Statement of

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On behalf of

The American Trucking Associations

Before the

Subcommittee on Highways & Transit
Committee on Transportation & Infrastructure
United States House of Representatives

Hearing on

Pricing and Technology Strategies to Address Congestion on and Financing of America’s Roads

September 11, 2019
Chair Norton, Ranking Member Davis, and members of the subcommittee, thank you for providing me with the opportunity to testify on behalf of the American Trucking Associations (ATA).¹ My name is Darren Hawkins, and I am Chief Executive Officer of YRC Worldwide Inc., a publicly traded holding company for a portfolio of successful less than truckload companies including Holland, New Penn, Reddaway, YRC Freight and our newest company, HNRY Logistics. YRC Worldwide is headquartered in Overland Park, Kansas, and we have 380 terminals from coast to coast employing 31,000 people. Annually we transport twenty million shipments for our customers with our 17,000 drivers, 14,000 tractors and 45,000 trailers.

As CEO of one of the Nation’s largest trucking companies I want to take a moment to thank our 17,000 professional drivers for their commitment to safety. While there is much talk about autonomous trucks, the most important safety device in a truck is still a professional driver. More than 1,700 of our drivers have over one million consecutive accident free miles. Our commitment to safety is not unique or even unusual, as the same commitment to safety can be found with our fellow ATA member companies.

I serve on the Executive Committee of ATA, an 86-year old federation that represents every sector of the trucking industry, with affiliates in all 50 states. The federation has members in every Congressional district and every community. More than 80 percent of U.S. communities rely exclusively on trucks for their freight transportation needs. Trucking is the lifeline that connects all modes of freight transport in support of the American economy.

Madam Chair, we very much appreciate this opportunity to focus attention on the spread of toll roads. While the trucking industry is willing to pay its fair share for infrastructure improvement, we believe that tolls are not the right solution, and in fact can be very harmful to our industry, customers and ultimately, to consumers. My testimony will explain why toll roads are a poor revenue source for highways and how Congress can reform existing federal laws to better protect the public from their negative effects.

THE TRUCKING INDUSTRY

This year the trucking industry will move 71 percent of the nation’s freight tonnage, and over the next decade will be tasked with moving 2.5 billion more tons of freight than it does today while continuing to deliver the vast majority of goods.² Trucks haul 100 percent of the freight originating in the District of Columbia, and DC residents and businesses rely on trucks to deliver 98% of the goods coming into the District. More than two-thirds of the freight delivered to and from Illinois was loaded onto a truck. In 2017, the goods moved by trucks nationwide were worth more than $10 trillion.³ The trucking industry is also a significant source of employment, with 7.8 million people

¹ American Trucking Associations is the largest national trade association for the trucking industry. Through a federation of 50 affiliated state trucking associations and industry-related conferences and councils, ATA is the voice of the industry America depends on most to move our nation’s freight. Follow ATA on Twitter or on Facebook. Trucking Moves America Forward.
working in various occupations – including 3.5 million drivers – accounting for every 1 in 18 jobs in the U.S.\textsuperscript{4} Furthermore, “truck driver” is the top job in 29 states.\textsuperscript{5}

**Distribution of Tonnage by Mode: 2019 vs 2030**

**2019**

- **Truck**: 71.1%
- **Rail Carload**: 10.7%
- **Pipeline**: 11.4%
- **Water**: 5.5%
- **Air**: 0.1%
- **Intermodal**: 1.3%

*Source: U.S. Freight Transportation Forecast to 2030*

**2030**

- **Truck**: 68.8%
- **Rail Carload**: 8.3%
- **Pipeline**: 17.1%
- **Water**: 4.5%
- **Air**: 0.1%
- **Intermodal**: 1.2%

*Source: U.S. Freight Transportation Forecast to 2030*

\textsuperscript{4} American Trucking Trends 2019, American Trucking Associations.

Without trucks, our cities, towns and communities would lack key necessities including food and drinking water; there would not be clothes to purchase, and no parts to build automobiles or fuel to power them. The rail, air and water intermodal sectors would not exist in their current form without the trucking industry to support them. Trucks are central to our nation’s economy and our way of life, and every time the government makes a decision that affects the trucking industry, those impacts are also felt by individuals and by the millions of businesses that could not exist without trucks.

**THE COST OF INACTION ON THE HIGHWAY SYSTEM**

A well-maintained, reliable and efficient network of highways is crucial to the delivery of the nation’s freight and vital to our country’s economic and social well-being. However, the road system is rapidly deteriorating, and costs the average motorist more than $1,600 a year in higher maintenance and congestion expenses.\(^6\) Highway congestion also adds nearly $75 billion to the cost of freight transportation each year.\(^7\) In 2016, truck drivers sat in traffic for nearly 1.2 billion hours, equivalent to more than 425,000 drivers sitting idle for a working year.\(^8\) At a time when we need more truck drivers the prospect of a driver spending a good part of their working day stuck in traffic is not an attractive career proposition.

The Highway Trust Fund (HTF), the primary source of federal revenue for highway projects, safety programs and transit investments, is projected to run short of the funds necessary to maintain current spending levels by FY2021.\(^9\) While an average of approximately $42 billion per year is expected to be collected from highway users over the next decade, nearly $60 billion will be required annually to prevent significant reductions in federal aid for critical projects and programs.\(^10\) It should be noted that a $60 billion annual average federal investment *still* falls well

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\(^8\) Ibid.


