



# **The I-RIDE Proposal**

## ***A Smart, Reliable Policy to Fund Transportation Infrastructure in Illinois***



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# A New Way Forward

# Illinois' Vast Transportation System

## Road Infrastructure

- Over 144,000 miles of highway
- 105.5 billion vehicle miles traveled in 2013
- Over 26,500 bridges
- Highways connect Illinois businesses to 22.4 million consumers in nine major metro areas in under 350 miles

## Public and Freight

- 67 public transit providers annually transporting 400 million rides
- Over 110 public-use airports
- Rail: 40 freight railroads and half of the nation's freight "touches" Chicago
- Illinois is the largest intermodal port in the Western Hemisphere

# Illinois at a Fork in the Road

## Current Problems

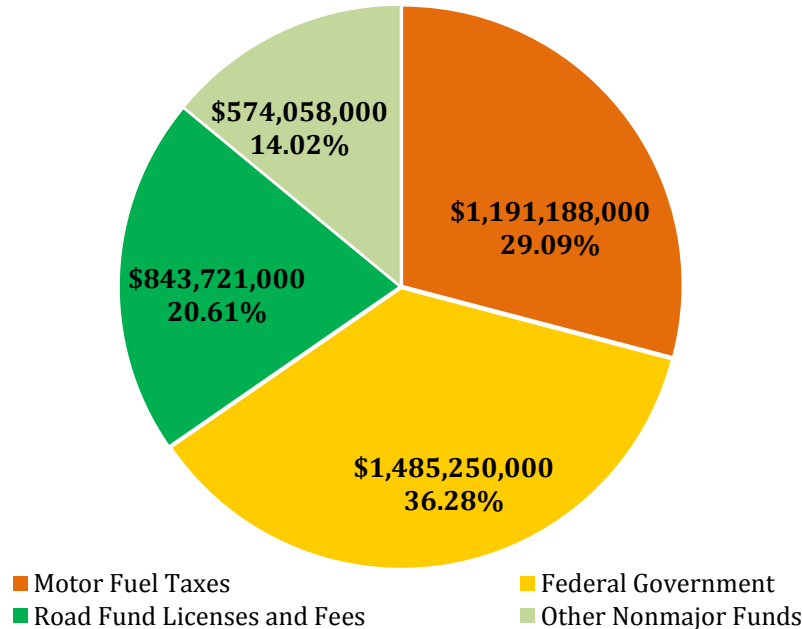
- Driving on “poor to mediocre” roads costs drivers \$2.4 billion annually – **\$292 per motorist**
- Traffic congestion costs \$4 billion in Chicago area alone
- 40% of RTA rail cars and passenger stations are beyond their useful life

## Projected Needs

- 1 in every 3 road miles and 1 in 10 bridges will be in unacceptable condition by 2018
- \$5 billion is needed just to *maintain and operate* the current state system annually (in 2014 dollars)
- +500,000 residents and +24% freight volume by 2025

# Insufficient Revenue to Meet Need

Revenue Sources for Highway Funds,  
FY2013 Actual Budget



- Long-term outlook of revenue streams is **NEGATIVE**.

Federal funding



CAFE Standards



Alternative fuel vehicles



Vehicle miles traveled



Motor fuel tax receipts



State capital bills



# The Oregon Model: Road User Fee

- Drive more, pay more.
  - Cost = Benefit
  - Rate = Miles Driven + Investment
- First Oregon Pilot (2006 to 2007):
  - 285 vehicles with volunteer drivers
  - Collected at fueling stations
  - 91% of participants would pay mileage fee instead of gas tax
- Second Oregon Pilot (2012 to 2013):
  - Drivers from Oregon, Washington, and Nevada
  - Charged 1.56 cents per mile traveled
  - Proved the system could be expanded to multiple states

# The Oregon Model: Road User Fee

TABLE 5-2

Per-Mile Charge vs. Fuel Tax Based on RUCPP Oregon Mileage of 121,371				
FLEET FUEL ECONOMY SCENARIO	GALLONS OF FUEL CONSUMED	FUEL TAXES COLLECTED	PER-MILE CHARGE COLLECTED	PER-MILE VS. PER-GALLON
19.2 mpg	6,311	\$1,893	\$1,893	0%
24.7 (RUCPP actual)	4,914	\$1,479	\$1,893	+28%
40 mpg	3,034	\$910	\$1,893	+108%
55 mpg	2,207	\$662	\$1,893	+186%
All electric vehicles	\$0	\$0	\$1,893	N/A

