WRITTEN STATEMENT OF
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Good afternoon, Chairman Duncan and Members of the Committee.

Thank you for including NATSO in this important effort to solicit stakeholder input for the upcoming surface transportation reauthorization.

My name is Lisa Mullings and I am the president and chief executive officer of NATSO. Since 1960, NATSO has represented America's travel centers and truck stops, the "home away from home" for our nation's professional drivers. In addition to providing fuel and food, our members provide about 90 percent of the nation's overnight truck parking.

NATSO represents approximately 1,400 truck stop locations, and our membership includes everything from the single family-run operation to large chains. About 80 percent of our members are within one-quarter mile of the Interstate Highway System, and these businesses serve interstate travelers exiting the highway.

I will not ask you for special favors, earmarks, or exceptions to be made for the industry I have represented with pride for more than 16 years. Today, I am here to make one simple request as you move forward with the transportation reauthorization over the next few weeks: I request you strongly oppose any effort to amend or repeal 23 USC 111, which prohibits commercial development on the interstate right-of-way. As I am certain you know, many public policy positions can have unintended consequences. In this instance, a reversal of current law would devastate the 97,000 businesses that operate at the exits along our nation's interstate system. It would put threaten the jobs of the people who work at those businesses, and it would slash funding for county governments that rely on property taxes paid by these businesses.

One of the primary reasons our members and other businesses invested along the Interstate Highway System is because in 1956 Congress had the wisdom to pass legislation which prohibited ". . . service stations or other commercial establishments . . . to be constructed or located on the rights-of-way of the Interstate System. . ." after 1960 (23USC111). At the time, Congress hoped to encourage commercial development along the new system and ensure that America's small towns and communities would not be bypassed by motorists.

That vision has been an undeniable success. As I mentioned, today there are more than 97,000 businesses operating at the exits along our nation's interstates—truck stops, restaurants, gas stations, hotels, convenience stores, car and truck repair services. And while the last couple of years have been difficult for all businesses, NATSO members are optimistic about the future.

The idea of allowing state to lease rest areas is not new. Congress has considered proposals to allow the sale of food and fuel at rest areas before, and has rejected them over and over. It is deceptively easy to mistake this issue as a pro-business initiative, a move to privatize rest area services.

But this is not privatization. True privatization is transferring a service or function from the government to a private sector business, to achieve comparable or superior results. But the government is not in the business of selling food and fuel; the private sector is already meeting that need. This is a move to expand government, at a cost to businesses, county governments and consumers.

That's why so many organizations have joined with us to form the Partnership to Save Highway Communities. Many groups—from McDonald's and Burger King franchisees to the National Association of Convenience Stores and the Blind Entrepreneurs Alliance—want to preserve the dynamic, competitive nature of the Interstate Highway System.

When you hear from state transportation departments, many are bound to tell you that they cannot afford to keep rest areas open. They want to repeal the law that prevents the sale of food and fuel on the interstate right-of-way. They see commercial rest areas in the Northeast—those that were grandfathered in, such as the Delaware House, for example—as potential revenue for their own states.

Certainly we do not dispute their assertion that if this law is repealed, states will save on rest area maintenance expenses. If this request is granted, Congress will solve one problem, but create a much larger one.

Unfortunately, those dollars flowing into the state at a commercial rest area would come at a huge cost to the businesses that were built along the exits of the Interstate Highway System, not to mention the local communities that rely on the property taxes paid by the businesses to fund schools and police departments.

We are not sounding an alarm based on what we think *could* happen. We already have commercial rest areas in more than a dozen states, and we can see for ourselves how they stifle competition and business development. On the highways that have commercial rest areas, the advantageous right-of-way location siphons most of the business away from the exits. Those highways with commercial rest areas have 50 percent fewer businesses at the exits.[1] So while the state would profit by selling food and fuel on the right-of-way, they'd be pulling the rug out from under the small businesses at the exits, along with their employees and the communities they support.

Two of our members in Maryland noticed a sizeable increase in business practically overnight that caused them to question why. That's when they realized that the nearby Delaware House had closed for construction in the fall of 2009. Unfortunately, following its reopening, those travel centers reported declines in every part of their operations. As soon as the Delaware House reopened, fuel sales declined by 35 percent; convenience store sales dropped by 20 percent and the quick service restaurant sales dropped by 40 percent.

Our members are not afraid of competition; stop at nearly any interstate exit to find businesses competing next door and across the street from one another. Would HMSHost or other private sector business agree to pay the state a royalty on rest area sales if the rest area were located at the exit, instead of on the median or shoulder of the highway? Not likely. They are paying the state a premium for the exclusive location.

Opponents of current law say that any private sector business can bid on the rest area concessions. How are our members and other small businesses supposed to abandon their

[1] "Fueling American Prosperity: How Rest Area Commercialization Will Devastate the Economic Contributions of Interstate Businesses," The NATSO Foundation, 2003.

sizable investments at the interstate exit for a chance to lease space at a nearby rest area? In fact, there are *no* small businesses operating commercial rest areas today. The vast majority are managed by HMSHost, a large international corporation.

Money paid by rest area concession operator is not "found" money; it is coming out of the pockets of motorists. If you stop at the Delaware House, you can buy a fast-food hamburger there. If you drive six miles and take an exit ramp, you'll find that same quick-service restaurant, but the hamburger will cost you $1 less. Part of that extra dollar goes to the state—a hidden tax on the traveling public. But the public is not merely covering the costs for the rest area. It is also generating profit for the business selling food and fuel at the rest area. The rest of that dollar goes into the pocket of the business at the rest area, a business that can operate as a monopoly, charging whatever they'd like without fear of competition.

