

**Statement of
Gregory M. Cohen, President
American Highway Users Alliance**

before the

**Subcommittee on Highways and Transit
Committee on Transportation and Infrastructure
U.S. House of Representatives**

March 30, 2011



Chairman Duncan, Ranking Member DeFazio, and Members of the Subcommittee:

I am Greg Cohen, President and CEO of the American Highway Users Alliance. I am very pleased to present testimony on the critical importance of enacting a reformed, robust, and streamlined surface transportation authorization bill this year. My organization strongly believes that the bipartisan highway and transit bill you develop will be able to overcome the roadblocks facing other committees and be enacted into law with widespread support in both the House and Senate. As advocates for taxpaying motorists, we strongly support this Committee's efforts to "put the trust" in the Highway Trust Fund. A high level of public trust in your efforts is absolutely critical to ensuring sustained, widespread enthusiasm for the critical national transportation investments funded by both highway user fees and general taxes.

About The American Highway Users Alliance

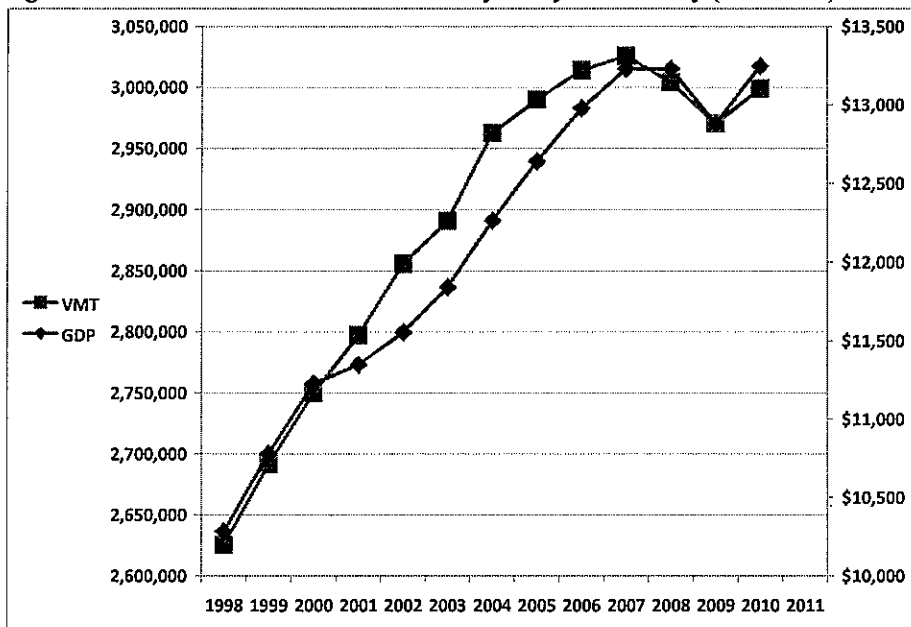
Formed 79 years ago, the American Highway Users Alliance (The Highway Users) is a non-profit organization that promotes federal, state, and local policies that improve safety and mobility. We bring together a wide range of users that contribute to the Highway Trust Fund and we support public policies that guarantee the investment of user fees in projects that provide tangible benefits to those paying the bill. Our members include AAA clubs, trucking and bus companies, motorcyclists, and RVers who contribute user fees to the Highway Trust Fund. These members and several hundred other member businesses and associations represent millions of highway users from coast-to-coast. Safe, reliable, and efficient roads facilitate the movement of our families, employees, customers, and products. The Highway Users has worked closely with Congress on every major highway bill since 1956 as a stakeholder and grassroots advocate for a strong and trustworthy Highway Trust Fund.

The Big Picture: The Economy and Highway Use

Americans' love affair with cars and driving has a real economic value to the country. And as vehicles and fuels continually improve to improve efficiency and reduce pollution, highway mobility is becoming even more environmentally and financially sustainable. The latest review of government data prove once again that vehicle miles

traveled (VMT) is tightly correlated with the Gross Domestic Product (GDP). As our economy rebounds, highway travel has increased 15 months in a row on a year-over-year basis. Currently, at 3.00 trillion vehicle miles per year, we have almost reached the peak pre-recession travel levels of November 2007. Many people erroneously believe that gasoline prices are a major determinate of vehicle-miles traveled, but in fact it is the overall economy that is most correlated with travel.