For the average car, the per-mile rate of 1.56 cents generated **+28 percent** more revenue than the state's 30-cent fuel tax

# The Illinois Road Improvement and Driver Enhancement Program

## I-RIDE



# Policy Proposal

- A true pay-as-you-go system
- Public-private partnership (P3) to promote cost efficiency and protect privacy rights
- Maintain motor fuel tax to collect revenues from out-of-state drivers – Illinois drivers receive **full refund** credits for all motor fuel taxes paid at the pump.

# Policy Proposal

The key to I-RIDE success is allowing individuals to make choices.

1. **The I-RIDE Smart Plan** – Reports only miles traveled on public, non-tolled Illinois roads using a GPS measuring device (“dongle”).
2. **The I-RIDE Convenient Plan** – Motorists pay for all vehicle miles traveled (including those traveled out-of-state or on toll roads). Location is not tracked.
3. **The I-RIDE Deluxe Plan** – Flat rate to avoid mileage reporting altogether. Most expensive option for the average motorist.

# Privacy Concerns

- Motorists have a choice!
- No government mandate to use GPS location services
- Private vendor in charge of collecting revenues:
  - Most Americans already grant private firms access to their basic information when they use smartphone apps, use the Internet (IP address), and swipe credit/debit cards.
- Pay-as-you-drive insurance industry uses “dongles”
  - Other options: in-vehicle telematics, GPS boxes, mobile apps, etc.

# I-RIDE Rates: Replacement-level Rates

Scenario 1: Replacement-Level Rates				
2013 Vehicle Miles Traveled on Public Roads (91.9%)	Annual Vehicle Miles Traveled	I-RIDE Rate	100% Smart Plan Revenues	100% Deluxe Plan Revenues
Passenger Vehicles and Single Unit Trucks	90,189,116,100	\$0.015 per mile	\$1,277,213,168	\$4,262,904,926
Buses	632,203,200	\$0.020 per mile	\$11,937,261	\$28,647,770
Multiple Unit Trucks	6,101,496,000	\$0.025 per mile	\$144,010,559	\$79,676,139
Total	96,922,815,300		\$1,433,160,988	\$4,371,228,836
Motor Fuel Taxes from In-State Motorists			-\$1,124,600,591	-\$1,124,600,591
New Revenues under 100% I-RIDE Smart Plan			\$308,560,397	\$3,246,628,245

- Replaces MFT revenues
- 1.5 cents per mile for passenger vehicles
- **\$0.3 billion net gain** in annual funding compared to MFT
  - Based on 100% Smart Plan

# I-RIDE Rates: Improvement Rates

Scenario 2: Improvement Rates				
2013 Vehicle Miles Traveled on Public Roads (91.9%)	Annual Vehicle Miles Traveled	I-RIDE Rate	100% Smart Plan Revenues	100% Deluxe Plan Revenues
Passenger Vehicles and Single Unit Trucks	90,189,116,100	\$0.030 per mile	\$2,554,426,335	\$8,525,809,853
Buses	632,203,200	\$0.035 per mile	\$20,890,206	\$50,133,598
Multiple Unit Trucks	6,101,496,000	\$0.040 per mile	\$230,416,895	\$127,481,823
Total	96,922,815,300		\$2,805,733,437	\$8,703,425,274
Motor Fuel Taxes from In-State Motorists			-\$1,124,600,591	-\$1,124,600,591
New Revenues under 100% I-RIDE Smart Plan			\$1,681,132,846	\$7,578,824,683