\(^10\) Ibid.
short of the resources necessary to provide the federal share of the expenditure needed to address
the nation’s surface transportation safety, maintenance and capacity needs. According to the
American Society of Civil Engineers, the U.S. spends less than half of what is necessary to
tackle these needs. As the investment gap continues to grow, so too will the number of deficient
bridges, miles of roads in poor condition, number of highway bottlenecks and, most critically,
the number of crashes and fatalities attributable to inadequate roadways.

TOLL FINANCING OF HIGHWAYS

While federal law generally restricts states’ ability to toll existing Interstates (23 U.S.C. § 301),
there are several exceptions. States may use tolls to finance new, reconstructed, or replacement
bridges or tunnels (23 U.S.C. § 129(a)), or apply to the U.S. Department of Transportation
(USDOT) for authority to toll under two pilot programs. The Interstate System Reconstruction
and Rehabilitation Pilot Program (ISRRPP), authorized under Section 1216(b) of the 1998
Transportation Equity Act for the 21st Century, allows three states to toll one Interstate highway,
with revenue to be used for improvement of the tolled facility. The Value Pricing Pilot Program,
initially authorized by Congress in the Intermodal Surface Transportation Efficiency Act of
1991, allows up to 15 jurisdictions to apply for authority to toll Interstates for the purpose of
managing traffic demand by adjusting toll rates to a level that reduces peak-hour travel.

ATA does not oppose toll financing to cover the costs of new Interstate highway lanes, provided
a reasonable toll-free option is available. For example, some states have built tolled express lanes
parallel to existing toll-free lanes. Nor does ATA oppose the conversion of high-occupancy
vehicle (HOV) lanes to high-occupancy toll (HOT) lanes. Our concern is with the conversion of
existing toll-free general-purpose Interstate highway lanes to a tolled facility. My testimony will
discuss the general problems with tolling Interstates and will then describe specific concerns we
have with current federal legal exceptions to the general prohibition on Interstate highway tolls.

General Concerns with Interstate Tolls

Collection Costs

Tolling systems have very high collection costs relative to other user fees because there are
several necessary components that are generally not present or are less onerous in fuel taxes,
registration fees, license fees, and other common user fees. One study found that converting all
Interstate highways into toll roads would cost more than $55 billion. A National Academy of
Sciences report listed some of the potential components that should be considered when
determining the potential costs of toll collection:

    Transportation Research Board, National Academy of Sciences, p. 6-13.
13 Patrick Balducci et all, NCHRP Report 689: Costs of Alternative Revenue-Generation Systems,
    National Cooperative Highway Research Program, Transportation Research Board: Washington DC, 2011,
    DOI: 10.17226/14532.
Operational costs:

- Operation and maintenance of tollbooths;
- Operation and maintenance of ETC [electronic toll collection] and video tolling systems as well as the related information technology hardware and software;
- Customer account management, payment processing, and banking charges relating to toll accounts;
- Inventory, distribution, and sale of transponders; and
- Cash counting, transportation and vault services.

Enforcement costs:

- Catching violators;
- Assessing administrative fees and fines;
- Account settlement before the toll violation reaches court; and
- Prosecuting violators (court costs).

While the cost of toll collection has come down with the introduction of electronic toll collection (ETC), according to a Congressional Research Service report, collection costs on ETC systems can still exceed 10 percent. On some major toll facilities collection costs are much higher. In 2016, for example, toll collection costs on the Ohio Turnpike were 19.2 percent, while the Pennsylvania Turnpike’s collection costs exceeded 20 percent.

Contrast this with the cost of collecting fuel taxes. Because fuel taxes are collected from just 850 taxpayers nationwide at the terminal rack, both collection costs and evasion are extremely low. In fact, one study found that the cost to collect the federal fuel tax is just 0.2 percent of revenue. This means that of the $37 billion in federal fuel tax revenue collected in 2017, just $75 million went to collection costs. Contrast this with the Pennsylvania Turnpike, which in 2016 spent more than $212 million to collect just over $1 billion in toll revenue. Clearly, from a highway user’s perspective, the waste that goes into collecting a toll is simply unacceptable when far more efficient alternatives are available.

Traffic Diversion

Another significant problem with Interstate highway tolls is diversion of traffic to alternative routes. These routes are likely to be less safe and not as well constructed as the tolled highway. It is well documented that Interstate highways have a lower crash rate than the lower-order roadways that vehicles are expected to divert on to. For example, the Massachusetts Department of Transportation found that rural Interstates had an average crash rate that is 58 percent lower than the average for rural roads statewide, while urban Interstates were more than 3.5 times safer than the average urban road.

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19 Ibid.
A study that explored the impacts of tolling untolled roads found that all nine facilities studied experienced traffic diversion. The report found impacts in the range of -10 to -36 percent of motorists diverting from the tolled facilities. One example cited by the study is IL-390, previously the Elgin–O'Hare Expressway and now known as the Elgin–O'Hare Tollway after it was transferred to the Illinois Tollway Authority and tolled in 2016. Even after $3.4 billion in improvements, traffic counts on the highway dropped by 23 percent after tolls were imposed, sending 45,000 vehicles per day to alternative routes.

Specifically with regard to the trucking industry, whether a carrier decides to avoid a toll road depends on a number of factors, including the type of load, delivery deadline, whether the driver or carrier determines route choice, and whether the driver or carrier is responsible for toll costs. Note that the critical missing element here is the shipper. With few exceptions, the shipper is not directly billed for toll costs. Therefore the carrier usually bears the cost of the toll and has to attempt to recover these costs by either improving efficiencies or increasing rates across the carrier’s entire customer base. This is a crucial factor, particularly when it comes to the ability to influence carrier behavior through congestion pricing, which will be addressed later.

