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## Toll roads poised to boom under Trump plan

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The Hill, January 8, 2017

<http://thehill.com/policy/transportation/313145-toll-roads-poised-to-boom-under-trump-plan>

Toll roads may surge under a \$1 trillion infrastructure proposal being floated by Donald Trump.

The president elect's idea for rebuilding the nation's crumbling roads and bridges relies on private companies instead of the federal government to back transportation projects.

Experts say that means investors will be attracted to projects that can recoup their investment costs using some sort of revenue stream, such as through tolls or user fees.

"If he moves forward with an infrastructure plan and there are tax incentives to investors, that could bode well for more investments in new toll facilities," said Patrick Jones, executive director and CEO of the International Bridge, Tunnel and Turnpike Association.

Cash-strapped cities and states have long struggled to raise revenue for transportation projects. The federal gasoline tax hasn't been raised in over 20 years, while states are banned by the federal government from tolling existing lanes on interstate highways.

Outgoing Transportation Secretary Anthony Foxx acknowledged in an exit memo this week that local governments may have to get creative when it comes to infrastructure funding solutions, which have remained elusive in Washington.

"In an era of limited budgets, state and local governments will have to utilize innovative, creative tools to meet their infrastructure needs," Foxx said. "Traditional approaches to funding and delivering federally-funded transportation programs... may no longer be capable of providing Americans with a state of the art transportation system."

Trump has floated a plan that would offer \$137 billion in federal tax credits to private investors who back transportation projects, which he says would unleash up to \$1 trillion worth of infrastructure investment over 10 years.

The real estate mogul argues that construction costs tend to be higher and take longer when the government builds projects instead of the private sector.

"The Trump infrastructure plan features a major private sector, revenue neutral option to help finance a significant share of the nation's infrastructure needs," the blueprint says.

"This innovative financing option would serve as a critical supplement to existing financing programs, public-private partnerships, Build America Bonds, and other prudent funding opportunities."

House Speaker Paul Ryan (R-Wis.) endorsed the idea of getting more private capital off the sidelines, telling radio host Hugh Hewitt this week that private-sector money should “be a part of the solution, instead of always thinking this is government only.”

Historically, the country’s infrastructure is financed through state and local governments using a mix of their own revenues, federal highway aid and issued bonds.

But public-private partnerships – which have been advocated by both Democrats and Republicans – allow private firms to bid on transportation projects, build and maintain the project for a set amount of time, and recover costs through tolls or set state payments.

Proponents of tolling argue that it makes sense to charge motorists for the roads they use, as opposed to charging people at the pump with a gas tax increase to pay for deteriorating roads.

“Not all states might have the freedom or political will” to raise the gas tax, Jones said. “But some say we might be willing to pay a toll.”

Critics, however, say critical infrastructure needs like repairing aging pipes, deepening ports or fixing existing roads and bridges may go neglected under Trump’s private financing plan.

And the Congressional Budget Office reports that only 14 highway projects have been completed using public-private partnerships with private financing.

“The vast majority of the critical infrastructure projects needed to move the country forward are a combination of repairs and incremental expansions,” Kevin DeGood, director of infrastructure policy for the Center for American Progress, wrote in a blog post last month.

“Unfortunately, the Trump infrastructure plan does nothing for these repair and incremental expansion projects. By focusing federal tax subsidies on revenue-generating megaprojects in large urban areas, the plan leaves the rest of America’s infrastructure needs behind.”

But even if Trump pushes forward with the \$1 trillion infrastructure proposal, don’t expect toll roads to start popping up everywhere.

Jones emphasized that only toll projects that make sense, such as in areas with high traffic volumes, are likely to be financed.

“Tolling is a powerful and effective tool for development, but they have to be well considered projects that make sense,” Jones said.

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