Highs and Lows of Speed Limits

With cheaper gas prices persisting, drivers are on the road again like never before. It’s prompting renewed legislative debate over speed limits and how to balance Americans’ desire for time savings with safety considerations.

“I think the highways were built for a higher speed. ... I think we can safely drive 5 miles an hour faster more effectively and save some people time, if they choose,” says Montana Senator Scott Sales (R). The Legislature agreed with him and last year voted to increase the maximum speed to 80 mph for cars and 65 mph for trucks. Nevada, South Dakota and Wyoming set their maximum speeds at 80 mph as well in 2015; Idaho and Utah did so in 2014.

Since Congress repealed the 65 mph national speed limit in 1995, 38 legislatures have increased their limits to 70 mph or higher on some portion of their roadway systems.

Wisconsin Representative Paul Tittl (R), noting that his was “the only state in the Midwest with a 65-mile-per-hour maximum speed limit for all roadways,” was pleased when a bill increasing the limit on certain stretches of highway to 70 mph was passed in 2015. “This bill will align the state’s speed limit with that of neighboring states and most of the country,” he said at the time. Maryland and Oregon also recently joined the 70-mph group, as did Illinois (for toll roads only) after overriding the governor’s veto. New Hampshire and Ohio raised their limits to 70 on some freeway sections. Maine’s limit went to 75 mph on certain highways three years ago; Washington’s did so last year.

But not all efforts to raise limits have met with success. A Florida bill to increase the 75 mph limit to 80 was vetoed by Governor Rick Scott (R), because faster speeds “could ultimately and unacceptably increase the risk of serious accidents for Florida citizens and visitors,” he said.

Indeed, some states are recognizing that a small reduction in speed can mean the difference between life and death. One AAA study found the average risk of pedestrians dying after being hit by a vehicle traveling 23 mph was about 10 percent. If the driver was going 32 mph, the risk went up to 25 percent, and at 42 mph a pedestrian had only a 50-50 chance of survival. Recent estimates show a 10 percent increase in the number of pedestrians killed in 2015 compared with 2014. Lawmakers in New York, Oregon and Washington have made it easier for local governments to reduce limits in some areas to improve safety for pedestrians, bicyclists, school children, people with disabilities and others.

In the last five years, the Oregon and Washington legislatures enacted laws allowing speed limits to be lowered to 20 mph in certain cases. Portland, for example, created a 70-mile network of neighborhood greenways—residential streets where travel by bike and foot is encouraged and speeds are limited to 20 mph. Oregon Senate Majority Leader Ginny Burdick (D) says the lower limits will motivate Oregonians to ride their bikes on residential streets and will reduce bike traffic on arterial streets.

Speeding was a factor in more than a quarter of all roadway deaths in 2014, with males 15 to 24 years old and motorcyclists the most likely to be involved in speeding fatalities. Complicating matters, alcohol plays a huge role in speeding deaths; 42 percent of speeding drivers in fatal crashes had blood alcohol concentrations over the legal limit, compared with 16 percent of non-speeding drivers, according to 2013 data. And speeding varies widely by region. Speeding drivers were more prevalent in the West and Deep South, and less common in the Pacific Northwest and Central Midwest, according to a 2011 study by the National Highway Traffic Safety Administration. Fewer deaths occurred in dense, urbanized states, where people tend to drive less frequently and at slower speeds, than in less populous, rural states, where top speed limits are often set at 70 or 80 mph, a 2015 University of Michigan study determined.

Because speed limits so directly affect constituents’ everyday lives, it’s likely the legislative debate over speeding up or slowing down will continue.

—Douglas Shinkle and Amanda Essex
How Green Is Green?

When considering whether to legalize and regulate marijuana, rarely does the topic of electricity use come up. Yet the plants often are grown indoors to ensure the best productivity and control, and that requires a lot of electricity. Power-hungry grow lights, air conditioners, fans and dehumidifiers sometimes operate 24 hours a day.

In Colorado, where recreational and medical marijuana are legal, indoor facilities consumed as much electricity as 35,000 homes in 2014, Bloomberg News reports. In California, where medical marijuana is legal, indoor facilities used as much electricity as 1 million homes.

This growing demand for electricity has forced some states and localities to begin planning for how future growth may affect strained electric grids, energy efficiency efforts and greenhouse gas emissions. For example, Boulder County, Colo., now requires commercial pot facilities to offset their high electricity consumption by using renewable energy or by paying a 2 cent per kilowatt-hour charge. The money will fund the development of energy-efficient marijuana cultivation practices and other carbon offset projects. Growers receive an energy-monitoring device to track their real-time use of electricity.