While tolling analyses attempt to determine the impacts of tolls on trucking diversion using standard value-of-time assumptions, they often underestimate diversion by failing to take the above factors into consideration. A survey of truck drivers found wide variation in their willingness to avoid paying a toll, with some drivers unwilling to lose any time by using an alternative route, and others willing to lose an average of 52 minutes in order to avoid a toll payment of any amount.

Unfair Subsidization

An oft-cited advantage of tolls is that it is a true user fee – motorists pay to use the facility and the tolls they pay cover the costs of that facility. In practice this is often not the reality. Except for tolls authorized under the ISRRPP, Federal law allows states to shift toll revenue to any Title 23 eligible purpose, provided toll facility financing costs have been covered and the state certifies that the facility is being adequately maintained. This results in toll payers bankrolling all manner of projects that they may not benefit from. In addition, because the vast majority of roads cannot support tolls, a small minority of motorists can be saddled with the subsidization costs of an entire state’s surface transportation system, regardless of whether the toll payers benefit from this spending. As one Congressional Research Service report put it:

Whether it is built or operated by a government agency or by private investors, a toll road must have sufficient traffic willing to pay a high enough toll to cover construction, maintenance, and toll collection costs if it is to be financially successful. Most roads on the federal-aid system are not likely to pass that test. In rural areas, highways often do not have enough traffic to cover the cost of

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20 The Tradeoffs of Tolling Untolled Roads. Transportation Research Record: Journal of the Transportation Research Board, Volume 2672, Issue 4, 2018, pp 54-64.
22 Ibid.
building toll-collection infrastructure and collecting tolls. Although urban roads typically have more traffic, they may not be able to generate sufficient toll revenue to make the facilities self-sustaining.23 Furthermore, states often look for opportunities to target motorists with little political power, such as non-state residents – particularly trucks engaged in interstate commerce – and low-income or minority communities. Both of these factors came into play when Virginia attempted to use the authority granted by the ISRRPP to toll I-95 near the North Carolina border. The tolls would have been placed in an area with significant non-state traffic in a location with a large low-income minority population. In Rhode Island the bridge exemption was used to toll tractor-semitrailers only, and toll rates are structured so that they explicitly target out-of-state drivers for a disproportionate share of toll revenue.24 On the Indiana Toll Road (ITR), which carries a significant amount of through traffic, tolls have been raised substantially to pay for projects more than 150 miles away. When announcing a 35 percent increase in ITR toll rates, the Governor explicitly acknowledged that the increases were intended to milk non-Indiana residents to pay for projects that primarily benefitted Indiana residents, stating: "The majority of the traffic is from out-of-state," Holcomb said. "We're capturing other people's money."25 It is important to note that with the Indiana increase the trucking industry’s fee will be in part used to support more international flights from the Indianapolis Airport and expand rural broadband access. At a time when the Highway Trust Fund is nearly broke and our bridges and roadways are in critical condition, this form of diversion is the worst kind of public policy.

Specific Concerns with Federal Tolling Law

Interstate System Reconstruction & Rehabilitation Pilot Program (ISRRPP)

The Interstate System Reconstruction and Rehabilitation Pilot Program (ISRRPP), authorized under Section 1216(b) of the 1998 Transportation Equity Act for the 21st Century, allows three states to toll a single Interstate highway for the purpose of funding improvements to that highway. All of the revenue must be spent on the tolled facility and the state must submit a detailed application to the FHWA in order to win approval. Despite several attempts26 by various states to utilize this pilot program, not a single project has been authorized by FHWA. These states wasted many years and millions of dollars on consultants, only to abandon a toll strategy and finally address their funding shortfalls with more efficient and fair revenue sources. After 21 years it is clear that this pilot program has failed, and it is time to finally put an end to it.

Bridge and Tunnel Exception

States may use tolls to finance new, reconstructed, or replacement Interstate highway bridges or tunnels under 23 U.S.C. § 129(a). This exception to the general ban on tolls on federally funded roads was enacted in 1927 (for bridges, tunnels were added in 1958) for new structures only.

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26 Arkansas multiple Interstates; Virginia I-81 & I-95; N. Carolina I-95; Pennsylvania I-80; Missouri I-70.
Since the tolled bridge or tunnel was to become toll-free once the construction costs were paid off, it is clear that the original intent was to allow this exception for the express purpose of covering the original costs of building the facility. Over the years, however, this provision has been expanded to allow tolls for reconstructed bridges and tunnels, and the requirement that tolls must end once the project is paid off was eliminated. Now, any revenue in excess of project costs can be used for any purpose eligible under Title 23 of the U.S. Code, provided the state self-certifies that the facility is being adequately maintained.

The federal law that authorizes the tolls only requires that the tolled facility is a bridge or tunnel and that the structure is replaced or reconstructed. A bridge is undefined in this context and has been broadly interpreted by USDOT to include any structure over 20 feet long with supports, erected over a depression or obstruction.\(^\text{27}\) With nearly 58,000 bridges on the 48,000-mile Interstate system, essentially the entire network is eligible for tolling under this section of law.

The Rhode Island experience is a case study in how this provision can be abused. It illustrates why Congress should revisit this exception in order to preserve the original intent of the provision to give states the opportunity to use tolls to finance projects that are too expensive, while inserting language that protects the public.

In June 2018 Rhode Island imposed tolls at two locations on Interstate 95 near the border with Connecticut, and recently activated a toll gantry on U.S. 6 in Providence. The state has indicated that it will impose tolls at eight additional locations statewide, including on three Interstate highway routes. The tolls are charged only on tractor-semitrailers.\(^\text{28}\) The I-95 tolls alone are costing YRC Worldwide companies $750,000 per year for what is essentially a microscopic section of our nation’s entire Interstate system. Providence is as the 130\(^\text{th}\) largest city in the United States. What would happen to our nation’s supply chain, truck drivers and economy if just half of the largest 100 cities in America implemented similar tolls?

