

# More on Extolling Road Tolls Done Right?

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Done right, means use tolls as a traffic management tool in conjunction with the gasoline tax revenue that should fund the lane or two needed for low traffic periods. The money collected from tolls levied during the high traffic periods pay for the construction and upkeep of the lanes needed only for high traffic periods. Rush hour road users get several benefits from the rush hour tolls they pay. We know from several trials that the toll reduces traffic directly because some people respond to the incentive to travel at different times, or different routes, or on public transportation. Then, rush hour drivers get where they are going faster, which in addition to its direct quality of life benefits generates savings from reduced fuel consumption, engine wear, and accidents. Everyone benefits from the reduction in vehicle exhaust. The reduction in rush hour demand also reduces the rate at which new lanes must be constructed, which means that careful deployment (time, place, rate) of rush hour tolls will mean less total spending on driving than any other method of managing traffic.

The strategy favored by many is to build toll lanes next to existing 'free' lanes (no toll). That strategy will capture some of the benefits described above for tolling applied to all lanes during high traffic periods only, BUT it suffers from huge drawbacks. The price difference between adjacent lanes means that significant 'free' lane congestion and/or hassles like traffic lights are prerequisites for any use of the tolled lanes. The toll lanes will be empty most of the time, and off-peak congestion of 'free' lanes will rise. That will increase fuel use, pollution, and car maintenance spending over the toll-all-lanes-but-during-rush-hours-only strategy described above. The need to control access to the toll lanes further increases construction and or land acquisition costs.

The drivers that elect to stay in the 'free' lanes will not see much, if any, reduction in congestion, and the higher toll rate (compared to when everyone pays, but only during rush hour) needed to pay for lanes used only a few hours a day, and by only a fraction of the drivers, will discourage much potential toll lane use. Whether there is any reduction in peak period congestion of the toll lanes will depend on whether private companies own the toll lanes and if they do, the stringency of the 'no compete' agreements that public officials accept to assure sufficient toll lane traffic to attract the private funding.

The basic economics is unequivocal. The cost-minimizing approach to an impending shortage of anything include road capacity is pricing. Road capacity is scarce only during peak traffic periods, so a price (toll) should be charged only during peak periods, and every user should pay. The toll revenues should fund additional capacity.

Failure to use any kind of tolling will mean either enormous construction spending, or massive congestion; probably the combination of the two that we increasingly see now.