

Why States Should Have the Right to Choose Tolls to Rebuild Their Interstate Highways



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On April 29, the Obama administration released its GROW AMERICA Act, a long-term surface transportation bill that includes a provision to "eliminate the prohibition on tolling existing free Interstate highways."

To some in Washington and around the country, this is a startling development. But the administration proposal to allow tolling to fund reconstruction of the Interstate system is the inevitable result of historical forces that have been grinding away for decades. Here's a closer look at some of those forces.

Gas tax revenues aren't what they used to be.

For 58 years, the federal gas tax has been the main source of revenue to build and maintain the Interstate system. But with time, inflation and changing technology, the gas tax isn't what it used to be.

- Congress hasn't increased the gas tax since 1993. Legislators have very little interest in increasing it this year.
- The gas tax isn't indexed to inflation. So it loses some of its value each year.
- Vehicles are much more fuel-efficient today than they were two decades ago. Electric vehicles use no gasoline at all. Taxing fossil fuels when we're trying to use them less is a losing proposition to fund a highway network that we need and want.

The Highway Trust Fund is on life support.

With the gas tax in decline, Congress has transferred more than \$50 billion in general revenue to shore up the federal Highway Trust Fund. Even so, the Fund will be insolvent by August without legislative action.

Anticipating the shortfall, states are already beginning to postpone essential highway projects. Lost infrastructure work means lost jobs and substandard roads.

Continuing budget deficits coupled with a strong anti-tax sentiment, particularly in an election year, means that Congress has very little maneuvering room to replenish the Highway Trust Fund by closing tax loopholes that benefit other industries.

Tolling gets better and better.

A rebuilt, refurbished Interstate highway paid for with tolls won't look like the toll roads build in the 1950s. Electronic tolling is making stop-and-go cash payment at toll booths a thing of the past.

- With electronic tolls, motorists can breeze through a tolling point at highway speed. The toll is collected electronically from a transponder mounted on the windshield.

- In an all-electronic tolling environment, administrative expenses fall dramatically, so that the cost of collecting a toll is comparable to that of collecting the gas tax.
- Electronic tolling is also becoming a popular tool for managing congestion on busy metropolitan commuter roads. By increasing the toll as traffic increases and reducing it as volumes diminish, operators can guarantee a highway speed of at least 50 miles per hour on priced lanes. That means every driver can make an informed choice between the extra cost of the toll and the value of time lost in the congested, non-tolled lane.

It took about \$130 billion in federal transfers to state governments to build the 47,000 miles of highway that make up the Interstate system. The work began in the 1950s and concluded in the 1990s. Like any other infrastructure, the roads are coming to the end of their useful life. The cost of rebuilding them will run into the trillions of dollars.

Most of that cost will be borne by cash-strapped state governments.

By proposing to allow states to toll existing Interstate highways, the administration is recognizing several tough realities. Congress has not come up with a specific, concrete, sustainable source of revenue to save the Highway Trust Fund. Most legislators are unwilling to increase the federal gas tax. And states are on a desperate search for ways to pay for highways on their own.

Those factors point to a clear solution: offer states the flexibility to toll the Interstates if they see that as the best way to meet their own funding needs. Tolling is a proven tool that already generates reliable revenue on 3,000 miles of Interstate highways. It's time to build on that experience by giving states the flexibility to use tolling to deliver the safe, reliable roadways we need and expect.

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