration fee on the tractor unit and charge only a small fee for the registration of a trailer.

For a short while during 1957, reciprocity was also in jeopardy in North Dakota. North Dakota passed a new law in 1957 which, the Attorney General first held, did not permit the signing of reciprocal agreements covering trucks heavier than 24,000 pounds gross weight. Later, the Attorney General reversed this opinion and held that the State Highway Department may enter into reciprocity agreements with any State for trailers of any weight. Thereafter, reciprocal relations between North Dakota and other States improved substantially.

Since the advent of new and higher State taxes over the last few years, reciprocal agreements have been under constant review. Under the present system, the agreements are wholly dependent upon the cooperation of the States, so that when a wholesale cancellation occurs as in the case of some of the States named above, the reciprocity program collapses.

The Withdrawal of Motor Carriers from the State

Some motor carriers have been known to move their principal place of business from the State in which they were domiciled, to the economic disadvantage of the State involved, when it became the subject of the reciprocal agreement revocations.

The first notable situation in which carriers moved out of the State occurred with the axle-mile tax of Ohio. For a period of time Ohio truckers were forced to pay annual license fees and other fixed charges in States which had canceled their reciprocal agreements with Ohio. The American Trucking Association, Inc., had listed as many as 16 firms which moved from Ohio. The Ohio State Tax Commissioner has indicated there were some firms which did move their offices from the State: "To overcome such difficulties some Ohio truckers moved their offices out of Ohio or licensed their vehicles in the non-reciprocating States to avoid the pyramiding of annual license fees and charges which they would have been required to pay to such States that retaliated". Some States which have in force retaliatory laws⁸⁷ against the Ohio axle-mile tax are Georgia, New Hampshire, Vermont, Kentucky, Wisconsin, and Nebraska.

Apparently the Ohio situation has settled down to the extent that no more firms have moved out of the State. The tax administrator further stated:

"While some trucking firms did move their base of operations from Ohio at the inception of our axle-mile tax law and certain revenue was lost in license fees (approximately \$500,000 in the year following the effective date of the Act), nevertheless the number of trucks and buses registered in Ohio increased 6 1/2 percent in 1955 over 1953⁸⁸ while revenues and license fees increased approximately the same percentage".

An emigration similar to that of Ohio took place in Colorado when the ton-mile tax there provoked cancellation of reciprocal agreements by the other States. "At least six large motor freight carriers with terminals in the Denver area have moved or have announced plans to move transfer points to Wyoming or New Mexico, in most cases blaming the Colorado ton-mile tax, second most severe in the Nation, as a factor in the shifts." (26, p. 1).

Whether or not the economic influence upon a State is as great as portrayed by the various reports, the economic loss and inconvenience to the companies which are forced to move out of the State might be said to interfere in some measure with operations of these companies in interstate commerce.

⁸⁷As of November 1, 1959.

⁸⁸This increase was 6.8 percent. However, the increase in the entire U. S. was 7.4 percent, so the Ohio registrations were indicative only of the general trend for the entire United States for that year. Percentages were computed from truck registrations cited in "American Trucking Trends", 1958 edition.

PRESENT STATUS OF RECIPROCITY

Existing Agreements

At present there are three pacts of States, each group negotiating reciprocal agreements among the several States within the group. These multistate reciprocal agreements are similar to bilateral agreements, but instead of applying between only two States, cover many States in a single document. The multistate reciprocal agreement was first used in 1949 when 10 Southern States joined in a compact providing for reciprocal privileges. This compact, entered into by these 10 States December 17, 1949, was referred to as the "Southern States Agreement." As of November 1, 1959, it is no longer exclusively a "southern" agreement, so it is referred to as the "14 States Agreement." However, since it will include 15 States upon the admission of Missouri, which has applied and been accepted, the name will have to be changed. The 15 States included are in the eastern United States from Louisiana and Florida to the Canadian border. (See figure 12.) The 10 States forming the original compact were Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia. Indiana was added to the group in August 1955, followed by Maryland, Michigan, and West Virginia in August 1958.

