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States eye new tolls to fund highways

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WASHINGTON — Driving onto an Interstate highway? Crossing a bridge on the way into work? Taking a tunnel under a river or bay? Get ready to pay.

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With Congress unwilling to contemplate an increase in the federal gas tax, motorists are likely to be paying ever more tolls as the government searches for ways to repair and expand the nation's congested highways.

Tolling is less efficient and sometimes can seem less fair than the main alternative, gasoline taxes. It can increase traffic on side roads as motorists seek to evade paying. Some tolling authorities — often quasi-governmental agencies operating outside the public eye — have been plagued by mismanagement. And some public-private partnerships to build toll roads have drowned in debt because of too-rosy revenue predictions.

Tolls are hardly a perfect solution. But to many states and communities, they're the best option available.

"It's very hard in this environment for states to add capacity without charging a toll because they can't afford to do it," said Joshua Schank, president of the Eno Center for Transportation, a Washington think tank. "They're barely able to maintain what they've got, and there is an urgent need for capacity."

Some changes already are under way

In addition to the tolls allowed on interstates in 15 states, mostly in the Northeast and Midwest, the U.S. has agreed to pilot toll projects on Interstate 95 in Virginia and North Carolina and on Interstate 70 in Missouri.

A commission created by Congress to recommend ways to pay for upkeep of the nation's transportation system predicted in 2009 that the U.S. will face nightmarish congestion unless it spends more. The commission estimated all levels of government were spending a cumulative \$137 billion less each year than is necessary to maintain and expand the current system. Without action, there will be a \$2 trillion-plus backlog by 2035, it said.

It's been nearly two decades since Congress last increased the federal gas and diesel taxes that have historically paid for highways. Meanwhile, the cost of road and bridge construction has gone up and the purchasing power of fuel taxes has declined by more than a third. Revenue is also down because people have been driving less due to the uncertain economy and because cars are becoming more fuel-efficient.

Federal and state fuel tax revenues peaked in 2007 at \$72.4 billion, then dropped to \$68.6 billion in 2010, the most recent year for which data are available. Meanwhile, state toll collections rose from \$4.9 billion in 2000 to \$8.9 billion in 2010, and locally administered tolls rose from \$1.6 billion in 2000 to \$2.5 billion in 2009.

The trust fund that pays for federal highway programs is forecast to go broke sometime next year, though the House and Senate are trying to negotiate a bill to shore up the funding and overhaul transportation programs. It's unclear whether they'll reach a deal, but if they do, it's likely to contain only a short-term financial fix. That means lawmakers will be back again, scratching for more.

Tolling is the easiest near-term way to pay the bills, says Robert Atkinson, who chaired the financing commission. "If you could allow modest tolling on Interstates, you could raise a lot of money," he said.

Fifteen states, mostly in the Northeast and Midwest, that had turnpikes before the 1956 advent of the Interstate system have grandfathered permission to collect tolls on 2,900 miles of the 47,000-mile system. But federal restrictions prevent

other states from placing tolls on federal-aid highways except in limited circumstances.

States want Congress to increase their ability to charge tolls and to allow them to use the money for a variety of transportation needs — not just upkeep of the roads where tolls are collected, said Eugene Conti, North Carolina's transportation secretary, at a Senate hearing last month.

But states also have a history of slapping tolls on roads traveled by a large share of out-of-state motorists. When Pennsylvania applied to put tolls on Interstate 80, a route favored by truckers, the federal government rejected the plan partly because some of the money raised would have gone to support public transit in Philadelphia, even though the highway doesn't touch the city's metro area. In 2004, Chicago leased its Skyway, an eight-mile road and bridge, to a private toll operator for 99 years in exchange for \$1.8 billion that was used to pay off city debt. The resulting toll increases fell heavily on Indiana commuters who use the road to get to jobs in Chicago.

Sen. Frank Lautenberg, D-N.J., has introduced a bill to give the secretary of transportation oversight of tolling practices. The financing commission made a similar recommendation.

What to do about tolling isn't addressed in the highway bill now before Congress because of a standoff earlier this year between senators who favor and oppose easing tolling on Interstate highways. The issue is expected to be revived next year after the retirement of Sen. Kay Bailey Hutchison, R-Texas, who has led the opposition to greater tolling.

One concern is that the Interstate system is aging, which means money must be found to repair and replace the roads.

"The roads are out there and we've paid off the mortgage, but that doesn't mean the system is paid for. ... Now the roads are crumbling and we have to upgrade them," said Patrick Jones, executive director of the International Bridge, Tunnel and Turnpike Association, which represents toll facilities.

Some relaxation of the ban is in the works. The Transportation Department has selected the three states — Virginia, North Carolina and Missouri — for pilot toll projects.

A \$2 billion project now under way would add High Occupancy Toll lanes on Interstate 495 in the Virginia suburbs of Washington. The state can't afford to build the lanes on its own, but money raised by a private investment partnership and a \$586 million federal loan made the project possible.

Motorists who buy an E-ZPass that can be read electronically will be able use the lanes. Toll prices will fluctuate depending on traffic density. If toll lanes are crowded, prices will keep rising until enough motorists decide to remain in the slower lanes. The aim is to give motorists a way to travel quickly, but only if they are willing to pay for it — an idea that has stirred controversy. Cars with three or more passengers will be able to use the lanes without paying.

The administrative costs of tolling are far greater than the gas tax, even when using electronic tolling, said Phineas Baxandall, a senior analyst with the private, consumer-oriented U.S. PIRG.

Some tolling agencies could also use "a dose of sunshine," Baxandall said. Because many are quasi-governmental, public disclosure, open meeting and other transparency rules don't always apply, he said. As a result, they frequently operate out of public sight, creating opportunities for corruption or manipulation by industry, he said.

A report by the New Jersey comptroller in March said cronyism and mismanagement at the Delaware River Port Authority had wasted millions of dollars. The authority operates four bridges, a ferry and a rail line across the Delaware River between New Jersey and Pennsylvania.

The Port Authority of New York and New Jersey recently raised cash fares on six Interstate bridges and tunnels to \$12 for cars. By 2015, it will cost a five-axle truck paying cash \$105 to cross between New York and New Jersey, three times as much as for any other bridge or tunnel in the country, according to the American Trucking Association. Bill Baroni, the authority's deputy executive director, told a Senate hearing the fare hikes are necessary to make up for years of neglect and mismanagement.

Despite concerns about more and higher tolls, it's difficult for lawmakers to tell state and local governments not to pursue greater tolling when Congress isn't providing a comparable alternative source of funds.

Jones, of the tolling industry association, predicted that as traffic congestion worsens, people "are going to demand, 'We need better roads, we need more efficiency,' and they are going to ask for tolling and direct user fees to build the transportation that they need."

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