

Remarks of Patrick D. Jones
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Systems
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My name is Patrick Jones. I am the executive director and CEO of the International Bridge, Tunnel and Turnpike Association, IBTTA. I am pleased to have the chance to speak with you today about your important mission

to study how to reform and adequately supplement funding for the State's transportation infrastructure to promote equity, sustainability, and predictability so that the state can responsibly provide safe and reliable state transportation systems.

IBTTA is the worldwide association for the owners and operators of toll facilities and the businesses that provide products and services to the industry. Our mission is to advance transportation solutions through tolling. Founded in 1932, IBTTA has more than 60 toll agency members in the United States and hundreds more in 20 countries on six continents.

I'm here today to offer my perspective on the role that tolling could play in helping to address Maine's large transportation funding needs.

The U.S. has a rich history of toll roads, dating to colonial times and continuing to the present day. While tolling is not the solution to every transportation problem, it is a powerful and effective tool that supports more than 6,000 miles of the most heavily traveled highways in 34 states and Puerto Rico.

The state of Maine is one of the pioneers in the modern era of tolled superhighways and the Maine Turnpike Authority is one of the oldest members of IBTTA.

In 1947, when the Maine Turnpike opened, it was the first superhighway built in the postwar era and one of only two modern toll highways in existence in the United States, including the Pennsylvania Turnpike which opened in 1940. With four wide, clearly marked lanes and a wide grass median, an innovative safety feature at the time, the Maine Turnpike provided a vision of the future of transportation.

The highway was straight, swift, safe and efficient. Few people in Maine had ever had the chance to travel at 60 miles per hour. That was why, when the highway opened on a cold day in December 1947, the Portland Press Herald dubbed it the "Mile-A-Minute" highway.

As you know, tolling and tolling technology have changed a lot since then. Electronic toll collection, or ETC, was introduced in the United States in 1989 and has since become ubiquitous among all major toll agencies in the country.

ETC means that people no longer need to stop and wait to pay the toll. As your vehicle passes under a gantry, you pay the toll without stopping – often at highway speeds – using a transponder associated with your account.

This technology also allows toll road operators to manage congestion and allow free flowing traffic through priced managed lanes. Based on the volume of traffic in the lanes, the price of the toll can be increased or decreased to maintain free flow at highway speeds.

Today's modern toll agencies are extremely productive and efficient in their ability to generate revenues to support their operations and investment needs, while also creating value for customers through high service levels, safety, reliability, and mobility options.

We understand that people have strong feelings about tolling, one way or the other. But we also believe it makes sense to fairly consider all transportation funding options when so few exist.

Tolls establish a direct connection between the use of the road and payment for that use. This is especially important when you consider that some vehicles traveling on Maine highways may not be paying for the wear and tear they impose on your roads if they use fuel that was purchased out of state. Tolling establishes a direct connection between drivers, the trips they make, and the time and routes they use.

Obviously, I'm an advocate for tolling. I'm here to provide information on the benefits of tolling. But I also recognize that tolling is not the only solution to fund highway projects. There are many roadways in America that have too little traffic to recover the cost of their operation through tolls. But tolls can be an important solution for many road projects.

In the last decade, we have seen a resurgence in toll financing to support new construction and reconstruction projects led by state, county, and local governments. These include both traditional tolling projects to build or maintain a road and priced managed lanes to manage congestion.

The appeal of tolling is that it offers an option, subject to local review and approval, that doesn't depend on raising taxes or other funding sources to build, operate, and maintain vital transportation infrastructure.

I'd like to mention two important reports that tackle some of the major reservations that critics and some policy makers have about tolling.

