

*Customer-Friendly
Interstate Tolling:
Taking Highway Users' Concerns Seriously*

by

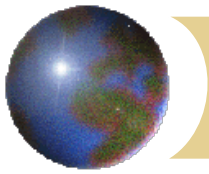
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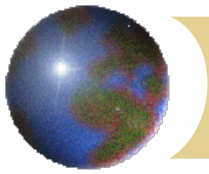
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What's stopping toll-financed Interstate reconstruction?

- ⊕ Federal law bans tolling “existing” lanes.
- ⊕ Tolling only new lanes won't pay for reconstruction.
- ⊕ Strong opposition from trucking industry; concerns from AAA, AHUA.
- ⊕ New ATA coalition includes NATSO, Fedex, and UPS.
- ⊕ Congress leery of major battle with truckers.

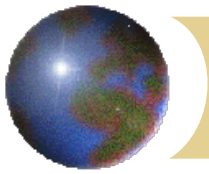


What arguments do user groups make?

Some are obsolete:

- ✚ Delays, emissions, and accidents at toll plazas
- ✚ High cost of toll collection vs. fuel tax collection.

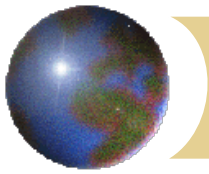
All-electronic tolling demolishes both, but we still need to counter these claims.



Toll opponents' major arguments:

- ✦ No value-added—charging tolls on “existing” highways
- ✦ Revenue diverted to other uses
- ✦ Double taxation—paying tolls and fuel taxes on the same highway
- ✦ Traffic diverted to parallel routes

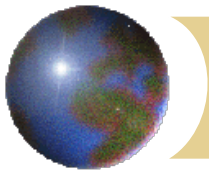
These need to be taken seriously, since they are partly true.



No value added?

Early applicants to Interstate *reconstruction* pilot program saw tolls as new revenue.

- ✚ Arkansas proposed tolling all Interstates.
- ✚ Pennsylvania twice proposed tolling I-80, with significant revenue diversion to statewide transportation needs.
- ✚ Wyoming proposed tolling I-80 for maintenance.
- ✚ Virginia proposed I-95 border tolls, far short of paying for reconstruction.

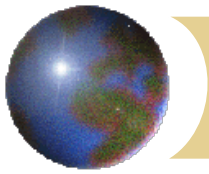


Diverting toll revenue to other uses

Our report lists 9 high-profile cases of diversion to:

- ❑ Other highways in the state
- ❑ Urban mass transit
- ❑ Economic development
- ❑ Canals
- ❑ Public buildings

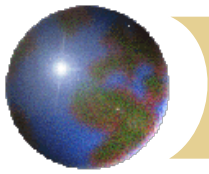
These are examples of what Maria Matesanz of Moody's calls "the cash cowification of toll roads."



“Double taxation”

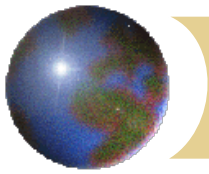
Paying tolls and fuel taxes on the same Interstate:

- ✚ Average motorist pays 2.2¢/mi. on non-tolled Interstate, but 6.5¢/mi (total) on tolled Interstate.
- ✚ Do highway users really get 3X as much value from tolled Interstates?



Traffic diversion to parallel routes:

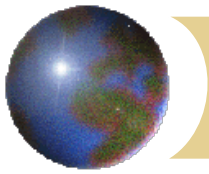
- ✦ We know it happens, and is assessed in all T&R studies.
- ✦ It *does* cause pavement impacts on the parallel routes.
- ✦ It *does* add noise and emissions on parallel routes.
- ✦ Total impact is probably exaggerated, but is politically potent.



What if we took these concerns seriously?

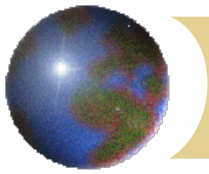
1. Limit the use of toll revenues to the tolled facilities;
2. Charge only enough to cover the full capital and operating costs;
3. Begin tolling only when construction or reconstruction of a corridor is finished;
4. Use tolls to replace, not supplement, existing fuel taxes.
5. Provide a higher level of service for tolled Interstates.

These Value-Added Tolling principles would apply only to *newly tolled* Interstates.



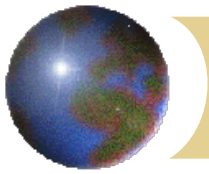
#1 Limit use of revenues to the tolled facilities

- ⊕ Consistent with users-pay/users-benefit principle;
- ⊕ Inherently limits amount of tolls—and hence *reduces extent of traffic diversion*;
- ⊕ Define this at system level—freeway system of metro area, all rural Interstates in a state;
- ⊕ Long-term protection via enabling legislation and bond covenants.



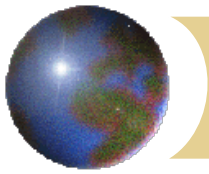
#2 Charge only enough for the full capital and operating costs.

- ✚ Initial construction or reconstruction;
- ✚ All operating and maintenance costs;
- ✚ Approved additions (widening, new exits/entrances);
- ✚ Sinking fund for eventual reconstruction.



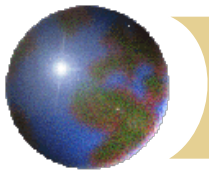
#3 Toll only when reconstruction of a corridor is completed

- ❖ Similar to what is done re new toll roads and toll bridges;
- ❖ Consistent with the “value-added” idea—you pay for something that is better;
- ❖ Living through highway reconstruction is bad enough without having to pay while it’s going on.



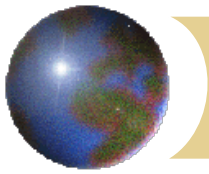
#4 Tolls to replace, not supplement, existing fuel taxes

- ⊕ Rebates are not a new idea—e.g. truck fuel tax rebates in NY and MA.
- ⊕ This is much easier to do with AET: tolling software knows customer, vehicle type, EPA mpg rating, miles driven.
- ⊕ State DOT provides the rebates, based on data from the toll operator.



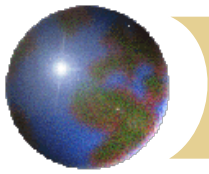
#5 Provide a higher level of service for newly tolled Interstates

- ⊕ Rural Interstates: many states use LOS D as lane-addition threshold.
- ⊕ Interstate 2.0 recommends LOS C.
- ⊕ Urban Interstates: many states use LOS E or F for lane additions.
- ⊕ Interstate 2.0 recommends LOS D.



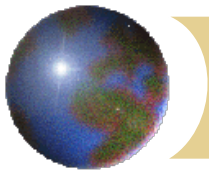
Will highway users respond to these ideas?

- ✚ Three out of four highway-user peer reviewers were mostly positive.
- ✚ Favorable reaction from AAA Issues Committee at April meeting in DC.
- ✚ Positive reaction from head of AHUA, which has not joined truckers' anti-toll coalition.
- ✚ Outreach to Fedex and UPS under way.



Recommendations

- ✦ State DOTs should support Value-Added Tolling because it would give them large net increases in highway funding.
- ✦ ARTBA, IBTTA, and T2 Group should do likewise, as the best chance of getting tolling flexibility through Congress.
- ✦ Generalize the existing pilot program to all 50 states, but with Value-Added Tolling policies as conditions.
- ✦ Don't declare war on trucking groups; reach out to them with Value-Added Tolling.



Details:

*“Value-Added Tolling,” March
2014, online at reason.org*

Contact information:

<http://reason.org/transportation>

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