The "14 States Agreement" grants recognition by all the member States to the compact of the license plates of any other State in the group. The State where the vehicles are principally "based" shall be the proper licensing authority. "The Agreement limits operation of the vehicles to interstate operations and provides that no for-hire carrier shall be entitled to any reciprocity under the agreement unless such carrier holds a certificate or permit issued by the Interstate Commerce Commission covering its operations or is engaged in transportation of commodities that are exempt by the Interstate Commerce Commission. The agreement also contains a standard provision that it shall not cover vehicles operated in excess of the maximum size and weight allowances by the reciprocating States" (4, p. 14).

If each of the presently included 14 States were to execute bilateral agreements with each of the other 13 States, it would require 91 bilateral agreements to accomplish the same purpose as the single multistate agreement. The 14 States reciprocity agreement applies to the registration or licensing, but does not cover registration required for fuel-use laws or filing fees and vehicle plate fees required for registering the carrier's interstate operating authority with the State Commission controlling operating authorities. (See Ch. III.)

The theory upon which the 14 States Agreement was formulated is that the vehicle is licensed in the State in which it is "based." If the owner has a principal place of business in one of the States subject to the agreement, his vehicles may be licensed in that State and he may operate them between this State and the other States subject to the agreement. However, if he has more than one place of business, the basing principle will be applied. The agreement provides criteria for determining the base of a vehicle:

1. "The owner and/or operator of a vehicle shall designate the State in which he considers the vehicle based.
2. "The motor vehicle administrator or reciprocating authorities of all States shall agree as to the base of the vehicle but must, in determining the vehicle's base, give consideration, among other things, to the place from which the vehicle leaves and to which it returns in its normal operations.
3. "The owner and/or operator of the vehicle shall have the right to change the base of a vehicle from the State in which the vehicle is licensed to another State at any time, provided a new license be secured from the State where the new base is located, and the proper State authority can at any time question the base of any or all such vehicles".

The multistate 14 State Reciprocity Agreement offers full reciprocity to the States included in the agreement and operates satisfactorily within the limitations stated above. However, its application is restricted to the registration and license fees noted in the previous paragraph.

A more recent but similar type of compact is that developed by nine Western States and formerly referred to as the "Western States Agreement," but now called the "Uniform Agreement." Although bilateral proration agreements were in existence as early as 1948 between Oregon and Washington, the nine-State proration agreement was not effective until January 1, 1956. The parties to the original agreement were California, Colorado, Idaho, Kansas, Montana, Nevada, New Mexico, Oregon, and Washington. A tenth State, Iowa, applied for admission to the group and was accepted in 1958. However, Iowa statutes did not provide for such an arrangement, so Iowa could not join the compact until an enabling act was passed by the Iowa legislature in 1959. The effective date for Iowa to enter the Uniform (Western States) Agreement was January 1, 1960. Missouri, already a member of the Southern Agreement, applied in August 1959 for admission to the Western Agreement. Nebraska also applied for the Western Agreement. Thus, by January 1, 1960, the Uniform Agreement included 12 States. (See figure 12.)

In the fall of 1959 five States, some of which were already in the Western Agreement, set up a compact similar to that of the Western Agreement, but differing in some respects. These five States were: North Dakota, South Dakota, Montana, Washington, and Oregon.

As the Western States Agreement was originally drafted, it called for the prorating of vehicles, so that registration for the various vehicles of a fleet were divided among the compact States in which the fleet operated. This system has been abandoned in favor of "dollar" proportioning except in one State -- New Mexico still adheres to the vehicle prorating system. The dollar prorating permits registration of the vehicles in their "base" State and payment of a proportionate amount of the total fleet registration fees to each State through which the fleet operates.

A fleet under the "Uniform" (Western) Agreement is three or more commercial vehicles, two of which are tractors or power units and all of which travel in more than one State. Only interstate line-haul vehicles are subject to apportionment. Vehicles that are used entirely within a single State, such as pickup and delivery vehicles, are licensed fully in that State. The procedure upon which the proportional system operates is as follows:

1. "...the operator lists each fleet vehicle and the information required for registering that vehicle in each of the States to which the application is to be submitted...

