Before the

SUBCOMMITTEE ON SELECT REVENUE MEASURES
COMMITTEE ON WAYS AND MEANS
UNITED STATES HOUSE OF REPRESENTATIVES

Statement of

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On

Long-Term Financing Options for the Highway Trust Fund, Including Member Proposals

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Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to present testimony on long-term financing options for the Highway Trust Fund (HTF). My name is Barbara Windsor. I am President and Chief Executive Officer for Hahn Transportation, based in New Market, Maryland, a specialized carrier that transports petroleum products, aluminum, cement and other products throughout the Mid-Atlantic region. Today, I appear before you representing not just my company, but also the American Trucking Associations (ATA) headquartered in Arlington, Virginia, where I currently serve as Second Vice Chairman. ATA is the national trade association of the trucking industry. Through its affiliated state trucking associations, affiliated conferences, and other organizations, ATA represents more than 37,000 trucking companies throughout the U.S.

OVERVIEW OF THE TRUCKING INDUSTRY

With more than 600,000 interstate motor carriers in the U.S., the trucking industry is the driving force behind the nation's economy. Trucks haul nearly every consumer good at some point in the supply chain. Few Americans realize that trucks deliver nearly 70 percent of all freight tonnage or that 80 percent of the nation's communities receive their goods exclusively by truck. Even fewer are aware of the significant employment, personal income, and tax revenue generated by the motor carrier industry.

Nearly 9 million people employed in the trucking industry move approximately 11 billion tons of freight annually across the nation. Trucking annually generates $660 billion in revenues and represents roughly 5 percent of our nation's Gross Domestic Product. One out of every 13 people working in the private sector in the U.S. is employed in a trucking-related job ranging across the manufacturing, retail, public utility, construction, service, transportation, mining, and agricultural sectors. Of those employed in private-sector trucking-related jobs, 3.5 million are truck drivers.

The trucking industry is composed of both large national enterprises and a host of small businesses, all of whom operate in extremely competitive business environments with narrow profit margins. Roughly 96 percent of motor carriers have 20 or fewer trucks and are considered small businesses.

Truck tonnage is projected to reach more than 13 billion tons by 2020, up from 10.2 billion tons in 2008. By 2020, trucking revenue will exceed $1.1 trillion, a market share that will represent 84% of goods moved. Absent any increases in productivity, we estimate another 1.84 million more trucks will be needed to serve the nation's economy, a 26% increase.[1]

[1] Global Insight, *U.S. Freight Transportation Forecast to…2020*, 2009.

HIGHWAY TRUST FUND REVENUES

The trucking industry is a significant user of the highway system and provides a large share of revenues used to fund transportation infrastructure maintenance and improvement. In 2006, commercial trucks paid 33% of state and federal highway user fees, a total of $37.4 billion.[2] This included $17.8 billion paid into the federal Highway Trust Fund, accounting for 45% of HTF receipts. Truck use of the system was disproportionately low compared to fees paid. Commercial trucks comprised just 14.4% of vehicle miles traveled in 2006.[3]

Commercial vehicles operate on both diesel and gasoline and consequently pay the 24.4 cents per gallon diesel tax and the 18.4 cents per gallon gasoline tax. Additionally trucks paid the following in 2006:

- Heavy Vehicle Use Tax (HVUT): Trucks with registered weight of 55,000 pounds to 75,000 pounds pay a Heavy Vehicle Use Tax of $100.00 plus $22.00 for each 1,000 pounds in excess of 55,000 pounds to a maximum tax of $550,000. This tax provided $1.4 billion to the HTF.

- Sales Tax: Trucks and trailers pay 12% of retailer's sales prices for tractors and trucks over 33,000 pounds registered gross vehicle weight (GVW) and trailers over 26,000 pounds GVW. This tax provided $3.6 billion to the HTF.

- Tire Tax: Trucks pay a tire tax on tires sold by manufacturers, producers, or importers at the rate of $.0945 ($.04725 in the case of a bias ply or super single tire) for each 10 pounds of the maximum rated load capacity of 3,500 pounds. The tax provided $488 million to the HTF.

THE NEED FOR ADDITIONAL SURFACE TRANSPORTATION FUNDING

The shortage of funding for highways has been well-documented, and it is generally recognized that current investments fall well short of real needs. Various assessments have estimated that *all levels of government* must invest between $134 billion and $194 billion annually in order to simply maintain the surface transportation system's current level of maintenance and congestion.[4] An investment of $189 billion to $262 billion is necessary in order to significantly improve the condition of these systems and meet congestion reduction goals.[5] However, spending is expected to cover just 29% to 40% of these costs.

