

Remarks to the Legislative Study Committee on Private Participation in Toll Projects

By Craig Lentzsch, Commissioner,
National Surface Transportation Infrastructure Financing Commission

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The National Surface Transportation Infrastructure Financing Commission issued an interim report on February 4, 2008 in which we found that the nation's surface transportation system is in a "physical and financial crisis" because current revenue is insufficient to maintain and improve this country's highways, public transportation systems and intermodal connectors.

The Commission made several preliminary observations:

- Transportation system demands are outpacing required investment;
- Maintenance costs are competing with necessary expansion of the system;
- The fuel tax, which has been the key federal funding source for our system, is no longer sufficient at current rates;
- More direct user charges should be explored; and
- We need not only more investment in our system, but more intelligent investment complemented by better operation of the system.

The report says the country's transportation system requires a significant infusion of money to build and better maintain the highways, transit systems and intermodal facilities needed to keep up with economic and population growth. The Commission's task is to recommend to the federal government how it should fund its transportation programs in the coming decades. This interim report lays out how the Commission perceives the current problems with transportation funding, and how it will analyze options and reach recommendations.

The Commission's report finds that relying principally on the federal fuel tax "may not be a sustainable strategy in the long run" because as fuel economy continues to rise, "the fuel taxes that are the backbone of the federal transportation revenues will continue to shrink relative to use and needs of the system."

The Commission's report also states that inadequate fuel tax revenues and the high maintenance costs of our aging transportation system are forcing state and

local governments to forgo or postpone needed capacity enhancements. The report states that “if we are to remain competitive in a global economy, we must thoroughly re-assess the current approach to funding surface transportation infrastructure.” As we move toward a final report in the fall of this year we will examine a broad array of existing and potential funding mechanisms, including direct user charges (such as tolling) and other financing options (including Public Private Partnerships) that may augment current revenues and encourage more efficient use of system capacity.

I hope that my presence today will be helpful to the deliberations of the Texas Legislature. I know that the opportunity to participate in this hearing will be helpful to the mission of the Commission to get feedback as I look forward to hearing the testimony of others on this important subject.

Thank you for the opportunity to be with you.

Full Report Online

The National Surface Transportation Infrastructure Financing Commission’s interim report, *The Path Forward: Funding and Financing Our Surface Transportation System*, is available online at <http://financecommission.dot.gov>.

About the Commission

Section 11142 of SAFETEA-LU established the National Surface Transportation Infrastructure Financing Commission and charged it with analyzing future highway and transit needs and the finances of the Highway Trust Fund and making recommendations regarding alternative approaches to financing surface transportation infrastructure. As provided by statute, the Commission has 15 members with broad experience in finance, government, industry, law and public policy.

The Financing Commission is subject to the Federal Advisory Committee Act and all of its meetings are open to the public.