

washington dc Dynamism in Transportation  
IBTTA Transportation Finance Summit  
December 3-5 2006

**IBTTA**  
International Bridge, Tunnel and Turnpike Association

Click here to remove this Text box  
And place your company logo here

**Big Ideas in Transportation**

**Private provision of toll roads**

washington dc Dynamism in Transportation  
IBTTA Transportation Finance Summit  
December 3-5 2006

**Advice from Will Rogers**

“End traffic jams by having government provide the cars, and private industry the roads”

washington dc Dynamism in Transportation  
IBTTA Transportation Finance Summit  
December 3-5 2006

**Private sector can provide new roads**

- 18th/19th century –
  - Substantial road networks, greater, as a proportion of GDP, than the Interstate Highway System today
- 
- 1908 - Long Island Motor Parkway
- 1995 - Express toll lanes in California
- 1996 - The Dulles Greenway

washington dc Dynamism in Transportation  
IBTTA Transportation Finance Summit  
December 3-5 2006

**Why not have the government act commercially?**

- Investment choices can be politically motivated
- Difficult for governments to raise prices
- Cannot be trusted to spend the funds in the interest of those who pay
  - Dulles rail extension
  - London congestion pricing

washington dc Dynamism in Transportation  
IBTTA Transportation Finance Summit  
December 3-5 2006

**Additional benefits from private provision**

- **Private sector also offers:**
  - Lower costs
  - Speedier performance
  - Better information about opportunities

washington dc Dynamism in Transportation  
IBTTA Transportation Finance Summit  
December 3-5 2006

**Further benefits**

- Private toll road provider can reasonably be required to pay rent for land, and appropriate commercial taxes.
- The resulting revenues can be used by government for any purpose

washington dc Dynamism in Transportation  
IBTTA Transportation Finance Summit  
December 3-5 2006

## Involving the private sector: Short-term

- Privatize existing toll roads
- Allow the private provision of new facilities, such as express toll lanes
- Convert under-utilized rail right-of-way to express toll lanes

washington dc Dynamism in Transportation  
IBTTA Transportation Finance Summit  
December 3-5 2006

## Involving the private sector: Long-term

- Replace fuel taxes by road charges based on miles driven
- Then have government run them on a commercial basis
- Then sell them to the private sector

washington dc Dynamism in Transportation  
IBTTA Transportation Finance Summit  
December 3-5 2006

## A possible outcome

- Two-tier system, with private sector providing superior services at higher prices  
– Like the USPS and FedEx ?

washington dc Dynamism in Transportation  
IBTTA Transportation Finance Summit  
December 3-5 2006

## Obstacles to private provision

- Reluctance to change present system
- Fear of increased charges
- Fear of private monopolies
- Ignorance of private sector roles in the provision of roads  
– Not read "Street Smart"?

washington dc Dynamism in Transportation  
IBTTA Transportation Finance Summit  
December 3-5 2006

## For more information on private provision:

See "Street Smart — Competition, entrepreneurship, and the future of roads"

**The Planetizen Network has included "Street Smart" in its "Annual list of the ten best books in the planning field."**