

Possible Revenue Sources for Public Transit: Toll Roads

What are Toll Roads?

A toll road, turnpike or tollpike is a road on which a toll authority collects a fee for use. Similarly there are toll bridges and toll tunnels. Other non-toll roads are financed using other sources of revenue, most typically gasoline tax funds. Tolls have been placed on roads at various times in history, often to generate funds for repayment of toll revenue bonds used to finance constructions and/or operation

How Popular are Toll Roads?

A major driving force behind the growing popularity of toll roads is the fact that the cost of road construction is far surpassing inflation, eating into the buying power of tax revenue. In other words, too much traffic, inadequate road capacity and not enough money. State and local federal gasoline taxes can't keep up with the demand for road construction and its spiraling costs. Materials and labor for road construction rose 35 percent from 1998 to 2005, while the consumer price index rose 19.8 percent, according to the American Road and Transportation Builders Association.

Beside privately operated toll roads in California, Texas and Virginia, about \$20 billion worth of private-sector toll projects are likely to start construction within two years, according to a report by the nonprofit Resource Foundation. In an emerging trend, some states are turning away from strict public financing of new roadways and entering into partnerships in which private companies build and operate a toll road in exchange for long-term toll revenue. States that are currently considering toll roads include Utah, Washington, Colorado, North Carolina, and Alaska.

Research by VRT did not turn up any examples of toll road revenues being used to fund public transportation. This is not to say that those funds can't be used for public transportation; rather, states are currently using toll roads and tollways to finance new construction of roadways.

Toll roads have been a staple in many foreign countries for decades. Countries that utilize toll roads include China, Taiwan, Australia, Brazil, Canada, France, Singapore, Malaysia, Norway, Hong Kong, Indonesia, Mexico, Italy, the Philippines and Portugal.

As expected, the fees paid for toll roads varies greatly. Here is one example: A driver using the 16-mile Chesapeake Expressway in Virginia would pay between \$2 (for two axles) to \$6 (for six axles). A discount program lowers that cost to 50 cents and \$4.50, respectively.

What are the Pros and Cons of Toll Roads?

Cons

- Many consider the trend towards tolls unfair. Several driver's organizations maintain Web sites that preach against what they consider yet another tax on those who have no choice but to drive.
- Driver advocacy groups oppose conversion of freeways to toll roads and are very leery of new toll road construction.
- Revenue collected is overwhelmingly used for construction of roadways and bridges.

Pros

- Proponents say most commuters don't mind paying the tolls to use less congested roadways.
- Users of toll roads can greatly shorten commute times.
- Possibility of leasing a toll road to a private company for an up-front amount. These dollars can be used for construction and public transportation needs.
- New technology has improved toll collections, including the use of small radio transmitters to deduct fees from a pre-paid account.
- Toll roads are totally voluntary. A toll is a user's fee where a driver can choose to pay to use a road that saves time and is more convenient.