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[2] The American Trucking Associations, *Trucking Trends 2008-2009* and Federal Highway Administration *Highway Statistics 2006*.
[3] Federal Highway Administration, *2006 Highway Statistics*.
[4] *Paying Our Way: A New Framework for Transportation Finance.* Report of the National Surface Transportation Infrastructure Financing Commission, Feb. 2009. NOTE: 2008-2035. All figures in 2008 dollars.
[5] *Ibid*.

Federal spending on surface transportation infrastructure also falls well short of projected needs. While the HTF can only support a $32 billion annual program, between $60 billion and $87 billion will be needed to maintain the systems and $85 billion to $118 billion will be required to make significant improvements. A shortage of federal highway funds is particularly worrisome because federal-aid highways carry 85% of all traffic.[6]

TRANSPORTATION REVENUE SOURCES

ATA recognizes the need for additional revenues to support our nation's highway and bridge infrastructure program. ATA also strongly supports the continued reliance on the federal fuels tax – both diesel and gasoline – as the primary funding source for the Highway Trust Fund. Consequently, ATA will support an increase in those fuel taxes provided the revenues go to improving the ability to move the nation's freight. ATA believes that the current highway program does not meet the needs of either passenger or commercial transportation. In testimony before the House Transportation and Infrastructure Committee, ATA has requested that there be established a dedicated freight program to address one of our most critical transportation needs: congestion relief. Reform of the current program coupled with a vision for the future must occur in order to justify additional revenues. In short, the trucking industry will pay for value received.

While maintaining our support for the federal fuels tax, ATA recognizes that additional – or in some cases alternative – revenue sources may be needed. Whatever those sources may be, ATA believes that sources of funding for highways should meet the following general criteria:

- Minimize opportunity for evasion;
- Inexpensive and simple for government to administer, collect and enforce without imposing excessive administrative and record keeping burdens on highway users;
- Based currently on readily verifiable measure of highway and vehicle use;
- Reasonably uniform in application among classes of highway users; and
- Not create impediments to interstate commerce.

FUEL TAX

ATA believes the fuel tax meets all of these criteria. Collection costs for the federal fuel tax are just 0.2% of revenues.[7] Steps taken to move the point of taxation of fuel up the

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[6] Federal Highway Administration, *Highway Statistics 2007.*
[7] American Transportation Research Institute. *Defining the Legacy for Users: Understanding Strategies and Implications for Highway Funding*, May 2007.

supply chain have significantly reduced losses due to evasion, although[8] opportunities for revenue generation exist with additional reforms and stronger enforcement and oversight.[9] Furthermore, the fuel tax is tied to highway use; the more an individual drives, the more fuel is burned and the greater the tax burden on the motorist. And unlike tolls, which apply to the use of specific roads or road segments, fuel taxes are collected on ***all*** miles driven, regardless of the type of highway or street, maximizing revenue collections.

The fuel tax will remain a reliable funding source for the foreseeable future. While a recent decline in travel caused many to question the sustainability of the fuel tax, on closer analysis, the Federal Highway Administration (FHWA) found that nearly 60% of the decline in HTF revenues in fiscal year 2008 was the result of lower excise taxes on truck tractors, tires and the heavy vehicle use tax. Much of the downturn was attributable to a severe downturn in truck sales due to new environmental requirements for truck engines. The challenge is not to find a replacement for the fuel tax, but to design a tax mechanism to augment the fuel tax.

TOLLS

ATA opposes the imposition of tolls on *existing* lanes of the Interstate Highway System, other than the conversion of HOV lanes to HOT lanes. We support S. 1115, the “Freedom from Tolls Act of 2009”, H.R. 1071, the “Keeping America’s Freeways Free Act”, and the elimination of certain tolling authority as proposed by the legislation under consideration by the Transportation and Infrastructure Committee – the Surface Transportation Authorization Act (STAA) of 2009. However, ATA recognizes and accepts the need for innovative financing, including tolling, for expensive *new* highways and bridges.

Tolls in general represent double taxation. Truckers pay an average of nearly 50 cents per gallon in federal and state taxes on the diesel fuel they consume, and they pay federal excise taxes on the equipment they purchase, on the tires they use, and for the privilege of using their trucks. The states levy truck registration fees that average nearly $1,700 a year per truck, and some states impose other highway use taxes as well. These federal and state taxes apply whenever a motor carrier uses a road – whether that road is tolled or not. Charging tolls on top of existing highway fees is inequitable, unfair, and inefficient.

