



STATEMENT FOR THE RECORD

International Bridge, Tunnel and Turnpike Association

REGARDING

Long-term Solvency of the Highway Trust Fund: Lessons Learned from the Surface Transportation System Funding Alternatives Program and Other User-based Revenue Solutions, and How Funding Uncertainty Affects the Highway Programs

BEFORE THE

U.S. Senate Committee on Environment and Public Works

ON

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INTERNATIONAL BRIDGE, TUNNEL AND TURNPIKE ASSOCIATION

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On behalf of the International Bridge, Tunnel and Turnpike Association (IBTTA), we are pleased to submit this Statement for the Record to the U.S. Senate Committee on Environment and Public Works (Committee).

IBTTA is the worldwide association for the owners and operators of toll facilities and the businesses that serve the industry. Our mission is to advance transportation solutions through tolling and road pricing. Founded in 1932, IBTTA represents 131 toll operators in 34 states that operate 355 distinct toll facilities with more than 6,500 centerline miles. In 2019, these organizations processed 8.3 billion transactions, representing more than \$22 billion in toll revenue for investment and funding of transportation facilities and operations. IBTTA also has hundreds of members in more than 20 countries on six continents.

We commend you, Chairman Carper, Ranking Member Capito, and members of the Committee for focusing your attention on the solvency of the Highway Trust Fund and surface transportation funding alternatives.

THE FUEL TAX IS NOT SUSTAINABLE AS A FUNDING SOURCE FOR HIGHWAYS

We all know – and have known for many years – that the fuel tax’s days are numbered. The federal fuel tax has not been increased since 1993. And since that time, the fuel tax has lost more than half its purchasing power because of inflation. In addition, greater vehicle fuel efficiency of gas-powered engines and the growing transition to hybrid and electric vehicles and other alternative fuels have diminished the sustainability of the motor fuels tax as a revenue source. Since 2008, Congress has transferred more than \$150 billion in general revenues to the Highway Trust Fund to maintain its solvency.

RECOMMENDATIONS IN BRIEF

As the Committee looks toward alternative revenue sources for the federal surface transportation programs, IBTTA recommends the following actions which we describe in more detail in the text that follows:

- (1) Advance a national road-use charging (RUC) pilot.**
 - a) Review the findings of state-based RUC pilots for lessons to apply to the federal pilot.**
 - b) Create a governance board of key stakeholders to oversee the national pilot.**
 - c) Include toll operators and their suppliers as partners in carrying out the national pilot.**
- (2) Continue the user-pays principle of highway funding and finance; and**
- (3) Give states the ability to use tolling to rebuild their Interstate highways – as a complement to the Federal program.**

1 – ADVANCE A NATIONAL ROAD-USE CHARGING PILOT

Recognizing that the fuel tax is not a sustainable funding source for the Highway Trust Fund in the long-term, IBTTA supports decisive action to begin a national road-use charging pilot program based on distance traveled on all roads.

We commend Congress for the commitment to fund state and regional pilots of road-use charging (RUC) over the past ten years under the Surface Transportation System Funding Alternatives Program. While we have learned a great deal from these state-based pilot programs, there is much more to be learned from undertaking a national RUC pilot program.

Those in charge of planning the national RUC pilot should review the findings of the completed state and regional pilots to leverage tools and methods that may be adaptable at a national scale. The national pilot should establish technical and functional requirements that will govern data collection, data protection, and payment processes. Very importantly, the national pilot program should closely examine the interactions with ongoing state RUC programs, tolling, pricing, and other state revenue programs.

Congress should create a governance board to manage the national RUC pilot and develop recommendations. The multi-disciplinary governance board should include representatives from USDOT, a national research body, highway users, and highway operators. In addition, Congress should assemble an advisory commission to provide input from many disciplines and fields including technical, financial, legal, business, operational and policy experts.

Engaging a wide range of participants in the development of a national RUC pilot will help nurture public acceptance of this new highway funding mechanism. In addition, by offering choices in how to engage and pay for future transportation charges, individuals can select alternatives that match their risk tolerance, technology adoption comfort, and privacy preferences.

As you consider when and how to implement a national RUC pilot, we hope you will seriously consider the exceptional capabilities of the worldwide tolling industry. IBTTA toll operator members and the vendors, consultants, and integrators that support them have been extremely successful in collecting road, bridge, and tunnel tolls for a very long time. Our members can apply this same expertise to the successful development, planning, deployment, and operation of state-based and nationwide road-use charging systems.

2 – CONTINUE THE USER-PAYS PRINCIPLE OF HIGHWAY FUNDING AND FINANCE

Historically, we have paid for our highways through fuel taxes and tolls. As the nation considers alternatives to motor fuel taxes, Congress should continue to embrace the user pays system. The user-pay principle creates a value proposition for transportation consumers by helping to shape how, when, and where they decide to travel.

3 – GIVE STATES THE ABILITY TO USE TOLLING TO REBUILD THEIR INTERSTATE HIGHWAYS – AS A COMPLEMENT TO THE FEDERAL PROGRAM

IBTTA supports Congress in its efforts to provide for the solvency of the Highway Trust Fund. In addition, we encourage Congress to expand the ability of states to use toll financing as one of the methods to help rebuild their Interstate highways. Giving states additional flexibility to use tolling can expand transportation funding without burdening the Highway Trust Fund.

Today's modern toll agencies are extremely productive and efficient in their ability to generate revenues to support their operations and investment needs, while also creating value for customers through high service levels, safety, reliability, and mobility options. In addition, toll roads, tunnels and bridges are among the safest in the world precisely because their operators invest in regular maintenance and capital improvements.

In the last decade, we have seen a resurgence in toll financing to support new construction and reconstruction projects led by state, county, and local governments. These include both traditional tolling projects to build or maintain a road and priced managed lanes to manage congestion, promote equity, and reduce the negative impacts on climate. The appeal of tolling is that it offers an option, subject to local review and approval, that does not depend on raising taxes or other funding sources to build, operate, and maintain vital transportation infrastructure. In addition, tolls establish a direct connection between the use of the road and payment for that use.

In 2018, at the direction of Congress, the Transportation Research Board (TRB) published a study entitled ***Renewing the National Commitment to the Interstate Highway System: A Foundation for the Future***. That study contains two important recommendations on tolling. First, "Congress should prepare for the need to employ new federal and state funding mechanisms, such as the imposition of tolls or per-mile charges on users of the Interstate Highway System." Secondly, "Congress should lift the ban on tolling of existing general-purpose Interstate Highways."

In addition to these recommendations, the TRB study says, **"The majority of public opinion polls show majority support for tolls compared with other alternatives such as higher fuel taxes, and support grows with familiarity with toll roads, when funds collected are dedicated to specific highway improvements, and as an alternative to other forms of taxes to support highways."** (TRB, p. 181). (Emphasis added).

CONCLUSION

This is a key moment in American history that will test our ability to be agile and resilient. As we emerge from a pandemic and an economic downturn, we have a remarkable opportunity to reimagine the way we pay for transportation infrastructure. Change can be extremely hard but it can be much easier if we envision the outcomes we seek to achieve: a more resilient and sustainable transportation system that seeks to advance economic opportunity and equity for all Americans. We look forward to working with the Committee, the Congress, and the Administration to achieve these outcomes. Thank you for the opportunity to submit this Statement for the Record.

Reference

TRB. 2019. Transportation Research Board Special Report 329. *Renewing the National Commitment to the Interstate Highway System: A Foundation for the Future*. The National Academies Press, Washington, D.C. <https://www.nap.edu/resource/25334/interstate/>