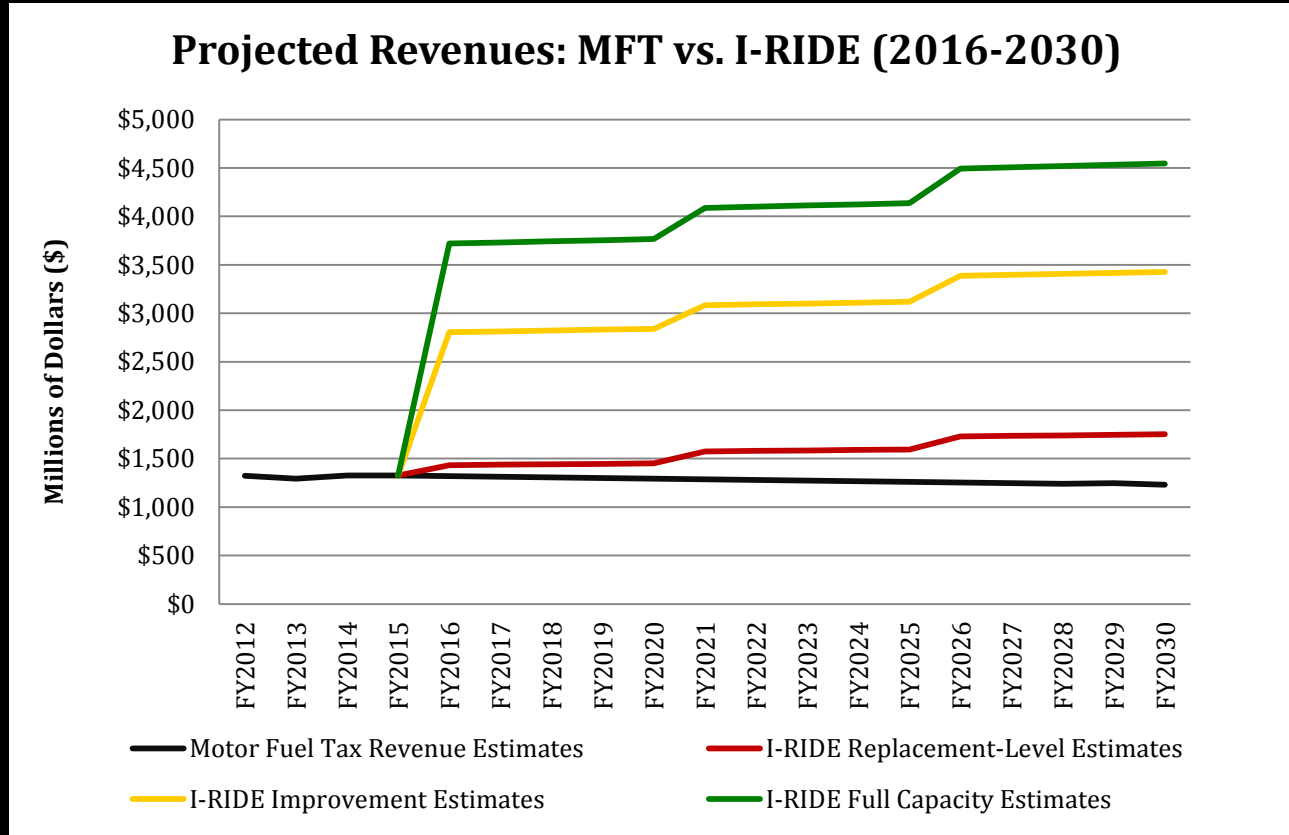
- Replaces MFT revenues + critical improvements to system
- 3.0 cents per mile for passenger vehicles
- **\$1.7 billion net gain** in annual funding compared to MFT
  - Brings state up to \$5.21 billion in funding, meeting the \$5 billion annual need

# I-RIDE Rates: Full Capacity Rates

Scenario 3: Full Capacity Rates				
2013 Vehicle Miles Traveled <i>on Public Roads</i> (91.9%)	Annual Vehicle Miles Traveled	I-RIDE Rate	100% Smart Plan Revenues	100% Deluxe Plan Revenues
Passenger Vehicles and Single Unit Trucks	90,189,116,100	\$0.040 per mile	\$3,405,901,780	\$11,367,746,470
Buses	632,203,200	\$0.045 per mile	\$26,858,837	\$644,574,834
Multiple Unit Trucks	6,101,496,000	\$0.050 per mile	\$288,021,119	\$159,352,279
Total	96,922,815,300		\$3,720,781,736	\$12,171,673,583
Motor Fuel Taxes from In-State Motorists			-\$1,124,600,591	-\$1,124,600,591
New Revenues under 100% I-RIDE Smart Plan			2,596,181,145	\$11,047,072,992