Figure 1 – Source: US Government data analyzed by 3G Mobility (3/22/2011)



As highway travel rebounds users are feeding the economy by working, shopping, and recreating. People do not drive simply because of the love affair with the car, they drive to participate in the economy and to access a full range of services and products that improve their quality of life. But with the growth of travel, congestion is once again rebounding. According to the Texas Transportation Institute, the cost of congestion has risen from \$24 billion in 1982 to \$115 billion in 2009. We waste nearly 4 billion gallons in fuel each year stuck in traffic.

Streamlining Interagency Reviews / Reducing Bureaucracy

As States face the reality of doing more with less, a critical way that Congress can help is by reducing institutional bureaucratic barriers that delay planning and project approvals. At a minimum, Congress should be vigilant in ensuring that new planning requirements or other program complications do not find their way into the new bill. We are deeply concerned that some well-meaning groups may propose new planning or other requirements that would give the Administration authority to demand specific types of road designs, overly influence state or metropolitan planning outcomes, or force additional levels of cooperative review with new groups and agencies that would slow planning and project reviews. We strongly oppose new planning requirements and ask that Congress, instead, review and eliminate as many existing requirements as reasonable.

To streamline project approvals, Congress could do a great deal including setting hard deadlines for interagency reviews, adding more programmatic categorical exclusions from the NEPA process, delegating NEPA review authority to more States, turning Executive Order 13274 into statutory language (it establishes priority projects for expedited review), designating large projects for priority interagency consideration, and allowing more advance design and right-of-way acquisition work prior to the completion of the NEPA process. We would be happy to work with you to identify additional options for reducing delays.

Funding & Finance

The Highway Users has long supported the idea of a self-sustaining highway-user supported Highway Trust Fund. We have analyzed Treasury data from 2001-2010 and note that the fuel taxes that support the trust fund have been relatively stable with only one year (FY2009) where fuel taxes dipped by more than \$1 billion. We support the fuel tax and believe it could provide stable program support for many years into the future. Still, we recognize that the current rate is insufficient to meet the tremendous infrastructure needs of the country – even if all waste and diversion were eliminated from the program.

According to USDOT's most recent Conditions and Performance report, it would require \$105.6 billion per year over twenty years from all levels of government simply to sustain current conditions and performance of our highway system and \$15.1 billion to maintain conditions and performance for transit (7:1 ratio). A maximum improvement scenario would require \$174.6 billion for highways and 21.1 billion for transit (8.3:1). The Highway Trust Fund cannot currently support the federal share needed to achieve these goals. Currently, about 80% of the transportation bill is used to support the federal-aid highway program and the balance is for transit, and small programs. We support maintaining this share of funding for highways in the new legislation.

The most volatile user fee collected into the trust fund is the “retail tax on trucks”. This tax represents only 5.7% of the revenue into the Highway Trust Fund, but suffered an enormous \$2.3 billion drop (-62%) in fiscal year 2008 due to the economy and a weak market for pricey new diesel engines that met new EPA emissions requirements. Unlike the fuel user fee, the retail tax on trucks is collected on a percentage basis. Many people wrongly assume that the fiscal problems facing the Highway Trust Fund are due to people buying less fuel or using alternative means of transportation. The reality is that the retail taxes on trucks, as well as other user fees like heavy vehicle use taxes and tire taxes, have a substantial impact and are much more unstable than the fuel tax.

We support the expansion of pilot programs to test other user fee concepts such as vehicle miles traveled (VMT) fees and we do not oppose the use of tolling for the construction of new roads and bridges as well as new express toll and HOT lanes where the imposition of tolls would be limited to those who choose to use the new lanes. However, with those limited exceptions, the Highway Users remains committed to the toll-free Interstate Highway System, the economic backbone of a national transportation

system and we are wary of tolling schemes that allow for diversion of user fee funds and/or hold existing (particularly interstate) road users hostage to escalating toll rates.

We would like to work with the committee on financing, bonding, and public-private partnership proposals to leverage capital investments through loans and loan guarantees. We have long supported tax credit bonds as proposed by Senators Wyden and Thune, a concept that would distribute significant funds to the states. However, we remain concerned with the Administration's Infrastructure Bank proposal, which gives the DOT staff continued authority to select projects for grants. We are concerned that the Administration is less than enthusiastic about new highway capacity projects and will add various requirements as a condition to the award of grants. Most recently, the Administration proposed adding subjective "livability" requirements to the TIFIA program. We prefer to continue to give the States wide latitude to select their own capital projects and provide the tools needed to allow States to select from a menu of innovative financing options to get the projects done quickly.

