

DEBUNKING THE MYTHS OF HIGHWAY TOLLING

American drivers recognize that our iconic highways, from Los Angeles' 110 Freeway to the Capital Beltway around Washington, D.C., are in immediate need of major overhaul or reconstruction. Many of our nation's major roads were built in the middle of the last century, so it's understandable that nearly a third of them would be ready for significant repair or replacement.

But there's a bigger structural problem beneath our crumbling roadways: our method of funding highway infrastructure is broken, and there is little political appetite for increasing the gas tax, which is the traditional method to fund roads.

Highway tolling is a proven, reliable funding method that is already delivering results in 34 states and Puerto Rico, but unfortunately, federal law prohibits states from using tolls to rebuild existing lanes of interstate highways.

Now is the moment for governments at all levels to embrace a wider toolbox of transportation funding options that includes tolling. The federal gas tax has lost much of its buying power since it was last increased 20 years ago, and the federal Highway Trust Fund has almost run dry. The Congressional Budget Office recently projected that the Trust Fund will be completely out of money by the end of 2014 unless drastic actions are taken to restore its solvency.

In its recent report card on America's infrastructure, the American Society of Civil Engineers delivered a D grade for our highways and a C+ for our bridges. They also pointed to the need for another \$79 billion per year in new investment.

Here are the major myths surrounding tolling that are making it tougher for tolling to help fill our nation's infrastructure funding gap.



FAST FACTS

35 Number of U.S. states and territories with at least one tolled highway, bridge or tunnel
(Source: IBTTA Toll Industry Survey, 2011)

5 BILLION Number of trips per year on tolled roads and crossings in the United States
(Source: IBTTA Toll Industry Survey, 2011)

5,431 Miles of U.S. toll roads
(Source: IBTTA and Federal Highway Administration, 2011)



How do tolls benefit the average American?

The primary benefits are better, safer roads; less congestion; more predictable trip times and reduced need for taxes to pay for roads. Tolls provide money today for projects that can be built in the near future and meet demand for decades to come. If it were not for tolls, many of the best roads and bridges in the U.S. might never have been built.

MYTH #1

OUR HIGHWAYS ARE ALREADY PAID FOR



There is a common misconception that our roads and bridges are already paid for. That's unfortunate because **roads and bridges need regular upkeep and maintenance just like your home or any other infrastructure.** And even with good maintenance, eventually they will have to be replaced. People see the roads and drive on them without realizing that the city or state that built the road raised taxes or incurred debt to build the road in the first place and regularly spends tax dollars to maintain the roads. But few, if any states are prepared to absorb the cost of replacing 50+ year old interstates and the federal government is in a poor position to help. That means that future toll revenues or new tax levies will be needed to build the roads we need for the next 50 years.

The reality is that there are no free roads. There are only toll roads and tax supported roads. The big difference is that you only pay for a toll road when you choose to drive on it. With tax supported roads, the taxes you pay on fuel, tires and other equipment go to support roads throughout the state (and in the case of federal taxes throughout the country) that you may never use.

MYTH #2

TOLLING IS DOUBLE TAXATION



Tolls are a fair and precise way to pay for transportation facilities because there is a clear and direct link between use of the facility and payment for that use. **A toll is a user fee, not a tax.** If you don't use the facility, you don't pay for it. You only pay a toll when you choose to drive on a toll road for a higher level of convenience, reliability or safety. Toll customers, through the fuel they consume, also pay their share of local, state and federal taxes to fund non-toll roads that are open to all. There may be a double payment – the toll pays directly for the trip you are taking, while the government gets the benefit of the tax for use on the roads you aren't using.

To meet their growing infrastructure needs, some states use both taxes and tolls to support their roads. This has benefits for motorists and those who haul freight. When a state supports some of its roads through tolling, it means the taxes collected from all drivers are available for use on the non-tolled portions (toll roads typically do not receive federal or state funding).

MYTH #3

TOLLING CAUSES DELAYS AND CONGESTION



In the old days, you paid a toll by stopping at a tollbooth and handing your money to a person or dropping your coins in a basket. Paying a toll meant stopping and waiting. Not anymore. **Today, most toll roads, bridges and tunnels collect tolls electronically.** As your vehicle passes under a tolling gantry, **you pay your toll at highway speeds using a transponder connected to your account.**

The added efficiency of all-electronic tolling saves time. For many toll road users, time is money. All-electronic tolling also improves local air quality by reducing idling and congestion. The irony is that tolling used to be a barrier to mobility because you had to stop and wait to pay your toll. Today, the barrier to mobility is continued reliance on the gas tax and the inability of states to use tolls to rebuild their interstate highways.

MYTH #4

TOLLING TECHNOLOGY VIOLATES DRIVER PRIVACY



The purpose of electronic toll collection is to properly assess a toll to a customer based on the vehicle's classification (car, truck, motorcycle, etc.) and the distance that vehicle travels on the toll road. **The toll facility operators, like other businesses, protect their customer data and typically retain transaction data only long enough to ensure proper payment.** Toll road customers on today's modern toll facilities can be assured that their personal information and privacy is respected, and protected, by the toll agencies.

How do toll roads compare to non-tolled roads in terms of safety?

Toll roads are generally safer than non-tolled roads due to better maintenance, pavement and technology. Toll operators employ state-of-the-art technology to monitor road conditions and have a financial incentive to keep their roads running as safely and smoothly as possible. The facts bear this out, as toll facilities in the United States have a much lower fatality rate than U.S. roads overall.

MYTH #5

IT COSTS TOO MUCH TO COLLECT TOLLS



Most transportation experts believe that collecting the gas tax is the cheapest way to raise funds to support highways. But all-electronic tolling (AET) is rapidly becoming a very inexpensive way to raise much needed funds for highways. And according to a 2012 Reason Foundation study, **the cost of collecting tolls in a mature AET system may actually be cheaper than the cost of collecting the gas tax.**

Cost data for some AET operations in the United States demonstrate that the net collection costs of an AET operation can be in the vicinity of five percent of the revenue collected for a \$5.00 toll (or eight percent of revenue collected for a \$2.00 toll). This suggests that toll collection costs can be similar in magnitude to the actual costs of collecting federal and state motor fuel taxes.

America's highway network is incredibly diverse and no single funding mechanism is right for every circumstance. Tolls are one of the tools in the toolbox that should be given serious consideration by state legislatures and Congress. Federal law currently prohibits the use of tolling on the existing non-tolled lanes of the interstate highways. However, we would see steady improvement in our highways and bridges if Congress granted states the flexibility to choose tolling when it's the right option for their communities and constituents.

FAST FACTS

\$14 BILLION Capital investment over three years by the top U.S. toll facility operators
(Source: IBTTA Toll Industry Survey, 2011)

30.8 MILLION Number of transponders being used for electronic tolling in the U.S. (Source: IBTTA report on 2009 Toll Interoperability Forum)

84 Percentage of Americans who feel tolls should be considered as a primary source of transportation revenue on a project-by-project basis (Source: HNTB Corporation survey, 2010)

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