



March 31, 2009 News Release

Washington, D.C.: Study of Private Roads Shows Signs for Caution

States Vulnerable to Make Bad Deals; Public Protections Called For

A major new report released today identifies problems in a national trend toward private toll roads. The study entitled *Public Roads, Private Costs: The Facts About Toll Road Privatization and How to Protect the Public* examines 15 completed private road projects and 79 others that are proposed or underway.

“How we fund, finance, and choose our transportation investments is top-of-mind for many policymakers throughout the nation,” said Robert Puentes at the Brookings Institution. “This report is a major contribution to that important discussion and will be valuable for those sorting through the right mix of public and private investments and partnerships.”

A growing number of states are considering arrangements in which a private operator provides an up-front payoff or builds a new road in return for decades of escalating toll receipts. The report assesses these deals and identifies a number of problems with private toll roads:

- **Typically require greater toll hikes** to generate the same upfront payment that could be generated without privation.
- **Lead to serious loss of public control of future transportation planning** and typically **forces the public to compensate private companies if future policies reduce toll traffic.**
- **Deals often conducted with inadequate public disclosure or input.**
- **Lack the state capacity to oversee or enforce private road agreements**
- Problems compounded by the fact that **contracts typically extend 50-plus years in order to obtain large federal tax subsidies.**

“Public officials need to consider the full range of potential problems,” said Phineas Baxandall, Senior Analyst for Tax and Budget Policy at the U.S. Public Interest Research Group. **“No matter how desperate they are for short-term cash, states shouldn’t sign bad deals that will hurt the public over the long term.”**

Some states have seen a backlash against this trend. **Strong public resistance in New Jersey and Pennsylvania turned back proposed privatization deals in 2007 and 2008.**

This issue will likely become more heated in coming months as Congress considers how to finance reauthorization of the six-year transportation bill which expires in September. **“Many of the same banks and investment firms responsible for the mortgage market meltdown are lobbying hard for deals to finance America’s infrastructure,”** said Baxandall.

The U.S. PIRG report also documents **numerous public opinion surveys showing strong and consistent public opposition to private toll roads.**

U.S. PIRG’s report can be found at <http://www.uspirg.org/road-report>

The report’s appendix with analysis of 94 private road projects can be found here: <http://www.uspirg.org/road-appendix>

A new fact sheet about privatized roads can be found at <http://www.uspirg.org/private-road-factsheet>

Texas SB 17, its companion House bill, and official bill analysis are found here: <http://www.legis.state.tx.us/billlookup/text.aspx?LegSess=81R&Bill=SB17>