

**Remarks of Patrick D. Jones
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Before the
Committee for a Study of the Future Interstate Highway System
Transportation Research Board
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Introduction

Good morning. My name is Patrick Jones and I'm the executive director and CEO of the International Bridge, Tunnel and Turnpike Association. The mission of IBTTA is to advance transportation solutions through tolling.

The members of our association are the owners and operators of toll facilities and the businesses that serve the industry, including vendors, consultants, and others who supply products and services to the industry. We have more than 200 public and private sector organizations as members and they work in all 50 states and in more than 20 countries on six continents.

Thank you for inviting me to be here today. I'm pleased to have the chance to provide input to you, the members of the Future Interstate Study Committee, as you consider the future of America's vital Interstate Highway System.

You have an extremely difficult job ahead of you, to develop specific recommendations regarding the features, standards, capacity needs, application of technologies, and intergovernmental roles to upgrade the Interstate System; and consider the condition of the current system over the next 50 years. That's a tall order. Good luck.

My role is more limited. I will provide some information on the possible role of toll funding and finance as one potential element in the funding package that will be needed to maintain and improve the Interstate System.

If you remember nothing else about what I say today, I want you to remember this: ***Tell the Congress of the United States to lift the prohibition on tolling interstate highways for the purposes of reconstruction. Give the states the ability to toll their Interstate highways specifically for rebuilding those Interstate highways. Let them have access to one more tool in the toolbox. This is not a mandate; no state would be required to toll their interstates. This simply gives states the flexibility to choose the option to use tolls if it makes sense to the individual state.***

History of Toll Roads

When we think about the traditional way to fund the Interstate Highway System, we tend to think of the gas and diesel taxes and other excise taxes. These traditional funding methods

date back to the early 1900s in our country. But there is a powerful and effective funding method that has a much deeper history, and that method is tolling.

America introduced tolling from Britain, and the first recorded toll bridge was established in 1656 in Newbury, Massachusetts. The first turnpike was Virginia's Little River Turnpike, established in 1785, which ran over 62 miles from Alexandria to the Blue Ridge Mountains. After 1800 most states had adopted toll financing for their major roadways. Connecticut had chartered 50 turnpike companies operating 770 miles of roads. New York had 67 such companies to construct 3,110 miles. (Jones and Gray)

But toll roads existed well before the earliest days of America. They have existed in some form since antiquity. Toll roads have existed for at least the last 2,700 years, as tolls had to be paid by travelers using the Susa–Babylon highway under the regime of Ashurbanipal, who reigned in the 7th century BC. That road connected cities in what is now modern Iran and Iraq. Aristotle and Pliny refer to tolls in Arabia and other parts of Asia. In India, before the 4th century BC, the Arthashastra – an ancient Indian treatise on statecraft, economic policy, and military strategy, written in Sanskrit – notes the use of tolls. (Wikipedia)

My point in providing this brief history of world civilization is to say that when we talk about “traditional” methods of highway funding and finance, nothing is more traditional than a toll road.

The biggest difference, of course, between the toll roads of antiquity and those of today is technology. The introduction of electronic toll collection means that people no longer need to stop and wait to pay the toll. As your vehicle passes under a gantry, you pay your toll without stopping – often at highway speeds – using a transponder associated with your account.

This technology also allows toll road operators to create priced managed lanes in which the flow of traffic in the toll lanes is managed by changing the price of the toll, dynamically, on a minute by minute basis. In this way, pricing can be used to ease congestion, to ensure that the driving speed in the managed lanes stays above a predetermined minimum level, such as 45 mph. We can see this technology in operation every day on the I-95 and I-495 Express Lanes in Northern Virginia.

Tolling and the Interstate Highway System: The Past

Let's talk about tolling and the Interstate Highway System.

In the 1939 report to Congress, *Toll Roads and Free Roads*, the U.S. Bureau of Public Roads (BPR) rejected the toll option for financing Interstate construction because most Interstate corridors would not generate enough toll revenue to retire the bonds that would be issued to finance them. In part, the report attributed this conclusion to "the traffic-repelling tendency of the proposed toll-road system." Although some corridors had enough traffic to support bond financing, the report predicted that motorists would stay on the parallel toll-free roads to a large extent. (FHWA)

That conclusion was called into question when the first segment of the Pennsylvania Turnpike, from Carlisle to Irwin, opened on October 1, 1940. It was an instant operating and financial success. Following World War II, the turnpike's continued success prompted other States to use

the same financing method. Each State established a toll authority to issue bonds. Revenue from the bonds provided the funds, up front, to pay for construction. Toll revenue allowed the Pennsylvania toll authority to repay bond holders with interest and to pay for administration, maintenance, and operation of the highway. (FHWA)

