PARTNERSHIP TO
Save Highway Communities

Unfair Government Competition Will Kill Interstate Businesses

Pending Proposals

A handful of states have suggested that the federal government overturn the law that prohibits commercial development at highway rest areas as a way to raise revenue. Repealing the law would allow state governments to get into the business of selling food and fuel from an advantageous location on the highway shoulder.

While at first glance rest area commercialization seems like an easy way for state DOTs to generate revenue, the fact is this will devastate private businesses that for the last 50 years have operated under the current law and established locations at the highway exits. Due to their advantageous locations, state-owned commercial rest areas establish virtual monopolies on the sale of services to highway travelers.

Rest area commercialization will not increase the number of hamburgers or gasoline gallons sold, but simply transfer the point of sale away from the current competitive environment at highway exits to the sole business contractor that pays the largest amount to rent the location on the shoulder of the highway.

In a recent study on the subject, Virginia Tech researchers predict that commercializing rest areas nationwide would mean a loss of over $55 billion in annual sales for existing businesses at highway exits – translating to a 46 percent decrease in Interstate-serving gas station sales, a 44 percent decrease in sales at Interstate-serving restaurants, and a 35 percent decrease in truck service sales at Interstate-serving truck service businesses.

Commercializing interstate rest areas will hurt existing interstate-based businesses and kill jobs. Congress must reject all proposals to change the current law if the issue arises during surface transportation reauthorization.

Background

When Congress created the Interstate Highway System in 1956, community leaders feared that local businesses, jobs, and tax bases would shrink as truck drivers and motorists bypassed their cities and towns. As a result, Congress prohibited commercial development on the interstate right-of-way. Section 111 of Title 23 U.S.C. prohibits interstate rest areas built after January 1, 1960, from offering commercial services such as food and fuel.

Today, a drive along any of the nation's interstate highways demonstrates the wisdom of Congress's decision. There are more than 97,000 businesses located less than a quarter-mile from the Interstate at exit interchanges, directly marketing to highway travelers. Collectively, these businesses employ nearly 2.2 million people and contribute more than $22.5 billion annually in state and local taxes in 2010.

What's at Stake

- Seven out of 10 businesses located at interstate exits are small-business taxpayers.
- Rest area commercialization results in an unfair competitive environment for privately-operated interchange businesses at the highway exits, due to the advantageous location of the state-owned facility
- Interstate rest area commercialization would destroy the property tax base of local governments and put many companies, who have invested in creating a business model based on access to the interstate, out of business.

Action Needed

It is imperative that Congress maintain the current prohibition of rest area commercialization. Congress must reject *any attempt* to weaken existing law during the reauthorization of the surface transportation bill, or any other legislation. Enabling the commercialization of rest areas will serve to destroy economic value to cities and towns dependent on interstate-based businesses.

For more information on the Partnership to Save Highway Communities, *please visit www.jobsnextexit.com, or contact Holly Alfano, NATSO Vice President of Government Affairs, at 703-739-8501, halfano@natso.com or Brad Stotler, NATSO Director of Government Affairs, at 703-739-8566, bstotler@natso.com.*