

## **Expensive, Mostly Empty Toll Lanes?**

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Apparently, state law allows only that wacky approach to tolls. The state mandated choice is between 'free' lanes and toll lanes. Sounds great, right? You don't have to pay the toll until the traffic gets bad enough that the toll seems a better choice. But think what that means! The toll lanes will sit empty until the free lane traffic slows; something that happens on even the most heavily traveled roads only about six hours a day. Because of the toll cost, the users of the free lanes will still suffer significant congestion costs.

To pay for the toll lanes out of only six hours of daily use by a fraction of the total motorists, the toll will have to be quite high. I doubt that the 12-18 cents per mile estimated toll charge will be enough to pay for the toll lanes with just six hours of use/day by a fraction of the total motorists, but even that toll rate will cost toll lane users about \$500/year. That assumes a ten mile, one-way commute two hundred days per year. So, in the name of 'choice' – normally a concept I strongly endorse – state law mandates congested 'free' lanes alongside expensive toll lanes that will sit there unused roughly 18 hours per day. It's the same kind of absurd, limited choice we have now for schools; a 'Nation-at-Risk'-quality free public school system (pre-paid by taxes you must pay) or better, expensive (tuition on top of school taxes) private schools. I'm not against that choice, but we can and must do a lot better. Likewise having the toll lanes next to the free lanes is better than having just the free lanes, but there are much better strategies.

100 percent reliance on gasoline taxes makes as little sense as toll lanes alongside free lanes. It would take a massive tax increase to pay for enough road capacity to avoid persistent rush hour congestion. Note that Atlanta's proposal to expand IH-75 from fifteen to twenty-three lanes epitomizes the result of the latter.

Fortunately, a better approach already exists in the mainstream economics literature. It needs to be thought of as a third side to the debate about how to minimize traffic jams. It entails a toll for peak period use of congested road segments; yes 'tolls,' but only during rush hours where travel demand is high. It's not double taxation. The congestion period tolls fund additional lanes. Since the economic science basis for a toll during peak traffic periods is that each motorist imposes a cost on other motorists, every rush hour traveler must be charged. With everyone paying, it takes a lot smaller toll to pay for additional lanes, and every motorist benefits all day long. It also avoids the obvious waste of building roads that no one uses most of the time, and just a few people use when the free lanes clog.

Toll payers get two direct benefits from the congestion fee; less traffic when they pay, and more lanes to keep traffic down as the city grows. Congestion tolls also have enormous indirect benefits, including less auto maintenance, fewer accidents, and reduced air pollution.

Certainly it is true that much of the gas tax revenue has been diverted to non-highway uses, and for highways in other places. But even with the additional highway capacity that the diverted money would have funded, congestion tolling would still be appropriate for some road segments to manage demand, and to fund additional lanes at key places. We have market-determined prices well above zero for most things because it isn't smart to keep up with demand at a price of zero. During rush hours, highway use costs more than construction and maintenance. Each additional motorist slows down everyone else. Failure to charge for that creates shortages (traffic jams).

Changing the law that impedes this common sense, ECO 101 approach is a leadership imperative, and an entrepreneurial leadership challenge. Tolls are not popular, but wisely applied they are enormously beneficial.