

Using Toll Revenues for Transit: It Can and Should be Done

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Roadway pricing is a widely used strategy to manage congestion and its associated impacts including increased travel times and pollution. While pricing or tolling approaches vary—ranging from facility-based tolling to cordon pricing, with rates that may be fixed, time-of-day-based, or dynamically adjusted—many of these approaches have consistently proven effective at reducing traffic.¹ When implemented efficiently, tolling not only improves traffic flow but also generates revenue that exceeds the costs of operating the toll facility. This raises a critical question for policymakers and toll operators: How should these revenues be used?

Public transit operations frequently emerge as a natural and beneficial investment, yet questions remain about the policy merits and legal pathways for using toll revenues in this way. In the United States, despite the presence of legal mechanisms allowing toll revenues to support transit, uncertainty and perceived regulatory barriers often deter agencies from pursuing this option.

This paper addresses both the policy rationale and legal framework for using toll revenues to fund transit operations. First, we examine why reinvesting toll revenues into transit is an effective strategy for improving transportation system performance on a variety of metrics. Next, we explore the legal history of tolling in the U.S., demonstrating how federal law has evolved to enable toll revenues to fund transit operations. Finally, we present case studies of American agencies that have successfully implemented this approach across a range of toll facility types, highlighting key lessons and performance outcomes.

With limited federal guidance on this issue, state and local agencies must be prepared to justify and defend their decisions to use toll revenues for transit. The examples presented—from the Golden Gate Bridge to Virginia’s Express Lanes—demonstrate that this practice is not only legally viable but has consistently delivered positive transportation outcomes. By providing a clear explanation of the policy rationale, legal basis, and real-world applications of toll revenue reinvestment, this paper aims to equip policymakers and practitioners with the information needed to advance these efforts with confidence.

Tolling for Transit: Policy Merits

A common justification for roadway pricing is its ability to reduce traffic. A recent meta-analysis of 76 toll facilities worldwide found that tolling consistently reduced annual average daily traffic (AADT) on the priced facility, regardless of country, facility type, and tolling strategy.² Traffic reduction improved based on the number and quality of alternative routes and modes like public transit. Another meta-analysis of tolling across the 545 largest European cities found a direct relationship between traffic reduction, tolling, and public transit: cities with both tolling and high-quality public

transportation, measured in kilometers of railroads and subways, experienced significantly less automobile traffic than their untolled and less transit-focused peers.³

These findings highlight a crucial point: pricing alone is not enough. A reduction in traffic on a given route in an area means drivers are shifting modes, carpooling, rerouting, or foregoing trips altogether. If alternative routes become overloaded, or are otherwise inadequate, the benefits of pricing on overall congestion reduction can be undermined. This is why reinvesting toll revenues into high-quality transit is so critical—it ensures that priced roadways function as intended by providing drivers with other more efficient and sustainable modes and without simply shifting them to another road. Just as drivers who pay gas taxes benefit from reduced road congestion thanks to transportation improvements funded by those taxes, toll payers benefit when improved public transportation attracts drivers from tolled roadways.

Maximizing the impact of toll revenue investments requires prioritizing high-quality transit options that are fast, frequent, convenient, and safe—ultimately making them competitive with driving alone. While grade-separated rail or subway systems offer some of the fastest and most convenient transit services, they can take decades to plan and build. As a result, many localities have pursued improvements to bus service, including bus priority lanes and Bus Rapid Transit (BRT), which have also proven effective. Detailed case studies of cordon pricing programs—geographically defined zones that require drivers to pay a toll to enter—in London and Stockholm demonstrate this dynamic. Both cities implemented cordon pricing while simultaneously investing in bus improvements, leading to reductions in traffic and increased transit ridership.^{4,5} In London, for example, the introduction of the Congestion Charge in 2003 was combined with bus only lanes, expanded bus service, and quality incentive contracts, which provided incentives to bus operators that offered high service reliability. Within the congestion zone, the combination of these investments and the reduction in traffic due to pricing resulted in a 37% increase in bus ridership, a 30% reduction in excess waiting time at bus stops, and a 60% reduction in congestion related delays to buses.⁶ Los Angeles combined the deployment of high-occupancy toll (HOT) lanes—lanes where solo drivers pay the highest toll and with discounts or exemptions for carpools that meet occupancy requirements—on the I-10 and I-110 freeways with improvements to the J Line BRT service; ridership on the BRT notably increased, from roughly 2.7 million in 2011 to more than 4 million in 2014, the first full year of improved operations.⁷ Like every transit system, ridership was impacted by the Covid pandemic, but it has since rebounded, with the J Line recording 4.95 million riders in 2024. The reduction in traffic congestion due to pricing can also lower the cost of providing transit, making transit service significantly more efficient and cost effective.⁸ Even with additional transit service, tolling may exacerbate traffic on non-tolled routes, as seen in Seattle when the imposition of tolls and additional transit service on the SR-520 bridge improved travel times and ridership there but led to 5-10 mph slower speeds on the parallel I-90.⁹