Tolls, unlike fuel taxes, are often easily avoided, by using alternative, less safe routes. This was most clearly illustrated by the exodus of traffic from the Ohio Turnpike when toll rates on that highway were increased by 82% in the 1990s. When the Ohio Turnpike increased its truck toll rate to 17.6 cents/mile for 5-axle trucks, the result was

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[8] U.S. Department of the Treasury, Office of the Treasury Inspector General for Tax Administration. Final Audit Report – The Excise Files Information Retrieval System Has Not Been Effectively Implemented (Audit # 200520030), Oct. 18, 2005.
[9] *Ibid*

massive diversion to alternate routes. The Ohio Department of Transportation found that a decade after the increase, growth in truck traffic on the turnpike was static, while truck traffic on parallel roads tripled. ODOT determined that these parallel routes had much higher accident rates. For example, U.S. 20, which saw a 267% increase in truck traffic, had a fatal accident rate that was 17 times higher than the Turnpike's rate.[10]

When tolls are imposed on a highway, diversion of traffic can have impacts well beyond the immediate highway corridor or state border. This was clearly illustrated when Virginia was considering a private-sector proposal to build mandatory-use tolled truck-only lanes along all 325 miles of Interstate 81 in the Commonwealth. A study conducted for the Commonwealth[11] found that under the toll rates being considered, more than half of the trucks and at least three-quarters of truck vehicle miles would shift to alternate routes. Under a conservative toll rate, the study predicted that approximately 26% of truck miles would shift to routes outside the Commonwealth. Some of these routes would take trucks through already congested, highly polluted cities, including Atlanta and Washington, DC.

Continuation of federal authority over tolling Interstate Highways is the only way to ensure that the impacts of tolls on interstate commerce are accounted for when determining tolling costs and benefits. ATA strongly supports the provisions of Chairman Oberstar's STAA that would establish an Office of Public Benefit to oversee toll levels and perform an active role in protecting the public interest with respect to tolls and privatization of roads. We also support the STAA's proposal to give the OPB authority to determine whether toll rates on federal-aid highways are just and reasonable.

Furthermore, while state fuel tax collection costs are one to two percent of revenue, on major toll roads collection expenses constitute one-quarter to one-third of revenue.[12] Adoption of electronic tolling will eliminate some labor costs, but the capital investment will take decades to recover. One study found that even on toll roads with a significant percentage of users who pay electronically, collection costs were still 12% to 20% of revenue.[13] As the number of toll facilities grows, so too do the number of points of collection, creating an administrative and cash-flow nightmare for trucking companies who operate throughout the country and are often required to establish accounts with multiple tolling authorities. A lack of transponder uniformity will also force carriers to purchase and install multiple transponders.

[10] http://www.dot.state.oh.us/news/2004/northernohiotrucktraffic/northern_ohio_truck_traffic_fact.htm
[11] Reebie Associates, *The Impact of Tolls on Freight Movement for I-81 in Virginia*, April 8, 2004.
[12] American Transportation Research Institute, "Highway Funding Analysis: Defining the Legacy for Users," 2007.
[13] *Comparative Analysis of Toll Facility Operational Costs,* Washington State Department of Transportation, Feb. 22, 2007.

PRIVATIZATION OF TOLL FACILITIES

ATA believes that private financing of highway infrastructure will play a role in addressing transportation needs for new roads. However, we are very concerned about attempts by some States to carve up the most important segments of the existing Interstate System for long-term lease to the highest bidder. We believe that leasing existing Interstate System highways to private interests is inconsistent with the efficient and cost-effective movement of freight, is not in the public's best interest, and represents a vision for the Nation's transportation system that is short-sighted and ill-conceived.

ATA supports S. 884 and S. 885, sponsored by Senators Bingaman (D-NM) and Grassley (R-IA). S. 884 excludes privatized highways from highway allocation formulas. Federal-aid highway mileage is included in allocation formulas because it is one measure of funding need. However, if a state has effectively taken the liability for maintaining and improving the highway off its books by leasing it to a private operator, then the state no longer has a need for public funds to finance the costs associated with the facility. S. 885 increases the depreciable life and amortization period for leased highways. This legislation is necessary to prevent unnecessarily long leases and to end a taxpayer subsidy of private corporations who lease highway assets.

