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July 25, 2008

**To: Members of the National Surface Transportation Infrastructure Financing Commission (Section 11142 under SAFETEA-LU)**

**From: Patrick D. Jones, Executive Director & CEO, International Bridge, Tunnel and Turnpike Association**

**Subject: Comments on the Synthesized Preliminary Recommendations of the Commission, as of 06-02-08**

Thank you for the opportunity to offer our comments as you begin your final deliberations. The range of potential conclusions and the level of detail expressed by Commission members is impressive.

We appreciate the tensions associated with issuing a final report that tries to balance high-level ideals against the reality of a harsh public and political environment.

I believe direct road user charging and pricing can and will be pervasive and ubiquitous across North America within 20 years. The technology and business models needed to support these systems already exist. More than 80 toll agencies in 34 states use tolling today. A growing number of state departments of transportation and toll agencies operate high occupancy toll (HOT) lanes and managed lane projects that use pricing to manage congestion. And open road tolling (i.e. all electronic tolling with no barriers) is a major topic of interest among all toll operators. In fact, at least five major toll authorities have ongoing plans for wholesale elimination of cash collection and tollbooths in favor of transponder based electronic tolling and image capture enforcement systems.

All too often in these discussions about the future, we allow the means (current thinking, institutions, technology, ways of doing things) to determine the ends (the vision we have of a better future). This kind of constricted thinking, unfortunately, limits the vision and makes tomorrow look an awful lot like today, only more complicated.

We need to break out of our current, constricted thinking. We must envision a future in which the users of our surface transportation system pay directly for the full cost of the product. The product is mobility on a particular road, in a particular location, at a particular time of day. In this envisioned future, users will receive market signals that let them know both the cost of **creating** that product (design, finance, construction, maintenance of the roadway, etc.) as well as

the immediate cost of **using** the product (congestion, etc.) in real time. Sort of like buying things in a grocery store.

Now, market forces will not solve the problem of how to build roads across Wyoming using funds only from the people of Wyoming. That's where the federal role comes in; to fill the gaps in parts of the system that cannot be adequately supported by the market. A discussion of that concept is beyond the scope of this paper. But that's where the federal role should be most prominent.

On the assumption that a simple recommendation is better than a complex one, I'm going to err on the side of simplicity. Here is my lone recommendation with several supporting principles.

## **RECOMMENDATION**

### **We should move swiftly and aggressively to a ubiquitous system of road user charging for all vehicles on all roads.**

- **Ubiquitous, not national.** Notice I did not use the word "national." "National" implies that this system would be controlled by some "higher authority" (for example, the Congress, the US Department of Transportation, a special board, etc.) that could be subject to political influence, corruption, or worse. I admit I don't know how this ubiquitous system of road user charging will be created or controlled, but we need one. That's the beauty of having a vision. You don't need to decide today how you're going to get there.
- **Sustainable.** Ed Regan has made all the right arguments for why the current gas tax is not sustainable. Yes, it's efficient. But you can't continue to generate higher revenue from a system that taxes something (gas) you'll be using less of. I agree wholeheartedly with Ed's analysis on this point. Direct road user charging is sustainable and has proven to be sustainable. Motorists who use toll supported roads pay for what they get and get what they pay for. I also wholeheartedly support Ed Regan's further comment that "we need to move to more direct road user charging...to manage demand and establish a more direct link between revenue collection and use of scarce capacity. Doing so will help achieve one of your other recommendations...an emphasis on cost justification and performance. By moving to a fully priced system, new investments will be made where there is sufficient demand (and revenue potential) to justify it. It will be much harder to justify earmark type projects." (Regan)
- **Public support.** Ubiquitous road user charging can work. It has the additional advantage that there is widespread public support for road user charging to supplant the fuel tax. An important recent study by Johanna Zmud, Ph.D., summarizes the findings from 110 different surveys that look at public attitudes toward tolling. The study shows that there is clear majority support for tolling and road pricing. Among all surveys, 56 percent showed support for tolling while opposition was found in only 31 percent of the surveys. (Zmud)
- **Political will.** While there is widespread public support for road user charging, the problem is political will. Johanna Zmud reflected this sentiment best when she said, "We have now reached a threshold where the major constraint on the successful implementation of tolling and road pricing relates largely to public policy rather than to technical or administrative barriers." (Zmud) The problem is that Congress and other institutions have steadfastly

resisted road user charging because it would alter the status quo and lessen their power to distribute money (Reauthorization). As a consequence, the states have been reluctant to take up road user charging because they are addicted to federal money, and federal law prohibits states from tolling the most important roads in America, the Interstate Highway System. So states are faced with this Hobson's choice from Congress: "You can use any highway funding mechanism you want as long as it's the one we tell you to use." This is not a choice and not a formula for success.

- **Technology.** The technology to achieve ubiquitous road user charging has been in place for a generation. IBTTA and our member toll agencies are hard at work on plans to achieve nationwide interoperability of electronic toll collection (ETC) systems so that ubiquitous road user charging can be a reality. If there is political will to embrace ubiquitous road user charging, then the biggest barrier to nationwide ETC interoperability of road user charging will have fallen.

Once again, we wish to thank you for the opportunity to comment on your preliminary recommendations. Please feel free to call on me if we can help in any way.

#### References

Regan, Ed. "Comments and Recommendations – Tolling, Pricing and VMT Fees," Letter to Jeff Yarema and Transportation Finance Commission Members, July 20, 2008.

Zmud, Johanna. "The Public Supports Pricing If...A Synthesis of Public Opinion Studies on Tolling and Road Pricing," *Tollways*, January (Winter) 2008.