While it is difficult to find examples where tolling and transit investments have failed to reduce congestion, the degree of success depends on how actively tolling is managed and enforced and how well high-quality transit alternatives are integrated into the overall transportation system. London has gradually raised its congestion charge from £5 to £15 today, removed exemptions for taxis and for-hire vehicles, and recently instituted an Ultra Low Emissions Zone with charges for vehicles that do not meet emissions criteria.¹⁰ Traffic in the congestion zone decreased 30% between 2007 and 2019, after several years of traffic stability following the original reduction in 2003.^{11,12} Beyond transit service enhancements, transit-oriented development (TOD) plays a

pivotal role in shifting travel behavior by locating more residents and jobs near transit corridors and reducing automobile travel—although TOD often requires extensive interagency coordination and unfolds over long timelines.^{13,14,15} While yet to be widely implemented in the United States, subsidized carpooling shows promise in regions of Europe, especially in parts of France not well served by public transit, where dynamic carpooling apps have connected formerly solo drivers and passengers and alleviated congestion and emissions.¹⁶

While congestion reduction is often the headline objective, it is far from the only reason policymakers pursue tolling. Roadway pricing and transit improvements have well-documented benefits for the environment, air quality, and public health. By reducing vehicle traffic and promoting shifts to transit, these strategies directly reduce emissions that contribute to climate change because average emissions are lower per passenger mile for transit vehicles than for single occupant vehicles (SOVs).¹⁷ London recorded significant drops in carbon emissions and improvements to local air quality following implementation of pricing.¹⁸ In Stockholm, these strategies directly reduced pollution from automobiles significantly, leading to long-term significant reductions in the incidence of childhood asthma.¹⁹ In Seattle, SR-520 and parallel routes experienced net decreases in vehicle miles traveled (VMT), carbon emissions, and air pollutants following the imposition of tolling and additional transit service on SR-520.²⁰ Achieving these benefits requires careful consideration of how pricing will impact factors such as vehicle speeds and VMT: very low, very high, and inconsistent vehicle speeds and increases in VMT would lead to increased emissions.^{21,22} Certain pricing strategies, such as adding new priced lanes to an existing freeway where speed limits are not actively enforced, are more likely to increase speeds and VMT and generate greater emissions.^{23,24}

A common criticism of pricing is that it disproportionately impacts lower-income households and minorities and is therefore inequitable. However, these communities have borne and continue to bear the greatest burdens under the current transportation system, which was built on the displacement of more than one million low-income and minority Americans.²⁵ Today, lower-income residents are more likely to live in areas with higher traffic and greater exposure to air pollution.^{26,27} Most drivers today pay only a portion of the true costs associated with the highway system, including infrastructure maintenance, environmental impacts, and public health burdens. Tolling can help address this imbalance by ensuring all users contribute more equitably to the overall costs of driving and by directly reducing congestion and improving air quality. Designing and implementing tolling strategies that maximize equitable benefits requires community-engagement to collaboratively identify appropriate pricing and investment priorities, including income-based discounts and incentives, for users and communities.^{28,29} While improved public transit is by no means the only strategy to consider, it has potential to address the needs of many low-income and minority individuals and communities, since low-income households are much more likely to lack car access, rely on public transportation, and be priced out of existing transit rich areas.^{30,31} Access to high quality transportation can give lower-income households better access to jobs, education, and essential services.³² By directing toll revenues toward high-quality transit improvements in low-income communities, pricing can help correct these inequities rather than exacerbate them.