2. "...a computation is made for each of the States, of fees which would be due if all the vehicles were to be licensed in any one of them.

3. "...the operator reports the total number of miles operated in each of the States to which an apportionment application is to be submitted. These miles will be computed where the vehicles operated in the fleet during the 12-month period ending on August 31 prior to the registration year for which application is made. The total number of miles run by these same vehicles in all States is also reported. Then, for each State, the operator computes the percentage of total miles which were operated by his fleet in that State during the previous year...

4. "The percentage developed in step #3 is then applied for each State to the total dollar figure computed in step #2. For instance, if the application shows that 10% of the miles for a particular fleet were traveled in California during 1956, and it would take \$100,000 to license every vehicle in the fleet in California for 1957, the operator will pay California \$10,000. In this way, each State receives the amount of money due under its own laws for that percentage of the vehicles which, if operated entirely in that State without leaving it, would be sufficient to carry on the operation in question.

RECIPROcity AGREEMENTS ON INTERSTATE TRUCKING

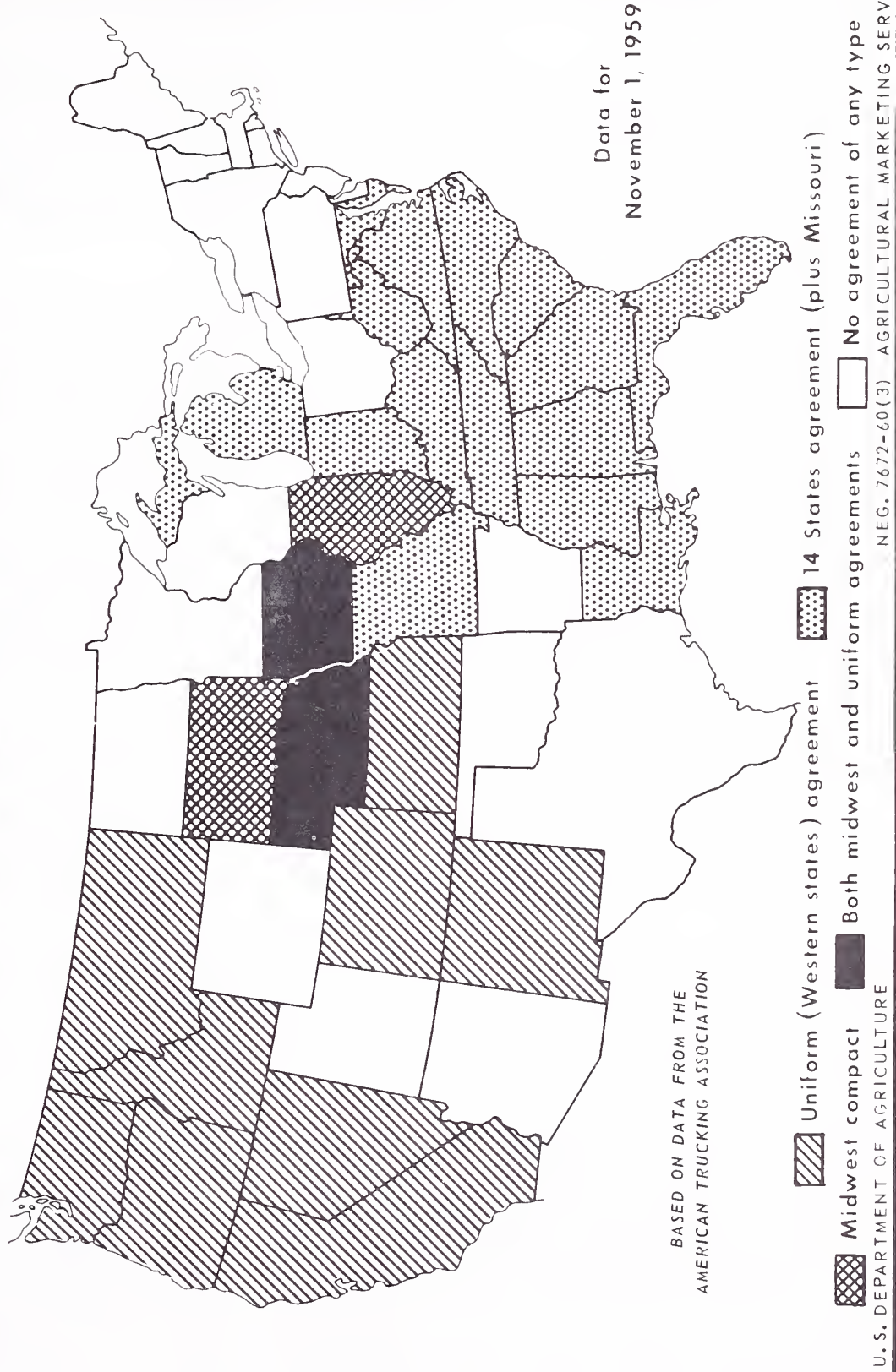


Figure 12

5. "The final step is designating for each vehicle, specifically, the State in which it is 'most' frequently dispatched, garaged, serviced, maintained, operated or otherwise 'controlled'. . . .

"Under the Uniform (Western) compact the State in which a vehicle is based issues a full registration plate for that vehicle so that each fleet vehicle will have a basic registration plate of some State. In addition, a special pro-ration plate is issued for each vehicle. Spaces are provided on this plate for affixing a special identification for each of the States to which that vehicle has been apportioned. If the vehicle has a Washington base plate and a pro-rate plate with Oregon, Idaho, and California stickers, it will be visually recognized in those States as being fully licensed in each of them. The 'stickers' are numbered and assigned, by number, to particular fleet vehicles. They are neither interchangeable nor transferrable." (35, p. 13).

