

WHY TOLL FINANCING IS NOT DOUBLE TAXATION

As a nation, we have come to realize that there are no free roads. We must pay for our roads -- whether by tolls, taxes, developer=s fees, or other mechanisms.

Some critics, however, believe that tolls represent double taxation, arguing that state and federal fuel taxes have already been collected, and that further payments in the form of a toll amounts to another tax.

Our highway systems are built and maintained by user fees, and those who use our road systems pay for them. Toll financing is an excellent example of user fee financing. A motorist using a toll road pays a fee at a level to recover construction and maintenance costs for just that project. The motorist also pays federal and state gasoline taxes at the pump to build and maintain the non-toll roads.

Motorists generally have the choice of using a toll facility (which typically receive little or no support from state or federal user-fees) or an alternative tax-supported route. The availability of the toll project usually means that all drivers are winners: those who travel the toll road enjoy the facility's added capacity in that particular corridor, while those who opt for the tax-supported "free" road also enjoy less congestion.

Without toll roads it would be necessary to build additional tax-supported roads, requiring higher federal and state gasoline taxes.

The equation is exactly the same when federal funds do participate in a toll project: motorists pay 100 percent of a hybrid project funded by tolls and taxes. The only difference is that two user fee systems come into play.

The use of tax funds means that the toll rate will be lower than if tolls alone were used to fund the project. Conversely, the use of tolls means that fewer tax dollars are needed for a particular project, stretching the limited resources the states have for transportation uses. If tolls and taxes are blended to finance project costs, then motorists pay these costs through the combination of two mechanisms rather than one.

Motorists are not taxed twice to use a toll facility. Instead, they are given new road capacity and are able to reduce the losses of time, economic productivity and competitiveness wasted sitting in traffic each and every day waiting for a facility to be built.

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There are no free roads. ^(TM)