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INTERSTATE REST AREA COMMERCIALIZATION

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

The ban on the commercialization of rest areas has resulted in a strongly competitive economic environment with over 60,000 businesses developing along U.S. interstate highways. Prohibiting publicly-run rest areas from competing with private sector businesses has been an undeniable success, resulting in industries that provide valuable services such as travel plazas, truckstops, restaurants, hotels and gas stations. Collectively, these businesses are estimated to employ over two million people and contribute a total of over $15 billion in federal, state and local taxes by 2010.

The previous Administration's highway reauthorization proposal included the establishment of a pilot program where 10 states would be eligible to offer commercial services at rest areas.

STATES MOVING FORWARD WITH REST AREA COMMERCIALIZATION

In October 2008, California, Oregon and Washington submitted a proposal to the Department of Transportation to commercialize the state's rest areas as a tool for increasing revenues for the cash-strapped states. The application to provide alternative fuels and other commercial services to motorists along Interstate 5 (I-5) from Canada to Mexico seeks an exemption from the federal ban on such activities. The application was submitted under an experimental program within the Federal Highway Administration as a backdoor attempt to establish commercialized facilities along I-5. Additionally, newly elected Virginia Governor Bob McDonnell (R) supports efforts to allow commercialization of rest areas.

REST AREA COMMERCIALIZATION WILL COST THOUSANDS OF JOBS

In an attempt to raise state revenue, many state governments have supported the idea of commercializing rest areas, contracting fueling and other services to private vendors. While advocates for commercialization claim that such services will benefit the public, the reality is that rest area commercialization would close as many as half of the nearby interchange-based businesses (according to a 2003 study by the University of Maryland).

Updated March 2010

PMAA is concerned that interstate-based gasoline retailers will be unable to compete with commercialized rest areas, which are conveniently located on the highway right-of-way, and would create a de facto monopoly in favor of businesses operated out of rest areas. Interstate rest area commercialization would destroy the property tax base of local governments and put many retailers out of business. Rest area commercialization results in an unfair competitive environment for privately-operated retailers, and will ultimately destroy a successful economic business model that has proven beneficial for both consumers and retailers.

CONGRESSIONAL ACTION NEEDED

It is imperative that Congress maintain the current prohibition of rest area commercialization, and reject any attempt to weaken existing law should the issue come under discussion in the next highway bill reauthorization 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. Ultimately, allowing the commercialization of rest areas will result in fewer retail gasoline stations, which will harm the motorists across the country.

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Updated March 2010