- **Highest-quality infrastructure in the nation**
- 4.0 cents per mile for passenger vehicles
- **\$2.6 billion net gain** in annual funding compared to MFT
  - Average Illinois Tollway Rates: 6.0 cents for cars, 44.0 cents for trucks

# I-RIDE Revenues vs. the Motor Fuel Tax



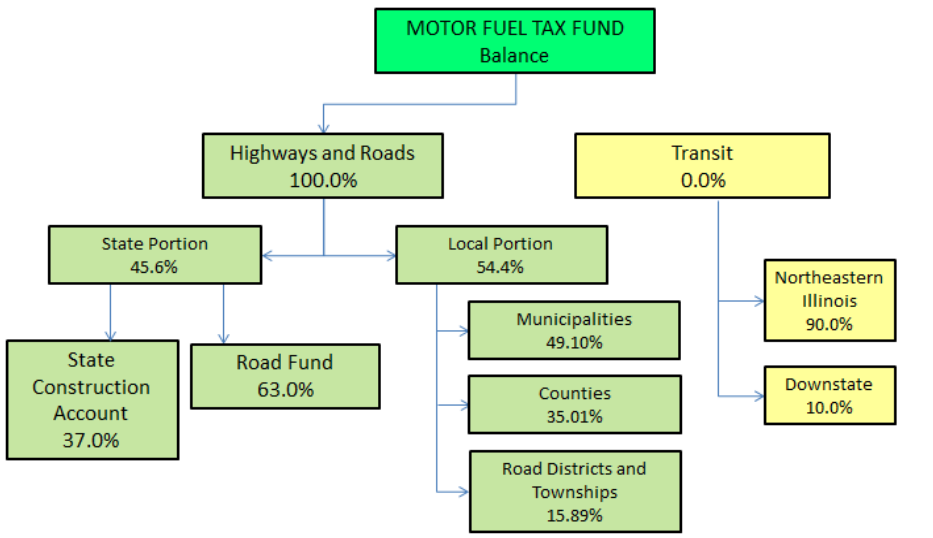
# How Do I-RIDE Rates Compare?

Average Expenditures of Illinois Households	Annual	Monthly
<i>Costs to Stay Connected to: Power and Energy</i>		
Electricity Costs	\$1,113	\$93
Natural Gas Costs	\$933	\$78
<i>Costs to Stay Connected to: Entertainment</i>		
Cable TV: Expanded Basic Service (no Internet)	\$723	\$60
<i>Costs to Stay Connected to: Wireless Cellular Phones</i>		
Verizon	\$1,776	\$148
Sprint	\$1,728	\$144
AT&T	\$1,692	\$141
T-Mobile	\$1,440	\$120
<i>Costs to Stay Connected to: Jobs, Restaurant, Stores, and People</i>		
Current Motor Fuel Taxes	\$235	\$20
<b>Proposed I-RIDE Fees: Improvement Rates (including MFT)</b>	<b>\$589</b>	<b>\$49</b>
<b>Proposed I-RIDE Fees: Full Capacity Rates (including MFT)</b>	<b>\$781</b>	<b>\$65</b>