Cities also have levied taxes on heavy energy consumers. In Arcata, Calif., for example, an “excessive energy use tax” applies to residential customers who use 600 percent more than a set baseline or more than an average of three residential households.

The expanding legalization of marijuana may increase the demand for electricity, but it also may provide this sector with access to more energy-efficient technology, as well as to state and local efficiency rebates and incentives not available to the industry before it was legal and regulated.

Lawmakers have many issues to weigh when considering marijuana policies. Electricity use is one that merits attention.

—Jocelyn Durkay

More Than Just Hot Air

Concern over fake air bags continues as counterfeiters improve their ability to replicate the look of certified, original parts—right down to the logos and branding of the major automakers. Of the 18 states yet to jump into the foray against the fakes, California, North Carolina, Pennsylvania and South Carolina debated, but have not yet passed, legislation this year. Maryland enacted legislation this year prohibiting the importation, manufacture or offer for sale of dangerous counterfeit, nonfunctional air bags which are currently flooding the market.

Counterfeit air bags might look like the real deal, but they perform much differently. The pretenders consistently malfunctioned—from not deploying at all to spewing metal pieces when deployed—during tests by the National Highway Traffic Safety Administration.

Drivers who have bought air bags online, or had their air bags replaced by an independent repair shop in the last three years, or who purchased a used car that has been rebuilt or has had its air bags replaced, are at risk.

Legislators in 32 states have responded in the last five years with legislation that prohibits airbag fraud. Twelve states have enacted tougher laws that prohibit the importation, manufacture, sale, installation or re-installation of counterfeit and nonfunctional air bags.

—Erica Vincent
A World of Comparison

To put the “ridiculously large $18 trillion U.S. economy into perspective,” Mark Perry, a professor of economics and finance at the University of Michigan and the editor of Carpe Diem, the American Enterprise Institute’s blog, matched each state with the country that had the most similar nominal gross domestic product. His point? To remind us of the economic powerhouse we live in, where “wealth and prosperity are being created all the time,” he says.

If California, Texas and New York were separate countries, they would rank in the world’s top 14 largest economies, he points out. And, although the U.S. portion of the world’s GDP has been declining, the U.S. still produced 22.5 percent of the global gross domestic product in 2014, with less than 5 percent of the world’s population.

Economic power can be measured in many ways, however. For example, when looking at productivity, measured by comparing number of hours worked with GDP, the U.S. ranks third, behind Germany and France, with Russia in fourth place, according to an analysis by PGI, a business software provider, using data from the Organization for Economic Co-operation and Development and The Economist.

A Leak in Tax Shelters?

The corporate income tax has long been a relatively small, though important, portion of state tax revenue. It accounted for 5.4 percent of total tax collections in 2014, down from 7.4 percent in 2007. Revenues are down for several reasons, but the most common revenue drain comes from corporations sheltering profits (done easily these days electronically) in places with favorable taxes—aka tax havens. Along with low, or no, taxes, havens offer privacy, with laws that prevent sharing information about taxpayers. They also usually allow foreign-owned entities to “establish” themselves there without doing much business locally. Havens also often limit local residents from taking advantage of the benefits they offer foreign-owned enterprises.

Because defining a tax haven is subjective—and no one embraces that label—lawmakers are moving cautiously. To recoup some of the revenue they are losing, several states now require corporations to include in their bottom line not only income from domestic enterprises but also from affiliates incorporated or engaged in foreign tax havens. And, in the last several years, legislators in six states and the District of Columbia have passed additional tax haven laws.

Legislators in Montana and Oregon took the straightforward “blacklist” approach, which identifies and names specific tax havens and penalizes businesses that incorporate in them. Opponents argue this strategy hurts businesses with legitimate activity in these haven-labeled locations. Montana collected an additional $7.2 million after its law passed in 2010, and Oregon is anticipating $18 million more this year.

Lawmakers in Alaska, Connecticut, Rhode Island, West Virginia and the District of Columbia have taken a little different approach. They do not name havens but consider several criteria when determining a corporation’s tax liability. They also allow the businesses to demonstrate they have legitimate reasons to be incorporated in a place considered a tax haven. Critics say this approach is too vague to be effective. Another 11 states considered, but did not pass, tax haven legislation in 2015, and at least 10 have done so this year.

States also have an eye on Congress. The Foreign Account Tax Compliance Act, which took effect in July 2014, improved access to information on U.S. taxpayers abroad and has led to pacts with more than 100 countries. It’s expected to add $8.7 billion to federal coffers over the next 10 years.

—Jackson Brainerd