

TESTIMONY

OF

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BEFORE THE

TRANSPORTATION COMMITTEE

OF THE

MICHIGAN SENATE

TUESDAY, FEBRUARY 28, 2012

2:00 P.M.

SOUTHEAST MICHIGAN COUNCIL OF GOVERNMENTS
535 GRISWOLD STREET, SUITE 300
DETROIT, MI 48226

Good afternoon, Chairman Casperson and members of the Committee. I am pleased to have the opportunity to come before the Committee to discuss the bill before you and additional funding opportunities for Michigan's highways and regional transportation.

In a trip I took some time ago through Toledo, Ohio, to Chicago, I used a windshield-mounted device known as an I-Pass to pay road tolls. Truth be told, it should be named "I-Pay," because I certainly did.

For the round-trip I paid \$5.50 to the Ohio Turnpike Commission, \$12.60 to the Indiana Tollroad, and \$6.05 to the Illinois Tollway; for a total of \$24.15. I have no objection to paying for the tolls, because I use the roads and expect them to be in reasonable shape. Conversely, in Michigan, all we get from drivers from Ohio, Indiana and Illinois are fast-food wrappers and dead tire carcasses strewn along the side of the road. They pay absolutely nothing for using our roads – simply because we don't ask them to pay.

In 2010, the Ohio State Tollway had revenues of \$255,234,000 and the Illinois Tollway had total operating revenues of \$673,450,146. In 2006, the State of Indiana leased its toll road to a private operator for a term of 75 years for rent totaling \$3,850,000,000 (Three Billion, Eight Hundred and Fifty Million dollars,) or around \$51,333,333 per year. Given those huge amounts, I can't help but believe that we in Michigan are missing a tremendous opportunity.

I wrote Governor Snyder to point out that while Michiganders pay tolls to build roads in our neighboring states; drivers from neighboring states drive our roads free of

charge, with the costs of our roads being borne solely on the shoulders of Michigan's drivers and taxpayers. I asked the Governor "How fair is that?"

The response I received from the Michigan Department of Transportation was that Michigan doesn't have toll roads because "Michigan is not a major East-West throughway. Trucks pay for their use of roads through taxes on diesel fuel. Michigan lacks the capital to install the infrastructure needed for toll roads. And finally, historically, Michigan has avoided toll roads because of its tourism and its industry."

Let's look at those arguments one-by-one: First, our lack of East-West arteries: Let the record show that in Chicago, Illinois: Interstate 294 the Tri-State Tollway runs North and South. Also in Chicago, the newly constructed Interstate 355, the Veterans Memorial Tollway also runs North and South. The direction of travel is irrelevant.

In Michigan, thousands of trucks each year cross the Blue Water Bridge on a shortcut through Canada from the east coast headed through Michigan across I-94 to destinations South and West of the state.

In Detroit, thousands of trucks cross the Ambassador Bridge each year using a similar shortcut on their way through Michigan, down I-75 to destinations South of Michigan. There is plenty of traffic.

The second argument is that trucks pay Michigan taxes on diesel fuel. That is true only if that fuel is purchased in Michigan. The average Class 8 truck has two 75 gallon side-saddle fuel tanks for a total of 150 gallons; it also gets on average 6 miles per gallon. That means that a tractor trailer has a range of 900 miles between fill-ups. The distance between Buffalo, New York and Gary Indiana, cutting through Ontario and Michigan is about 550 miles, or about 60% of the range of a fill-up. No truck driver in their right

mind would buy expensive diesel fuel in Michigan, when they can drive straight-through and buy diesel fuel where it is always cheaper: in Indiana.

The third argument is that Michigan lacks the capital to install the infrastructure for toll collection. Michigan needs to look to other states, which have adopted public-private partnerships to spread the cost of infrastructure, while still being able to capture the revenue needed to maintain their roads.

And finally, the fourth argument given by MDOT about why Michigan doesn't have toll-roads is that historically, we haven't done it, because of our tourism and industry. Put another way: "We have always done it that way;" not exactly the hallmark of an administration focused on creative change and innovation.

As it stands in Michigan today, we have institutionalized a massive transfer of wealth from average motorists, including families of four trying to get-by on \$21,000 per year, to subsidies to the U.S. trucking industry, which last year had revenues of \$125 billion, according to First Research. I believe that your constituents would agree that we in Michigan don't need corporate welfare for multi-billion-dollar industries.

To quote Governor Snyder: "Let's stop picking winners and losers, let's start being fair, let's start letting free enterprise work." I agree with the Governor. Let's let all drivers who use our roads help pay for our roads – in proportion to the distances they drive them. It's only fair.

Thank you and I welcome the opportunity to answer your questions.