



Testimony of Chris Plaushin
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Before the U.S. Senate Commerce Committee
Subcommittee on Surface Transportation and Merchant Marine Infrastructure,
Safety and Security
“Protecting Commuters: Ensuring Accountability and Oversight in Tolling”
April 18, 2012

AAA HISTORY

Thank you for the opportunity to testify at today’s hearing. My name is Chris Plaushin. As the director of federal relations for AAA, I oversee AAA’s federal public policy and advocacy agenda on the topic of transportation funding.

By way of background, AAA was founded in 1902 to advocate for better roads and motorist safety. AAA is a not-for-profit, fully taxpaying federation of motor clubs in the U.S. and Canada serving over 53 million members. Nearly 24 percent of all North American passenger vehicles belong to AAA members. Our members are prime users and beneficiaries of the nation’s surface transportation system. They are commuters, leisure travelers, business owners, and users of public transportation.

CURRENT NEEDS, IMMEDIATE CRISIS

As members of this committee know all too well, our nation’s transportation system is woefully underfunded. Opinions differ on how to make up this funding shortfall and precisely whose responsibility it is to bridge the funding divide. But we should not lose sight of the fact that everyone involved in this complex discussion cares about the future of our system and wants to create a more functional, efficient, sustainable transportation network.

The U.S. Department of Transportation (US DOT) recently released its latest Conditions and Performance report which estimates that \$101 billion, plus increases for inflation, would be needed annually over the next 20 years from all levels of government – local, state and federal – to maintain the highway system in its current state. Investments needed to *improve* the current state of highways and bridges could total up to \$170 billion a year, according to the report.

The most recent American Society of Civil Engineers report card gave our nation’s roads a “D-” grade and our bridges a “C”. Further, the Congressional Budget Office last month issued its March 2012 baseline for the Highway Trust Fund that shows it is expected to stay solvent through the end of fiscal year 2012 but run into a negative balance sometime in fiscal year 2013.

All of this data demonstrates that we are on the wrong trajectory when it comes to the maintenance of our current system and providing adequate funding to expand our system to meet the demands of the 21st century.

AAA has been sounding the alarm on this topic for years. While our engagement has brought some successes along the way, unfortunately there is still much work to be done and not much time to do it. Which brings us to our topic for today's hearing – the role that tolling can play as a future funding solution to our nation's transportation funding crisis.

AAA TOLLING POLICY/POSITION

To put our tolling policy and positions in context, AAA believes the success of any transportation funding plan or program is that fees or taxes collected are fair and equitable, transparent, and used for the purposes for which they are collected.

AAA supports the user-fee concept as the most appropriate and fair way to continue to fund our transportation system for the future. Tolling, properly implemented, is a part of the solution.

At the same time, tolling is estimated – even in the most ideal of circumstances – to only bring in a small portion of the revenue needed to build and maintain our nation's infrastructure. Despite this, there are some who envision a system where tolling is the silver bullet solution to all that ails our transportation network.

As a general principle, AAA opposes tolling existing capacity, but tolling new capacity is among the future solutions necessary to increase capacity and manage congestion. However, tolls are not the panacea proponents often try to paint them to be. As I mentioned before, we won't fix the nation's transportation funding shortfall by assuming that tolled projects alone will fill the gap.

Tolling for some in the transportation community is simply a way to engage in the real policy pursuit of congestion pricing. AAA generally opposes pricing when it is implemented as a punitive measure to get people out of their cars while providing no alternatives. A fairer approach is to provide a priced road as an alternative to existing congested roads. Many people don't have flexibility with their employers to alter their work schedules to non-peak travel times. By providing priced lanes as a superior service alternative, motorists can choose to use them when time and predictability are most important.

Key to our support for tolls is that the revenue not be diverted to other uses. In a perfect world, toll revenue would only be reinvested in the facilities where users are charged, though we are now seeing an increasing trend of toll money being used for other transportation projects off the tolled-traffic corridor, as well as projects that have nothing to do with transportation. These are troubling trends which only serve to move us further away from the user-pays/user-benefits model.

