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Before the
PENNSYLVANIA HOUSE REPUBLICAN POLICY COMMITTEE
STROUDSBURG, PENNSYLVANIA

Regarding
TOLLING OF INTERSTATE 80

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Submitted by



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Introduction

Good morning Chairman Turzai, Representative Scavello, and other elected officials. Thank you for the opportunity to join you today. The effort to impose tolling on Interstate 80 has obviously garnered a tremendous amount of attention as the Commonwealth of Pennsylvania faces difficult decisions related to its funding needs for roads, bridges and tunnels.

My name is Mike Joyce. As mentioned, I am a native of Pennsylvania and very disheartened to see the moves being made to convert I-80 to a toll road, and similar efforts to sell the Pennsylvania Turnpike. I have been involved in transportation policy, mostly in Washington, D.C. for the past 13 years, over three of which have been with the Owner-Operator Independent Drivers Association (OOIDA, or as we say, small-business, long-haul truckers).

OOIDA

For those of you that may not be aware, OOIDA is the national trade association representing the interests of independent owner-operators and professional drivers on all issues that affect small-business truckers. OOIDA has been in the business of representing truckers for nearly 35 years. The more than 160,000 members of OOIDA are small-business men and women in all 50 states who collectively own and operate more than 260,000 individual heavy-duty trucks. Owner-operators' trucks represent nearly half of the total number of Class 7 and 8 trucks operated in the United States. As citizens of Pennsylvania are well aware, trucking is significant to their economic well-being. As of today, OOIDA has over 7,500 active members across the Commonwealth of Pennsylvania.

OOIDA actively promotes the views of small business truckers through its interaction with state and federal regulatory agencies, legislatures, the courts, other trade associations and private entities to advance an equitable business environment and safe working conditions for commercial drivers. Tolling and all other highway-funding mechanisms used by the federal and state governments have a direct impact on the livelihoods of all truckers.

As such, OOIDA has been engaged in the debate regarding the imposition of tolls on existing non-tolled highways for quite some time. OOIDA also played an integral role in the formation of the Americans for a Strong National Highway Network – a coalition of national organizations representing a full range of highway users that are working together to oppose the outright sale of public highways to private companies, while also working to identify viable funding solutions for our nation’s infrastructure needs.

Small Business Trucking as a Percentage of the Trucking Industry

To divert briefly (as we’ll get back to “real diversion” in a second), I want to provide you with a little bit of insight into the world of trucking. The Owner-Operators that we represent are men and women that drive more than 115,000 miles per year, adding up to almost 3 million miles in a lifetime, and spend 240 nights of the year away from home. Small business truckers typically pay in excess of \$10,000 in federal taxes, and state taxes of more than \$6,000 per truck per year. To put some perspective on that, the \$16,000 paid in taxes equates to about half of the annual net income of the average truck driver.

Additionally, OOIDA members and other trucking companies make a significant financial contribution to federal and state government transportation funds through a combination of taxes. Taxes that are paid into the federal Highway Trust Fund include a 24.4 cent per gallon

federal diesel fuel tax, 12% excise taxes on the purchase of a truck or trailer, weight mileage tax (Heavy Vehicle Use Tax – HVUT), and tire taxes. And although heavy-duty trucks account for less than 10 percent of our nation’s highway traffic, we contribute at least 36% of the money going into the Federal Highway Trust Fund.

It should be noted that although truckers contribute more than 36% of the money going into the Federal Highway Trust Fund, according to the U.S. Department of Transportation, commercial trucks make up just 3 percent of registered vehicles and just 7 percent of vehicle miles traveled in the United States. And although trucks weigh more than passenger vehicles, construction materials are better today than in years past and truckers pay other taxes to address any impact they may have on the highways.