The first report is the TRB Consensus Study Report called *Renewing the National Commitment to the Interstate Highway System: A Foundation for the Future*. In section 6021 of the Fixing America's Surface Transportation Act of 2015 (the FAST Act), the U.S. Congress asked the Transportation Research Board (TRB) of the National Academy of Sciences, Engineering and Medicine to conduct a study of the actions needed to upgrade and restore the Interstate Highway System to fulfill its role as a crucial national asset, serving the needs of people, cities and towns, businesses, and the military while remaining the safest highway network in the country. The Consensus Report, the work of more than two years of effort in which more than 100 witnesses appeared before the committee, was released in December 2018.

I want to call your attention to two important recommendations that appear on page 6 of the nearly 600-page report:

- First, "Congress should prepare for the need to employ new federal and state funding mechanisms, such as the imposition of tolls or per-mile charges on users of the Interstate Highway System."
- Second, "Congress should lift the ban on tolling of existing general-purpose Interstate Highways." (TRB, p. 6).

It is significant that the Committee on the Future Interstate Highway System, which Congress charged with developing recommendations on the future funding of the system, placed such a heavy emphasis on tolling as one of the mechanisms to help restore the Interstate Highway System.

Another important finding relates to public opinion about tolling. The report says, "**The majority of public opinion polls show majority support for tolls compared with other alternatives such as higher fuel taxes, and support grows with familiarity with toll roads, when funds collected are dedicated to specific highway improvements, and as an alternative to other forms of taxes to support highways.**" (TRB, p. 181). (Emphasis added).

Regarding the argument that it's cheaper to collect fuel taxes than tolls, the report says, "Fleming and colleagues (2012) argue that toll roads using all-electronic tolling (and only allow payment by credit card) have reduced collection costs to 5 percent. Fleming and colleagues (2012) also argue that there are hidden costs in the collection of fuel taxes (e.g. the administrative costs of collecting and reporting these taxes incurred by distributors and retailers). When accounted for, according to these authors **the difference between the collection cost of motor fuels taxes and all-electronic tolling is small.**" (TRB, p. 182) (Emphasis added).

The second report I would like to mention is "Open Opportunity: A global benchmark of Toll Operator efficiency" by KPMG. This report is based on the results of a global survey of 65 public and private toll operators conducted by KPMG International in 2018. Of the 65 toll operators in the study, 36 are from North America.

The report examines the total cost to collect per dollar generated (US\$). The average cost to collect is \$0.1413, the median cost to collect is \$0.1132, and the cost to collect at the 25th percentile (one quarter of the toll operators have a lower collection cost) is \$0.0598.

It is a significant finding that 25 percent of the toll operators in this study have a cost of collection less than 6 cents on the dollar. As U.S. and worldwide toll operators continue to embrace and improve their electronic toll collection operations, we believe the cost to collect per dollar generated will continue to decrease. (KPMG, p. 13)

Thank you for the chance to speak with you about tolling as one tool in the toolbox of solutions to your transportation funding and financing needs. I will be happy to answer any questions you may have.

References

KPMG. 2019. "Open Opportunity: A global benchmark of Toll Operator efficiency."
<https://assets.kpmg/content/dam/kpmg/xx/pdf/2019/07/toll-benchmarking-study-2019.pdf>

TRB. 2019. Transportation Research Board Special Report 329. *Renewing the National Commitment to the Interstate Highway System: A Foundation for the Future*. The National Academies Press, Washington, D.C. <https://www.nap.edu/resource/25334/interstate/>

Documents included in materials Pat Jones distributed at the 10/1/2019 Commission meeting

IBTTA. 2019. "Moving Us Forward: Why Toll Roads." (Infographic)
[https://www.ibtta.org/sites/default/files/documents/MAF/Info%20Graphic Why%20Toll%20Roads.pdf](https://www.ibtta.org/sites/default/files/documents/MAF/Info%20Graphic%20Why%20Toll%20Roads.pdf)

ITS International. 2017. "IBTTA's Jones sees turbulent times and a bright future for tolling."
Article in August 2017 issue of ITS International.
<https://www.itsinternational.com/sections/comment-interview/interviews/ibttas-jones-sees-turbulent-times-and-a-bright-future-for-tolling/>