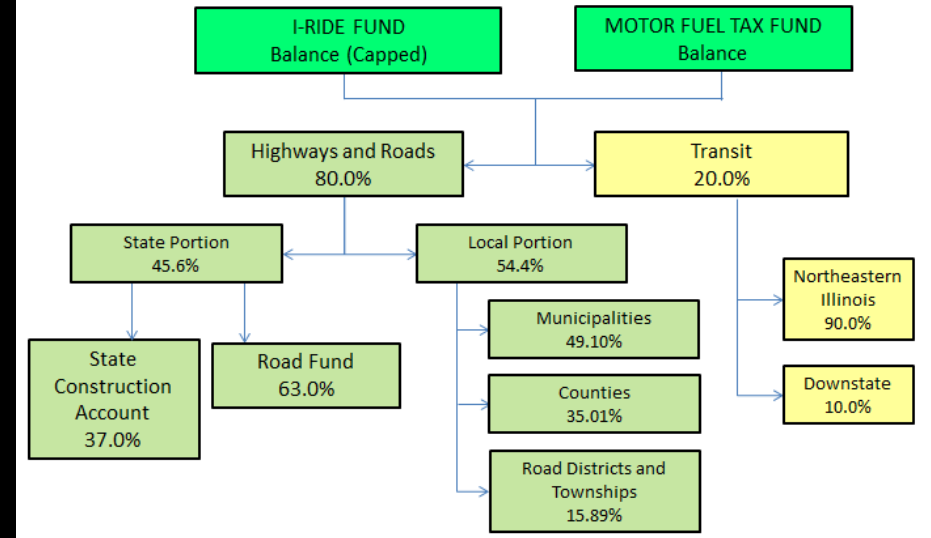


# Before and After I-RIDE

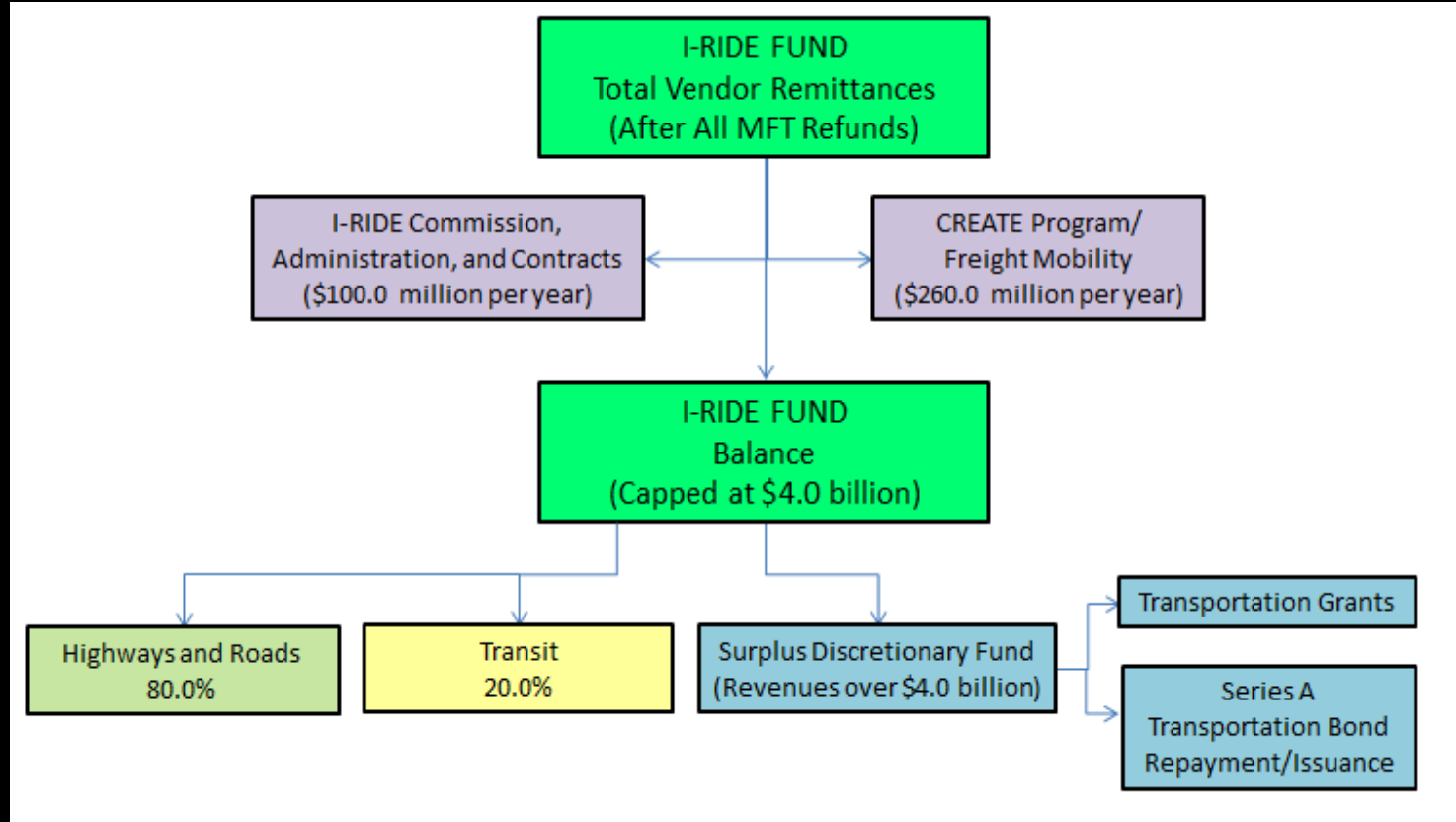
## Before



## After



# Proposed Flow of I-RIDE Fund Dollars



# I-RIDE Commission

- I-RIDE Commission established to set I-RIDE rates according to demand and needs.
- 20 members:
  - Governor (or representative) and IDOT Secretary of Transportation (or representative) serve as ex officio, nonvoting members
  - 18 regional commissioners from nine IDOT regions (2 per region) with voting power, appointed for four-year term
  - No more than 10 regional commissioners from the same political party as the Governor
  - Chair elected among regional commissioners

# Investing I-RIDE Fund Dollars to Serve the People of Illinois

# Distribution of Revenues: First 5 Years

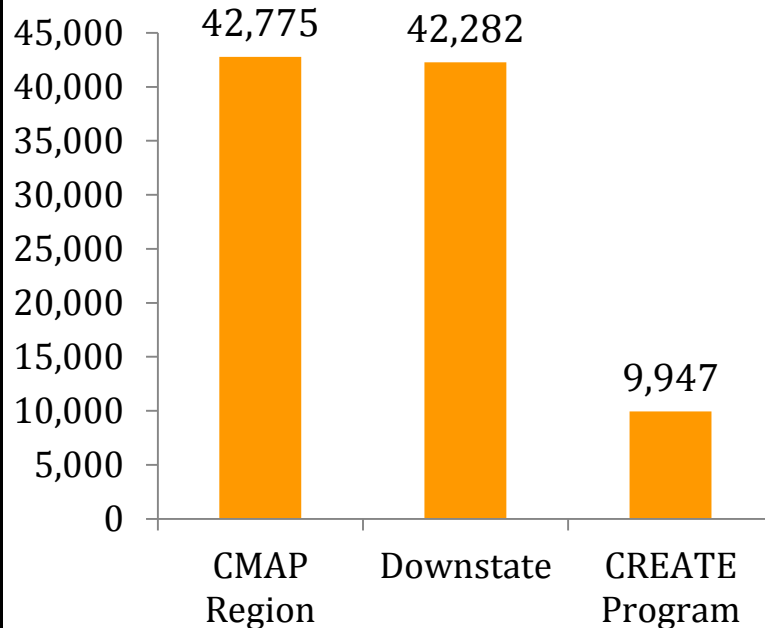
I-RIDE Third Scenario: Full Capacity Rates	Five-Year Plan, All Else Constant
Full Capacity Model (100% Smart Plan)	\$12.98 billion
Administrative Costs	\$0.50 billion
CREATE Program Contributions	\$1.30 billion
<b>New Spending</b>	<b>\$11.18 billion</b>
<b>20% Mass Transit</b>	<b>\$2.24 billion</b>
90% Northeastern Illinois	\$2.01 billion
10% Downstate	\$0.22 billion
<b>80% State &amp; Local Highways</b>	<b>\$8.94 billion</b>
45% Northeastern Illinois	\$4.03 billion
55% Downstate	\$4.92 billion

- I-RIDE basically allows for perpetual 5-year capital bills
- Under “Full Capacity” Rates, I-RIDE would generate **\$11.18 billion** in NEW programmable dollars in first 5 years.
- A portion invested in alternative fuel vehicle infrastructure.

