



Indiana Toll Road Sold to New Company for \$5.7 Billion

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By: Joseph Miller

On May 28, Industry Funds Management, an international infrastructure investment firm, [purchased the lease](#) (with 66 years remaining) of the Indiana Toll Road from the bankrupt Indiana Toll Road Concession Company (ITRCC) for \$5.7 billion. The purchase, along with additional investment the firm plans for the toll road, is good news for the Indiana residents and states looking to use private capital to improve infrastructure.

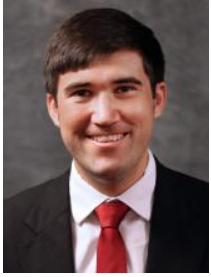
We've written about the privatization of the Indiana Toll Road before. Long story short, in 2006 an [international consortium paid](#) Indiana \$3.8 billion to operate the toll road for 75 years. They also agreed to make hundreds of millions of dollars in upgrades to the toll road. The consortium set up the ITRCC to manage the lease. When the recession hit, highway users fell far below projections and the company eventually went bankrupt. But all was well for Indiana residents, who saw their toll road improved and the \$3.8 billion from the sale used for state highway upgrades.

Some critics of toll road privatization have used the example of the Indiana Toll Road to claim that privatization does not work. After all, companies can go bankrupt, and [then what happens to the highway](#)? In the case of the Indiana Toll Road, it has simply been bought by another company that agreed to abide by the original terms of ITRCC's lease. Even better, the new company, Industry Funds Management, plans to invest at [least \\$260 million](#) into the toll road, modernizing toll plazas and repaving worn-out roadway.

For states like Missouri, the resolution to the Indiana Toll Road Concession Company's bankruptcy should be a convincing example that privatization can work even if a particular private partner fails. What's more, the sale price of \$5.7 billion demonstrates that there is still significant private capital available for valuable infrastructure investments, if Missouri

goes down that road.

About the Author



*Joseph Miller
Policy Analyst*

Joseph Miller was a policy analyst at the Show-Me Institute. He focused on infrastructure, transportation, and municipal issues. He grew up in Itasca, Ill., and earned an undergraduate degree from Georgetown University's School of Foreign Service and a master's degree from the University of California-San Diego's School of International Relations and Pacific Studies.

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[2] <http://www.investordaily.com.au/mergers-acquisitions/37202-ifm-investors-eye-off-us-infrastructure>

[3] <http://www./2014/09/bankruptcy-indiana-toll-road-highlights-privatization-advantages.html>

[4] <http://usa.streetsblog.org/2014/11/18/the-indiana-toll-road-and-the-dark-side-of-privately-financed-highways/>

[5] <http://www.wndu.com/home/headlines/ITRCC-and-IFM-Investors-announce-financial-close-of-Indiana-Toll-Road-305216341.html>

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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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