Commercial rest areas threaten truck parking too. Our members have invested heavily to provide truck parking for their customers, and as I have noted, they provide approximately 90 percent of the spaces. While some state DOTs and others have suggested that commercial rest areas would help save the few truck parking spaces at rest areas, they would jeopardize many more located at the exit. Furthermore, commercial rest areas have few truck parking spaces—usually no more than 50, and do not have facilities for drivers parking overnight. In fact, we counted the spaces in about a dozen states and found that there are one-third fewer truck parking spaces on highways with commercial rest areas.[2]

We are not suggesting that states' budget problems are insignificant. We stand ready to work with transportation officials to come up with innovative options that will help solve their problems without threatening existing businesses or county government services. There are other options states can consider for offsetting some of the costs related to rest area maintenance. Most recently, the state of Virginia adopted an innovative program that will enable private-sector firms to establish paid sponsorship and advertising at rest areas. Rather than siphon customers away from the exit businesses, Virginia has found a solution that does not harm small business and does not require that the federal law be changed. In addition, Virginia was able to cut operations costs by outsourcing maintenance of the facilities. These innovative approaches enabled Virginia to keep their rest areas open.

Under SAFETEA-LU, Congress created the Interstate Oasis program, which enables states to partner with private businesses already in operation at the exits to provide services to motorists that are found at a rest area. A signage program would alert motorists that 24-hour services such as rest rooms and truck parking are available at the exit. This program can be implemented at virtually no cost to the state, and Oregon and Utah have begun instituting these partnerships.

Finally, Congress should consider giving states more flexibility to use some of their federal dollars for rest area maintenance. Many would argue that the rest areas contribute to highway safety. This kind of flexibility could ease some of the states' concerns about funding for rest area maintenance.

We thank you for the opportunity to provide input as a transportation stakeholder, and feel we would be remiss in not commenting on a couple of other key issues for NATSO and our partners

[2] "Rest Area Commercialization and Truck Parking Capacity: Commercialization is Not the Answer," NATSO, Februrary 2010.

in the trucking industry. Because of the tough economic times our country has faced in recent years, we recognize that difficult decisions will have to be made as Congress debates transportation funding. Chairman Mica has said that there will be no increase in the fuel tax. While NATSO supports a fuel tax increase as the most cost-effective and efficient means under the current system to fund infrastructure, we recognize that the Chairman and other members of Congress believe it's not in the best interest of the country at this time. We encourage the committee to look ahead at funding and begin slowly moving in the direction of transitioning from a fuel tax system to a new system of taxation that generates the needed revenues for our nation's infrastructure and brings all users into the system – whether they are driving an electric car or hybrid, SUV or tractor-trailer. All users should be contributing to our nation's highways on a fair and equitable basis. As in the past, consistent with NATSO's position to eliminate motor fuels tax evasion, we encourage the development of a strong, fool-proof system that punishes those who evade taxes or cheat. We also encourage Congress to reject tolling of interstates, which taxpayers have already funded and maintained over the years.

I want to emphasize that our industry is not here looking for a special favor, project or earmark. We simply want Congress to continue supporting current law so that our members and tens of thousands of other businesses can keep serving our nation's travelers on a competitive playing field.

Thank you again for including NATSO in this stakeholder hearing, and we look forward to working with you as you move forward with the reauthorization.

PARTNERSHIP TO
Save Highway Communities

NATSO, Representing America's Travel Plazas and Truckstops
National Association of Convenience Stores (NACS)
Petroleum Marketers Association of America (PMAA)
Society of Independent Gasoline Marketers of America (SIGMA)
Blind Entrepreneurs Alliance
Association of Kentucky Fried Chicken Franchisees
Brinker International
Burger King Corporation
McDonald’s Corporation
Interstate Dairy Queen Corporation
International Pizza Hut Franchise Holders Association
Coalition of Franchisee Associations
Franchise Management Advisory Council
National Association of Shell Marketers
National Franchise Association (Burger King franchisees)
OSI Restaurant Partners (Outback Steakhouse and other brands)
Taco Bell Franchise Management Advisory Council
Colorado Motor Carriers Association
Petroleum & Convenience Marketers of Alabama
Arizona Petroleum Marketers Association
Arkansas Oil Marketers Association, Inc.
California Independent Oil Marketers Association
Colorado Petroleum Marketers and Convenience Store Association
Idaho Petroleum Marketers and Convenience Store Association
Illinois Petroleum Marketers Association/ Illinois Association of Convenience Stores
Indiana Petroleum Marketers & Convenience Store Association
Petroleum Marketers & Convenience Stores of Iowa
Petroleum Marketers and Convenience Store Association of Kansas
Kentucky Petroleum Marketers Association
Louisiana Oil Marketers and Convenience Store Association
Mid-Atlantic Petroleum Distributors' Association
Michigan Petroleum Association and Michigan Association of Convenience Stores
Missouri Petroleum Marketers and Convenience Store Association
Montana Petroleum Marketers and Convenience Store Association
Nebraska Petroleum Marketers and Convenience Store Association
Nevada Petroleum Marketers & Convenience Store Association
Independent Oil Marketers Association of New England
Fuel Merchants Association of New Jersey
North Carolina Petroleum & Convenience Marketers
North Dakota Petroleum Marketers Association
Oklahoma Petroleum Marketers & Convenience Store Association
Pennsylvania Petroleum Marketers & Convenience Store Association

South Carolina Petroleum Marketers Association
South Dakota Petroleum and Propane Marketers Association
Tennessee Fuel & Convenience Store Association
Utah Petroleum Marketers & Retailers Association
Virginia Petroleum, Convenience and Grocery Association
Washington Oil Marketers Association
West Virginia Oil Marketers and Grocers Association
Wisconsin Petroleum Marketers & Convenience Store Association
Wyoming Petroleum Marketers & Convenience Store Association