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On the Hunt for Alternative Highway Funding Sources

Kyle Glazier | May 25, 2012

WASHINGTON — Backers of alternatives to traditional highway financing are ramping up efforts to win over policy makers and a skeptical public, as the groundswell against tolling remains strong and lawmakers labor to save the rapidly diminishing Highway Trust Fund.

Though Sen. Barbara Boxer, D-Calif., said Thursday she is optimistic about the approval of revenue provisions under discussion for a new multi-year highway funding bill, most experts agree that the gas tax-based highway fund, long a reliable source of funding and method of securing bonds, is no longer adequate to fund the nation's road network.

The gas tax has been stranded at 18.4 cents per gallon since 1993, and has not been indexed for inflation. Republican lawmakers have suggested leasing oil-rich federal land to pay for highways, and the Obama administration has proposed using savings from ending the Iraq war.

But advocates of tolling and mileage-based user fees are busier than ever, pushing for their chosen methods of paying for America's aging roads.

Virginia Transportation Secretary Sean Connaughton said in April that his state couldn't finance a single major new road without tolling it. A week later, the International Bridge, Tunnel and Turnpike Association held a conference in New Jersey to discuss mileage-based user fee concepts, which would charge drivers based on how far they drive.

Last week, a group of transportation experts spoke in support of mileage-based user fees at a Cato Institute roundtable. A recent publication by infrastructure firm HNTB offers a road map aimed at convincing those opposed to tolls to change their views.

Neil Gray, IBTTA's director of government affairs, said the push for alternative funding largely comes from the fear that no real help is coming from Capitol Hill. "I think that's why you're starting to see an uptick," Gray said, adding that states and localities view the financial math federal lawmakers are tossing around as "hazy."

Cato fellow Randal O'Toole told attendees at the roundtable that neither the Senate nor the House bills address the fundamental problem of creating a true user fee. More fuel-efficient cars, such as hybrids, use the roads at a sharp discount, O'Toole said, and electric cars use it for free. Saving the Highway Trust Fund, which the Congressional Budget Office projected will reach insolvency this year without action, just won't cut it, he said.

"It's never been a perfect user fee," O'Toole said. "This is a problem that can't be solved simply by raising the gas tax."

O'Toole said states should turn to a nationally interoperable mileage-based tax system, utilizing GPS technology to determine how much tax drivers should pay at the pump. The system should allow the machines to read the mileage, but not obtain detailed information about drivers' habits, he said.

Joung Lee, an associate director at the American Association of State Highway Transportation Officials, said states have experimented with such systems and that the group is receptive to the concept. AASHTO's current director of program finance and management, Jack Basso, serves as chair of the Mileage-Based User Fee Alliance.

The pushback against tolls has been strong. Sen. Jeff Bingaman, D-N.M., authored language in the Senate transportation bill that would forbid private companies from tolling existing highways under lease agreements. Sen. Frank Lautenberg, D-N.J., has legislation pending that would allow the U.S. Department of Transportation to override tolls it deems too high. North Carolina Reps. G.K. Butterfield, a Democrat, and Renee Ellmers, a Republican, have introduced separate bills aimed at curbing the tolling of Interstate 95 in that state.

Gray said the resistance reflects valid concerns. "That's a tough one," he said. "What's fair and equitable?"

Writing for HNTB, vice chairman of toll services Jim Ely said toll advocates need to win doubters over by succinctly stressing that tolls are not a tax, and that all roads have a cost. "Keeping the messages clear, concise and convincing

are keys,” he said. “With today’s short, rapid messaging via social media, unless your message can fit on a bumper sticker, you may lose your audience.”