Neither federal law, nor agency regulation or guidance, establishes any standards governing the condition of the structures eligible for tolling. In fact, several bridges targeted for tolling by Rhode Island are neither structurally deficient nor functionally obsolete, despite the fact that the state has the highest proportion of structurally deficient bridges in the country.\(^\text{29}\) It appears that the state chose many of these bridges for tolling primarily due to their potential for revenue collection, and not because they are a priority for improvement.

In addition, there appear to be no current federal standards that define “reconstruction,” but FHWA has apparently interpreted it to include relatively minor improvements, given the Rhode Island example. Some of the “reconstruction” projects paid for partially with toll revenue are expected to cost less than $10 million. Furthermore, in some cases toll revenue represents a small fraction of the cost of the project; for example, in one case toll revenue is expected to cover just six percent of project costs. Overall, Rhode Island’s 10-year bridge improvement program relies on bridge tolls to cover just 10 percent of the costs. As stated above, once the state certifies that the tolled bridges are being adequately maintained, the toll revenue can be used for any project.

\(^{27}\) 23 CFR 650.305.
\(^{28}\) See here for details on the tolling program: http://www.dot.ri.gov/rhodeworks/.
eligible under Title 23 of the U.S. Code. This includes federal-aid roads statewide, transit projects, bicycle and pedestrian facilities, ferries and any number of other projects that may be of no benefit whatsoever to the toll payers, all of whom are the operators of tractor-semi-trailers. It is clear that Rhode Island’s intent all along was not to use tolls to pay for its bridge program, but to use the flexibility in federal law to treat tractor-semi-trailers as a perpetual piggy bank for projects that they are very unlikely to benefit from.

Another troubling aspect of the Rhode Island experience is the role that the U.S. Department of Transportation played. USDOT authorized the Rhode Island Department of Transportation to issue an Environmental Assessment (EA) rather than conduct a more detailed Environmental Impact Statement normally required of projects that are, among other things, likely to have a significant impact on traffic patterns. USDOT also made the bizarre decision to allow RIDOT to only evaluate the impacts of tolls on an individual facility basis, without consideration of what would happen once the state tolled virtually its entire highway network. RIDOT clearly indicated this was its intent, and USDOT was clearly aware of it because the agency signed a Memorandum of Understanding authorizing tolls on all of these bridges prior to the inception of the environmental review process. This very likely resulted in an incomplete and inaccurate analysis of traffic diversion patterns. Furthermore, even though ATA and others pointed out numerous, obvious flaws in the EA (including, for example, failing to analyze the most likely diversion routes), USDOT approved the EA as written and twice issued a Finding of No Significant Impact (FONSI), allowing tolls to move forward. This, despite the fact that the EA failed to include a safety or economic analysis, and did not consider alternatives to tolling, even though USDOT stated in a 2015 document that an alternative funding analysis is advisable.

Even in a case where the state is seemingly attempting to use the bridge and tunnel exception for its intended purpose, several problems have presented themselves that illustrate the problems with toll financing. The I-10 Mobile River Bridge and Bayway project would have replaced a currently toll-free bridge and tunnel with a tolled crossing. The Alabama Department of Transportation (ALDOT) intended to finance the project using a concession public-private partnership (P3) model. Three P3 groups were under consideration. FHWA recently issued a Record of Decision (ROD) giving ALDOT the federal green light to proceed. However, after a populist uprising against tolls, a local Metropolitan Planning Organization’s Board voted to remove the project from its Transportation Improvement Plan, which prevents the project from receiving federal funds. Following the vote the Governor declared that the project is “dead.”

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30 http://www.dot.ri.gov/tolling/docs/Toll_Locations_1-2_Environmental_Assessment.pdf; http://www.dot.ri.gov/tolling/docs/Toll_Locations_3-13_Environmental_Assessment.pdf.
32 http://www.dot.ri.gov/tolling/docs/Toll_Locations_1-2_Environmental_Assessment.pdf; http://www.dot.ri.gov/tolling/docs/Toll_Locations_3-13_Environmental_Assessment.pdf.
34 For more information see the project website: https://mobileriverbridge.com/.
When it was originally conceived, the project’s cost was estimated to be approximately $800 million. It ballooned to $2.1 billion, in part to pay for a bridge that meets the 100-year floodplain threshold, which ALDOT claimed was required by the Federal Highway Administration. Recently a FHWA official reportedly confirmed that this was never a requirement.38

Due to financing costs, including the profits incurred by the private partners, the actual cost to toll payers was projected to be around $7 billion according to an ALDOT consultant analysis.39 Initially, cars were expected to pay a maximum toll rate of $6.00 per crossing, with trucks paying up to $24.00 per crossing, with toll rates rising over time to a maximum rate of $18.97 for cars and $75.88 for trucks in 30 years. For the commuter who crosses the entire facility twice per day, the initial weekly cost would have been $60.00, or $3,120 per year.40 Even with the various commuter discounts proposed by ALDOT, these costs are prohibitive for many families. Compare this with a strategy to finance the project with a dedicated fuel tax, as an example. Raising an equivalent amount of revenue over the first decade would require an increase in the state fuel tax of just four cents per gallon, costing the average passenger car driver about $20 per year, or 38 cents per week.