While privatization discussions tend to center on the ability to generate capital and up-front concession revenue, what often gets lost or ignored is the long-term impact of these deals on highway users. Recent concessions allow tolls to rise significantly more than had been the case when the roads were managed by the State or local government. Private toll road operators do not have the same concerns about the impacts of toll rates on low-income workers or on the costs to businesses that depend on the highway for transporting employees, customers, goods or services. Their primary concern is, justifiably, to maximize the toll road's profitability within the confines of the lease agreement and the law.

Supporters of privatization point out that toll rates are unlikely to increase substantially because drivers will simply migrate to toll-free roads. In some cases, a reasonable toll-free alternative may be available. On most major toll roads, however, the only alternative may be a two-lane road with traffic lights and a significant amount of local traffic. Complicating the situation is a standard practice of including non-compete clauses in lease agreements, which prohibit or severely restrict improvements to competing roads. While these clauses have become less egregious over the years, lessees have a great incentive to become advocates for making alternative routes less efficient in other ways. For example, a non-compete agreement struck between the private operator of the E-470 in the Denver area and local jurisdictions resulted in traffic lights being installed and speed limits lowered on Tower Road in Commerce City in order to make Tower Road a less attractive alternative to the E-470.[14] ATA supports Chairman Oberstar's proposal to prohibit non-compete clauses.

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[14] Denver Post. *Toll of E-470's No-Compete Pact: Deal Creates Gridlock by Design*, Nov. 9, 2005.

Privatization boosters also point to caps on toll rate increases that have been a standard part of privatization agreements. However, two major lease agreements that have been completed in the United States – the Indiana Toll Road and Chicago Skyway – have been accompanied by very large initial rate increases combined with caps on future increases that by some estimates could exceed six percent annually. Close examination of these deals reveals the extent of the problem and should serve as warnings about future privatization efforts. (*See Appendix A)*

Beyond the concerns over toll rates, there are also questions about whether private toll road operators will act in the public's best interest. It is impossible to predict changing circumstances over the life of a lease, which tends to be long-term – up to 99 years in duration. Many of the facilities under consideration for private takeover are among the most critical links in our freight and military logistics chains.

MILEAGE-BASED FEES

ATA has many concerns about mileage (or VMT) fees. The most oft-cited reason for a mileage tax is that as vehicles become more fuel-efficient, or as gasoline and diesel are replaced with alternative forms of energy, the fuel tax will become an unreliable source of revenue. However, most experts predict that this only becomes a real concern in 15 to 20 years, and even then, most interstate commercial vehicles are expected to continue to burn diesel fuel. It is also possible that new sources of energy, such as electricity, natural gas, hydrogen, etc. could be taxed, making the expensive conversion to a mileage-based tax unnecessary. Documentation from an Oregon mileage tax pilot program acknowledged that electric vehicles, which cannot be charged the mileage fee at a gas station, can be assessed a fee based on the amount of electricity used for recharging. And unless a mileage-based tax is self-adjusting, it will face precisely the same revenue-raising limitation as today's fuel tax.

There would also be significantly greater potential for tax evasion. Today, fuel taxes are paid at "the rack" by around 1,300 facilities owned by approximately 300 companies. Auditing by the Internal Revenue Service, while still a challenge, is manageable. A mileage-base tax would cause the number of taxpayers to explode – essentially to every licensed driver, with potentially multiple registered vehicles.

GPS-based systems, such as that currently being utilized for trucks in Germany and the system used in a University of Iowa study, rely on on-board technology, which can be tampered with. Significant effort and expense is required to ensure compliance. Austria, which uses a dedicated short-range communication (DSRC) system to charge truck tolls, relies on an extensive and expensive network of overhead gantries, which read an on-board unit and apply a mileage charge with each pass. Switzerland has a similar system, but also utilizes GPS. In both cases, as well as in the German system, the gantries are used to verify that a valid, working OBU is installed.

Collection likely entails significant capital and operating costs, particularly related to enforcement. The user faces potentially significant capital costs to purchase and install the transponder or on-board unit. Costs could be minimized if installed as original equipment, but near total fleet turnover will likely take 20 years, requiring extensive retrofitting unless a dual mileage/fuel tax system is adopted. It is clear, however, that the collection costs to both the user and the tax collector will be far greater than is currently experienced under the fuel tax system.

