Symposium on Mileage-Based User Fees

Denver, CO
June 14, 2011

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AAA’s Role

• Educate
• Participate
• Advocate
Reaching out to AAA Members

CAUTION: Bumpy Roads Ahead

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

In an attempt to ensure a steady flow of federal tax revenues to help pay for the nation’s roads, the tax has been increased more than half a dozen times, most recently in 2012 when it was raised 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 by 2020 (see Paula Downey’s president’s message, page 64). Some lawmakers, including Rep. James Oberstar (D-Minn.), chair of the House Committee on Transportation and Infrastructure, support increasing the fuel tax again to account for inflation.

But with gasoline prices hitting record highs and crude oil surpassing the $100-a-barrel mark, most lawmakers wonder how the public will prepare for a higher tax. Many alternatives have been discussed, none of which are likely to garner a vote of confidence from the American public.

Public-private partnerships

The private sector is eager to grab a larger 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. Others caution that the private sector is not always in the public interest as advertised.

John Power, a senior fellow at the Kennedy School of Government at Harvard University, notes that the $3 billion deal made by the intervene consortium CTA-MAC to take over the Chicago Highway allows the company to dedicate subsidies to the first 15 years of a 90-year lease and continue increasing them after that. He also points out that the Chicago deal exhausts its $2.3 billion workforce within a decade. "We can only count on about the public’s response in 10 years when the toll proceeds..."
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

• 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
QUESTIONS?

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