



## ENVIRONMENTAL DEFENSE

finding the ways that work

### **Financing Transportation: Wise Stewardship Demands a Level Playing Field**

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Good morning Mr. Chairman and members of the committee. I am speaking on behalf of Environmental Defense, an organization with 300,000 members. When financing, taxation, and pricing systems favor driving and roads over transit and other modes, as was the case for much of the last century, it skews investment and consumption decisions, harming efficiency, welfare, and the environment. In reauthorizing TEA-21 and seeking new means to finance surface transportation, Congress should assure a level playing field for competition between travel modes to encourage wise stewardship decisions by consumers and officials.

ISTEA began to level the playing field between highways and other means of transportation after decades of overwhelmingly pro-highway policies, slowing the long rapid rise of vehicle miles of travel and transit ridership decline. In the past 7 years, transit ridership grew 19%, and miles driven by only 11%. Yet finance problems dampen this recent trend. Disastrous local and state finances have prompted transit service cutbacks and increased fares, with nine in ten large transit agencies raising fares and a third providing less service. Together with rising unemployment, this caused transit ridership to fall slightly last year, while vehicle miles driven rose 1.7 percent.

But Americans want more, not less transit service and travel choices. A recent poll showed 8 in 10 Americans agree that increased public investment in public transportation would strengthen the economy, create jobs, reduce traffic congestion and air pollution, and save energy. We can't build our way out of traffic congestion or pollution problems. If you build roads, they fill up. Recent studies show a 10% increase in lane miles of road capacity typically spurs an 8% increase in vehicle miles traveled, leaving congestion little changed, but boosting traffic, sprawl, and pollution. This can be offset if we increase the price of driving and thereby manage rather than give away scarce and expensive road space and parking. But if toll revenues go just to building roads, we're caught in a vicious circle that harms the environment and reduces access to opportunities for those without cars. On the other hand, if toll revenues are dedicated to expanding travel choices, like paying for better transit, road pricing increases equity, reduces demand for road expansion, and enhances environmental performance.

There are notable examples of this. San Diego's HOT lane allows solo drivers into underused HOV lanes for a variable toll, financing new bus service and trimming congestion. The Port Authority's new off-peak toll discounts on Hudson River bridges and tunnels have cut peak congestion by 7%, while tolls help pay for PATH rail service, expanding travel choices and further trim congestion.

As Congress considers new means of financing roads, we urge you to look to such innovative approaches as a model. We urge you to reject proposals, like the one from Senators Grassley and Baucus that would raid the transit account to fund roads, leaving transit short by \$4 billion a year, destroying TEA-21's guaranteed and firewalled transit funding. This would undermine public support for the whole transportation program.

New proposals for toll financing could further tilt an unlevel playing field, restricting billions in new revenues solely for roads, fueling sprawl and traffic while plunging transit programs back into decline.

We urge you to assure a more level playing field through the following actions:

- Assure parity of both funding match requirements and project approval requirements for new transit and highway projects.
- End restrictions that limit tolls on Interstate roads; ensure new toll revenues are available for transit and traffic reduction strategies; and ensure toll roads are managed with public oversight to meet environmental and equity performance standards.
- Encourage Bus Rapid Transit services on managed lanes to expand travel choices and boost efficiency. Bogota's TransMileneo BRT system - built in 3 years at a cost of under \$8 million a mile - is a notable, adaptable model.
- Create a Flexibility Incentive Grant Program to reward states that change their constitutions or statutes to assure both transit and highways are funded from state transportation revenues.
- Reauthorize the Value Pricing Program at \$25 million a year for grants, technical assistance, and pilot tests to evaluate innovative strategies that manage traffic or reduce driving related pollution or other problems through pricing.
- Double funding for the Congestion Mitigation Air Quality Program (CMAQ) expanding eligibility to include Pay-as-You-Drive (PAYD) insurance, and dedicate \$15 million a year for a new PAYD insurance grant program to demonstrate how motorists can save on their premiums if they drive fewer miles.
- Provide equal tax treatment of commuter benefits for transit users, drivers, cyclists, and carpoolers, enacting S.667 and H.B. 1052.
- Increase funding for metropolitan and state planning to expand consideration of pricing, smart growth and transportation strategies in planning and project reviews, and timely implementation of new air quality standards. Fund research and rapid deployment of advanced transportation models, such as TRANSIMS, to help local agencies consider such strategies.

Innovative pricing strategies like HOT lanes could play a vital role in making TEA-21 reauthorization work, providing critical revenue and new approaches to enhance efficient system management and performance. We look forward to working with you to build support for that agenda, assuring sound accountability for environmental stewardship.

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