Despite these benefits, agencies in the U.S. have hesitated to use toll revenues for transit due to perceived legal and regulatory barriers. Our research indicates that this fear may be unfounded. As discussed in the next section, the legal path to using toll revenues for public transit in the United States is simpler than perceived and has been pursued by American agencies seeking to improve transportation outcomes.

Federal Tolling History

A thorough understanding of how toll revenues can be used for public transit requires examining the federal legislative history of tolling and transportation funding. The modern era of tolling in the United States was ushered in by the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991, which also marked a turning point in transportation planning and policy. The architects of ISTEA, then-Representative Norman Mineta and Senator Patrick Moynihan, sought to empower states and metropolitan areas with the flexibility to plan, design, and implement transportation projects and services tailored to their specific needs. Tom Larson, then-administrator of the Federal Highway Administration (FHWA), noted that “flexibility” was one of four fundamental principles of ISTEA.³³ It allowed highway and transit funds to be “commingled, fungible funding,” giving states “much more freedom of choice in deciding how they want to manage their transportation resources.”³⁴ As Senator Moynihan succinctly put it with regards to toll revenues: “We very much want Maryland to do with Maryland money what Maryland thinks best.”³⁵

ISTEA introduced important exceptions to the prior federal ban on permanent tolling of federal-aid facilities, a policy that had been in place for decades.³⁶ These exceptions have been further expanded through subsequent transportation bills, ultimately allowing the permanent tolling of a variety of federal-aid facilities under various programs, each with its own conditions.^{37,38} Prior to ISTEA, with the exception of a limited “Pilot Program” initiated in 1987, toll revenues from federalized facilities were limited to the costs of operations and maintenance of the toll facility itself and repayment of costs of acquisition or construction. Once acquisition and construction costs had been repaid, tolls were required to be eliminated.^{39,40} This requirement effectively limited the use of tolling to funding and financing highway and bridge construction, rather than allowing it to manage congestion and emissions.

ISTEA significantly altered these restrictions: it allowed permanent tolling, and it removed the geographic restriction, allowing toll revenues to be invested both on and off a toll facility. Congress also reduced the limitations on uses of revenues. Toll revenues could now be used for “**any costs necessary** for the improvement and proper operation and maintenance of the toll facility, including reconstruction, resurfacing, restoration, and rehabilitation” (23 USC 129 (a)(3)(A)(iii), as modified by the Moving Ahead for Progress in the 21st Century Act (MAP-21); P.L. 112-141). If a toll authority could link a given expenditure to facility operations—such as improving person throughput, enhancing reliability, or reducing travel times—it could use toll revenues for that purpose, even if the expense would not typically qualify as Title 23 eligible and even if the expense was not located on the toll facility.

Separately, ISTEA also allowed toll revenues to be used for “any purpose for which Federal funds may be obligated by a State under this title,” provided that certain conditions were met (23 USC 129 (a)(3)(A)(v)). MAP-21 loosened these conditions, and today the only condition is that the toll facility must be certified as being adequately maintained for toll revenues to be used for other Title 23 eligible purposes.⁴¹ To fulfill these conditions, toll authorities must conduct annual audits to ensure adequate maintenance and that toll revenues are expended only on eligible uses. As a result, if a toll authority fulfilled the annual audit and maintenance requirements and could obligate federal highway funds for a given activity, it could expend toll revenues on it, even if the activity were unrelated to the toll facility and located in another part of the state. A brief history of major federal legislation impacting tolling is provided in Table 1.

Transit capital projects have long been considered eligible expenditures for Title 23 funds and toll revenues, but the Transportation Equity Act for the 21st Century (TEA-21; P.L. 105-178) eliminated federal funding for transit operations for most transit systems in the United States. While the definition of transit capital costs was expanded to include various maintenance costs and is now quite expansive, it does not include operational costs such as salaries, benefits, and fuel/electricity.⁴² These costs typically account for approximately 66%-75% of transit O&M expenses and therefore the bulk of the costs of providing transit service.⁴³