According to ALDOT’s consultant analysis, in 2030 traffic on the Cochrane Bridge, a designated alternative toll-free route, would increase from 26,400 vehicles under a no-build scenario to 47,900 vehicles with a $6 toll on the I-10 corridor. However, if the project was built without tolls, just 17,900 vehicles were projected to use the Cochrane Bridge in 2030. Under the build, no-toll scenario, the significant environmental justice impacts identified by ALDOT are eliminated, as are the many other safety, economic and environmental impacts associated with tolls and traffic diversion. However, ALDOT failed to consider alternative revenue sources that could have avoided these impacts and lowered project costs and the financial burden to the local population.

These are just two examples of how the bridge and tunnel exception is being applied in a way that fails to take the public interest, and the federal interest in protecting interstate commerce, into consideration. ATA is aware of several other states that are exploring the possibility of using this provision to toll their Interstate systems. While we support elimination of the exception, if it is to be preserved we recommend the following reforms:

- Eligible projects are those with a total project cost of at least $2 billion. These are single facility costs, not network costs.
- A state must conduct an Environmental Impact Statement for each project.
- When conducting an EIS for a network of tolls, an EIS must determine the effects of both individual toll locations and the collective network effects of a proposal.
- Revenue generated by the tolls can only be used for financing costs and project costs related to the facility. Once project costs have been paid off and USDOT determines, on an annual basis, that the facility is being adequately maintained, revenue can be used for...

40 Ibid.
Title 23 eligible highway or transit projects that directly benefit the users of the tolled facility. Revenue from the lease or sale of an Interstate toll facility should also be subject to this requirement.

- The maximum toll rate for any vehicle class may not exceed any other toll rate by more than five times.
- Any toll discounts must be offered to all users, regardless of residency or the state a transponder was purchased from.
- At a minimum, the State’s application, either through an EIS or separate documentation, should demonstrate the following:
  - There is a net congestion reduction, taking into consideration mobility on both the tolled route and any routes to which traffic diverts. There is also a net reduction in vehicle emissions on these routes.
  - The number and severity of crashes is not likely to increase.
  - If additional maintenance or capacity improvements on diversion routes are anticipated, the state must document these improvements and include a plan to implement them within a reasonable timeframe.
  - Environmental justice impacts of tolls and mitigation measures.
  - A cost-benefit analysis that includes the impacts of tolls on roadside businesses, commercial vehicle operators, and the impacts on businesses and consumers affected by tolls, both inside and outside the states where the tolls are located.
  - A determination with regard to whether the location of tolls or the toll rate structure discriminates against interstate commerce.
  - An analysis of alternative revenue mechanisms.
  - The state is required to submit a report to the Secretary every five years with an analysis of the above, and the Secretary is to determine whether the state continues to meet the requirements.

Value Pricing Pilot Program

The Value Pricing Pilot Program (VPPP) was initially authorized by Congress in the Intermodal Surface Transportation Efficiency Act of 1991, and was originally called the Congestion Pricing Pilot Program. It allows up to 15 jurisdictions to apply for authority to toll an unlimited number and unlimited miles of Interstates as part of a congestion pilot program. The VPPP was amended several times, and today many of the original provisions are mainstreamed, and states no longer require approval of an application to gain tolling authority under many circumstances. Currently the only restriction on tolling that requires approval under the VPPP is the ability to toll a general purpose Interstate highway lane. To date, no state has used the authority under the VPPP for this purpose.

The statute is extremely broad, leaving it to USDOT to determine qualification requirements. The only requirement is that USDOT must report to Congress the effect of programs authorized under the VPPP on “driver behavior, traffic, volume, transit ridership, air quality, and availability of funds for transportation programs.”

The term “congestion pricing” is generally understood to mean, as FHWA has stated:
tolling and non-tolling strategies that can reduce peak period congestion by charging motorists new or higher fees for use of roads and parking during peak times in order to encourage drivers to shift to other travel modes, routes or destinations; to travel at other times of the day; or to forgo making the trip altogether.\footnote{Report on the Value Pricing Pilot Program through April 2016, U.S. Department of Transportation Federal Highway Administration.}

However, since a definition exists in neither statute nor regulation, FHWA is essentially unbound in determining the types of projects that qualify. Presumably, some level of congestion reduction and air quality improvement would reasonably be expected to be achieved in order to qualify under the pilot, but the magnitude of such changes is entirely the province of FHWA’s subjective opinion. Taken to the extreme, FHWA could approve a project if it can be expected to increase average peak period speeds by any number greater than zero. Furthermore, while USDOT is required to report to Congress on the results of the pilots, there is no recourse if a pilot fails to meet the objectives claimed in the application.

A debate currently being waged in Connecticut illustrates why this lack of specificity is potentially problematic. For several years Connecticut has been exploring statewide tolling on Interstates and other major highways to raise revenue. During his 2018 campaign, Governor Ned Lamont touted truck-only tolls, but once elected shifted his advocacy to tolls on all vehicles after concluding that tolls only on trucks would not raise enough money.\footnote{https://www.ttnews.com/articles/connecticut-gov-ned-lamont-pivots-truck-only-toll-plan.} Throughout 2019 the Governor, along with state General Assembly leaders, have advocated for legislation that would authorize the Connecticut Department of Transportation to toll statewide. As of this writing the legislation had not passed.

While several tolling strategies have been discussed, the conversation has centered on taking advantage of the tolling exception in the VPPP. Draft tolling legislation includes resident and frequent commuter discounts.\footnote{https://www.ctnewsjunkie.com/upload/2019/06/0619FinalPresentation.pdf, Slide 23.} Legislative leaders have stated that under this proposal an out-of-state driver could pay a toll rate that is more than twice as high as the rate for an in-state driver.