Apportionment has distinct advantages for both the States and motor carrier operators. It is advantageous to the States because nonresidents do not escape responsibility. Sparsely populated areas which are not likely to be the center or home office of carriers, will receive their proportionate share of income in relation to the vehicle's use of highways of the State. Apportionment results in the equivalent of license reciprocity for commercial vehicles while at the same time affording equitable distribution of annual charges among the States on the realistic basis of actual physical presence of vehicles. Of importance to the carrier is the fact that there is no duplication of licensing, yet each fleet vehicle is fully registered in each of the prorated States to which it has been apportioned. Each vehicle can be freely operated both interstate and intrastate in all of them.

While the Uniform (Western) proration system has operated most satisfactorily within the compact States, complications arise with respect to movements of vehicles into their region from noncompact States and from the region where the agreement is in effect into the noncompact area. "Divergent practices among the various States of the Union cannot help to resolve the interstate vehicle licensing problem. Any effective solution must come through cooperative action by the States" (35, p. 15).

A third pact which would embrace 15 States within the central area of the country was the subject of discussion at the 1956 annual convention of the American Association of Motor Vehicle Administrators. (23, p. 1). The agreement as originally considered was to be similar to the 14 State Agreement in that it would be a reciprocity agreement wherein all States in the compact would honor the license plates of sister States in the compact. "Contemplated for membership in the proposed 'Central States' agreement were Indiana, Illinois, Kentucky, Iowa, Ohio, Nebraska, North Dakota, South Dakota, Wisconsin, Minnesota, Michigan, Missouri, Arkansas, Texas, and Oklahoma."

The Central States Agreement as contemplated did not materialize. Instead a different compact evolved--rather than reciprocity, the proration system was used. Only four States culminated the Midwest Agreement--Illinois, Iowa, Nebraska, and South Dakota--of which two (Illinois and Nebraska) are members, as of November 1, 1959. South Dakota will become a member effective January 1, 1961, and Iowa as soon as certain legal prerequisites can be arranged. Iowa and Nebraska will be members of both the Midwest and Uniform(Western) Compacts.