Based on this model, turnpikes appeared or were planned in Connecticut, Florida, Illinois, Indiana, Kansas, Kentucky, Maine, New Hampshire, New Jersey, New York, Oklahoma, Virginia, and other States, often in corridors that had been designated as part of the Interstate System in 1947. These roads were built without any Federal-aid highway funds or other Federal tax dollars. (FHWA)

In 1955-1956, during consideration of financing options for the Interstate System, Congress debated how to handle the turnpikes in Interstate corridors. One option was to build toll-free Interstate highways parallel to the turnpikes, but that would jeopardize the legitimate rights of the bondholders by diverting traffic from the turnpikes built with their investments. Repaying the bondholders and removing the tolls was another option, but it would divert hundreds of millions of dollars from the construction program without adding a single mile of highway to the Interstate System. The same objection applied to an idea advanced by the turnpike States, namely leaving the turnpikes in place while providing equivalent amounts of tax revenue to the States that had shown the initiative in providing Interstate-type facilities before other States that chose to wait for the Federal Government to solve their financing problem. (FHWA)

After extensive debate, Congress decided in 1956 to authorize the BPR to incorporate toll facilities in the Interstate System to ensure connectivity without added expense.

On August 21, 1957, the BPR announced that it had added 2,100 miles of toll roads in 15 States to the Interstate System. The inclusions had been recommended by the State highway departments and approved by the BPR. The additions included 1,837 miles in operation. (FHWA)

The inclusion of this mileage meant that Interstate construction funds that would have been used for construction of toll-free Interstate highways in these corridors could be used elsewhere to build Interstate highways sooner than would otherwise have been possible. (FHWA)

Today, the nearly 47,000-mile Interstate System includes approximately 3,175 miles of toll roads. (Regan and Brown)

Tolling and the Interstate Highway System: The Future

To recap. We have 47,000 miles of Interstate Highways. Of that, 3,175 miles are tolled, most of them brought into the system as part of the BPR action in August 1957. Today, as a general rule, there is a prohibition on adding tolls to existing non-tolled interstate highways.

The original prohibition of tolling of federal-aid highways – not just the Interstate – dates to the Federal Road Act of 1916 (39 Stat. 355). Subsequent legislation modified the prohibition to the point where now the only significant part of the federal-aid highway system under the toll prohibition is the Interstate Highway System. (Kirk)

Congress, in approving the Federal-Aid Highway Act and Highway Revenue Act of 1956 (P.L. 84-621; 70 Stat. 374), rejected the use of tolls to finance construction in favor of creating a highway trust fund supported by dedicated fuel taxes. (Kirk)

In recent years, the revenues flowing into the highway trust fund have been insufficient to maintain even current levels of federal funding for highways. Political resistance to raising the federal fuels tax is high. Consequently, federal fuel taxes have not been raised since 1993.

Reflecting this tension, Congress has adjusted its view regarding tolling on the Interstate system. Under provisions of the 2012 highway Act known as MAP-21, states may now build new toll lanes on existing Interstate highways, bridges and tunnels if the number of toll free lanes remains the same. Also, reconstruction of toll free bridges and tunnels may be converted to toll bridges and tunnels. With this action, Congress effectively allowed tolling of an Interstate as an option in any instance except in the case of an existing roadway.

Historically, interest in toll financing has increased during periods of constrained federal funding. Since the Interstate highways make up nearly all federal-aid highway segments that are still under the tolling prohibition, advocates of expanded use of tolling focus their efforts on giving states more flexibility to impose tolls on the Interstates within their borders for the purpose of reconstruction. (Kirk)

Here are some of the arguments in favor of allowing states to expand their use of tolling on the Interstate system:

- The Interstate Highway System includes many of the corridors with the level of traffic that makes the best business sense for toll-supported public-private partnerships and other forms of alternative finance, which could use the tolls along with other sources of revenue to finance roadway improvements.
- The highways and bridges on the Interstate System are nearly all 50 years old (or older) and need to be rebuilt at many times their original cost. Given the insufficiency of the revenues flowing into the highway trust fund and constrained state budgets, states need to be able to use tolling to rebuild the Interstate highways.
- Tolls on urban Interstates could be set to vary according to the time of day or the amount of traffic, potentially reducing congestion while also providing revenue for maintenance or reconstruction of urban Interstates. We see these kinds of facilities appearing across the country in the form of Express Lanes or High-Occupancy Toll lanes.
- Tolling of the Interstates gives drivers the choice of paying for the advantages of using a tolled Interstate segment or choosing to use an alternative route that may require greater travel time.
- Tolling of the Interstates will allow states to reconstruct them sooner than they otherwise could by providing the funding needed to make the improvements.
- Tolling can improve the efficiency of investments in highways because private investors will not buy securities backed by the tolls unless they are convinced that a facility will attract sufficient patronage to meet financial expectations. (Kirk)

More Evidence to Support Interstate Tolling

There are many, many, many reports and studies from the last decade and more that have made a strong case to expand the opportunity of states to use toll finance as a way of rebuilding their interstate highways.