ATA is also concerned about the significant interstate commerce implications brought about by the ability to use differential pricing based on geographic location. States could very well determine where interstate traffic is prevalent and charge disproportionately high fees based on geography. This creates the need for federal oversight and possibly a high degree of federal control.

FREIGHT FEES

The STAA proposed by the House Transportation and Infrastructure Committee would make $75 billion available over the life of the bill for multi-modal programs, specifically Projects of National Significance and Metropolitan Mobility and Access. Additionally, the legislation would continue to fund other programs for which transit and freight rail projects are eligible. ATA supports the user pays concept and strongly believes that other modes of transportation should contribute to the Highway Trust Fund if they are to be made eligible to receive any portion of its proceeds.

ATA supports establishing a multi-modal funding mechanism for multi-modal project eligibility. Bill of lading taxes, container taxes, customs fees and other freight-related charges have been mentioned as a way to generate new revenue without directly taxing highway users. ATA believes that it is appropriate to ask the beneficiaries of these freight project investments to contribute toward covering the costs. However, a close review of the various proposals reveal significant legal and administrative barriers. We join with organizations such as the National Retail Federation, Waterfront Coalition and Retail Industry Leaders Association in calling for the immediate establishment, within the USDOT, of a technical working group to explore the various options and recommend to Congress a feasible user fee.

CONGESTION PRICING

One type of tolling is congestion pricing – charging higher during peak periods to encourage different behavior, either by traveling during off-peak periods or by choosing an alternate mode of travel such as public transportation. For the trucking industry, no alternate mode of transportation exists, and the trucking company’s customers generally dictate pick-up and delivery times.

Because of the competitive nature of the industry, many trucking companies find it extremely difficult to assign tolls to individual deliveries, thus giving the shipper, no incentive to change schedules. This makes congestion pricing unworkable for trucking companies. These conclusions are supported by a report from the Rensselaer Polytechnic Institute.[15] That study found that when pricing was imposed on trucks entering New York City, only 9% passed the fees on to their customers, and on average, the increased rates did not recover the total toll cost. The study concluded that a toll charge of $203 – which must all be passed on to the shipper – is the minimum price necessary to substantially affect receivers' willingness to adjust delivery schedules.

The number of passenger and commercial vehicle drivers who are willing and able to change their travel patterns may be low. FHWA's 2006 *Conditions & Performance Report*, for example, determined that the average per-mile charge necessary to effect a change in behavior among enough passenger car drivers to impact congestion is 20 cents per mile. This is roughly equivalent to a gasoline tax of $4.44 per gallon.

While the London congestion charge is often cited as an example of pricing that works, the most recent evaluation by Transport for London[16] found that congestion is no better than it was prior to the adoption of pricing. Despite an expansion of the priced zone and an increase in the congestion charge, traffic conditions in London continue to deteriorate. New York City recently considered such a "cordon pricing" plan in exchange for a multi-million-dollar grant from the U.S. Department of Transportation. The idea ultimately rejected by the state legislature. An evaluation of the initial proposal submitted by the Mayor showed that pricing would have very little impact on congestion. Speeds within the pricing zone were projected to increase by just 7%, bringing speeds from a current average of 8 mph to a new average of 8.56 mph.[17]

ADDITIONAL REVENUE SOURCES

All existing tax refunds and exemptions should be carefully reviewed by this Committee as part of the reauthorization process. Today these special carve-outs for off-road use, government fleets, intercity buses, and others are estimated to cost the HTF $1 billion annually. ATA would also encourage the Committee to consider eliminating truck excise taxes on new trucks and tires, and instead charge an equivalent diesel fuel tax. Truck sales are extremely cyclical, even without recent environmental mandates, causing associated tax receipts to fluctuate wildly. Incorporating these fees into the diesel fuel tax would increase the predictability of tax revenues.

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[15] Jose Holguin Veras. *Necessary Conditions for Off-Hour Deliveries, Freight Road Pricing and Alternative Policies in Competitive Markets*, 2007.

[16] Transport for London. *Central London Congestion Charging: Impacts Monitoring, Sixth Annual Report*, July 2008.

[17] City of New York. *PlanYC Transportation Technical Report*, April 22, 2007.

CONCLUSIONS

ATA urges the Committee to consider the impacts of any highway use fee on the users of the system, and to ensure that all costs, both direct and indirect, are accounted for to the extent feasible. For example, no examination of toll financing is complete without also considering the additional infrastructure, energy and environmental costs due to evasion. While ATA is willing to consider support for alternative revenue sources, we firmly believe that an increase in the fuel tax – with the additional revenue invested in projects and programs that address national needs – is by far the best way to ensure sufficient funding for highway projects over the near term.