The Midwest Agreement is similar to the Uniform Agreement in that the contracting States prorate between them the plating of the carriers' vehicles but it differs from the Uniform Compact in several respects. The "Midwest Vehicle Proration Compact" considers only the mileage run in the Midwest compact States as "total" mileage, while the Uniform Agreement takes into account the entire mileage run in all States as "total" mileage. The Uniform Agreement, with the exception of New Mexico,⁸⁹ prorates on the basis of dollar value of registration fees, while the Midwest Compact prorates on both the dollar value and total number of vehicles. In the Uniform Agreement there is a base State which issues the license and each of the other States has only a tag in the prorated

⁸⁹ New Mexico physically prorates the number of vehicles in the fleet between the States in which the carriers operate.

plate. Carriers pay fees to the States based on proportionate vehicle miles operated in those States. The Midwestern States, on the other hand, do not have a "base" State. After the dollar value has been figured out, the carrier applies the money to the actual purchase of vehicle plates of the different States and proportions his fleet, so that a plate of one of the various States in the compact appears on each vehicle. Another program has also been suggested:

"There is currently under consideration an inter-regional compact between the States of the Western and Southern regions. This compact, tentatively known as the 'Atlantic to Pacific Coast Agreement', would extend reciprocity on registration requirements to an operator from one of the regions desiring to operate in the other region. The proposed agreement is now circulating among the State officials charged with negotiating these agreements".

Recent Developments

In 1958, effort was begun from two directions to promote uniformity in State regulation of motor carriers and to remove any unnecessary restrictions. Federal regulation was proposed by Representative Huddleston, of Alabama, in the form of H. R. 12846, June 9, 1958. It did not pass before Congress adjourned so was reintroduced March 1959. This bill (H. R. 5175) was before the Committee on Interstate and Foreign Commerce of the House of Representatives at the date that the first session of the 86th Congress adjourned. The bill as introduced would bar the States from assuming economic regulation over carriers operating vehicles in interstate commerce. It provides:

"That no State shall require any motor carrier operating one or more motor vehicles in interstate or foreign commerce in accordance with the terms and conditions of a certificate of public convenience and necessity or permit issued to it by the Interstate Commerce Commission and in compliance with the provisions of this part and the rules, regulations, requirements, or order promulgated thereunder, to register said certificate or permit, identify its vehicles, file surety bonds, policies of insurance, qualifications as a self-insurer or other securities or agreements, or otherwise comply with the economic regulations (as distinguished from tax or safety regulations) of such State with respect to the operation of said vehicles in interstate or foreign commerce."

Officials of the State governments initiated another action designed to achieve uniformity and remove some duplication of State regulation. State regulatory commissioners, in annual convention in Phoenix, Ariz., November 17-20, 1958, through their Committee to Promote Uniformity in the regulation of motor carriers, recommended a course of action which the committee declared would, among other things, remove the basis for Federal legislation in this particular field of regulation.

"The committee said it had unanimously agreed on a 5-point program for simplifying and standardizing the application, identification and reporting forms required of interstate motor carriers. This included: (1) Adoption of a single and short uniform form to be used in filing for interstate operating authorities with the State commissions; (2) elimination of the required filing of financial statements by truck lines; (3) adoption of a single uniform form for registration of motor vehicles with the various State commissions; (4) elimination of external identification devices; and (5) adoption of a single uniform form of certificate of insurance and a standard form of endorsement to be filed by a motor carrier's insurance company with the different State commissions.

"Four important advantages of such a program, the committee said, were: (1) Removal of undue burdens now existing in connection with operation of interstate motor vehicles; (2) more effective and more economical regulation by the States of the interstate motor carrier; (3) passing on to the public, in the form of cheaper transportation, of the savings to be effected through uniform regulations; and (4) removal of the basis for federal legislation in this field of regulation.

" 'This is a very simple program', the committee said. 'Its implementation will not require the rewriting of all of the laws of the various States. It can be fully implemented in a majority of the States by a mere change in regulations'. " (22, p. 17).

However, the proposals of the committee would still require interstate carriers to register with each State or obtain evidence of compliance with State regulations in order to operate in or through the various States, and would require these carriers to file forms certifying their insurance coverage.

CHAPTER VII

CONCLUSIONS

REGULATIONS

Size and Weight Restrictions

Increases in size and weight permitted for trucks, in accord with improved designs, has been the general trend among the States over the last 25 years. Fifteen States increased their weight limits between 1954 and 1957. In 1955, when this survey was begun, there were four States along the Eastern seaboard with weight limits much below those of other States and which were said to interfere with the movement of agricultural products and supplies. These four States were Pennsylvania, Kentucky, Virginia, and Maine. The weight limits of Pennsylvania were raised in 1955, Kentucky and Virginia in 1956, and Maine in 1957.

