



Owner-Operator Independent Drivers Association, Inc.

**National Headquarters: OOIDA Building, I-70 at Grain Valley Exit
1 NW OOIDA Drive, P.O. Box 1000, Grain Valley, MO 64029**

Tel: (816) 229-5791 Fax: (816) 427-4468

Email: ooida@ooida.com web site: www.ooida.com

September 19, 2018

Via USPS and Email

The Honorable Eric Holcomb
Governor
State of Indiana
Statehouse
Indianapolis, IN 46204

Dear Governor Holcomb:

The Owner-Operator Independent Drivers Association, Inc. (OOIDA) vehemently opposes the burdensome and discriminatory 35% truck-only toll increase you are championing for the Indiana Toll Road (ITR). This increase is punitive against truckers and will not solve Indiana's transportation infrastructure needs.

OOIDA is the largest trade association representing the views of small-business truckers and professional truck drivers. We have more than 160,000 members nationwide, including 4,646 who reside in Indiana and tens of thousands more who reside in surrounding states. Further, trucking is an industry primarily comprised of small-businesses. In fact, over 96% of motor carriers have less than 20 trucks. They are the backbone of our economy and deliver billions of dollars of freight that supports every community in America.

As you are aware, tolls on the ITR have increased substantially since 2006 when it was leased to what was then the newly-formed ITR Concession Company (ITRCC). While the ITR is under new management, many of the underlying problems that led to the ITRCC's bankruptcy in 2014 have not been addressed and will continue to plague this multi-generational lease agreement.

If your proposed 35% increase is implemented, 5-axle trucks will pay \$60 to use the 156-mile road which equates to roughly 38 cents per mile based on the toll alone. However, at 73 cents per gallon Indiana has the 5th highest combined federal and state diesel excise tax rate. If we assume 5-axle trucks average 6.2 miles per gallon, each truck will consume approximately 25 gallons of diesel traversing the ITR, paying another \$18.25 in taxes. Collectively (i.e. tolls and diesel taxes), 5-axle trucks will pay more than 50 cents per mile on the ITR. Two things worth noting in more detail:

- (1) These figures exclude other federal truck-only taxes, such as the International Registration Plan, 12% federal excise tax on new equipment, annual Heavy Vehicle Use Tax, and numerous other state and local taxes in Indiana.
- (2) Based on our data, the average leased owner-operator drives roughly 100,000 miles and has a gross income of \$155,000 annually, which equates to \$1.55 per mile. In other words, a leased owner-operator would fork over 31% of their gross per-mile pay to use the ITR. After accounting for numerous other expenses (i.e. the fuel itself, maintenance, food, incomes taxes, etc.) the net percentage is actually much higher than 31%.

Enacting this significant truck-only toll increase on the ITR will inevitably discourage or inhibit truckers from travelling through Indiana. Where possible, some truckers will begin using alternative routes, in particular those that run parallel to the ITR. We suspect those highways are less capable of handling truck traffic that would otherwise use the ITR. Truckers make the decision to use alternative routes not based on an attempt to maximize their profits; rather it's an exercise in survival. Tolls impose a financial burden on small-business truckers who are already operating on the smallest of margins. The small-business truckers who pay the tolls are the segment of the trucking industry least able to pass on their increased costs. Accordingly, they are the individuals who will personally shoulder most of the financial burden as a result of these toll increases.

Further, for the vast majority of small-business truckers, tolls are generally never reimbursed to drivers or recovered from shippers. In other locations in the U.S. where toll rates have increased, traffic congestion routinely increases significantly on alternative routes. Adjacent communities will be disrupted and the safety of those traveling on these roads could be reduced because of the elevating traffic volumes.

It's our opinion that you are aware of these issues, yet still made the decision to forge ahead and negotiate this ill-advised plan in a manner that appears to be intended to circumvent public scrutiny. It is also our understanding that your timeframe to finalize your plan is this Thursday, September 20, 2018, providing the public and interested stakeholders with no opportunity to review the details of the agreement. In fact, the ITRCC posted a notice on its website announcing the new toll rates and their effective date prior to the plan's formal approval, leading us to believe it is already a done deal. Transparency is clearly not a priority in your administration.

We are also alarmed by recent comments you have made in defense of your discriminatory toll increase. For example:

- (1) "We didn't do the deal to tax truckers." Tolls are user fees that are just as burdensome as taxes;
- (2) "We don't project there will be that much of a diversion." Many truckers will unquestionably divert to toll-free roadways that are less capable of supporting heavy vehicles, or simply avoid Indiana as much as possible. This undermines the financial viability of the toll road itself as demonstrated by the previous operator;

(3) Despite your absurd and unsubstantiated claim that trucks do “10,000 times” more damage to roads and your suggestion that truckers are “lucky” they aren’t being charged 10,000 times more than cars, we would remind you that truckers already pay more than their fair-share in state and federal taxes. As much as the government likes to treat them as such, they are not rolling piggy banks;

(4) You’ve said that the majority of trucks that use the ITR are from out-of-state, thus the toll increases shouldn’t affect many Hoosiers. This is not only misleading but raises serious Constitutional questions regarding the burden being placed upon and discrimination against interstate commerce;

Our Interstate Highway System was built to provide citizens of this nation with the ability to move about freely, including the ability to transport freight in an efficient and affordable manner for the benefit of all Americans and our economy. Indiana, through the leasing of the ITR, has unequivocally jeopardized this system.

On behalf of all of our members, I ask that you reconsider moving forward with this truck-only toll increase that is burdensome to and discriminatory against interstate commerce. At the very least, give interested stakeholders more time to review and analyze the proposal, and make sure the public understands how your proposal will impact them for the next 63 years.

Respectfully,

A handwritten signature in black ink, appearing to read "Todd Spencer". The signature is fluid and cursive, with a large, sweeping initial "T".

Todd Spencer
President and CEO
OOIDA