



The right way to modernize Wisconsin's Interstates

By Robert W. Poole Jr.

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The Interstate highways are Wisconsin's most valuable transportation infrastructure. With less than 1% of route miles of pavement, they handle 18% of all vehicle miles traveled in the state, and 21% of all heavy truck miles. But this vital infrastructure is gradually wearing out.

Data from the Federal Highway Administration show that less than 1% of Wisconsin's rural Interstates are in "poor" condition, but 3.5% of the state's urban Interstates are rated "poor," ranking Wisconsin 28th among the 50 states. The top 15 all have less than 1% of urban Interstates ranked poor.

Despite limited resources, the Wisconsin Department of Transportation has done a good job of patching and resurfacing its Interstates. But a large and growing fraction of the system is nearing the end of its original 50-year design life. When a highway reaches that point, it makes sense to reconstruct the pavement rather than just keep patching it.

So if Wisconsin wants to continue to reap the huge benefits for travel and shipping that a premium highway network offers, voters and legislators need to face the need to reconstruct this vital resource over the next several decades. In addition, since some corridors clearly don't have enough lanes even for today's travel demand, reconstruction is the best time to add lanes.

How much would all that cost?

In 2013, I led a major Reason

Foundation research effort to determine that for each of the 50 states. Using detailed federal data, we estimated the cost of reconstruction and selective widening of each state's entire set of Interstate highways. Wisconsin's rural (long-distance) Interstates came in at just over \$3 billion. For urban Interstates (i.e., most of the state's expressways), the cost estimate was \$4.7 billion, making the total cost (urban plus rural) \$7.7 billion over several decades.

The Interstates were built largely with proceeds from federal gasoline and diesel taxes. But today, the revenues from those taxes cover only about 70% of the myriad things Congress has decided to fund via the Highway Trust Fund. And there is very little political will — in either party — for a significant increase in those federal taxes. Moreover, gas taxes are not indexed for inflation, so their purchasing power keeps declining. And an ever-larger share of cars will use little or no gasoline in coming decades. So how could Wisconsin come up with \$7.7 billion to modernize its Interstates?

The second half of our study was aimed at seeing if moderate toll rates (collected electronically via E-ZPass tolling) could generate enough revenue over the next 30 years to create Wisconsin's second-generation Interstate system. That replacement

system could feature truck-only lanes in the most truck-intensive corridors, well-equipped service plazas on long-haul routes like I-94, express lanes on major urban segments, and no toll booths or toll plazas of any kind.

For the rural (long-haul) Interstates, the good news is that a baseline toll of 2.2 cents per mile for cars (and four times that for heavy



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trucks) would fully fund the \$3 billion in construction and widening costs, plus ongoing operations and maintenance if it’s indexed to the Consumer Price Index, to retain its purchasing power over time.

The more costly urban Interstate reconstruction and modernization was modeled using peak-usage and off-peak toll rates, which would encourage nonwork trips to be made at less busy times and encourage some work trips to shift to car pools, van pools, or express buses. The modeling found that peak tolls of about 7.5 cents per mile and off-peak tolls of 5.5 cents per mile would generate enough to pay for all construction, operation and maintenance costs.

Could Wisconsin motorists and truckers ever be persuaded to support such a plan? Your first reaction is probably negative. But over the past year, my colleagues and I have engaged in extensive discussions with auto clubs such as AAA, trucking people and other highway-user groups that traditionally oppose any expansion of tolling. Our goal was to figure out what ground rules would make highway users comfortable supporting this kind of toll-financed reconstruction and modernization.

One key sweetener: a guarantee that users would not pay gas taxes when driving on Interstates rebuilt using toll revenue. Massachusetts already does this by using a cumbersome manual rebate process. With electronic tolling, it would be easy to give tolled Interstate users a rebate on their gas tax, based on their vehicle’s average miles-per-gallon rating.

Another sweetener: keeping the tolls low by guaranteeing that the new tolls would be used only for the capital and operating costs of the rebuilt Interstates. In other words, they would be true highway user fees, not a general transportation revenue source. Yet another user-friendly policy would be to begin tolling of a corridor (say, I-43 between Milwaukee and Green Bay) only after the reconstruction was completed, just as if it were a brand new toll road or toll bridge. (After all, it would be adding insult to injury to charge people for living through the delays of several years of reconstruction!)

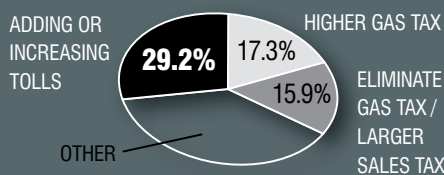
There is growing evidence that highway-user groups could

Toll roads draw public support

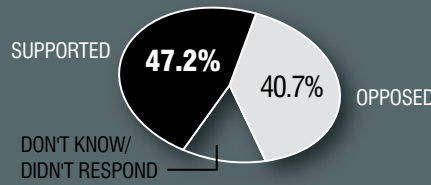
Wisconsin residents are sharply divided on transportation financing. But a substantial minority are interested in toll roads as a funding solution.

Responses of 600 state residents when asked about...

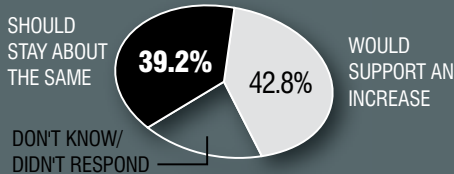
Best Way To Raise Transportation Funding



Electronic Tolling



Government Funding



Source: Survey commissioned by WPRI and conducted in January by University of Chicago political scientist William Howell. The poll’s margin of error was 4% to 5% for questions involving the full sample of 600.

support a carefully crafted policy of this kind, which we have dubbed “value-added tolling.” If that is the case, Congress might be persuaded to allow Wisconsin and any other state to engage in toll-financed Interstate reconstruction and modernization, as long as those conditions were part of the deal.

Congress’s permission is necessary, because the federal law that created the federal gas tax and the Highway Trust Fund back in 1956 forbids states from using tolls on any federally funded Interstate highway (no matter how worn out it gets and how little money the feds have available for Interstate reconstruction).

Therefore, a number of organizations are working to persuade Congress to give states “tolling flexibility” — an exemption from the tolling ban — as long as the state agrees to user-friendly provisions such as value-added tolling.

In 2012, a bipartisan tolling flexibility amendment almost made it into the Senate reauthorization bill. An updated version will likely be introduced this spring, as Congress begins work on the 2015 bill to reauthorize the federal highway and transit program.

This idea is especially timely now. Gov. Scott Walker and leading legislators seem unlikely to approve Wisconsin DOT’s proposal for increased highway taxes of \$751 million, despite the need for major investment in reconstructing east-west I-94 in Milwaukee and widening I-90 between Madison and the Minnesota state line.

Those two mega-projects — one urban, the other rural — could be the first to be modernized using the revenues from all-electronic tolling. Having the users pay for them directly would free up existing gas tax money for other transportation needs without requiring a gas-tax increase. And the new tolls would not go into effect until after those Interstates were revamped and ready to go.

At the very least, Wisconsin’s congressional delegation should push hard in Washington to remove the long-standing ban on Interstate tolls. That would open the door for Wisconsin and other states to seriously consider this 21st century approach to better infrastructure.