



Key Findings:

- The cost to construct, operate and maintain dedicated truck lanes will likely require a combination of traditional and nontraditional funding sources.
- A range of funding alternatives exists, but some may require changes to state laws in order to use them.

Funding Challenges and Opportunities for Dedicated Truck Lanes

Funding Challenges and Opportunities:

Uncertainty surrounds the future of federal transportation funding programs. With the reauthorization of the federal Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) still in question, the nature, priorities and amounts of future federal funds are unknown. Meanwhile, revenues from motor fuel taxes, which have traditionally been heavily relied upon for funding transportation improvements, have been declining as vehicles have become more fuel efficient and travel patterns have changed. This trend is expected to continue as fuel efficiency requirements become more stringent. These and other factors have led to a transportation funding crisis, and virtually all states are now in a position where they must find new ways to fund much-needed transportation improvement projects.

Looking to Innovative Funding Strategies

More and more states are beginning to take advantage of non-tax revenue sources, such as user fees and lease payments, as well as funding through public-private partnerships (P3s), to overcome funding challenges.

USER FEES such as tolls, are becoming more common in the United States. User Fees can be assessed based on a number of factors, including distance traveled, vehicle type, mode of transportation, number of axles, or weight. These fees can also vary based on time of day and/or traffic congestion levels.

LEASE PAYMENTS for commercial facilities closely associated with a project are another potential source of revenue. The revenue generated from the leases can be used to help finance the project

PUBLIC-PRIVATE PARTNERSHIPS (P3S) are agreements in which a private partner provides equity and debt financing in exchange for future revenues generated by the project, often in the form of tolls. In such arrangements, the private partner agrees to finance, construct, operate, and/or maintain the facility for a specified term. Depending on the amount of revenue generated by the project and the total costs associated

with the project, P3s can result in an up-front payment by the private partner to the public agency, or can result in future revenue sharing between the private partner and the public agency. However, projects that are not predicted to generate sufficient revenue to cover the private partner's cost and a reasonable return on equity may require some form of up-front public investment.

Key Findings and Dedicated Truck Lanes

A number of traditional and non-traditional funding sources are, or may in the future be, available to finance dedicated truck lanes on I-70. The uncertainty of future federal funding and the challenges of traditional funding sources to meet the nation's infrastructure needs suggest that dollars from non-traditional funding sources will be necessary in order to implement this project.

P3s and tolling could play significant roles in helping fund the proposed I-70 improvements. However, legislative changes will be required. Illinois and Ohio do not currently have P3 authority. Although Missouri and Indiana have limited P3 authority, it is not broad enough to cover dedicated truck lanes on I-70. Enabling P3 legislation would need to be enacted in each of the four states.

Indiana and Illinois currently have broad tolling authority. However, only limited tolling authority exists in Missouri and Ohio. Changes in legislation would be required in these states in order to implement tolls with the proposed I-70 improvements. Also, federal regulations prohibit the tolling of existing lanes on the interstate system. Tolling all lanes along the corridor would require federal approval.

This document summarizes one of 12 technical appendices prepared for the first phase (of two) for the I-70 Dedicated Truck Lane Feasibility Study. The study is part of the U.S. Department of Transportation's Corridors of the Future Program, which provided matching funds to Indiana, Missouri, Ohio and Illinois DOTs to evaluate the business case (need, cost, risk, financing and practicality) for dedicated truck lanes on I-70. The 800-mile study area includes I-70 from just east of Kansas City, Missouri, east through Illinois and Indiana to Ohio's eastern state line.