In fact, truckers must pay state fuel taxes, weight mileage taxes, licensing and registration fees, AND whether the truck is base-plated in another state or not, they pay taxes on each mile they drive in each state, and may pay an annualized percentage of their base-plate fees depending upon the miles they run in a particular state (i.e. if an out-of-state trucker drives the full 311 miles of I-80, that trucker will pay \$21.55 cents in fuel tax to the state; if an out-of-state trucker spends 15% of his/her time in Pennsylvania, a percentage will be paid to the Commonwealth, amounting to \$400-\$500 per year). In fact, Pennsylvania has the highest diesel fuel tax in the country at \$.381 cents per gallon, and the second highest gasoline tax at \$.312 cents per gallon.

Finally, if you thought the trucking world was predominantly made up of the big, familiar trucking companies, you are mistaken. Small business truckers, companies operating six or fewer trucks, comprise close to 90% of the motor carrier industry. Considering that roughly 69 percent of freight tonnage in the United States is moved by truck, it is

certainly not a stretch to say that small business truckers are truly the backbone of our nation's economy.

Interstate 80

The Interstate Highway System has been a major factor in boosting the United States of America to its present position of international economic dominance. It has been the central element of a coordinated infrastructure network that provides the country with the ability to efficiently move people and resources to workplaces and finished products to consumers with ever-increasing speed and reliability. The resulting economic activity has created a quality of life that is envied throughout the world.

It is no secret how important Interstate 80 is to this national system. The amount of interstate and intrastate commerce transported on this highway is staggering and the significant economical value of that commerce is obviously immense, not only to the Commonwealth of Pennsylvania, but the entire country.

As well, the economic growth along I-80 would not be what it is today had the road been constructed as a toll road. And certainly, if I-80 is converted to a toll facility, you can bet travelers will not only divert to other less-costly routes, but will also not be inclined to stop along the way should they take the toll road.

With this in mind, we are continually amazed and saddened by the blatant disregard for the public good that has been exhibited by Governor Rendell, PennDOT and the Pennsylvania Turnpike Commission in regards to the future of I-80 and for that matter, the Pennsylvania Turnpike.

Diversion:

Imposing tolls on Interstate 80 is more than a bad idea, it is a concept with potentially dangerous ramifications.

As has been seen time and again elsewhere, when tolls have been imposed on heavily traveled roadways, traffic will divert to other, often less safe roads. I am very confident in saying that by tolling I-80, the Turnpike Commission will force highway users/truckers to utilize alternative routes that are not designed for the increased volume, and in our case weight, of traffic.

The decision of truck drivers to use less suitable routes is not based on an attempt to maximize their profits; rather it's an exercise in survival. The tolls will impose a severe financial hardship on small business truckers who are already coping with narrow to non-existent profit margins. Since small business truckers are paid by the mile and not by the hour, waiting in traffic on secondary roads is often better than shaving a few hours off of travel time and paying large tolls out of pocket. As has been commonly seen in states where tolls are applied or where toll rates have been raised, traffic congestion will increase significantly on alternative routes, adjacent communities will be disrupted, and the safety of the traveling public on these secondary roads will be dramatically reduced because of the increased traffic loads.

A clear example of diversion took place in Ohio several years ago – as the map I have demonstrates. Between 1994 and 2002, truck traffic on Ohio's Interstate highways grew by 54%, while truck traffic on the Ohio Turnpike was relatively static. At the time, truck traffic on the Ohio Turnpike averaged 9,400 trucks a day, while 15,000 trucks used other Interstates in Ohio, one route with a fatal accident rate that was 17 times higher than the Ohio Turnpike's. In 2004, the Governor of Ohio,

Bob Taft, directed the Ohio Department of Transportation to implement strategies to draw truckers back to the state's turnpike. The cornerstone of the plan was to provide "a meaningful toll reduction to truckers." The Governor publicly acknowledged that since tolls on the turnpike were raised by 82 percent in 1999, truck traffic on the highway had decreased dramatically and traffic congestion had increased significantly on the alternative routes. As Governor Taft stated, "My tour of routes parallel to the turnpike in northern Ohio provided a dramatic look at the heavy congestion and safety hazards caused by trucks avoiding the turnpike."

