

STATEMENT OF
RICHARD B. ROBERTSON,
ASSOCIATE ADMINISTRATOR FOR PLANNING AND POLICY DEVELOPMENT,
FEDERAL HIGHWAY ADMINISTRATION, BEFORE THE
SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
SUBCOMMITTEE ON TRANSPORTATION
JULY 6, 1983

IT IS A PLEASURE TO APPEAR BEFORE YOU TODAY REPRESENTING THE FEDERAL HIGHWAY ADMINISTRATION (FHWA) TO DISCUSS S. 524, A BILL TO PERMIT FEDERAL PARTICIPATION IN THE CONSTRUCTION OF CERTAIN NEW TOLL ROADS IN ILLINOIS, WHICH WAS INTRODUCED BY SENATORS PERCY AND DIXON. AS YOU MAY BE AWARE, THE ADMINISTRATION INCLUDED IN ITS 1982 HIGHWAY LEGISLATIVE PROPOSAL A PROVISION THAT WOULD HAVE PERMITTED FEDERAL PARTICIPATION IN THE CONSTRUCTION OF CERTAIN NEW TOLL ROADS IN ALL OF THE STATES.

HIGHWAYS HAVE TRADITIONALLY BEEN PUBLIC ENTITIES, BUILT AND MAINTAINED PRINCIPALLY BY USER FEES, SOMETIMES BY TOLLS OR OTHER SPECIAL FEES GENERALLY IMPOSED ON THE USERS OR OTHER PRINCIPAL BENEFICIARIES. SINCE THE ADVENT OF FEDERAL FINANCING FOR HIGHWAYS, THE FEDERAL ROLE HAS BEEN TO ASSIST WITH CAPITAL INVESTMENT NEEDS, LEAVING TO STATES AND LOCALITIES THE RESPONSIBILITY FOR MAINTAINING AND OPERATING THEIR ROADS.

THIS SYSTEM HAS WORKED WELL, BUT IN RECENT YEARS THE COST OF CONSTRUCTING AND MAINTAINING ROADS HAS ESCALATED RAPIDLY, WHILE REVENUES AT ALL LEVELS OF GOVERNMENT HAVE NOT KEPT PACE WITH RISING COSTS. THE FEDERAL GOVERNMENT HAS RECOGNIZED THIS BY ITS ENACTMENT OF THE SURFACE TRANSPORTATION ASSISTANCE ACT (STAA) OF 1982 AND THE STRONG FISCAL COMMITMENT TO THE I-4R (RESURFACING, RESTORING,

REHABILITATING, AND RECONSTRUCTING) PROGRAM, AND THE REQUIREMENT THAT 40 PERCENT OF THE PRIMARY, SECONDARY, AND URBAN SYSTEM FUNDS BE SPENT ON 4R-TYPE PROJECTS. A 1983 STUDY BY THE FHWA SHOWED THAT IN 1980 APPROXIMATELY 11 PERCENT OF THE AVERAGE WORKER'S HOURS WERE SPENT ON THE NATION'S HIGHWAYS, EITHER IN TRUCKING OR PERSONS USING PRIVATE VEHICLES AND TRANSIT IN THE CONDUCT OF THEIR BUSINESS, PROFESSION OR EMPLOYMENT. BASED ON OUR ANALYSIS OF PRE-STAA HIGHWAY CAPITAL INVESTMENT PATTERNS, THAT 11 PERCENT WOULD INCREASE TO OVER 13 PERCENT BY 1995, UNLESS WE IMPROVE THE SERVICEABILITY OF THE HIGHWAYS, IN PARTICULAR MORE ADEQUATE MAINTENANCE AND RECONSTRUCTION. THE AVERAGE AMERICAN NOW SPENDS APPROXIMATELY 20 PERCENT OF HIS OR HER ANNUAL INCOME ON TRANSPORTATION COSTS. HOW MUCH BETTER FOR THAT WORKER--AND THE NATION--IF THAT COST COULD BE

CONTAINED, RATHER THAN INCREASED DUE TO NONPRODUCTIVE NEGLECT.