One of those reports was listed as a resource on the landing page of this Committee. It's called "Future Options for the National System of Interstate and Defense Highways: Task 10 Final Report" prepared for the NCHRP in May 2007 by PB Consult with Cambridge Systematics. I just want to cite one passage from that report.

In a section called "Recognizing the Need to Respond to Unique Issues Associated with Strategies," the report says:

In general, the diverse and capable state DOTs and their partners will benefit from reduced restrictions on innovation in funding, systems operations, use of tolls, new technology and context sensitive design.

Flexibility in the federal aid program to support and incentivize new forms of institutional sponsorship for facility development, finance and operations (such as public-private partnerships) will substantially extend the capacities of state and local transportation agencies to produce the program levels implied by the findings of this study. (PB Consult)

Another TRB study takes a similar approach to tolling of Interstate highways. From about the same era, 2006, it's called *The Fuel Tax and Alternatives for Transportation Funding, Special Report 285*.

An important opportunity exists today to create an extensive system of tolled limited access highways and expressway lanes employing existing electronic toll collection technology and variable pricing. The opportunity arises from a convergence of circumstances: the great reduction in the cost and inconvenience of toll collection achieved through new technology; strong interest in several states where tolling is seen as a critical revenue supplement; the willingness of Congress to allow tolling, at least on a trial basis, on Interstate system segments that receive capacity expansions; the valuable experience provided by recent toll implementations; and the interest of private-sector firms seeking opportunities to develop roads. Such a system might include networks of the major expressways in each metropolitan area and possibly some heavily traveled intercity connections.

Development of toll roads and toll lanes would have several potential benefits. It would speed construction of some of the most valuable highway projects, improve traffic flow on the tolled facilities (which could include some of the most heavily traveled urban expressways), and allow the public to become aware of the benefits and drawbacks of road pricing and to consider whether more extensive application would be desirable. (TRB SR285)

Important blue-ribbon panels appointed by Congress have looked at Interstate tolling and said the time has come to let it happen.

Both commissions established under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users (SAFETEA; P.L. 109-59) recommended allowing expanded tolling of Interstate highways. This could be done in a number of ways, such as changing the law to allow the imposition of tolls at state discretion or making permanent the existing pilot programs involving tolling, the Value Pricing Pilot Program and the Interstate System Reconstruction and Rehabilitation Pilot Program. (Kirk)

Other experts have written thought provoking articles to add to the discussion.

The Reason Foundation's Bob Poole has developed a proposal called Interstate 2.0. This study proposes that the United States finance the reconstruction of the Interstate Highway System based on per-mile tolls collected using all-electronic tolling (AET). Over several decades, the transformation of the Interstate system, state by state, would convert at least one-fourth of all travel from per-gallon fuel taxes to per-mile charging. (Poole)

Jack Schenendorf, who served for nearly 25 years on the staff of the U.S. House Committee on Transportation and Infrastructure, proposed two methods to raise the money needed to rebuild the Interstate Highway System and major truck freight corridors. He proposes a Federal Interstate User Fee and A Federal Motor Carrier User Fee. (Schenendorf)

Conclusion

Let me conclude with this thought. If you remember nothing else about what I say today, I want you to remember this: ***Tell the Congress of the United States to lift the prohibition on tolling interstate highways for the purpose of reconstruction. Give the states the ability to toll their Interstate highways specifically for rebuilding those Interstate highways. Let them have access to one more tool in the toolbox. This is not a mandate; no state would be required to toll their interstates. This simply gives states the flexibility to choose the option to use tolls if it makes sense to the individual state.***

I'm delighted and excited to be speaking with you at this very special time of year. This is the season of Advent in the Christian religious tradition. A time of waiting, anticipation, expectation. One of my favorite bible passages from this time of year is from the prophet Isaiah (40:3).

"The voice of him that crieth in the wilderness, Prepare ye the way of the LORD, make straight in the desert a highway for our God."—Isaiah 40:3

In the temporal world of roads and bridges and Interstate highways, I feel that many of us have been crying in the wilderness. There is a wilderness of inertia, partisanship, fake news, and other distractions, that have prevented us from taking meaningful action to improve – to save – our Interstate highways.

Let's listen to the voice in the wilderness – the voice of everyday people who depend on us to make the highways straight.

Let's listen to the voice of reason, of rationality, and fact – that is beckoning us to provide adequate funding for our Interstate highways. Let's listen to those voices. We can do this. Let's do it.

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