Truck tolls were in fact lowered on the Ohio Turnpike. The lowering the truck tolls on the Ohio Turnpike proved successful, sharply reducing truck traffic and improving safety on parallel highways. In fact, truck traffic on the Ohio Turnpike increased by 23%, and truck crashes along parallel highways dropped by 25%. Fortunately for Governor Taft, the Ohio Turnpike was still in the public domain and the state had the ability to make the necessary adjustments to the toll rate to attract truckers back onto the roadway.

Aside from safety, the diversion of traffic will have an adverse impact on the financial stability of companies that depend on Interstate highway travel, such as truck stops, motels, restaurants or gas stations. Mark my words, diversion of truck traffic will happen!

I have spoken about the concern of diversion at other public venues, and in fact, at the Transportation Research Board Meetings in Washington, D.C. this past week, Professor Peter Swan of Pennsylvania State University presented a paper detailing the extent of diversion – he has confirmed it is not just a talking point, but rather, it will happen.

Act 44 & the leasing of I-80

Act 44 and its provisions for the tolling of Interstate 80 was a backroom business deal that was passed without a public involvement. It is a shell game, but quite frankly from our vantage point, “there ain’t nothin’ under the shells.” In fact, some could argue that most PA citizens still think this is “a proposal” and don’t realize this is a done deal. The 50-year lease between two public entities, PennDOT and the Pennsylvania Turnpike Commission, was signed shortly after passage of Act 44, and to this date, hasn’t been made public. It is appalling that the Pennsylvanian lawmakers make these sorts of deals and lock the citizens of the state into a contract for the next half a century.

For that matter, OOIDA is *not* supportive of the idea to sell/lease the Pennsylvania Turnpike, as we are all too familiar with the pawn-shop mentality of Indiana Governor Mitch Daniels and his sale of the Indiana Toll Road. And although this is a Republican Policy Committee hearing, and I am a Republican, and fairly conservative, I will submit an article from the publication *Mother Jones* on PPPs for Members of the Committee to review and share with your colleagues in Harrisburg.

Our interstates and highways were built to provide the citizens of our nation with the ability to move about freely as well as to move freight in an efficient and affordable manner for the benefit of the citizens and our economy in the global marketplace. “User fees” paid by the motoring public have provided the capital for building and maintaining our roads and infrastructure. Our interstates and highways, including those with tolls, were not built to become profit centers or cash cows for the public or the private sectors.

As a side bar, it was a shame to pick up The Washington Post on Tuesday, October 23, 2007, only to see the Commonwealth of Pennsylvania and the Pennsylvania Turnpike Commission listed

separately as two of the top 15 city and state government spenders on lobbying. In fact, by the end of the year the two will spend over \$1.5 million dollars – highway user dollars – to lobby on behalf of efforts like tolling I-80 and selling the Pennsylvania Turnpike. I'm not convinced highway users would support those efforts using their hard-earned dollars!

Pennsylvania Application to FHWA

Shortly after the lease was signed James Ray, Chief Counsel and Acting Deputy Administrator of the Federal Highway Administration (FHWA), wrote to state Transportation Secretary Allen Biehler and Pennsylvania Turnpike Commission Chief Executive Officer Joe Brimmeier stating that the approval process for the Interstate System Reconstruction and Rehabilitation Pilot Program has begun and isn't a guarantee. What happens if FHWA doesn't approve I-80 for this pilot program? What is the Commonwealth on the hook for?

In fact, after review of both Section 1216(b) of the Transportation Equity Act for the 21st Century (TEA-21) and the Expression of Interest submitted by the Pennsylvania Turnpike Commission on August 17, 2007 to FHWA, we are convinced that I-80 does not meet the requirements of the Interstate Reconstruction and Rehabilitation Pilot Program.

First, TEA-21 stipulates that a candidate facility for the pilot program must conduct an analysis that tolls are the only means to meet current or future needs of the road. In relevant part, the statute states that at a minimum, a state shall submit an analysis demonstrating that the facility could not be maintained or improved to meet current or future needs from the State's apportionments and allocations made available by this Act and from revenues for highways from any other source without toll revenue. Clearly Pennsylvania has not met this standard.