Mr. Chairman, I would like to conclude my testimony with a comment regarding the relationship between our infrastructure needs and the recently House-passed climate and energy legislation (H.R. 2454). As we have discussed, the Highway Trust Fund is funded in large measure through the federal tax on diesel and gasoline. While we support that, these taxes are nonetheless a cost of doing business. However, the climate and energy legislation is likely to significantly increase the cost of fuel. This increase could very well jeopardize the ability of the trucking industry to both fund much needed infrastructure needs and absorb these added costs to fuel brought about through the climate and energy legislation.

Thank you for the opportunity to testify and I look forward to answering your questions.

APPENDIX A

INDIANA TOLL ROAD

In 2006, the state of Indiana agreed to lease the Indiana Toll Road to the Macquarie-Cintra private sector consortium. In exchange for a $3.85 billion concession fee, the firms can collect the toll revenue and agree to operate, maintain and improve the highway. Under the agreement, toll rates for a 5-axle truck increase incrementally from $14.55 to $32.00 in 2010 (all figures assume the truck traverses the entire length of the highway). On June 30, 2010 the lessee can increase toll rates by 8.2%, the rate of inflation (CPI) or the annual rate of change in national GDP per capita, compounded over the previous 4 years. From 2004 to 2005, the increase was 5.4%. Assuming a conservative 5.5 % annual average increase, the toll rate for a 5-axle truck may therefore rise by up to 23.9%, or to a rate of $39.64 in 2010. Therefore, toll rates for a 5-axle truck may increase by about 172% over five years if the lessees decide to maximize toll rate increases.

The impact of Turnpike privatization on users of the highway has been significant. Less than two years after financial close, toll rates for a 5-axle truck increased by more than 87%, from $14.55 to $27.25. Toll rates on cars paying cash went up by 72%. Over a 2-year period between September 2005 (prior to privatization) and September 2007 (14 months after privatization) revenue increased by more than 62% despite a four percent reduction in traffic.[18]

Toll rate increases of these magnitudes will inevitably result in diversion of traffic. By 2010, the truck toll rate on the Indiana Toll Road is likely to be approximately 25 cents per mile, 42% higher than the Ohio Turnpike's toll rate at its peak. The two highways are essentially the same route, and have similar alternatives. Therefore, it is reasonable to expect a level of diversion on the Indiana Toll Road that is at least as great as was experienced in Ohio.

There is a significant difference between the states that allows one to address these challenges effectively and forces the other to suffer the consequences. Because the Ohio Turnpike Commission is a public authority, the Governor and Secretary of Transportation were able to make changes – including lowering truck toll rates and increasing speed limits – which attracted a substantial amount of truck traffic back to the turnpike. Since control of the Indiana Toll Road has shifted from public to private hands, addressing these types of issues will not be quite as easy, and the lessees will base all changes in their operations on the potential impacts on their profitability, and not on the impacts on the public welfare.

Finally, the projected toll rates far exceed what is necessary to raise sufficient money for the operation, maintenance and improvement of the Indiana Toll Road. This means that

[18] Macquarie Infrastructure Group. Press Releases October 8, 2006; October 8, 2007.

toll road users will be forced to subsidize other state functions and enrich toll road investors, with little benefit to themselves.

CHICAGO SKYWAY

Effective in 2005, the City of Chicago agreed to a concession agreement in which Macquarie-Cintra would take control of the Chicago Skyway for 99 years in exchange for $1.8 billion. Concession revenue is to be used primarily to pay off city debt.

Macquarie-Cintra used similar toll escalation caps for both the Indiana Toll Road and Skyway deals. However, the availability of free alternatives may hold rates down. Interestingly, the lessee was given the option to increase tolls during peak travel periods for vehicles with more than 3 axles (i.e. trucks and buses), which they have already taken full advantage of. However, the concession agreement did not allow them to impose congestion pricing on passenger vehicles, which comprise the vast majority of vehicle traffic and cause the bulk of the congestion.

Toll rates will increase by 150% over the first 12 years of the lease and then are capped at about 6% (based on historical GDP/capita). Most Skyway users are Indiana residents, so there is little political impact from these increases and little recourse for users of the toll road other than to vote with their wallets and use an alternative route if possible. The toll increases are essentially a commuter tax, with the lessees and the city, not the payers of the tax, enjoying the benefits of the revenue.