

## Frequently Asked Questions About Interstate 2.0

***Motorists and truckers have already paid for the Interstates with their gas taxes. How can you justify charging them tolls?***

The Interstates were designed to last 50 years, with proper maintenance. After that, they need to be completely reconstructed. Over a hundred interchanges are huge bottlenecks and need to be replaced. And many corridors need additional lanes to handle current and projected traffic. Our estimate is that this will cost about \$1 trillion, and there is no way this can be covered by existing fuel taxes. Tolling is the fairest way to pay for the mega-projects involved in Interstate reconstruction and modernization.

***Why not just increase the federal gas tax?***

First, there is very little political support for increasing the federal gas tax. And even if there were, it would take an increase of 40 to 50¢/gallon just to do the Interstate reconstruction and modernization. In fact, if there were the political will for an increase of that size, the money would have to be spread over all the dozens of federal highway and transit programs, with only a fraction of it available for the Interstates.

***What about just increasing the federal diesel tax, as the trucking industry has proposed?***

The trucking industry has proposed such an increase, with the proceeds dedicated to Interstate expansion. A big problem with this is that millions of individuals own diesel cars and pickup trucks, which mostly don't use the Interstates. They would certainly object to a big increase to benefit trucking companies. Likewise, most local service trucks (dump trucks, tow trucks, cement mixers, etc.) and local buses are diesel-powered, and they, too, would pay the increase but get little or no benefit. It's not surprising this proposal has gone nowhere in Congress.

***Wouldn't tolling require spending a large fraction of the revenue on collection and enforcement costs?***

Old-fashioned cash toll collection in the 20<sup>th</sup> century was expensive, often using 20-25% of the revenue for collection and enforcement. But our proposal would use 21<sup>st</sup> century all-electronic tolling (AET), similar to the E-ZPass system now operating in 15 states. Recent research finds that the cost of collection with AET and a streamlined business model requires only about 5% of the toll revenue.

***The trucking industry strongly opposes tolls. Won't they kill this idea?***

Our proposal calls for “value-added tolling.” Tolls would not apply until after an Interstate corridor was reconstructed (and widened, if needed). So highway users would be asked to pay for a modern *replacement* of a worn-out corridor. And in corridors with heavy truck traffic, new lanes could be truck-only lanes, with heavy-duty pavement capable of handling longer, heavier, and more-productive trucks that the trucking industry seeks to use nationwide.

***What about “double taxation”—paying both tolls and fuel taxes on the same highway?***

As proposed in this study, Interstate tolling is a *replacement* for fuel taxes, not an addition. With all-electronic tolling, it is feasible to give rebates to toll-payers for the amount of fuel tax attributable to them for the miles driven on the tolled Interstate.

***Isn't tolling too risky? Several toll projects have gone bankrupt recently.***

The risky toll roads are brand new routes whose traffic projections are far from certain. By contrast, Interstates have long histories of growing traffic; they are the most vital arteries for travel and goods-movement in the country. Interstate modernization would be easy and low-risk to finance.

***Why haven't any states used the existing federal pilot program to rebuild an Interstate highway with toll financing?***

The pilot program's three slots are occupied by Missouri, North Carolina, and Virginia. None of the three has yet developed a politically salient case for Interstate tolling. The program permits only one Interstate to be reconstructed using toll finance in each state. That leads to local opposition from those nearby, who feel singled out compared to those living near other Interstates in the state. The best way to discover a politically viable way forward is to open the program to all states, and to permit them to use it for a complete program to reconstruct and modernize all their Interstates as each wears out.

***What makes you think toll rates could be indexed to inflation, when hardly any gas taxes are inflation-indexed?***

In states where tolling is fairly widely used (such as Florida), indexing of toll rates is already in use, and it is becoming common in the financing plans for tolled projects developed under public-private partnership agreements. A shift to a new way of financing Interstates offers the opportunity to implement a more sustainable model going forward. Indexing will retain the purchasing power of toll revenues to ensure ongoing maintenance and the ability to pay for future modernization, as needed.

***Your study suggests truck-only lanes on a number of Interstates. Is anyone actually interested in implementing this idea?***

Truck-only lanes are being planned for the Long Beach freeway in Los Angeles, which handles huge numbers of trucks hauling containers to and from the ports of Long Beach and Los Angeles. Truck-only lanes are the preferred solution for the reconstruction of I-70 in Missouri, Illinois, Indiana, and Ohio in a several-year Corridors of the Future Study, in which the trucking industry was an active participant.

***Your study includes widening of various Interstates, based on continued growth in auto and truck travel. But hasn't highway travel peaked? Is widening really necessary?***

Vehicle miles of travel (VMT) per capita appears to have peaked nationally in recent years, but most transportation researchers expect total VMT to continue increasing at least at the rate of population growth. VMT continues to increase in a number of high-growth states. And all projections, including those of the Federal Highway Administration, expect truck VMT to increase at a faster rate than car VMT over the next several decades.

***You say that tolled Interstates could be the first step toward replacing fuel taxes with mileage-based user fees. But how could that tolling method be applied to local streets and roads?***

Reason Foundation supports the need to transition from per-gallon fuel taxes to mileage-based user fees (MBUFs). But there is no requirement that a single system be used for all mileage charging. Some recent research supports the idea of a simple, low-tech system for ordinary streets and roads (possibly based on annual odometer readings), charging 1 to 1.5¢/mile, and an E-ZPass-type system for limited-access highways such as Interstates and urban expressways. This kind of model also avoids the use of GPS or other devices that raise privacy concerns.