However, multiple transportation bills have chipped away at this limitation, establishing, evolving, and expanding Title 23 programs like the Surface Transportation Block Grant (STBG) Program⁴⁴ and the Congestion Mitigation and Air Quality Program (CMAQ) and establishing new programs like the Carbon Reduction Program (CRP)⁴⁵ and Congestion Relief Program.⁴⁶ All of these programs provide pathways for obligating federal highway funds to support public transportation. Importantly, STBG and CMAQ both allow funding of “improved public transit,” because it is one of the transportation control measures listed in Section 108(f)(1)(A) of the Clean Air Act (42 U.S.C. 7408(f)(1)(A)). The Environmental Protection Agency (EPA) defines this broadly to include both investments in “infrastructure upgrades...[and] improvements in service delivery” among a variety of other activities.⁴⁷ In its most recent guidance on CMAQ, FHWA clarifies that “operating assistance to introduce new transit service or expand existing transit service” is an eligible expenditure for all transit agencies—regardless of their size or previous authorization status. The guidance defines operating assistance as covering “all costs of providing new transportation services, including but not limited to, labor, fuel, administrative costs, and maintenance.”⁴⁸ Although FHWA has traditionally imposed time limits on this type of operating assistance through CMAQ, it justifies these constraints through its interpretation of 23 USC 116, which designates long-term maintenance responsibilities to states, and not the federal government. Because toll revenues constitute state and local revenues, they would satisfy the requirement for non-federal funding to support continued expanded transit operations.

By utilizing these provisions under Title 23, toll authorities have used revenues to support transit operations that demonstrably improve toll facility operations, and to support new or expanded transit services, even when unrelated to the toll facility. These represent two separate and distinct pathways for investment for toll revenues in transit operations. The following examples showcase in detail how federalized facilities¹ authorized under the current mainstream tolling programs (23 USC 129 and 23 USC 166) are using toll revenues to improve transit and the overall performance of their transportation system.

Table 1. Major Milestones in Federal Tolling Legislation

Year	Legislation	Tolling Summary
1916	Federal Aid Roads Act ⁴⁹	“That all roads constructed under the provisions of this Act shall be free from tolls of all kinds.”
1927	Federal-Aid Highway Amendments ⁵⁰	Toll bridges become eligible for federal funding, provided tolling ceases once costs are repaid.
1956	Federal-Aid Highway Act and Highway Revenue Act ⁵¹	Toll roads may be incorporated into the Interstate system, but must be entirely toll financed. Approaches to toll highways become eligible for federal funding provided that tolling ceases on that stretch of highway once costs are repaid.
1978	Surface Transportation Assistance Act ⁵²	Toll bridges without taxing powers may subsidize public transit and be eligible for federal highway funding.
1987	Surface Transportation and Uniform Relocation Assistance Act ⁵³	Pilot program allows for federal funding of a limited number of specified toll facility types. Allows permanent tolling. Revenues must be expended on toll facility. Federal oversight of toll rates deregulated, though they must be “just and reasonable.” Congress acknowledges toll revenues may be used to support “multi-modal transportation.” ⁵⁴
1991	ISTEA ⁵⁵	Major expansion of mainstream tolling program, 23 USC 129. Federal funding allowed for unlimited number of specified toll facility types. Allows permanent tolling provided that State enters into agreement with USDOT documenting that toll revenues follow prescribed waterfall: first for debt service; then for return on investment for private financing; and then for any costs necessary for proper operation and maintenance of the facility. Provided State has revenues in excess of previous uses and certifies annually that the facility is adequately maintained, toll revenues may be used for any purpose Federal funds may be obligated under Title 23. Toll revenues may be invested both on and off the facility. Creation of Congestion Pricing Pilot Program, allowing tolling of existing Interstates by application and agreement with USDOT.
1998	TEA-21 ⁵⁶	Congestion Pricing Pilot Program renamed the Value Pricing Pilot Program. In addition to prior authorizations, mitigation measures to reduce potential adverse financial effects of pricing on low-income drivers become eligible for federal funding.
2005	SAFETEA-LU ⁵⁷	Allows tolling of SOVs in HOV lanes and creation of HOT lanes in 23 USC 166.
2012	MAP-21 ⁵⁸	Major revision. Eliminates requirement for agreement with USDOT and toll revenue waterfall in Section 129. States may now prioritize toll revenue investments among eligible uses. Requires annual audit of toll revenues and maintenance certification. Federal funding eligibility extended to additional types of specified toll facilities.