IT IS ABSOLUTELY NECESSARY THAT WE SERIOUSLY CONSIDER ALL FINANCING MECHANISMS WITH A POTENTIAL FOR INCREASING THE REVENUES WHICH ARE NECESSARY TO FINANCE THE HIGHWAY IMPROVEMENTS, THUS IMPROVING HIGHWAY RELATED PRODUCTIVITY. ONE SUCH MECHANISM MIGHT BE A MORE EXTENSIVE USE OF TOLLS.

IN MANY INSTANCES THERE ARE SIGNIFICANT HIGHWAYS THAT MAY BE NEEDED BY A COMMUNITY FOR WHICH THERE IS INADEQUATE FUNDING FROM BOTH STATE AND FEDERAL SOURCES. THUS, THE INDIVIDUAL CITIZENS AND THE JOB-CREATING BUSINESS COMMUNITY ARE DENIED THE FACILITIES NECESSARY FOR ECONOMIC STABILITY AND DEVELOPMENT. AT THE SAME TIME, IN CERTAIN INSTANCES IT WOULD BE FEASIBLE TO BUILD SUCH A FACILITY WITH SOME STATE AND FEDERAL FUNDS, WHEN A PORTION OF THE COST

COULD BE PAID FOR BY THE USE OF TOLLS. WE THINK THAT A STATE SHOULD HAVE THE OPTION OF UTILIZING SOME PORTION OF ITS FEDERAL HIGHWAY FUNDS TO CONSTRUCT HIGHWAYS NEEDED TO CARRY THE TRAFFIC GENERATED IN CERTAIN AREAS, EVEN WHEN SUCH A HIGHWAY IS A TOLL FACILITY--IF IT WOULD BE SELF-SUPPORTING OVER THE LONGRUN. WE ARE NOT MANDATING TOLLS. ONE EXAMPLE OF THE PROBLEM IS THAT A FACILITY MAY HAVE BEEN PLANNED IN PREVIOUS YEARS WHEN THERE WERE ENOUGH HIGHWAY FUNDS TO CONSTRUCT THE FACILITY, BUT NOW BECAUSE OF DECLINING REVENUES AND INCREASED COSTS MORE FUNDS ARE NEEDED FOR MAINTENANCE AND FEWER FUNDS ARE AVAILABLE FOR CONSTRUCTION. THUS, IT IS IMPOSSIBLE TO BUILD THE PLANNED FACILITIES AS "FREE" HIGHWAYS. UNDER EXISTING LAW, EVEN IF ONLY A FEW FEDERAL DOLLARS HAD BEEN SPENT ON PLANNING OR PRELIMINARY ENGINEERING, AS LITTLE AS THAT MIGHT BE, SUCH A PROJECT WOULD BE PROHIBITED FROM BEING CONSTRUCTED AS A TOLL

FACILITY, EVEN IF THE STATE WERE TO TRY TO "PAY BACK" THE FEDERAL FUNDS EXPENDED. LAWS SHOULD ADAPT TO CURRENT NEEDS, RATHER THAN REMAIN RIGIDLY CONSTRAINED BY PROVISIONS ADOPTED IN A BYGONE ERA UNDER DIFFERENT ECONOMIC CONDITIONS.

WHILE THE STAA OF 1982 IS THE MOST IMPORTANT AND COMPREHENSIVE PIECE OF HIGHWAY LEGISLATION ENACTED IN MANY YEARS, IT CONTAINS NO PROVISIONS THAT DIRECTLY APPLY TO TOLL FACILITIES. THE ADMINISTRATION DID ATTEMPT, HOWEVER, MODIFICATIONS TO EXISTING LAW REGARDING TOLL FACILITIES.