In fact, Pennsylvania Department of Transportation's own study in 2005 concluded that "the once deteriorated condition of I-80 has been corrected by PennDOT." In addition, the report states that "The annual cost of maintaining I-80 in acceptable condition is no longer an unacceptable drain on PennDOT's budget."

The Interstate Reconstruction and Rehabilitation Pilot Program limits what toll/tax revenues can be used for: servicing the debt; providing a reasonable return on investment for any private person financing the project; and paying the costs necessary for the improvement of and the proper operation and maintenance of *the* toll facility, including reconstruction, resurfacing, restoration, and rehabilitation of *the* toll facility (TEA-21, §1216 (b)(5)(A). The statute clearly does not permit diversion of these revenues to other projects in a state.

In the application to FHWA and in public statements, officials in Pennsylvania have already indicated that resources from I-80 will be diverted to other projects throughout the Commonwealth, many of which have no relation to I-80. Much of the money will be diverted for use for maintenance and repair of roads and bridges elsewhere in the state, earmarked for 73 transit systems throughout the state, to include the port authority. It has been reported that over a 50-year time period \$116 billion could be generated, of which only \$8 billion would be reinvested in I-80 improvements. This scheme is clearly outside the intent of the language authorizing the tolling pilot project, which sets clear limits on the tolls.

Furthermore, Section 1216(b)(4)(C) requires the state to take into account "the interests of local, regional, and interstate travelers." This pilot project does not protect the interests of interstate travelers. Again, PennDOT appeared to agree with us in its 2005 tolling study, when it concluded that out-of-state truckers and motorists already pay for I-80 through fuel taxes. [page 6-7, *I-80 Tolling Study*, Pennsylvania Department of Transportation, 2005.]

We appreciate the interim letter sent to PennDOT and the Pennsylvania Turnpike Commission (PTC) from US DOT, but we must continue to apply pressure to USDOT and Federal Highways to deny the PTC applications. In fact, we have it on good authority that during the next writing of the Federal Highway Reauthorization Bill the Chairman of the Committee will attempt to remove the tolling pilot programs, and possibly support an effort to reimburse motorists for fuel taxes they pay on existing toll roads – since motorists are being double taxed.

Conclusion

We recognize that Pennsylvania is facing very difficult challenges with maintaining highways and other surface transportation facilities, when there is a need to add capacity to the overall system. We need to be looking for solid solutions that are beneficial in the short-term and especially in the long-term. Unfortunately, there are far too many public officials that are either unwilling to tighten their belts and put transportation funding toward transportation or simply are just looking for a quick fix to funding problems while they are in office, regardless of the impact in the future.

Something must be done to stop tolls from being imposed on I-80. Fortunately, there are efforts underway to do just that; efforts that may be unpopular with the Governor and the Turnpike Commission, but ones that are certainly being well received by the citizens of Pennsylvania. I'd like to thank the efforts of Congressman John Peterson, who introduced an amendment to the U.S. House of Representatives' FY2008 Transportation Appropriations bill. Although the Congressman's language was not agreed to in the final Supplemental Appropriations Bill, the efforts he made have been instrumental to further discussions in Washington. We also are thankful to Representative Scott Hutchinson for his leadership by introducing House Bill 1878 to repeal Act 44.

In closing, I must make it clear that there are no “free” ways or interstates in this country! All the roads that the motoring public drives on are paid for through a myriad of taxes. So, let’s not fool the public into believing that we are not paying for the roads on which we travel – we do! It is the responsibility of our elected officials, the Governor of this Commonwealth, and his Transportation Secretary to determine responsible priorities in funding, and how best to use the resources we, the highway user, are providing to them to move the state and our country forward. We hear time-and-time again about the needs. I do not doubt that there are needs, and I do not doubt the willingness of highway users to pay for those needs, but I think we need to do a gut check on how current resources are being used before we are asked to step up to the plate and pay more (tolls are taxes) for a system of financing that we are beginning to question and “trust” today. Now is not the time to play the lottery with our highways! Now is the time to be responsible with the resources we provide today.

Thank you for providing me with this opportunity to speak on behalf of the members of OOIDA. I would be pleased to answer any questions that you may have.

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