Golden Gate Bridge (toll bridge)

The Golden Gate Bridge, Highway, and Transportation District (GGBHTD) uses toll revenues collected from the Golden Gate Bridge to subsidize transit operations, including buses and ferries. This model has been in place for decades and reflects the District’s unique structure and mission, combining bridge operations with public transit services to support regional mobility.

Originally opened to traffic in 1937, the Golden Gate Bridge was financed by the Depression-era Reconstruction Finance Corporation, with toll revenues as repayment for the bonds.⁵⁹ Tolled

continuously since its opening, the original construction bonds were paid off in 1971.^{60,61} At roughly the same time, in the late 1960s, traffic on the Bridge was beginning to threaten proper operations of the toll facility. Without means to feasibly widen the Bridge roadway, the GGBHTD began exploring innovative strategies to traffic congestion, such as adding a lower deck or an additional bridge or tunnel. In addition, Marin County Transit District and the City and County of San Francisco commissioned a study which determined that a modern ferry system would feasibly reduce peak hour bridge congestion.⁶² The California State Legislature subsequently passed Assembly Bill (AB) 584 in 1969 and AB919 in 1971, empowering the GGBHTD to plan, develop, and implement mass transportation services with toll revenues.⁶³ This included the Golden Gate Ferry system (initiated in 1970) and the Golden Gate Transit bus system (initiated in 1972). These transit operations were and are seen as an integral part of reducing congestion on the Golden Gate Bridge and ensuring its continued successful operation, creating a direct link between tolling and transit operations.

Depending on the year, toll revenues have subsidized up to 50% of transit operational costs.⁶⁴ As a result, the subsidies allow the District to offer transit services through its fleet of 7 ferries and approximately 150 buses that might not otherwise be financially viable. Vehicle crossings and ferry and transit ridership have fluctuated significantly over the last fifty years due to economic and societal issues, such as the Covid pandemic. In FY2018, the Bridge recorded more than 40 million vehicle crossings while the ferries and transit services combined recorded nearly 6 million annual trips.^{65,66,67} In the absence of these services, these passengers would likely shift to driving, with an estimated “increase in Bridge traffic of about 32% during the peak weekday morning commute hour.”⁶⁸ Eliminating the subsidized transit services would also lead to additional vehicle traffic in Marin County and San Francisco, because commuters would be forced to switch to driving, leading to additional regional congestion and air pollution.

As a locally funded and financed toll facility with permanent tolling, the Golden Gate Bridge did not utilize federal funds until 1978. That year, the Surface Transportation Assistance Act authorized bridges operated by agencies without “taxing powers” and “whose functions include operating a federally assisted public transit system subsidized by toll revenues” to be eligible for funding from the Highway Bridge Replacement and Rehabilitation Program (now the Bridge Investment Program).^{69,70} This special exemption allowed the Golden Gate Bridge to access substantial federal funding, enabling decades of significant rehabilitation and improvement, including the recent \$400 million awarded by USDOT to complete the final phase of its seismic retrofit.^{71,72,73} These investments, coupled with the subsidized transit services, have provided users with a safer, more reliable bridge and an enhanced transportation system. However, while this exemption may have been groundbreaking and necessary in 1978, the evolution of tolling laws since then has enabled other agencies, as detailed below, to engage in similar practices.

Virginia DOT (express lanes)

Over the last decade, Northern Virginia opened a network of express lanes along major interstate corridors—I-95/395 and I-66—providing fast and reliable travel choices to commuters throughout the region. These facilities added, extended, and converted existing high-occupancy vehicle (HOV) lanes—commonly referred to as carpool lanes—to high-occupancy toll (HOT) lanes and were authorized under 23 USC 166, which allows for non-HOV vehicles to access the lane if they pay a toll and subjects toll revenues to the same requirements under 23 USC 129. The purpose of

the express lanes network is to help move more people and increase travel options.⁷⁴ To advance these goals, the Commonwealth Transportation Board entered into an agreement with regional transit commissions to re-invest toll revenues from the express lanes in transit, carpooling, and other transportation demand management (TDM) projects.⁷⁵

The Northern Virginia Transportation Commission (NVTC) solicits and evaluates candidate projects from regional partners for funding from toll revenues on the I-95/395 and I-66 corridors through its Commuter Choice program. The Commission notes that the projects “benefit Express Lanes toll payers in two main ways” which are as follows:

- “1. By offering more options, toll road users and transit riders can choose the means of travel that gets them to the places that they want to go; and
2. By moving people more efficiently, Commuter Choice projects lessen congestion and support more consistent travel speeds for Express Lanes users.”⁷⁶

This definition of benefits clearly links projects funded with toll revenues to the operations of the toll facility, as in 23 USC 129 (a)(3)(A)(iii). Eligible projects include transit operating assistance, transit capital projects, roadway improvements in the corridor, access to transit improvements, and TDM strategies. Since 2017, more than \$150M in toll revenues have been invested in 32 projects throughout the region. Examples of funded projects include:⁷⁷

- \$5 million to pay operating costs to reduce headways by 50% on a local bus route;
- \$13 million in operating costs to increase fixed route service on a local bus to 10-minute headways all day during weekdays and 15-minute headways all day on weekends;
- \$5.1 million to pay operating costs for a new commuter bus route as well as purchase of 6 buses for the service;
- \$6.7 million to pay operating costs for another new commuter bus route as well as the purchase of four buses for the service and secure bicycle parking at the park-n-ride lot.

Each weekday there are 7,500 passenger trips on Commuter Choice funded projects. The combination of tolling and toll reinvestment program provides a host of benefits to both toll facility users and transit riders: significant reductions in greenhouse gas emissions and automobile crashes; 15 minutes of time savings on bus rides on I-66; and more reliable travel times for drivers on the toll facility and on non-tolled alternative routes.⁷⁸

LA Metro (express lanes)

The Los Angeles Metro ExpressLanes program is a system of high-occupancy toll (HOT) lanes designed to reduce congestion, improve traffic flow, and provide reliable travel options on some of Los Angeles’s busiest freeways. The program combines carpooling, tolling, and transit enhancements to manage demand on two of the most congested corridors in the United States.

The Metro ExpressLanes program was originally funded by the United States Department of Transportation (USDOT) Congestion Reduction Demonstration (CRD) program, initiated as a follow-on to the Urban Partnership Agreements Program. Both programs were developed by USDOT in response to the “crisis of congestion” and in order to enter into agreements with qualified entities willing to “demonstrate strategies with a combined track record of effectiveness in reducing traffic congestion.”^{79,80} Both programs supported these strategies through technical assistance and discretionary federal funding from existing federal programs, including, but not limited to, the Value Pricing Pilot Program, Small Starts Funding, and the Transportation Infrastructure Finance and Innovation Act (TIFIA). Neither program provided exemptions from federal law.⁸¹ Los Angeles was one of the six sites ultimately selected, and the LA CRD funded the conversion of HOV lanes to HOT lanes on I-10 and I-110 and transit investments in the corridors.⁸²

Revenues were and are subject to federal law under 23 USC 129. At the time, LA Metro noted that “federal legislation allows for the use of net revenues for any project that improves the success of the operations of the HOT lane,” tying the use of toll revenues to 23 USC 129(a)(3)(A)(iii).⁸³ Metro’s stated intent was always to support transit services with toll revenues, as reflected in its application to USDOT⁸⁴ and to the California Transportation Commission to toll the corridor in 2008:

“Remaining revenues shall be invested within the program area for transportation improvements, including, but not limited to, transit operations support and for other eligible operating and capital projects pursuant to an expenditure plan adopted by the LACMTA.”⁸⁵

LA Metro has subsidized transit services both on and off the Metro ExpressLanes since they opened in 2012-2013. Metro states that they directly fund transit service to “support the deployment of the Metro ExpressLanes.” The subsidy results in “net benefit for low-income commuters as well as an increase in bus ridership denoting a potential mode shift” and “reducing congestion on the Metro ExpressLanes.”⁸⁶ As noted earlier, transit subsidies to the Metro J (Silver) Line using net toll revenue have helped increase ridership from 2.7 million annual boardings in 2011 to 4.95 million in 2024.⁸⁷ Metro’s updated reinvestment guidelines from 2023 continue the policy of directly funding transit service and additional strategies that work in combination to improve the performance of the ExpressLanes corridors.⁸⁸

Pennsylvania Turnpike Commission (toll road)