It is clear that the current proposal under consideration is primarily designed not to affect travel choices, as Congress intended, but to raise revenue. The toll rates, when the various discounts are factored in, are explicitly anticipated to impose the greatest financial burden on non-resident drivers, while giving the biggest discounts to those drivers who, under congestion pricing theory and practice, should be charged the highest rates in order to reduce congestion. This is clearly inconsistent with both the letter and intent of the VPPP.

The U.S. Department of Transportation has not received an application yet, and has therefore not determined whether the proposal passes muster. To date, FHWA has not taken final action on an application under the VPPP that involves tolling existing general purpose lanes of the Interstate Highway System, so there is no precedent to rely on. However, the criteria for qualification under the VPPP are so loose that a favorable decision is possible since there is no delineated
threshold for the amount of congestion reduction or improvement in air quality in statute, regulation or agency guidance necessary to win approval.

It is also worth noting that there is no evidence that congestion pricing has an impact on truck travel choices sufficient to achieve significant reduction in congestion or improvements in air quality. Research has found that trucking companies are usually unable to pass along toll costs to customers, who determine pick-up and delivery times. Therefore customers have no incentive to change their schedules in a way that allows trucks to avoid traveling during peak periods. Applying pricing pressure to trucks simply increases the cost of moving freight, without the theoretical benefits generally associated with congestion pricing. The North American supply chain is a highly choreographed daily industrial ballet. Movements are timed to keep factories running, hospitals filled with medical supplies and grocery stores stocked with fresh foods. The supply chain sets the demand cycle and congestion pricing will not throw it out of sync, especially in this era of e-commerce and same day deliveries.

While ATA recommends eliminating the VPPP, should it remain we recommend the following reforms:

- States must demonstrate that the pricing of highways (not the projects funded by tolls) by themselves significantly alleviate congestion and improve air quality in a highway corridor, including on alternative routes.
- A state must conduct an Environmental Impact Statement for each project.
- When conducting an EIS for a network of tolls, an EIS must determine the effects of both individual toll locations and the collective network effects of a proposal.
- Revenue generated by the tolls can only be used for financing costs and project costs related to the facility. Once project costs have been paid off and USDOT determines, on an annual basis, that the facility is being adequately maintained, revenue can be used for Title 23 eligible highway or transit projects that directly benefit the users of the tolled facility. Revenue from the lease or sale of an Interstate toll facility should also be subject to this requirement.
- The maximum toll rate for any vehicle class may not exceed any other toll rate by more than five times.
- Any toll discounts must be offered to all users, regardless of residency or the state a transponder was purchased from.
- At a minimum, the State’s application, either through an EIS or separate documentation, should demonstrate the following:
  - There is a net congestion reduction, taking into consideration mobility on both the tolled route and any routes to which traffic diverts. There is also a net reduction in vehicle emissions on these routes.
  - The number and severity of crashes is not likely to increase.

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If additional maintenance or capacity improvements on diversion routes are anticipated, the state must document these improvements and include a plan to implement them within a reasonable timeframe.

- Environmental justice impacts of tolls and mitigation measures.
- A cost-benefit analysis that includes the impacts of tolls on roadside businesses, commercial vehicle operators, and the impacts on businesses and consumers affected by tolls, both inside and outside the states where the tolls are located.
- A determination with regard to whether the location of tolls or the toll rate structure discriminates against interstate commerce.
- The state is required to submit a report to the Secretary every five years with an analysis of the above, and the Secretary is to determine whether the state continues to meet the requirements.

LESSONS FROM CURRENT TOLLING PRACTICES

We do not need to speculate about the potential abuses motorists could face from the further imposition of tolls on Interstate highways. There are current examples that illustrate how the public is harmed, and portends a horrifically damaging future should Interstate tolls become more widespread.

Northeast Corridor

Drivers who travel from Washington, D.C. to Boston encounter numerous toll roads, bridges and tunnels. On this 443-mile journey, motorists will pay tolls at least six times, on average a toll every 74 miles. For trucking companies this is a very expensive journey. A five-axle truck with a transponder will pay about $222 in tolls, with slight variations depending on whether the truck qualifies for any discounts and the time of day, or day of week, the driver travels through these tolled facilities.

It is helpful to put that figure into context. A $222 toll on a 443-mile trip adds up to a 50 cent per-mile charge. That’s equivalent to a truck paying a $3.00 per gallon fuel tax – at current diesel prices a 100% sales tax. Fifty cents per mile for the trip represents 23% of that truck’s operating costs, a higher share than the cost of fuel and nearly equal to the wages paid to the driver. A truck that has a regular route along the Northeast Corridor could pay up to $50,000 in tolls each year. By comparison that truck, on average, pays approximately $3,900 in federal and state fuel taxes.

Pennsylvania Turnpike

A 2007 state law required the Pennsylvania Turnpike Commission (PTC) to make substantial payments to the Pennsylvania Department of Transportation (PennDOT) for other projects. Thus far, much of the revenue has gone to transportation improvements that do not directly benefit Turnpike users. These types of transfers are authorized by 23 U.S.C. § 129, which allows toll

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revenue on federal-aid facilities to be used for any Title 23 eligible project if the state certifies annually that the facility is being adequately maintained. Incidentally, a recent lawsuit against the Turnpike Commission revealed that it has not complied with the certification requirement.\textsuperscript{47} Nonetheless, USDOT has allowed the transfers to continue unabated.