In addition, the Highway Users would support an effort to make greater use of the General Fund for a variety of transportation programs. While the highway user fees should be guaranteed for projects that benefit highway users, general funds should not be overlooked as a supplement for a full range of transportation options, including roads – roads do provide general benefits to citizens. Many of the programs that are currently or proposed to be funded out of the "highway account" are not true highway programs. These should not be mandated and their funding should be derived from outside the highway trust fund. Examples include enhancements, childhood obesity programs, livability, rail, and a greater share of the transit program.

Setting Priorities

Twenty years ago, as the initial Interstate construction program wound down, the surface transportation program lost much of its initial focus. Since 1991, the sheer number of programs exploded and the Highway Trust Fund was seen by many as a revenue source for all kinds of new purposes – even those that related only tangentially to transportation. As this new Congress departs from the old "TEA" vision of surface transportation, it will have to cut the frills from the program and find ways to improve the efficiency and outcomes of the broad, true transportation programs that remain. It will be impossible to satisfy every interest group that wants money from this bill. Instead, the Congress will have to make tough choices and do something it hasn't had to do for a long time: set priorities. But Congress still needs to avoid the temptation to micro-manage planning outcomes and project selections in Washington. It's an important balancing act.

Key Federal Priority Areas

The Highway Users believes that the federal government should be involved in the following transportation priorities of critical, national importance:

- Safety
- Congestion Relief
- Truck Freight Corridors
- Renewal & Replacement of Aging Critical Infrastructure

Safety: More than half of all deaths involve lane or road departure, a largely preventable problem that can be solved with roadway safety devices. Most of these fatal crashes are in rural areas. We agree with the Administration that safety funding should be given increased emphasis compared to other programs. Perhaps the most important development in SAFETEA-LU was the creation of the Highway Safety Improvement Program (HSIP). Recent research from SAIC credits funding for this program as being more tightly correlated to reduced highway deaths than any other factor commonly cited. Still, with nearly 34,000 annual deaths and over 2 million injuries each year, much more can be done. In addition, to prioritizing HSIP, we also are proud to serve in diverse coalitions supporting robust funding for High Risk Rural Roads, Congressman Altmire's Older Driver road safety programs, and Ranking Member Rahall's highway safety bill. In addition to guaranteeing funding for safety programs, Mr. Rahall's bill also permits States to certify the importance of proprietary safety products which can be specified in contracts to advance road safety. This is a critical safety change that we join AASHTO in strongly endorsing. SAFETEA-LU also included dedicated funding for roadway safety educational pilot programs (Sec. 1411). These funds have been granted by USDOT to the Roadway Safety Foundation (RSF), a charitable/educational organization chartered by The Highway Users, to improve public awareness of roadway safety. Since 2005, RSF pilot programs have focused on deployment of: lifesaving, low-cost cable median barriers; rumble strips; and a variety of techniques to make roads safer for seniors. We strongly support reauthorizing this Road Safety section.

Congestion Relief: We were extremely disappointed that the Administration has removed congestion relief from the DOT's strategic plan and proposed that most of its reformulated National Highway System program not permit investments in new capacity. As VMT rebounds with economic growth, congestion will remain a huge drag on our economic potential. There are numerous ways to address congestion and we support giving States wide latitude to creatively approach this problem, but adding capacity needs to be among the menu of options available. We were disappointed that the Bush Administration's approach to congestion relief was overly focused on tolling, however this disappointment did not extent to support for removing the entire concept of congestion relief from the new strategic plan. The Highway Users supports congestion relief as a key strategic goal in the authorization bill and urges the Committee to permit the construction of new capacity in all of the programs authorized in the bill. A detailed, performance-based plan is outlined in our authorization recommendations brochure.

Truck Freight Corridors: Trucking dominates the America's freight network, carrying \$8.3 trillion dollars' worth of goods, weighing 8.8 billion tons (70% of total) criss-crossing our country each year. Under any future freight plan, trucking will continue to dominate and be critical to our ability to conduct domestic and international trade. The Constitution is most specific on a clearly defined federal role in regulating interstate commerce. Expansion of the National Highway System (including the Interstate) as well as freight bottleneck relief should be a critical transportation and economic priority in the next authorization bill. Federal leadership from Congress is needed here to ensure that we have consistent national freight mobility. The toll-free Interstate Highway System, in particular, is emblematic of the importance of a federal highway program. As this system decays after more than 50 years of operation, it is more and more critical that trucking corridors be prioritized by Congress and that there be substantial and priority support for investments in Interstate and NHS routes.