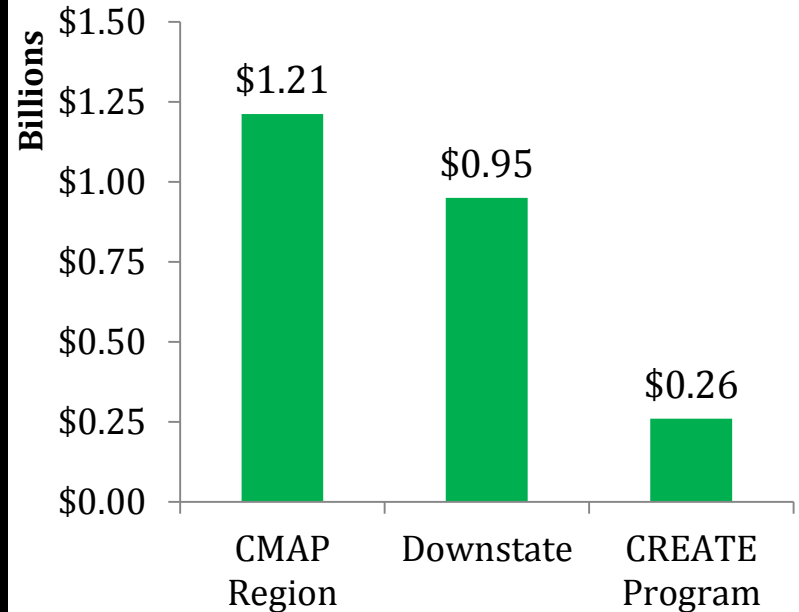
# Economic Impacts of I-RIDE

## Short-Term: Five Years

**Direct Construction Job-Years**



**Short-Term Effect on Illinois' GDP**



# Economic Impacts of I-RIDE

## Long-Term: CMAP Region (IDOT #1)

*Example of How New I-RIDE Funds Could Be Used in CMAP Region, First 5 Years*

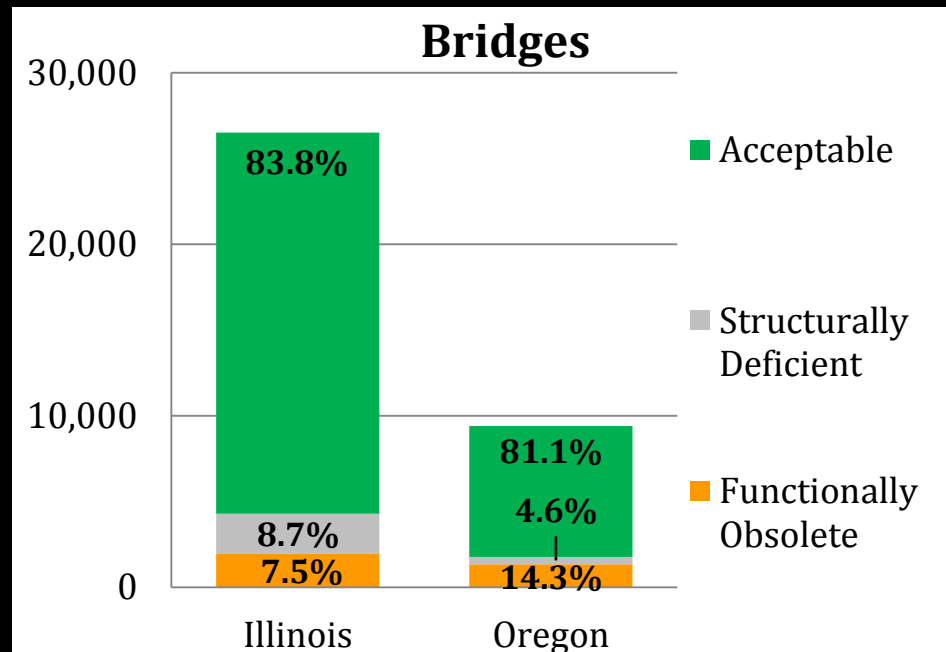
Long-Term Impact on Northeastern Illinois		
CMAP Region	Highways	Transit
Available Funds	\$4.03 billion	\$2.01 billion
List of CMAP Projects	Illinois 53/120 Tollway Circle Interchange I-55 Express Toll Lanes Elgin O'Hare Western Access Illiana Expressway	Metra UP West Improvements Metra SouthWest Improvements West Loop Transit Center: Phase 1
Constrained Costs of Projects	\$3.83 billion	\$2.10 billion
Long-Term Impact on Gross Regional Product (according to CMAP)		<b>+\$3.02 billion</b>
Annual Congested Vehicle Hours Traveled in Region		<b>-34.6 million</b>
Percent Reduction in Traffic Congestion		<b>-6.4%</b>
Jobs Accessible within 45 Minutes By Car or 75 Minutes By Transit		<b>+79,341</b>

