

Tolls

Overview – Washington state has a history of using tolls to finance bridge repair and replacement projects. Tolls were collected once the new facility opened and expired when the bonds used to pay for the project were retired. There have been 14 bridge projects financed in part or entirely by tolls in Washington state. Some examples of past toll financed projects include the SR 104 Hood Canal Bridge, the SR 520 Evergreen Point Floating Bridge and the I-5 Vancouver/Portland Bridge. The new Tacoma Narrows Bridge that opened in 2007 is the first state highway with tolls since 1979, when tolls on the current SR 520 bridge expired.

Tacoma Narrows Bridge Tolls – The new TNB uses the traditional toll financing model used in Washington state. Tolls were imposed when the new bridge opened and will expire when bonds issued to pay bridge construction are retired.

The initial proposal for bridge construction was a public-private partnership with privately issued financing paid for by tolls. However, after years of debate and opposition by the Speaker of the House to private financing, the TNB was constructed under a design-build contract, financed with state bonds backed by tolls and the state gas tax.

In 2007, the new TNB opened to traffic and was completed for \$724 million, about \$113 million under budget. Toll rates were established by the Transportation Commission and are scheduled to increase for at least the next five years to repay the state bonds. Also, as part of the TNB opening, WSDOT introduced the *Good to Go!* electronic toll collection system. The system uses a windshield or license plate transponder that automatically deducts the toll amount from a pre-paid account (similar in many respects to a debit card). Users of the electronic system receive a toll discount.

Current toll rates on the TNB are \$1.75 for *Good to Go!* users and \$3.00 for cash payments. Those rates will increase on July 1, 2008 to \$2.75 and \$4.00 respectively. TNB tolls currently are expected to generate about \$45 million in the next fiscal year.

SR 167 High Occupancy Toll (HOT) Lanes – Another toll project on SR 167 opened to traffic in late April 2008. The SR 167 “HOT Lane” is a pilot project designed to test driver acceptance of variable rate tolls. Under variable tolling, toll rates fluctuate depending on time of day and/or traffic volumes. Also called “congestion pricing,” variable tolls are designed to manage traffic volumes by increasing the price of driving during certain times of day.

The HOT lane pilot allows single drivers to pay a toll and use the HOV lane (HOV and transit vehicles are still free). This \$18 million project was paid for mainly by the 9.5 cent gas tax increase and a federal grant. Revenue from tolls on SR 167 is subject to appropriation and can be used to payoff the project costs with a portion dedicated to increasing transit, vanpool, carpool, and other alternative transportation projects.

Toll rates for the SR 167 HOT lane were set by the Transportation Commission with a minimum toll of \$0.50 and a maximum toll of \$9.00. A computer model measures traffic in the HOV lane and adjusts toll rates automatically to maintain a minimum speed and traffic flow rate in the HOV lane.

As of the end of May 2008, an average of 1,100 vehicles per day paid a toll to use the HOT Lane. The average toll was \$1.40 - \$1.50 depending on the direction of travel and average peak travel time savings ranged from 7 to 13 minutes. The highest toll paid so far was \$5.75 during the week of May 19, 2008.

Tolling Policies – During the 2008 session, the Legislature passed HB 1773, which established a general toll policy for state highways. The bill itself did not impose any tolls on a specific highway, but rather set forth guidelines for how tolls will be implemented in the future.

The major provisions of HB 1773:

- Designates the Legislature as the only entity with the authority to impose tolls unless otherwise delegated.
- Designates the Transportation Commission as the state “Tolling Authority” with the power to set toll rates.
- Creates a general state policy on imposition of tolls including:
 - Keeping tolls in place after construction bonds are retired to pay for maintenance and operations.
 - Allowing tolls to be used for non-highway purposes (e.g. rail, buses, other transit).
 - Use of variable tolling to manage traffic demand.
- Requires local jurisdictions to seek approval from the Legislature and Transportation Commission before imposing tolls on state highways.

During debate on HB 1773, the major disagreements were on the use of toll revenue (the bill allows tolls to be used for transit projects) and the policy of variable or “congestion” pricing to manage traffic demand. House Republicans offered alternative toll policy language that restricted tolls to highway purposes only and called for flat-rate tolls similar to the Tacoma Narrows Bridge, with an exception for HOT Lanes. The Republican striking amendment was defeated and members opposed the toll policy bill citing concerns about use of tolls and variable pricing.

Future Toll Projects – Tolls are widely viewed as the future for Washington state transportation financing. Higher gas prices and more fuel efficient vehicles are slowly eroding gas tax revenues. Future projects around the state will most likely be financed in whole or in part by tolls.

For example, the SR 520 bridge and I-5/Columbia River Crossing in Vancouver are two major toll projects that are slated to begin construction in the next five years.

One of the major policy debates in 2009 will be the proposal to impose “early or pre-construction” tolls on the SR 520 bridge. The federal government has offered the state \$85 million to pay for toll collection devices and demand management projects such as telecommuting, vanpools, and other carpool incentives in exchange for imposing early, variable rate tolls. Early tolling also could generate additional revenue to pay for the bridge. There are several issues with “early tolls” and the debate will center on whether the federal grant and additional money is worth the consequences and precedent.

Another idea floated by some legislators and transportation planners is the concept of “system-wide” tolling where entire freeways within a geographic area (new and existing roads) are tolled to raise revenue and manage traffic congestion. Environmental groups have embraced the idea of system-wide tolling as a way of reducing carbon emissions and global warming as well as a pot of money to pay for transit projects (e.g. light rail). Opponents of system-wide tolling argue that the environmental benefits are overstated and it penalizes people who have to drive during peak hours for work and hurts low-income people. The other opposition argument is that this policy is an attack on the freedom to drive and is just a means to make driving so expensive that people will give it up.