Size limitations have also become more uniform in the last 5 years. In 1954 there were 17 States with a 45-foot limit on length of trucks; by 1957 this number had been reduced to 5. During 1959 the remaining 5 States with length limits under 50 feet raised their requirements to that level. These 5 States were: Connecticut, Georgia, Massachusetts, New Hampshire and Tennessee.

Height restrictions have also been raised, so that the majority of the States now have permissible height of 13 feet 6 inches or higher. As of July 1, 1959, there were 2 States with no height limitations, and 28 with 13 feet or over as compared to only 19 with a restriction of 12 feet 6 inches.

Operating Authority Requirements

Although the restrictions on the physical limitations of the vehicles have been eased, the State requirements for operating authorities by interstate motor carriers of property have not been relaxed. In fact, that is one of the types of regulation about which the carriers complained the most, especially the exempt haulers of agricultural commodities. Only eight States exempt interstate carriers from obtaining operating authorities. Three of these States do not require operating authority of either intrastate or interstate haulers; one State, which requires intrastate authority, specifically exempts interstate carriers; and four others do not enforce the requirement against interstate haulers by virtue of reciprocity agreements which include "special fees" in addition to the usual registration fees. The carriers interviewed stated that obtaining an operating authority was frequently very difficult and time consuming.

It is understandable that the States should expect for-hire carriers entering their jurisdictions to submit a limited amount of information regarding the trucks that will be using the State highways and to provide assurance that an appropriate amount of insurance is available for the protection of other highway users. However, the National Association of Railroad and Utilities Commissioners has suggested that these needs could be satisfied by the filing of a simple form or forms, uniform among the States.

In any case, the phrase "operating authority" does not appear to aptly describe what the States may demand of the carrier operating in interstate commerce. The courts have decided that the grant or with-holding of the right to operate in interstate commerce was pre-empted by the Federal Government through the passage of the Motor Carrier Act of 1935. (United States v. Union Pac. R. Co., 20 F. Supp. 665 (1937); Castle v. Hayes Freight Lines, Inc., 348 U.S. 61 (1954)). As far as haulers of non-manufactured products of agriculture are concerned, these were specifically made exempt from economic regulation by the same act, Section 203(b)(6).

TAXES

First- and Second-Structure Taxes

The principal tax difficulty encountered by motor carriers in interstate commerce is the variance in tax structures among the States. The multiplicity of taxes in the States' tax structure pertaining to motor carriers creates difficulty for the carriers in complying with the different tax requirements. Carriers prefer a "one-package deal." All the States have two types of taxes, the fuel tax and registration fees, but the taxes vary widely in application among the States, depending upon which type of tax the State places its emphasis. The gas tax, a "second structure" tax, varies among the States from 3 to 7 cents. Other special fuels vary from 3 cents to 9 cents. Both the base and the range of fees vary for the registration fee, a so-called "first-structure" tax. The registration fee in one State is as low as \$22.50 in contrast to another State where it ranges as high as \$1,139.00 for the same type of vehicle.

Third-Structure Taxes

The addition of third-structure taxes by some of the States further adds to the heterogeneous composite of the tax structure, so that no two States offer the motor carrier a similar tax program. The small carriers interviewed found it difficult to keep informed on the various State tax requirements and regulations. From the information obtained in the field survey it appeared that the truck operator with few trucks was subject to a very small amount of "use" taxes and, therefore, these taxes were not an especially serious financial burden upon these carriers. However, fines for noncompliance because of lack of knowledge or understanding by the small carrier of the provisions of the various State laws were substantial. Many firms complained that the cost of recordkeeping exceeded the tax collected.

