

Impact of Regulation and Institutional Learning on the US Toll Policy

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ABSTRACT

The objective of this paper is to analyze whether rate of changes in tolls of public facilities differ from that of private facilities in the United States. The literature on toll roads often assumes that public toll authorities are political bounded so that officials hesitate to increase toll rates despite the necessity to match inflation. For instance, the Indiana Toll Road did not increase toll rates for over 20 years until the state reached a concession agreement in 2006 with the Indiana Toll Road Concession Company (ITRCC). Failure to raise sufficient revenue from tolling is often used for supporting privatization of the toll facility. However, it has been observed that public toll authorities are starting to adjust toll schedules as, for example, in privately financed toll facilities, with the spread of public-private partnerships (P3) legislation throughout the U.S. since the mid-1990s which were introduced as innovative transportation funding and finance method. Much of literature on toll facilities focus on cost and financing and studies are rare estimating the impact of regulation and institutional learning in toll policy.

This paper relies both on quantitative and qualitative methods to achieve the main objective. The analyses in this paper are based on data from various sources including the Federal Highway Administration (FHWA), a search of websites of various types of toll authorities, and P3 legislations from the National Conference of State Legislatures. These data enable comparative assessment of toll legislation and practices across states in the U.S. and consequently contribute to public debate and understanding of the tradeoff between social costs and benefits of tolling projects.