The same lawsuit alleged that PennDOT has used toll revenue for projects whose benefits are completely unrelated to the Turnpike and are unlikely to benefit toll-payers, many of whom are simply passing through the state. Examples include:

- Development of a mixed-used residential, office and transportation facility in Pittsburgh;
- Replacement of a roof at a bus garage in Allegheny County;
- Sidewalk installation in Yardley and in a shopping center in Susquehanna;
- Improvements to the Erie International Airport terminal building; and
- Creation of a multi-use trail in Centre County.\textsuperscript{48}

Under the 2007 law, the PTC will pay PennDOT a total of nearly $10 billion. As of May 2018, the PTC had paid the agency more than $6 billion. This year, and continuing through 2022, the PTC will transfer $450 million to PennDOT, which represents approximately 37% of the Turnpike’s gross fare revenue.

Since 2009 the PTC has increased toll rates every year by an average of six percent. Today, a 5-axle truck traversing the Turnpike pays a $100 toll, or 52 cents per mile. By 2048 trucks are projected to pay more than $287 to cross the Turnpike, while the rate for cars will increase from $26 to $75.\textsuperscript{49}

On March 1, 2019, Pennsylvania’s Auditor General warned that the PTC “is facing ‘a road to ruin’ if it continues to rely on unfair and unsustainable toll increases to pay off $11.8 billion in debt.” Furthermore, he stated that the PTC, “…once viewed by some as a cash cow, has been milked to the brink of collapse.” He added that “Hiking tolls year after year while hoping that E-ZPass users won’t notice is not a sustainable revenue plan and it causes a financial hardship for motorists.”\textsuperscript{50}

These examples should serve as a wake-up call. The exorbitant fees paid by motorists to support toll facilities are far in excess of the fuel taxes, registration fees and other revenue sources that support toll-free highways, bridges and tunnels. A large share of toll revenue goes not to infrastructure improvement, but to support the massive bureaucracies required for toll financing.

Furthermore, motorists who happen to be traveling on a particular highway should not be responsible for subsidizing projects or programs that they do not benefit from. The Interstate Highway System was built to facilitate the efficient movement of military and commercial traffic, not to become a cash cow for all manner of unrelated purposes. It is time for Congress to build guardrails that protect the public from these types of abuses. In addition to the reforms we

\textsuperscript{47} https://www2.ca3.uscourts.gov/opinarch/191775p.pdf, p. 20.
\textsuperscript{48} Ibid, pp. 9-11.
\textsuperscript{50} Ibid.
have proposed for future toll roads, ATA suggests the following changes in law for existing Interstate toll facilities:

- Revenue generated by the tolls can only be used for financing costs and project costs related to the facility. Once project costs have been paid off and USDOT determines, on an annual basis, that the facility is being adequately maintained, revenue can be used for Title 23 eligible highway or transit projects that directly benefit the users of the tolled facility. Revenue from the lease or sale of an Interstate toll facility should also be subject to this requirement.
- The maximum toll rate for any vehicle class may not exceed any other toll rate by more than five times.
- Any toll discounts must be offered to all users, regardless of residency or the state a transponder was purchased from.  

ASSET RECYCLING

Related to tolls, some have suggested using highway asset recycling to raise money for infrastructure investment. Asset recycling involves selling or leasing public assets to the private sector. Where asset recycling has been utilized on toll roads in the U.S., toll payers have seen their rates increase significantly, only to subsidize projects with little or no benefit to them.

One need only consider the recent 35% increase in truck toll rates on the Indiana Toll Road for an example of these abusive practices. The state got a single tranche of money, while in return the private operator of the highway reaps the profits for the next six decades. This most recent increase is costing the YRC Worldwide companies $1.3 million annually. As referenced earlier, instead of using that money to hire new drivers, increase salaries and benefits or buy safer, cleaner equipment, we are forced to subsidize improvements at the Indianapolis airport, rural broadband infrastructure, and hiking and biking trails, projects that have little or no benefit to my company or millions of other motorists who use the ITR. Furthermore, this latest increase is on top of the doubling of toll rates prior to the initial lease in 2006, and subsequent annual increases that have resulted in a 311% increase in truck toll rates over the past 13 years, with little or no benefit to toll road users. ATA is adamantly opposed to applying these types of forced subsidies to highway users.

IMPLICATIONS FOR THE FEDERAL-AID PROGRAM

It is important to note that toll financing does not in any way address the fiscal crisis facing the Highway Trust Fund. Some may argue that toll revenue could offset shortfalls in funding from traditional state and federal sources. However, as CRS has noted, “While the amount of toll revenue has grown significantly in recent years, toll revenue as a share of total spending on highways has been relatively steady for more than half a century, in the range of roughly 5% to 6%.” According to the same report, toll-road mileage comprises just 0.6 percent of the total miles for all federal-aid eligible roads and “…imposing tolls on individual transportation

51 This article describes why these practices are problematic: https://www.marylandmatters.org/2019/07/05/the-cost-of-that-toll-depends-on-your-e-zpass/.
facilities is likely to be of only limited use in helping states overcome reductions in federal grants…” Another CRS report concludes that “Many roads may not have enough traffic to make tolling worthwhile. Tolling is unlikely to expand on a scale that would allow for major reductions in federal grant spending in the near term.”53

Tolls are a niche funding mechanism, and that is unlikely to change in the foreseeable future. Congress cannot and should not wash its hands of its responsibility to provide the revenue needed to address the nation’s massive infrastructure funding deficit by simply expanding tolling authority. This simply will not work.

ATA has proposed a real solution to the highway funding crisis. Called the Build America Fund (BAF), it would initiate a new 20 cent per gallon fee built into the price of transportation fuels collected at the terminal rack, to be phased in over four years. The fee will be indexed to both inflation and improvements in fuel efficiency, with a five percent annual cap. We estimate that the fee will generate nearly $340 billion over the first 10 years. It will cost the average passenger vehicle driver just over $100 per year once fully phased in.54 We also support a new fee on hybrid and electric vehicles, which underpay for their use of the highway system or do not contribute at all.

