



**Bill Graves**  
President and Chief Executive Officer

July 21, 2015

The Honorable Paul Ryan  
Chairman  
Ways & Means Committee  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Ryan:

Thank you for the opportunity to provide additional input on surface transportation funding options. I am pleased to provide responses for the record to your July 8 letter.

*Response to question from Rep. Larson.* ATA has reviewed the May 2015 Hamilton Project report. The report makes several short-term and long-term recommendations for addressing transportation infrastructure investment shortfalls.

With regard to the short-term recommendations, three of the four impact highway funding, and one involves funding for harbor maintenance. We will address the highway funding proposals only. The document proposes to expand and reform the TIFIA program, and restore Build America Bonds. In general, ATA is not opposed to providing transportation agencies with additional financing tools. However, agencies' critical needs center around a lack of funding, and many cannot afford to take on more debt. Furthermore, we are concerned that additional debt instruments, without sufficient revenue, will spur state and local governments to accelerate their growing dependence on tolls as a primary source of funds for highway construction. As I mentioned in my testimony, toll financing is far less efficient than traditional methods, and many toll projects have failed to realize projected traffic and revenue levels, which creates public financial risk. Furthermore, we would be very concerned if additional bond subsidy costs are borne by the Highway Trust Fund.

Another short-term funding proposal would adjust the gas tax based on retail prices, lowering the tax when prices rise above a set threshold and raising it when lower than the threshold. An inflation-adjusted floor and ceiling would be established to prevent large spikes or drops in the tax rate. While not stated explicitly, we assume on-highway diesel and natural gas taxes would receive the same treatment. We are concerned about the variability in tax revenue produced by this proposal, which is important to transportation agencies that depend on predictable revenue levels for long-term planning. We also fail to see how this proposal is more beneficial than simply raising and indexing the existing fuel tax. The authors claim a consumer benefit from more stable retail prices. However, assuming tax rates do not increase substantially, federal taxes would be such a small percentage of the retail price that the impacts will be marginal and largely unnoticeable to consumers.

With regard to the report's long-term funding recommendations, ATA recognizes that fuel taxes will, over the long term, be a declining source of revenue, particularly from passenger vehicles, and a supplement or replacement will be needed. We support the report's recommendation for more research into the potential use of technology to improve revenue collection. We are concerned, however, with the proposal to allow state or regional fee collection systems, which could create inefficiencies for carriers that operate over large geographic regions. ATA agrees with the report's recommendations on adoption

July 21, 2015

Page 2

of national standards. We also note that current toll collection and mileage-based user fee technologies have far higher collection costs than traditional user fees, and significant technological advancement would have to be made before they are more widely adopted.

ATA supports the concept of a national infrastructure strategy. However, such an effort is likely to be either too broadly conceived to be useful – effectively a check the box exercise – or too obtrusive to be accepted by state and local officials who would be reluctant to cede authority, particularly over the expenditure of funds. Furthermore, we would oppose the establishment of a national, multi-modal infrastructure fund paid for primarily by highway users. We recommend a more limited, but feasible approach that identifies major highway freight bottlenecks throughout the country and ensures that they receive federal funding priority.

*Response to question from Rep. Sanchez.* Poor roads and bridges add additional cost and create safety problems for trucking companies. Potholed pavements increase fuel usage and add maintenance costs (e.g. for tires and suspension systems). When bridges are closed or load-posted they force trucks to take longer routes, which adds cost and increases crash exposure. Congestion on the Interstate System alone costs the trucking industry \$9.2 billion per year due to additional fuel and labor expenses. Furthermore, road conditions are a factor in one-third of highway crashes. These added costs are particularly problematic for small-business trucking companies, which comprise more than 90% of the industry. Smaller carriers are less able to absorb these additional expenditures. If a single-truck operator loses a week of work due to a major maintenance issue, for example, that operator may not be able to recover financially due to extremely low profit margins.

Long-term, adequate and stable funding for the Highway Trust Fund would allow states to address their maintenance needs and fund major projects. Currently, in large part due to the lack of stable federal funding, many states have resorted to a basic maintenance program, and have put larger, more expensive projects on hold or have canceled them altogether. This means that many major bridge projects that in the past were routinely given priority are now indefinitely delayed pending federal action. Eighty-nine percent of Interstate System congestion occurred on just 12% of the network. The major bottlenecks which are responsible for these traffic conditions are not being addressed because states lack the confidence in the federal-aid highway program they need to move forward on long-term projects. This situation will continue to deteriorate unless the federal government implements a long-term solution to the funding shortfall.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Graves", written in a cursive style.

Bill Graves