Renewal and Replacement of Aging Critical Infrastructure:

Our major highways are showing their age. Congress can't solve every aging infrastructure problem but attention needs to be given to high volume federal-aid highways that are in danger. Bridges and pavements are requiring more advanced asset management strategies, replacement and reconstruction schedules. In many cases, it is simply not enough to replace an existing road or bridge within the same footprint. The Administration has advanced an agenda to get our roads and bridges up to a good state of repair. We agree with one caveat – they must also be brought up to a good state of *operation*. That can involve capacity as well as improved condition.

Improving Performance Without Micromanaging

By reforming, streamlining, and providing flexibility in the surface transportation programs, states should be able to deliver projects faster and provide a better return on the user's dollar. But what role should the federal government have to improve state performance? Some have suggested that the federal government should have increased control over planning, project selection, and the distribution of money. We strongly disagree. We believe that earmarking should be eliminated – including Administration earmarking. Instead, Congress should authorize a bonus fund (similar to the equity bonus program) that provides additional formula funds to states that meet performance criteria in any of the four federal focus areas we propose (congestion relief, safety, aging infrastructure, and freight corridor construction). By providing a bonus fund, Congress can create incentives for States to take on projects of federal interest without twisting arms or micro-managing projects. This *limited* role is the best compromise for federal involvement in state decisionmaking.

Conclusion

This Committee has an extraordinary opportunity to help improve the economy, reduce congestion, and save tens of thousands of lives by expeditiously authorizing a robust highway program with a reformed, streamlined, robust highway and transportation program.

The American Highway Users Alliance greatly appreciates being your partner in this effort. We are completely committed to helping you get the bill done this year. Our members, and our growing social network of highway enthusiasts, stand ready to help provide the support you need – both inside-the-beltway and outside-the-beltway – to get this legislation enacted.

Thank you again for the opportunity to testify.

THE IMPORTANCE OF Surface Transportation AUTHORIZATION TO TRAVEL, TOURISM AND RECREATION

On behalf of all segments of the travel, tourism and recreation industry, we write in strong and united support of the enactment of a well-funded surface transportation authorization bill as soon as possible.

Travelers and the diverse businesses that make travel possible are dependent on safe and efficient roads, highways and other forms of transportation. Millions of jobs depend on the economic activity generated by travel.

Although the size and economic importance of travel, tourism and recreation are not widely recognized, in every state this industry ranks among the top ten sources of employment. In most states it is in the top three.

Travel, tourism and recreation make up a significant component of the large and growing services sector. Nationally, in 2009, a down year for the industry, employment generated by travel, tourism and recreation totaled nearly 7.5 million people, with a payroll of \$186.3 billion. More than \$700 billion in overall travel expenditures generated tax revenue of \$113 billion for cash-strapped local, State and Federal governments. As a result of expenditures by international visitors, the United States ran a travel trade surplus of \$22 billion. Travelers, both domestic and international also contribute billions of dollars each year into the Highway Trust Fund that funds most Federal surface transportation programs.

When associated manufacturing is included, such as equipment for hotels, restaurants, amusement parks, outdoor recreation activities, recreational vehicles and many other products, travel, tourism and recreation constitute a major economic engine for the U.S., the health of which requires an efficient transportation system.

Sufficient investment in the transportation infrastructure through a Federal highway program responsive to the needs of travel, tourism and recreation will strengthen and grow the economy. Small towns and rural areas are especially dependent on highways. Nowhere is this more so than with those communities that are gateways to the national parks and other public lands.

According to the U.S. Department of Transportation, 90 percent of tourist travel is dependent on the aging National Highway System. Unless Congress establishes national transportation priorities that reflect the importance of travel, tourism and recreation, the American economy will be weakened, with a substantial loss of jobs, income, public revenue and international trade.

We are united in our conviction that quick action on the surface transportation program with due attention to the needs of our industry is a national priority. We pledge to work with you going forward to achieve this objective.

| | |
|---|--|
| AAA | American Association of State Highway and Transportation Officials |
| American Bus Association | |
| American Motorcyclist Association | American Highway Users Alliance |
| National Association of Gateway Communities | American Recreation Coalition |
| National Park Hospitality Association | National Association of RV Parks and Campgrounds |
| Recreation Vehicle Industry Association | National Tour Association |
| U.S. Travel Association | Southeast Tourism Society |
| Western States Tourism Policy Council | United Motorcoach Association |