

**Committee on Transportation and Infrastructure
U.S. House of Representatives**

January 14, 2014

“Building the Foundation for Surface Transportation Reauthorization”

**Alliance for Toll-Free Interstates
P.O. Box 20
Richmond, VA 23218
804-771-5331
www.tollfreeinterstates.com**



**ALLIANCE FOR
TOLL-FREE INTERSTATES**

**Testimony Submitted for the Record
Transportation and Infrastructure Committee
U.S. House of Representatives**

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Introduction

The Alliance for Toll-Free Interstates (ATFI) is pleased to submit the following testimony for the Record of the Transportation and Infrastructure Committee's hearing on the January 14, 2014.

ATFI is a broad coalition of businesses, associations, and individuals who believe that existing interstate lanes should remain toll-free. Our membership spans the restaurant, trucking, distribution, warehousing, logistics, moving, truck & car rental, travel, manufacturing and heavy equipment industries.

We appreciate the challenge of identifying sustainable revenue sources for America's transportation infrastructure. Fortunately, it is a challenge that has been met successfully in the past, and we have confidence that the Transportation and Infrastructure Committee will be able to find ways of meeting our nation's highway construction and maintenance needs moving forward.

The spectrum of funding mechanisms for consideration by the committee is wide, and ATFI believes that different state and regional circumstances call for different infrastructure funding approaches. Occasionally, tolls may even be a viable choice for funding new construction. However, we strongly believe that allowing new tolls on existing interstate capacity is inappropriate under all circumstances.

Tolls are Inefficient

Decades of data shows that toll infrastructure is inherently inefficient and takes many years to generate any net income. According to the Transportation Research Board of the National Academy of Sciences, the administrative, collection and enforcement costs of a typical toll facility are 33.5% of the revenue generated.ⁱ Compare this to the Board's finding that the administrative cost of the federal fuel tax is about 1% of revenue.ⁱⁱ

Even though electronic toll collection can make tolling more efficient, it creates a series of new problems and is still relatively costly. For example, in 2003, researchers in New Jersey calculated the annual cost of electronic toll collection on the Garden State Parkway to be \$46.9 million—or about 92% of what it cost the federal government to collect federal fuel taxes in all 50 states during that year.ⁱⁱⁱ

Furthermore, tolls can be evaded by going through an electronic toll plaza without a transponder, using a transponder with an outdated account, having an outdated mailing address attached to a vehicle with no transponder, or simply by choosing to take an alternate, non-tolled route. According to the North Texas Tollway Authority (NTTA), in 2012, over 7% of the total revenue generated by NTTA was never recovered due to evasion and other collection problems.^{iv} By contrast, funding mechanisms like the fuel tax and the sales tax are more difficult to evade.

Tolls are Taxes

Taxes built our interstates and fuel taxes continue to pay to maintain them. New tolls would tax users twice. Since the inception of the Federal Interstate Highway System, the federal fuel tax has always been the primary source of revenue for the construction and maintenance of federal interstate lanes. Revenue generated from the fuel tax funds ongoing construction and maintenance of the interstate system throughout the country. A new toll on an existing interstate forces a motorist to pay two taxes for that same road: a fuel tax and a toll tax.

Some states, like Virginia, require that road maintenance take priority over construction. The Code of Virginia mandates that transportation revenue first be distributed into the maintenance fund before money is allocated to construction projects. This includes the maintenance of the federal interstates located in Virginia.^v Fuel tax collections are often more than sufficient to cover road maintenance costs. For example, in 2007, Pennsylvania trucks and cars paid an estimated \$130 million in fuel taxes and user fees for the miles driven on I-80, while maintenance and operation of I-80 cost the Pennsylvania Department of Transportation an average of \$80 million per year at that time.^{vi}

Tolls Cause Traffic Diversion

Traffic diversion creates congestion on the local and secondary roads near toll facilities. This congestion delays response times for emergency personnel who rely on these secondary routes to quickly get to and from accidents and emergencies. A recent study on the effects of tolls in North Carolina predicted that tolls would divert up to 36% of traffic to alternate routes, contributing to delays, traffic accidents, and wear and tear on smaller secondary roads that were not built to handle high traffic levels.^{vii}

Local roads deteriorate when they must accommodate traffic volumes that they were not built to handle. When these roads need to be fixed, the onus of payment falls to local communities and states. This diversion also hurts local businesses that depend on

interstate drivers for their customers. A 2013 Economic Assessment of I-95 in North Carolina estimated that between 2014 and 2050, diversion from tolls on I-95 would cost approximately \$1.1 billion dollars in revenue to businesses within a mile of the I-95 corridor in North Carolina.^{viii}

Conclusion

Since its creation, the Interstate System has been financed under the philosophy that roads should be funded primarily through fuel taxes not tolls, and tolling (other than on interstate segments that pre-date the establishment of the Interstate System in 1956) is limited to the reconstruction or replacement of interstate bridges and tunnels, and special use lanes such as High Occupancy Vehicle (HOV) lanes. Allowing new tolls on existing interstate lanes would be a violation of the public trust. In 1998, Congress authorized three toll pilot projects, in three separate states, on the Interstate System. To date, none of the three projects has been implemented, and two of the states have since passed legislation that makes tolling more difficult, sending a clear signal that they do not want tolls on existing interstates.

ATFI recognizes the difficulty of meeting all the nation's transportation infrastructure funding needs in the 21st century, and that a variety of revenue generation sources should be considered. However, ATFI submits that some revenue sources are more worthy of consideration than others, and allowing new tolls on existing interstates would be the worst policy to enact.

ⁱTransportation Research Board, National Cooperative Highway Research Program, 2011. *Cost of Alternative Revenue-Generating Systems*: p72-74.

ⁱⁱTransportation Research Board, National Cooperative Highway Research Program, 2011. *Cost of Alternative Revenue-Generating Systems*: p62.

ⁱⁱⁱJonathan R. Peters and Jonathan K. Kramer, 2003. "The Inefficiency of Toll Collection as Means of Taxation: Evidence from the Garden State Parkway," *Transportation Quarterly* 57.3: p20. Accessed October 30, 2013 http://www.cunyspsc.org/files/papers_o/p_TRA_2003_06_PetersKramer%20TQ%20Sum%202003_o.pdf

^{iv}Brandon Formby, "Some holes in North Texas toll collecting hard to close," *Dallas News*. October 20, 2013. Accessed October 30, 2013 http://www.dallasnews.com/news/transportation/20131020-some-holes-in-north-texas-toll-collecting-hard-to-close.ece?ncklick_check=1

^v*Allocation of funds among highway systems*. Virginia Code, § 33.1-23.1

^{vi}Miller, Tracy C. 2009. *I-80 Tolling Impact Study*: p3-4. Accessed November 7, 2013 <http://www.thenewspaper.com/rlc/docs/2009/pa-gctoll.pdf>.

^{vii}Cambridge Systematics, Inc. for North Carolina Department of Transportation, 2013. *North Carolina I-95 Economic Assessment*: p3.26. Accessed November 4, 2013 http://www.driving95.com/assets/pdfs/North_Carolina_I-95_Economic_Assessment.pdf

^{viii}Cambridge Systematics, Inc. for North Carolina Department of Transportation, 2013. *North Carolina I-95 Economic Assessment*: p3.47. Accessed November 4, 2013 http://www.driving95.com/assets/pdfs/North_Carolina_I-95_Economic_Assessment.pdf