WE RECOMMENDED A PROVISION THAT WOULD HAVE PERMITTED THE USE OF TOLLS TO FINANCE THE COST OF NEW FEDERAL-AID HIGHWAY CONSTRUCTION PROJECTS IN ADDITION TO THE PRESENTLY-ELIGIBLE BRIDGE AND TUNNEL PROJECTS. SUCH A PROVISION WOULD HAVE ALLOWED STATES TO ENTER INTO AGREEMENTS TO CONSTRUCT A

TOLL FACILITY EVEN IF FEDERAL FUNDS HAD ALREADY BEEN OBLIGATED ON THE FACILITY AS LONG AS THE FACILITY HAD NOT BEEN OPENED TO TRAFFIC.

UNDER OUR 1982 LEGISLATIVE PROPOSAL THE STATE WOULD BE REQUIRED TO AGREE THAT THE FACILITY WOULD BECOME TOLL-FREE AFTER RETIREMENT OF THE BONDS ISSUED TO FINANCE THE INITIAL HIGHWAY CONSTRUCTION. SUCH A FACILITY WOULD NOT BE ELIGIBLE FOR INTERSTATE 4R OR OTHER FEDERAL REHABILITATION ASSISTANCE DURING THE PERIOD THAT TOLLS ARE COLLECTED.

IT WAS OUR VIEW THAT A PROVISION SUCH AS THIS WOULD PROVIDE STATE AND LOCAL GOVERNMENTS WITH GREATER FLEXIBILITY AND SELF DETERMINATION AS TO HOW SPECIFIC HIGHWAY NEEDS CAN BE MET. S. 524 IS THE SAME AS THE ADMINISTRATION PROVISION EXCEPT THAT OUR PROPOSAL APPLIED TO ALL STATES, AND S. 524

APPLIES ONLY TO ILLINOIS. THE ADMINISTRATION'S PROPOSAL WAS NOT INCLUDED IN THE STAA AS ENACTED.

EVEN THOUGH WE WERE UNSUCCESSFUL IN THIS ATTEMPT TO MODIFY FEDERAL TOLL POLICY, WE CONTINUE TO BELIEVE THAT GREATER CONTROL OF HIGHWAY MANAGEMENT AND FINANCING SHOULD BE GIVEN TO THE STATE AND LOCAL GOVERNMENTS, INCLUDING TOLL FINANCING OF NEW FEDERALLY AIDED HIGHWAYS. HOWEVER, WE DO NOT BELIEVE THAT IT IS APPROPRIATE TO SEEK LEGISLATION TO ALLOW TOLLS TO BE PLACED ON EXISTING FEDERAL-AID HIGHWAYS THAT WERE INITIALLY CONSTRUCTED AS FREE FACILITIES WITH HIGHWAY-USER FEE REVENUES.

IN CLOSING I WOULD ADD THAT WE BELIEVE TOLLS PLACED ON HIGHWAYS, BRIDGES AND TUNNELS MUST BE CONSISTENT WITH THE USER-FEE PRINCIPLE AND BE DEDICATED SPECIFICALLY TO HIGHWAY

PURPOSES. WE WOULD SUPPORT THE APPROACH OF S. 524 IF IT WERE MADE APPLICABLE TO ALL OF THE STATES. WE DO NOT BELIEVE THAT DIFFERENT FEDERAL LAWS SHOULD GOVERN THE FEDERAL-AID HIGHWAY SYSTEM IN DIFFERENT STATES.

HOWEVER, WE WOULD NOT WANT OUR SUPPORT OF THIS PROPOSAL TO LEAD TO A LARGER INITIATIVE TO AMEND EXISTING FEDERAL HIGHWAY LAWS. WE DO NOT BELIEVE THAT IT IS NECESSARY OR APPROPRIATE TO RE-OPEN OTHER MAJOR POLICY ISSUES THAT WERE RECENTLY RESOLVED BY THE STAA. WE WOULD NOT SUPPORT THIS PROPOSAL IF IT WERE EXPANDED TO INCLUDE, IN ANY WAY, OTHER LEGISLATIVE CHANGES TO THE HIGHWAY PROGRAM.

THIS CONCLUDES MY FORMAL STATEMENT. I WOULD BE PLEASED TO RESPOND TO YOUR QUESTIONS AT THIS POINT.