Symposium on Mileage-Based User Fees

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AAA's Role

- Educate
- Participate
- Advocate



Reaching out to AAA Members



Roads Ahead

WASHINGTON WEIGHS ALTERNATIVES TO A HIGHER FEDERAL GAS TAX. By Rob Bhatt

has been increased more than half a dozen times, most House subcommittee on transportation in 2006. recently in 1993 when it was hiked to its current level of 18.4 cents. It may not be enough.

The federal Highway Trust Fund, the primary source of road construction dollars, is expected to be empty turning to a toll formula called congestion pricing by mid-2009 (see Paula Downey's president's mes- to finance new highways and improvements or simply to sage, page 64). Some lawmakers, including Rep. James on Transportation and Infrastructure, support increasing a toll lane (or road) when they want to travel faster. The the fuel tax again to account for inflation.

But with gasoline prices hitting record highs and crude oil passing the \$100 a barrel mark, most lawmakers won't have the stomach to propose a higher tax. Many alternatives have been floated; three that are likely to get a lot of airtime are public-private partnerships (P3s), congestion pricing, and mileage-based fees.

Public-private partnerships

he private sector is eager to grab a bigger share of our infrastructure industry. Twenty-three states have already adopted legislation allowing companies to either build or manage highways, and the number of private toll roads across the country is on the rise.

Proponents of these arrangements contend that market dynamics force companies to manage highways more efficiently than government agencies do. Other observers caution that P3s do not always serve the public interest as

John Foote, a senior fellow at the Kennedy School of Government at Harvard University, notes that the \$1.8 billion deal made by the investment consortium Cintra-Macquarie to take over the Chicago Skyway allows the company to double tolls (to \$5) in the first 12 years of its 99-year lease and continue increasing them after that. He also points out that Chicago could exhaust its \$1.8 billion windfall within a decade. "We can only conjecture about the public's reaction in 10 years when the sale proceeds

In 1932, Congress enacted a 1-cent-a-gallon federal tax have been spent but the earnings of the private investor on gasoline to help pay for the nation's roads. The tax continue to increase in step with higher tolls," Foote told a

Congestion pricing

manage traffic. Also known as variable pricing, conges-Oberstar (D-Minn.), chair of the U.S. House Committee tion pricing gives drivers the option to pay for entry into



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Restore the Public's Trust

- Need clear program vision
- Well-defined national priorities
- Increased transparency and accountability
- Performance-driven
- Measurable results





Motorists' Bill of Rights



BILL OF RIGHTS FOR THE NATION'S MOTORISTS ON TRANSPORTATION FUNDING

- The United States requires a new vision for transportation that addresses 21st century needs, ensures broad access, adequate funding, and equitably allocates benefits and payments among users.
- A new transportation vision must ensure that the system significantly enhances safety, mobility, and reliability to provide an appropriate return on investment to motorists who will continue to pay most of the costs.
- Transportation improvements should be based upon needs that are clearly identified, and outcomes that are supported by research and assured through application of performance standards.
- Transportation taxes, fees and other revenue collected from motorists must be equitable and transparent. Transportation agencies must demonstrate to the public that transportation resources are managed wisely and efficiently.
- Motorists must receive direct and recognizable improvements to their travel experience if they are asked to pay more.
- Revenues generated from taxes, fees and other pricing mechanisms paid by motorists must be dedicated solely to meeting identified transportation needs and protected from diversion to other uses.
- Funding alternatives to supplement or eventually replace motor vehicle fuel taxes must be carefully evaluated as to their ability to be efficiently implemented, accepted by the public, allocated fairly, fully dedicated to transportation needs, and be resistant to fraud and evasion.
- Public-private partnerships to increase transportation investments must be carefully managed to
 ensure that motorist fees are fair and equitable, that motorist fees are not diverted to nontransportation purposes, and that the facility is consistently maintained and improved.
- 9. Publicly-owned transportation facilities should only be sold or leased to private interests if agreements require the maintenance of high levels of service and remain under public oversight. Revenues resulting from the sale or lease must be used only for transportation purposes and compensate the public for the value of the facility.
- 10. Transportation fees, taxes, and other revenue collected from motorists should fairly represent their use of the system, and all transportation system users should bear a proportionate share of financing the system.

- •Determine level of funding *after* reforms and priorities are identified
- •Alternatives to gas tax must be evaluated as to their ability to be efficiently implemented, accepted by the public, allocated fairly, fully dedicated to transportation needs, and be resistant to fraud and evasion



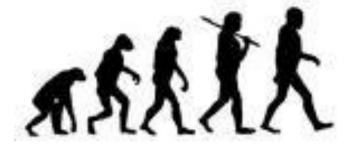


Communication is Key

- Two different conversations:
 - Gas tax replacement
 - Pricing to accomplish other policy goals
- Purpose of pricing
- Explain individual impacts
- Costs and benefits
- Flow improvements
- Use of revenues
- Privacy



Evolution vs. Revolution









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