Think about the difference in the taxes that property owners pay to fund local parks and the entrance fee your family pays to visit Yellowstone National Park. That is the appropriate framework to begin discussing toll roads. Everyone in the community can access local parks so general taxes support their existence. A much smaller percentage of people visit Yellowstone each year, and those people support it with an admission fee. Interstate highways are like Yellowstone – admission fees (tolls) are the preferred means of funding.

The Missouri Department of Transportation (MoDOT) has announced plans to make Interstate 70 a toll road to fund renovations. Let us make two assumptions: MoDOT will overcome any legal and political impediments to do this (not a safe assumption) and the renovations to I-70 are necessary (I think MoDOT is on safe ground here). With those assumptions set, the focus simply becomes: Is tolling I-70 a good public policy decision? I believe it is.

Missouri has less history with tolling than many other states. Most toll bridges across rivers in Missouri were converted to free facilities decades ago. Two bridges continued as tolls until recently — the McKinley Bridge in Saint Louis and one connecting Missouri and Iowa.
The only toll facility now in Missouri is the Lake Ozark Community Bridge, which opened in the 1990s. Unlike neighboring states Illinois, Kansas, Kentucky, and Oklahoma, Missouri has never tolled its highways.

The plan is to have a private contractor reconstruct and toll the part of the highway between Saint Louis and Kansas City, but leave the parts within the urban centers toll-free. Without tolls, MoDOT officials say they would have to increase the gas tax 15 cents per gallon, almost doubling Missouri’s current — and admittedly, low — tax of 17 cents per gallon. The future toll rate (or rates, if they are adjustable, as they should be) is unknown, though the rate should be high enough to fund the highway and discourage congestion, but low enough to discourage taking alternate routes.

In July 2011, I visited a gas station in downtown Saint Louis to film a video on excise taxes in Missouri. We found a gas station, which at one point had cars from Illinois filling its entire lot. We spoke with the manager of an Illinois car service company that drove a dozen of its vehicles every day from Illinois to Missouri just to fill up with gas. Right now, it is inarguable that Illinois residents subsidize Missouri drivers (by buying more gas here than they consume via road usage). If Missouri raises its gas tax, thousands of southern Illinois commuters will see their costs increase too, including many who never drive on I-70 or do so merely for the first few blocks into downtown Saint Louis. (And yes, the new Mississippi River Bridge should have been a toll bridge.)

A Missouri driver, using baseline assumptions of driving 20,000 miles per year in a car getting 25 miles per gallon, would pay $120 more per year in gas taxes after a 15-cent increase. That would equal eight trips on I-70 if we estimate a $15 toll to cross the state. However, all Missouri motorists and anyone else buying gas in Missouri would pay that tax increase, whether they use I-70 or not. Truckers and frequent highway travelers would likely have to pay more with a toll than with a gas tax increase. There is nothing unfair about that because they are the people choosing to use the asset and drive the road.

How should one pay for public goods and services, through taxes or user fees? Good public policy often comes down to the economic questions of rivalry and excludability. Pure public goods are non-rivalrous (meaning that your consumption of it does not limit my consumption) and non-excludable (meaning that it is difficult to prevent someone from using a particular good). Sound public policy suggests that general taxes pay for those types of public goods. A local road system is not excludable (there is no means of keeping someone from leaving their driveway and driving on the street) and non-rivalrous (your use does not impede my use, although congestion makes any road rivalrous in certain conditions). Taxes, such as a general gasoline tax, are preferred for these systems.

Interstate highways connecting major cities (and many bridges) do not meet those standards for public goods. Their limited entry points make it easy to control access, so they are readily excludable. And while highways are not considered rivalrous, they are more rivalrous than local roads because of greater issues with congestion due to peak travel time
demands and limited alternative routes. Smart policy is to pay for services like this via fees — in this case, tolls.

Tolls provide the necessary funds to build and maintain the road assets that benefit certain users, such as truckers, more than others. They provide a reliable source of funds to maintain the road in the future. With the recent technological improvements to tolling, fees can be efficiently collected without the long lines at toll plazas that some people may remember. Every state should move in the direction of lower general taxes for roads and more tolls where appropriate. Missouri’s I-70 is one road where it is appropriate.

David Stokes is a policy analyst at the Show-Me Institute, which promotes market solutions for Missouri Public Policy.

About the Author

David Stokes
David Stokes was a policy analyst at the Show-Me Institute from 2007 to 2014 and was director of development from 2014 to 2016.

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Mission Statement

Advancing liberty with responsibility by promoting market solutions for Missouri public policy.

Show-Me Institute

5297 Washington Place  3645 Troost Avenue
Saint Louis, MO 63108  Kansas City, MO 64109
Phone: (314) 454-0647  Phone: (816) 287-0370
Fax: (314) 454-0667

Email: info@showmeinstitute.org

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