

**SELECT REVENUE MEASURES SUBCOMMITTEE**

**WAYS AND MEANS COMMITTEE, U.S. HOUSE OF REPRESENTATIVES**

**HEARING ON LONG-TERM FINANCING OPTIONS FOR THE HIGHWAY TRUST FUND**

**Testimony of Peter A. Picknelly, President, Peter Pan Bus Lines, Springfield, MA**

**On**

**The Highway Trust Fund and the Role of Intercity Buses**

**July 23, 2009**

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Chairman Neal, Ranking Member Tiberi, and Members of the Subcommittee, it is an honor to appear before you to discuss the future of the Highway Trust Fund and the uniquely beneficial role that intercity buses (a/k/a motorcoaches or over-the-road buses) play in providing service on the nation's highways.

Peter Pan Bus Lines, headquartered in Springfield, MA, is the largest privately-owned bus company in the United States. We provide fixed route, intercity bus service throughout New England and partner with Greyhound Lines, Inc. to provide bus service throughout the Northeast Corridor. Peter Pan also partners with Greyhound in providing curbside intercity service through BoltBus, and we provide charter, tour, and special operations services throughout the Northeast.

Peter Pan is an active member of the American Bus Association, and I am a member of the ABA Board. Although I am appearing today to present Peter Pan's views, I believe that those views are shared by ABA and the bus industry generally.

Intercity buses are a unique transportation resource for the nation in many ways.

According to ABA surveys, **more than 700 million passengers per year travel on intercity buses**; this is approximately the same number as take commercial airlines and many times the number that travel on Amtrak.

**Intercity buses go anywhere and do anything.** Services provided by intercity buses include intercity, fixed-route services; charter and tour services; intermodal connections to airports and train stations; long-haul commuter services; military transportation; contract services for employers and businesses; and much more.

**Intercity buses are the greenest mode of transportation.** The recent report by the Union of Concerned Scientists, Getting There Greener<sup>1</sup>, concluded that intercity buses

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<sup>1</sup> Getting There Greener, The Guide to Your Lower-Carbon Vacation, Union of Concerned Scientists, December, 2008, pages 2, 27-28, 31.

emit less CO<sub>2</sub> per passenger-mile than any other form of intercity motorized transportation, including rail, air and auto. A report by M.J. Bradley and Associates found that motorcoaches emitted less CO<sub>2</sub> per passenger-mile than all transportation modes, both intercity and transit.<sup>2</sup> Attached is a chart from the Bradley Report comparing the CO<sub>2</sub> emissions and the energy efficiency of all motorized transportation modes.

**Intercity buses are the most energy-efficient transportation mode.** The Bradley study found that motorcoaches get more passenger-miles per gallon and use less BTU per passenger mile than any other intercity or local transportation mode.

**Intercity buses are major factors in reducing congestion.** Every motorcoach has the potential to take 55 cars off the road. Just imagine what Washington DC traffic would be like if the more than 6 million tourists who take motorcoach charters and tours every year came to DC in their cars instead!

**Intercity buses serve rural America.** Over 2000 communities are served by intercity buses, far more than are served by the airlines or Amtrak. As operating costs have escalated, thousands of communities have lost intercity bus service; we are working hard to preserve the remaining service.

**Intercity buses provide affordable transportation.** Everybody knows you can travel between Washington and New York on Bolt, Peter Pan, Greyhound, or one of our bus competitors for \$20 or so, which is far less than air or rail, or even private auto. But the fact is that bus is far cheaper than air or rail in virtually every corridor where there is meaningful competition.

**Intercity buses are operated by small business people.** The ABA membership is comprised mostly of small business men and women. In fact, the average ABA bus operator member has eight motorcoaches and the company is likely to be a family owned business.

**Intercity buses are the most cost-effective transportation mode.** They are generally operated by private sector companies with far less federal subsidies than other passenger transportation modes. A comprehensive intermodal analysis prepared by Nathan Associates found that in the decade ended in 2005, Amtrak received \$46.06 in net federal subsidies per passenger trip; commercial air carriers received \$4.32 in federal subsidies per passenger trip; public transit 77¢ per passenger trip; and intercity bus 6¢ per passenger trip. During that decade, public transit received 55% of total federal subsidies; air passenger transportation (commercial and general) received 37%; Amtrak received 8.2%; and intercity buses received .3% (three-tenths of one percent).<sup>3</sup>

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<sup>2</sup> Updated Comparison of Energy Use & CO<sub>2</sub> Emissions From Different Transportation Modes, M.J. Bradley & Associates, October, 2008, pages 4-6.