Many States are still experimenting with various third-structure taxes in an attempt to arrive at a satisfactory schedule of highway user charges for motor carriers. In this respect the "fuel-use" tax has sprung up and become a popular form of tax with State governments in the last decade. The majority of the States have a tax on diesel fuel and 16 States now have a use tax on gasoline. This latter tax is especially prevalent along the Eastern Seaboard. The fuel-use tax has a "cumulative" effect. When several States in an area adopt the tax, it influences adjoining States in that area to follow suit in order to claim their proper share of taxes for the use of their highways. Although more motor carriers interviewed in the survey listed the fuel-use tax as the principal tax restriction interfering with their operations, some would prefer it to the ton-mile tax.

The ton-mile tax in various forms and methods of application has been tried and repealed in 13 States. Among various reasons given for its repeal are: the high cost of administration, inequities in its application, and interference with reciprocity between the States.

Another problem in taxation has been remedied somewhat by a recent trend. Formerly one State would have a high registration fee on the tractor and a small fee on the trailer. Another State might have the reverse-- a principal fee on the trailer and a nominal charge on the tractor. In the last 2 or 3 years the trend has been toward a principal

registration fee on the power unit with a nominal identification type of registration fee on the trailer. The theory back of this is that the power unit is the important part of the combination. It is the money-earning portion of the unit. Furthermore, it generally stays closer to the home base and, therefore, it is more fitting to place the principal fee on it. The trailer is more like a box car in that it may be interchanged and travel far from its home territory.

THE ECONOMIC CONSEQUENCES OF THESE TAXES AND REGULATIONS UPON SHIPPERS AND MOTOR CARRIERS

It appeared from the firms interviewed that the haulers of agricultural products frequently turned down loads into areas with restrictions on motor carriers during the season when the number of shippers seeking trucks exceeded the supply of trucks. When the season was "on" the truckers could afford to be selective of the loads and destinations to which these loads would be shipped. It further appeared that many small carriers, in turning down these loads, were gradually limiting the areas which they would serve. Thus they were cutting down upon the markets available to the shipper who chose to ship by truck.

Many carriers were also restricting the size of their operation. Some individuals said they could keep records on two trucks of which one was operated by the owner and the other by a hired driver. However, if they attempted to operate more than two, they had found it necessary to hire an accountant because of the large number of reports requested by so many States. Thus the State taxes and regulations might be said to contribute to size or growth limitations on small carriers.

Shippers interviewed complained principally of not being able to get trucks when they needed them, rather than of the cost of the truck transportation. Most of the shippers who utilized truck service were willing to pay higher rates for trucks than rail probably because of service considerations. This was especially true where the shipments were small or the distance short.

However, from the information obtained in the field survey, one economic effect of the increase of weight limits in Kentucky was the reduction in costs to carriers through eliminating the extra mileage required in bypassing that State. The shippers consequently realized a saving in northbound shipments which could now go through Kentucky instead of around it. Also in the case of Virginia, a saving occurred when the trucks were dispatched straight through without having to unload and reload a portion of a heavy load on another vehicle.

Shippers also complained of the lack of uniformity of regulations between the States. This affected the amount they could ship. Many shippers said that they could only load to the lowest limit of any State through which the trucks must pass because they feared that unloading and reloading of a portion of the load might result in increased damage to perishable commodities.

One economic effect noted by some shippers was the lack of flexibility which State regulations or tax requirements sometimes introduced. Many shippers who preferred trucks because they generally lent themselves to a more flexible operation than rail cars, said that sometimes they were not able to divert loads between markets to meet a quick change in market prices. In a few instances, in order to make a change in the destination of the shipment they had to unload the truck already loaded because it was not registered for some tax or operating authority in another State to which the shipper wished to divert the load.

There was evidence that the adoption of third-structure taxes created reciprocity problems between States which affected the flow of interstate commerce.

While some States have banded together to grant reciprocal privileges either through the recognition of the license plate of a sister State where the vehicle is based (as in the 14 States Agreement) or through a proration of the fleet between the States (as in the Uniform States Agreement), the effect of these agreements is limited. In the first place not all the States are in these individual agreements -- only about half. Second, these agreements apply only to registration fees; mileage taxes are not included in the agreements when the proration computations of the fleet are made. Thus the method of motor vehicle taxation which has received the most criticism from motor carriers is not affected by the various agreements.

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