This approach would give state and local transportation agencies the long-term certainty and revenue stability they need to not only maintain, but also begin to improve their surface transportation systems. They should not be forced to resort to costly, inefficient practices – such as deferred maintenance – necessitated by the unpredictable federal revenue streams that have become all too common since 2008. Furthermore, while transportation investment has long-term benefits that extend beyond the initial construction phase, it is estimated that our proposal would add nearly half a million annual jobs related to construction nationwide, including nearly 2,000 jobs in Washington, D.C. and almost 7,000 jobs in Illinois (see Appendix A for a full list of state-specific employment figures).55

The fuel tax is the most immediate, cost-efficient and conservative mechanism currently available for funding surface transportation projects and programs. Collection costs are less than one percent of revenue.56 Our proposal will not add to the federal debt or force states to resort to detrimental financing options that could jeopardize their bond ratings. Unlike other approaches that simply pass the buck to state and local governments by giving them additional “tools” to debt-finance their infrastructure funding shortfalls for the few projects that qualify, the BAF will generate real money that can be utilized for any federal-aid project.

While some have suggested that a fuel tax is regressive, the economic harm of failing to enact our proposal will be far more damaging to motorists. The $100 per year paid by the average car driver under this proposal pales in comparison with the $1,600 they are now forced to pay annually due to additional vehicle maintenance, lost time, and wasted fuel that has resulted from

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underinvestment in our infrastructure. Borrowing billions of dollars each year from China to debt finance the HTF funding gap – a cost imposed on current and future generations of Americans who will be forced to pay the interest – is far more regressive than the modest fee needed to avoid further blowing up our already massive national debt.

Forcing states to resort to tolls by starving them of federal funds is far more regressive than the $2.00 a week motorists would pay under our proposal. One needs to only look to I-66 in Northern Virginia, where tolls average more than $12.00 per roundtrip and can sometimes exceed $46.00, to understand the potential impacts on lower- or middle-income Americans.\(^57\) To put this into perspective, even if motorists only paid the average toll, the cost of a 10-mile trip over an eight day period on I-66 would be equivalent to their cost for an entire year under ATA’s BAF proposal for all roads and bridges.

There is a perception that the fuel tax is no longer a viable revenue source due to the availability of electric vehicles and improvements in vehicle fuel efficiency. This notion is belied by the facts. According to the Congressional Budget Office’s latest estimates, revenue from fuel taxes will drop less than eight percent over the next decade, or about $3 billion.\(^58\) A modest increase in the fuel tax, or a new fee on alternative fuel vehicles, can easily recover these lost revenues.

CONCLUSION

Thank you very much for the opportunity to testify today on this very important subject. We look forward to working with the subcommittee to address the inequities and hardships imposed on motorists and trucking companies who are being forced to pay exorbitant and wasteful tolls to fund unnecessary bureaucracies and subsidize projects that they receive little or no benefit from. We also look forward to working with you to produce real funding solutions to the infrastructure investment crisis.


## APPENDIX A: FUNDING IMPACT MATRIX - ANNUAL STATE-LEVEL JOB AND REVENUE INCREASES RESULTING FROM FEDERAL FUEL TAX INCREASES

<table>
<thead>
<tr>
<th>State</th>
<th>Current Annual Allocation</th>
<th>Twenty Cent - Increase Federal Motor Fuels Tax</th>
<th>Twenty Five Cent - Increase Federal Motor Fuels Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30$ Billion Federal Funds (in millions)</td>
<td>State Match (20%)</td>
<td>Total New Funds (in millions)</td>
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<tr>
<td>Alabama</td>
<td>$770</td>
<td>1.9%</td>
<td>$581 $116 $697 9,067</td>
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<tr>
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<td>$509</td>
<td>1.3%</td>
<td>$384 $77 $461 5,992</td>
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<td>Arizona</td>
<td>$742</td>
<td>1.9%</td>
<td>$560 $112 $673 8,744</td>
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<td>$325</td>
<td>1.3%</td>
<td>$397 $79 $476 6,187</td>
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<tr>
<td>California</td>
<td>$3,723</td>
<td>9.4%</td>
<td>$2,812 $522 $3,374 $43,832</td>
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<tr>
<td>Colorado</td>
<td>$542</td>
<td>1.4%</td>
<td>$416 $82 $492 6,390</td>
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<tr>
<td>Connecticut</td>
<td>$509</td>
<td>1.3%</td>
<td>$386 $77 $462 6,002</td>
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<td>$172</td>
<td>0.4%</td>
<td>$130 $26 $156 2,022</td>
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<td>Dist. of Col.</td>
<td>$162</td>
<td>0.4%</td>
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<td>$1,922</td>
<td>4.8%</td>
<td>$1,451 $290 $1,742</td>
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<td>$1,310</td>
<td>3.3%</td>
<td>$989 $198 $1,187</td>
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<td>$172</td>
<td>0.4%</td>
<td>$130 $26 $155 2,021</td>
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<td>$290</td>
<td>0.7%</td>
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</tr>
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<td>3.6%</td>
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<td>$967</td>
<td>2.4%</td>
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<td>$499</td>
<td>1.3%</td>
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<td>$383</td>
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<td>2.5%</td>
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<td>2.7%</td>
<td>$799 $160 $959 12,464</td>
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<td>$252</td>
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<td><strong>100.0%</strong></td>
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Source: American Transportation Research Institute. A Framework for Infrastructure Funding, Nov. 2017