<sup>3</sup> Federal Subsidies for Passenger Transportation, 1960-2005: Focus on 1996-2005, Nathan Associates, Inc., September, 2007, pages 2, 3, 20.

The relatively tiny amount of intercity bus subsidy is primarily the intercity bus industry's partial exemption from the federal fuel tax. Intercity buses pay 7.3¢ of the 24.3¢ per gallon federal fuel tax and are exempt from the remaining 17¢ per gallon. We believe strongly that it is in the public interest for this partial exemption to continue.

First, although the exemption is critically important to the industry, its annual cost is relatively small, approximately \$34 million in 2005 dollars.

Second, the exemption was first enacted in the 1970s as a response to that era's energy crisis. The intent was to encourage the use of intercity buses because of their energy efficiency. That rationale is even more important today and is bolstered by the unique role that intercity buses play as the mode of transportation that emits the least amount of greenhouse gases per passenger mile.

Third, continuation of the exemption strongly supports The Administration's and the House's policy as expressed in the recently-passed American Clean Energy and Security Act of 2009, the "cap and trade" legislation. The focus of the transportation provisions of the ACES Act is to encourage the usage of transportation modes that conserve energy and reduce greenhouse gases. That is exactly what intercity buses do more than any other mode. Thus, continuing the intercity bus exemption directly contributes to achievement of the ACES Act transportation objectives.

Fourth, the exemption should continue in order to encourage all of the other public benefits of intercity buses that I have described – congestion reduction, service to small towns, affordable transportation, and preservation of small businesses.

Fifth and perhaps most important, we really need it. It is extremely difficult to compete in the transportation marketplace with the federal subsidy disparity I described earlier in my testimony. And things are about to get worse.

On the one hand, we are facing the costs of ever-increasing federal mandates – wheelchair lifts on every bus; new and far more expensive EPA-mandated engines in 2010 and beyond; and new safety standards including seatbelts, stronger bus roofs and windows, enhanced fire retarding materials and systems, and electronic onboard recording systems. All of these mandates have societal benefits, but they will make the cost of acquiring and operating motorcoaches much more expensive without offsetting federal support, except for a small program to help pay the costs of acquiring the wheelchair lifts.

On the other hand, we confront increasing federally subsidized competition. This is a major problem for Peter Pan. On one of our core routes, Providence-Boston, the MBTA has started federally subsidized non-commuter, intercity rail service in direct competition with Peter Pan. That has decimated our bus service.

On our most important route, Springfield-New York City, federal funding is being sought, and is likely to be granted, to start new passenger rail service between Springfield

and New Haven in direct competition with Peter Pan. There are distinct public benefits to these subsidized rail services, but those subsidized services make it critically important that our fuel tax exemption be continued in order to help us preserve our service, which we believe uniquely benefits society.

I would like to turn now to the larger question of surface transportation reauthorization. Peter Pan supports enactment of a six-year reauthorization bill as soon as possible. Chairmen Oberstar and DeFazio and Ranking Members Mica and Duncan deserve a great deal of credit for authoring a far-sighted, comprehensive bill that attempts to meet the nation's needs for improved transportation infrastructure and enhanced mobility while improving the energy-efficiency of our surface transportation system and reducing greenhouse gas emissions. Although the industry is working with the Committee to make sure that motorcoaches play an integral role in achieving those objectives, Peter Pan supports the basic direction of that legislation.

There clearly are massive infrastructure needs with regard to highways, bridges, and transit systems. One needs only travel the Massachusetts Turnpike and the other major highways between Boston and New York to realize that fact. Peter Pan believes strongly that highway trust fund dollars should only go to meet those highway and transit needs. They should not be allowed to be diverted to other transportation entities such as intercity passenger rail. Under the recent rail passenger and economic stimulus bills, and indeed the FY10 House appropriations bill, there is ample funding for passenger rail; there is no need to raid the highway trust fund for more.

The Subcommittee has received a great deal of expert testimony on the need for increased funding in order to maintain and upgrade our highway and transit systems. There is little I can add to that. I agree that all funding options – infrastructure bank, tolling, public-private partnerships, increased fuel taxes – should be on the table. They probably all will be needed in order to accomplish what is needed in a six-year bill.