AAA PUBLIC POLLING DATA

In terms of public perceptions on tolling, AAA national as well as some individual AAA clubs, periodically poll the public on the topic of transportation funding, and tolling more specifically. What we have found is that the public generally supports the idea of a user-pays system and supports tolling on the principle that toll revenue collected would be solely dedicated towards transportation improvements for that particular facility.

In 2009, we found that 41% favor building new toll roads and bridges which polled fairly high against other funding alternatives. Similarly, in a telephone survey conducted among 800 New Jersey motorists in May, 2011, the AAA New Jersey Automobile Club found that 67% of survey respondents support maintaining existing toll rates and planned toll rate increases.

The public has clear expectations that the tolls they pay will be utilized for the purpose of upkeep and proper maintenance for the facility on which they were collected. Once that direct link is severed, the toll is no longer a direct user fee, it just becomes another tax.

AAA RECOMMENDATIONS FOR TOLLING AUTHORITIES

Going forward, what can we do better and what kind of safeguards should be in place to ensure the public good is being served?

- Toll rates need to have a sound economic basis to reflect the actual cost of improvements to the system. A capital plan should be included as part of the overall project scope.
- A sufficient amount of time needs to be established between the development of the tolling proposal, the public hearings, and final approval, to ensure that all portions of the plan are fully vetted.
- Public hearings on tolling proposals need to be held at a variety of locations and times, especially to ensure broader public attendance. Further, tolling commissioners should be required to attend such hearings.
- Tolling authorities should make annual public disclosures of their financial status and the progress of the debt retirement for each tolled facility within its jurisdiction.

COMMUTER PROTECTION ACT

With that in mind, Mr. Chairman, I want to take this opportunity to state AAA's support for your legislation, the Commuter Protection Act, and thank you for your leadership on the issue of toll fairness and revenue protection. AAA endorses the Commuter Protection Act and is pleased that you were able to get included within MAP-21 a GAO study of tolling authority practices. Hopefully this will improve public oversight and accountability of tolling agencies while we continue to work towards enacting this important legislation.

As you know, the Commuter Protection Act would protect commuters and interstate travelers from unfair and egregious toll hikes. Specifically, your bill would restore USDOT authority to determine whether toll increases are 'fair and reasonable.' Groups like AAA and other affected parties would have an opportunity to protest toll revenue diversion, and other unjustified actions, on federal roads and bridges before USDOT.

E-ZPASS LETTER

Before closing, I'd like to take a moment to discuss an issue that AAA thinks is critical to the future of tolling in the United States – and that is the interoperability and seamless nature of interstate tolling transponder technology. Tolling agencies that utilize E-ZPass technology and are members of the E-ZPass Interagency Group (IAG) have recently engaged in a harmful, discriminatory practice of charging drivers who purchase their transponders out-of-state a higher rate than those who purchase their technology in-state.

This troubling industry trend is the subject of a letter, sent yesterday by AAA's President & CEO Robert Darbelnet to the E-ZPass IAG which I would like to submit for the record.

The letter calls on the IAG, which represents toll facilities that account for almost 40% of all U.S. toll transactions and nearly 70% of all U.S. toll revenue, to immediately end this misguided charging practice.

Technology that was once hailed as being innovative, open, fair and transparent, is at risk of becoming perceived as untrustworthy, parochial, inconvenient and heavy-handed because of this discriminatory business practice. AAA has an interest in protecting the integrity of future cashless tolling systems which we believe are important

to motorists because of their convenience, and accommodation of free-flowing toll payments. I hope the IAG is able to remedy this troubling issue for the benefit of America's motoring public.

CONCLUSION

AAA is committed to doing its part to engage our members and raise awareness about the transportation funding challenges our nation faces. We're doing so through our "Making America Stronger" campaign and web site, social and traditional media channels as well as club efforts at the state and local level. Our research shows Americans understand that a free-flowing, safe, efficient transportation system is needed to keep us competitive in the global economy. We need to focus our collective efforts on building broader public support for all solutions that can raise revenue, in a fair and responsible way, for our nation's transportation infrastructure.

Thank you for the opportunity to testify here today. I look forward to any questions you might have.