Originally opened in October 1940 and tolled since its opening, the Pennsylvania Turnpike was the first long-distance modern highway in the United States and now includes 565 route miles across the entire state.⁸⁹ The Turnpike is overseen by the Pennsylvania Turnpike Commission (PTC), which has traditionally focused on constructing, operating, and maintaining the Turnpike's facilities.⁹⁰ The PTC's mission was significantly expanded by two pieces of state legislation: Pennsylvania Acts 44 and 89 in 2007 and 2013, respectively, which directed the PTC to directly subsidize transportation throughout the state until the year 2057. Act 44 required the PTC to make annual payments to the Pennsylvania Department of Transportation (PennDOT), funded by toll revenues and toll revenue bonds. Payments were dedicated to highway and bridge capital projects, transit capital projects, and transit operating support. As a result of the size of the payments, the PTC raised tolls and issued large levels of debt. Within the first five years of Act 44's passage, PTC had made nearly \$3.5 billion in payments to PennDOT.⁹¹

Act 89 was introduced to address the funding challenges left unresolved by Act 44, creating a more sustainable funding model for Pennsylvania's transportation system and reducing the debt burden on the PTC. Act 89 eliminated payments for highway and bridge capital projects and redirected all the payments to transit capital and operating support and multi-modal programs starting in fiscal year 2015. It also reduced annual payments from the PTC to PennDOT from \$450 million to \$50 million, dedicated evenly to transit capital and operating support, from fiscal year 2023 to fiscal year 2057.⁹² Motor vehicle sales tax revenues will fund the gap in payments from PTC.⁹³ As of May 31, 2024, the PTC has provided a total of \$8 billion in funding for transportation needs in Pennsylvania, with more than \$2 billion dedicated to transit operations support.⁹⁴

Much of the funding has gone to projects and programs unrelated to the toll road, and it has provided critical financial support to public transit agencies across Pennsylvania. Pittsburgh Regional Transit, (legally known as the Port Authority of Allegheny County), for example, typically relies on state operating assistance, including toll revenues and multiple other revenue sources, for 50% or more of its operating budget.⁹⁵ Toll revenue payments have gone beyond transit operations support to fund improvements across all transportation modes, including highways, bridges, public transit, aviation, rail, and ports, as well as mixed-use real estate development, active transportation infrastructure including sidewalks and recreational trails, freight railroad improvements, and many other projects across the state.⁹⁶

The increase in tolls and the wide variety of projects and programs funded by Acts 44 and 89 led to legal action against the PTC.^{97,98} The plaintiffs in *Owner Operator Independent Drivers Association, Inc., et al. v. Pennsylvania Turnpike Commission, et al.* alleged that the increase in tolls disproportionately burdened interstate commerce. Arguing that toll revenues supported programs and projects that had no functional relationship to the Turnpike, the plaintiffs claimed that the tolls were excessive and violated the Dormant Commerce Clause by benefiting non-Turnpike related projects and placing undue financial strain on interstate travelers and businesses.

However, PTC prevailed in that case. The United States Court of Appeals for the Third Circuit upheld the district court's dismissal of the case, ruling that Congress, through federal statutes like ISTEA, authorized states to use toll revenue for non-toll road purposes and empowered the US Secretary of Transportation, not private citizens, to oversee toll revenue expenditures. Additionally,

the court held that the tolls did not infringe on the right to travel, as plaintiffs could not demonstrate that the tolls impeded travel in any way. In January 2020, the Supreme Court declined to hear the case, effectively ending the legal challenge to the Turnpike's tolling practices and affirming that the toll practices were lawful under federal law.⁹⁹

Conclusion

Changes to federal transportation policies and programs over recent decades have added flexibility to the uses of toll revenues. While some transportation agencies have been hesitant to allow the use of toll revenues for transit operations, this research brief found there is substantial evidence that states, regions, and localities have long exercised their legal ability to allocate toll revenues to a broad range of projects and services, such as rail and transit systems, active transportation infrastructure, and transit-oriented development. This research brief has demonstrated that these types of investments are longstanding, widespread, and beneficial, and transportation agencies should consider using toll revenues to fund integrated transportation networks.

Endnotes

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For more details about the study, download the full report at transweb.sjsu.edu/research/2528.



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