Peter Pan has a particular concern about future federal tax increases. That is the extent to which the existing intercity bus exemption would be extended to any future fuel tax increase. We believe that the unique public benefits of intercity buses, as I have described in my testimony, would justify exempting intercity buses entirely from any such increase, particularly if public transit buses are fully exempted.

But Peter Pan understands the argument that as interstate highway users, we should contribute something, notwithstanding the energy, environmental and other benefits of intercity buses. One suggestion would be an exemption from future federal diesel fuel taxes that is the same percentage of those taxes as the percentage of our partial exemption from current taxes. That is, if there were a 10¢ gallon increase, intercity buses would be exempt from 7¢ per gallon and would pay 3¢. This would be a 70% exemption, which is the same percentage as the exemption from current taxes (17¢ = 70% of 24.3¢). Thus, all of the reasons for continuing the current exemption would apply equally to the same partial exemption from future fuel taxes.

Mr. Chairman, thank you for the opportunity to testify today on this critical issue for intercity buses. Hopefully, I have demonstrated the uniquely important role that intercity buses play in meeting our nation's transportation, environmental, and energy independence goals and why that role should be encouraged through continuation of the partial fuel tax exemption from current and future federal fuel taxes. I would be happy to answer any question you or the other members of the Subcommittee might have.

# 1 Results of Analysis

Average energy use and CO<sub>2</sub> emissions by mode are shown in Table 1.1. Selected data from Table 1.1 is also summarized in Figures 1.1 – 1.3.

MODE	Pass-mi/Gal**			Btu/pass-mi			CO <sub>2</sub> g/pass-mi		
	low	AVG	high	low	AVG	high	low	AVG	high
Motorcoach	173.2	<b>206.6</b>	232.7	593	<b>668</b>	797	44	<b>50</b>	59
Van Pool	60.3	<b>106.1</b>	203.8	677	<b>1,300</b>	2,289	50	<b>97</b>	170
Heavy Rail	52.0	<b>160.8</b>	210.9	654	<b>858</b>	2,653	115	<b>151</b>	467
Commuter Rail	60.6	<b>92.4</b>	263.6	524	<b>1,493</b>	2,278	92	<b>164</b>	242
Intercity Rail (AMTRAK)	55.8	<b>67.0</b>	128.1	1,077	<b>2,061</b>	2,471	190	<b>186</b>	184
Car Pool - 2 person	36.3	<b>54.3</b>	111.4	1,239	<b>2,540</b>	3,800	92	<b>189</b>	283
Light Rail	4.0	<b>120.6</b>	198.9	694	<b>1,144</b>	34,375	122	<b>201</b>	2,559
Trolley Bus	55.1	<b>106.6</b>	125.2	1,103	<b>1,294</b>	2,505	194	<b>228</b>	441
Domestic Air Travel		<b>44.0</b>			<b>3,138</b>			<b>234</b>	
Car - Avg Trip	28.7	<b>42.9</b>	88.0	1,569	<b>3,215</b>	4,810	117	<b>239</b>	358
Transit Bus	4.4	<b>31.4</b>	124.1	1,112	<b>4,391</b>	31,296	83	<b>308</b>	2,330
Car - 1 Person	18.2	<b>27.2</b>	55.7	2,478	<b>5,080</b>	7,600	184	<b>378</b>	566
Ferry Boat	1.9	<b>12.9</b>	30.9	4,463	<b>10,690</b>	71,889	332	<b>796</b>	5,352
Demand Response	1.1	<b>8.8</b>	48.3	2,858	<b>15,727</b>	127,179	213	<b>1,145</b>	9,463

\*\*Passenger miles per Diesel Equivalent gallon

**Table 1.1 Energy Use and CO<sub>2</sub> Emissions, by Mode**

In Table 1.1 the high and low figures for motorcoaches are based on averages for different industry segments (charter/tour/sight-seeing versus commuter/airport/intercity fixed route service). For the other public modes the high and low figures are based on the range of results from individual transit agencies in the NTD database. For private autos the averages are based on US fleet average fuel economy (22.4 MPG) while the high figures are based on the use of a “typical” sport utility vehicle (15 MPG) and the low figures are based on use of a hybrid car (46 MPG).

As shown, motorcoaches on average used 668 btu/pass-mi and produced 50 g/pass-mi of carbon dioxide. On average, motorcoaches use the least amount of energy and produce the lowest carbon dioxide emissions per passenger mile of any of the transportation modes analyzed.