# Comparing Illinois to Oregon



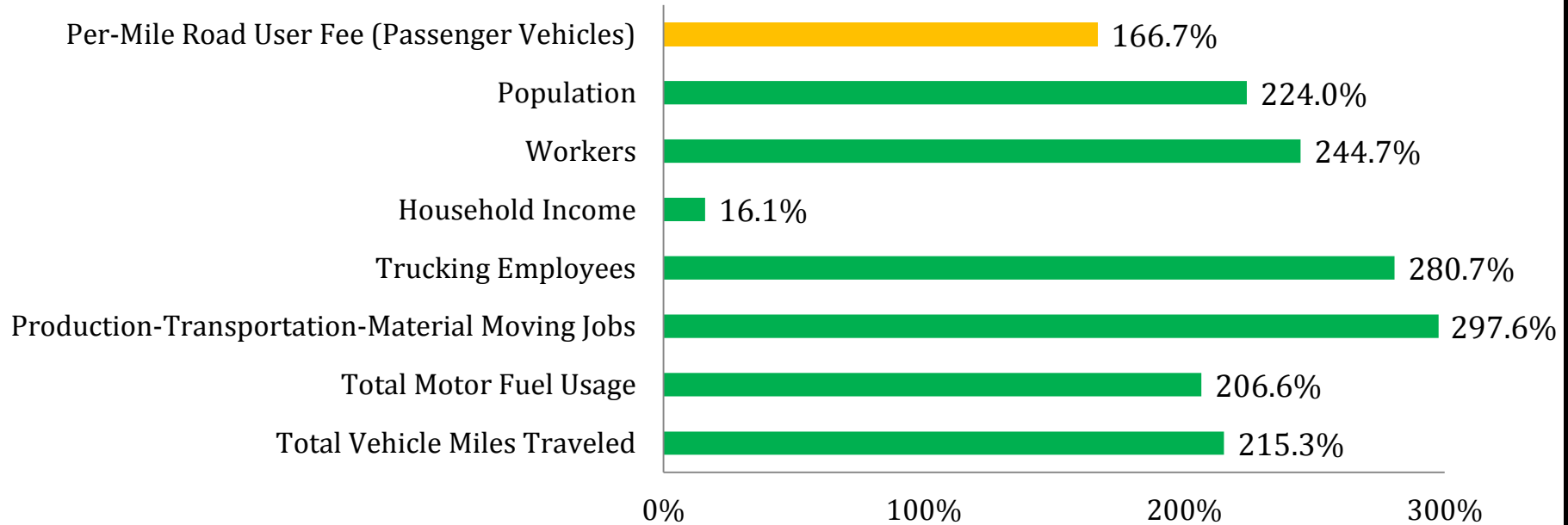
# Illinois Compared to Oregon

User Cost or Revenue Source	Illinois	Oregon
Road Fund Revenue Per Capita, 2013	\$259	\$325
State Revenues Used for Highways, 2012	\$6.0 billion	\$1.9 billion
Federal Payments for Highways, 2012	\$1.4 billion	\$0.6 billion
<b>Federal Government Share of Revenues</b>	<b>23.7%</b>	<b>29.1%</b>



# Why I-RIDE Rates Are Higher than Oregon

## Illinois Compared to Oregon (Percent Higher Than Oregon)



# The I-RIDE Program Should Be Implemented

# Final Notes

1. The technology exists.
2. **84%** of Chicago residents said that the city needs to “greatly improve” infrastructure and **73%** of southern IL resident DID NOT think infrastructure in their area was in “good” or “excellent” condition.
3. Lowest *responsible* private bidders must be chosen to administer program to prevent vendor fraud.
4. A portion of I-RIDE funds must be invested in alternative fuel vehicle infrastructure or in a tax credit at the dealership as an incentive to purchase an environmentally-friendly car.
5. Public transit receives I-RIDE dollars but does not pay into the system.

# Remember, Remember...

- The Illinois Road Improvement and Driver Enhancement (I-RIDE) program is a smart, world-class infrastructure policy.
- Supports over 31,000 new jobs every year, including 19,000 direct construction jobs.
- Fiscally-responsible policy that maintains an adequate, predictable, sustainable revenue stream every year.
- Promotes taxpayer fairness by keeping money in the General Fund to pay for schools, fire and police departments, etc.

# Resources

- Illinois Economic Policy Institute (ILEPI): [www.illinoisepi.org](http://www.illinoisepi.org).
- Indiana, Illinois, Iowa Foundation for Fair Contracting (III FFC): [www.iiifc.org](http://www.iiifc.org).

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