

Money Talks: The Financial Facts About Tolls and Transportation

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TEA-21: The Transportation Equity Act for the 21st Century (TEA-21) was enacted in 1998 and authorized \$218 billion for the nation's highway and transit programs. TEA-21 expired in September 2003 leaving the funding for highway and transit programs to a series of six short-term extensions. The last extension expires May 31, 2005.

Congress is now considering bills to renew TEA-21 funding: one for \$283.8 billion over a six-year period, the level requested by the Bush administration; or \$318 billion initiated by another bill in the House of Representatives. The difference is approximately \$34 billion dollars. When adjusted for inflation, the \$283.8 billion bill provides only a 5.4 percent increase over 2004 levels.

U.S. DOT: A six-year investment of \$375 billion has been identified by the U.S. Department of Transportation (US.DOT) as the minimum amount necessary to maintain current transportation conditions.

According to U.S.DOT, every \$1 billion invested in transportation will create roughly 47,500 jobs. Therefore \$283.8 billion in TEA-21 funding would yield roughly 13.5 billion jobs, while \$318 billion in funding would yield roughly 15.1 billion jobs.

TEA-21 Delay: According to the American Association of State Highway and Transportation Officials (AASHTO), the delay in passing TEA-21 has caused the following:

- Delays in state projects being put out for bid resulting in tens of thousands of jobs lost.
- Some state DOTs are advancing state funding for projects that would be eligible for federal-aid, and are therefore diverting money for the projects until federal money is available.
- In December 2004, *McGraw-Hill Construction Report* noted that year-to-date construction starts for highways and bridges were down 5%. States don't have the resources to commit to long-term investments.

Trends: Within the last five years, serious highway congestion is up by 40% with an estimated 230 major bottlenecks across the country, and an average of 46 hours per year lost to commuters stopped by traffic.

Drivers have increased the number of miles driven by 80% over the 20 years. New highway lanes have only increased by 4% adding to the congestion problem. (See *New York Times* article by Timothy Egan, "Paying on the Highway to Get Out of First Gear", pub. 4/28/05)

AASHTO projects freight traffic up 70% by 2020 and increased travel demands up 44%.

Traffic Costs: In 2003, the Federal Highway Administration (FHWA) reported traffic congestion cost the U.S. economy \$67.5 billion annually in lost productivity and wasted fuel.

Traffic crashes in 2003 killed more than 43,000 people. Crashes are estimated to cost the U.S. economy approximately \$230 billion annually.

According to the American Society of Civil Engineers (ASCE):

- 32% of major roads in the U.S. are in mediocre or worse condition, costing U.S. motorists \$54 billion annually in repairs.
- 27% of U.S. bridges are structurally dysfunctional. Repairs will cost an estimated \$9.4 billion annually for 20 years.
- 36% of major urban roads are congested.

Gas Tax: The federal tax is 18.4 cents per gallon raising approximately \$40 billion annually which is used primarily for transportation infrastructure. States determine their own gas tax. Sample ranges: Georgia at 7.5 cents, Wisconsin at 32.1 cents, Colorado at 22 cents. As the cost of fuel rises, consumers are not inclined to favor increased gas tax, but are showing broad support of pay-as-you-go systems.

Toll Roads: According to the FHWA, in 2003, U.S. urban and rural interstate systems comprised of toll roads, toll bridges, and toll tunnels totaled approximately 5,031 miles.

Almost 24 states have recently passed legislation enabling pay-as-you-go transportation systems, often built and operated by the private sector. (See *New York Times* article "Paying on the Highway to Get Out of First Gear", by Timothy Egan, pub. 4/28/05)

Examples of Tollway Revenue Generation:

- Illinois Tollway generated \$377.4 million in toll revenue collected for 2003.
- Florida's Turnpike generated \$450 million in toll revenue collected in fiscal 2003.
- State Route 91 Express (HOT) Lanes, Orange County, CA revenues exceed \$29 million per year.

IBTTA: U.S. toll operator members of IBTTA generate more than \$8 billion in annual revenues that are used to design, build, maintain, and operate highways, tunnels, bridges and other surface transportation infrastructure in both urban and rural areas throughout the United States.

While toll revenues cannot supercede the need for funding TEA-21 reauthorization, it can certainly help bridge the gap between the need for investment in transportation infrastructure and the available funding to do so. Therefore, it is imperative that language in TEA-21 support state's ability to implement tolling facilities.

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"There are no free roads."TM