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Federal-Aid Highway Program (FAHP) Under MAP-21: In Brief

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Federal-Aid Highway Program (FAHP)

The federal government has provided some form of highway funding to the states for roughly 100 years. The major characteristics of the federal highway program have been constant since the early 1920s. First, most funds are apportioned to the states by formula and implementation is left primarily to state departments of transportation (state DOTs). Second, the states are required to provide matching funds. Until the 1950s, each federal dollar had to be matched by an identical amount of state and local money. The federal share is now 80% for non-Interstate System road projects and 90% for Interstate System projects. Third, generally, federal money can be spent only on designated federal-aid highways, which make up roughly a quarter of U.S. public roads.

How the Program Works

The Federal-Aid Highway Program (FAHP) is an umbrella term for the separate highway programs administered by the Federal Highway Administration (FHWA). These programs are almost entirely focused on highway construction, and generally do not support operations (such as state DOT salaries or fuel costs) or routine maintenance (such as mowing roadway fringes or filling potholes). Each state is required to have a State Transportation Improvement Plan, which sets priorities for the state's use of FAHP funds. The state DOTs largely determine which projects are funded, let the contracts, and oversee project development and construction. More recently, metropolitan planning organizations (MPOs) have played a growing role in project decision making in urban areas, but federal project funding continues to flow through state DOTs.

Under the 2012 surface transportation reauthorization act, the Moving Ahead for Progress in the 21st Century Act (MAP-21; P.L. 112-141), 92% of FAHP funding is distributed through five core programs.¹ All five are formula programs, meaning that each state's share of each program's total annual authorization is based on a mathematical calculation set out in the law. The remaining programs, generally referred to as discretionary programs, are administered more directly by FHWA, but MAP-21 has made the funding distribution of some of these programs formulaic also. The FAHP does not provide money in advance. Rather, a state receives bills and often pays upfront for work completed, and then submits vouchers for reimbursement to FHWA. FHWA certifies the claims for payment and notifies the Treasury Department, which disburses money electronically to the state's bank, often on the same day the voucher is submitted by the state.²

The FAHP, unlike most other federal programs, does not rely on appropriated budget authority. Instead, FHWA exercises contract authority over monies in the highway trust fund (HTF) and may obligate (promise to pay) funds for projects funded with contract authority prior to an appropriation. This approach shelters highway construction projects from annual decisions about appropriations. A distinctive terminology is used to describe highway program financing.

¹ See CRS Report R42762, *Surface Transportation Funding and Programs Under MAP-21: Moving Ahead for Progress in the 21st Century Act (P.L. 112-141)*, coordinated by (name redacted)

² Federal Highway Administration, *Financing Federal-Aid Highways*, FHWA-PL-07-017, Washington, DC, March 2007, pp. 17-18, http://www.fhwa.dot.gov/reports/financingfederalaid/financing_highways.pdf.

Highway Program Terminology

Distribution of funds is FHWA notification of the availability of federal funds, usually for four years. The states do not actually receive federal money for highway project spending up front.

Apportionment is the distribution of funds among the states as prescribed by a statutory formula.

Allocation is an administrative distribution of funds (often for specific projects) under programs that do not have statutory distribution formulas.

Reimbursement occurs once a project is approved, the work is started, costs are incurred, and the state submits a voucher to FHWA. The reimbursable structure is designed to curb waste, fraud, and abuse.

Contract authority is a type of budget authority that is available for obligation even without an appropriation (although appropriators must eventually provide **liquidating authority** to pay the obligations).

Obligation of contract authority for a project by FHWA legally commits the federal government to reimburse the state for the federal share of a project. This can be done prior to an appropriation.³

Limitation on obligations, known as ObLim or Oblimit, is used to control annual FHWA spending in place of an appropriation. The ObLim sets a limit on the total amount of contract authority that can be obligated in a single fiscal year. For practical purposes, the ObLim is analogous to an appropriation.⁴

The Highway Trust Fund

The highway trust fund is financed from a number of sources, including taxes on fuels, tires, truck and trailer sales, and a weight-based heavy vehicle use tax.⁵ However, approximately 90% of trust fund revenue comes from excise taxes on motor fuels, 18.3 cents per gallon on gasoline and 24.3 cents per gallon on diesel. The HTF consists of two separate accounts—highway and mass transit. The highway account receives an allocation equivalent to 15.44 cents of the gasoline tax and the mass transit account receives the revenue generated by 2.86 cents of the tax.⁶ Because the fuel taxes are set in terms of cents per gallon, rather than as a percentage of the sale price, their revenues do not increase with inflation. The fuel tax rates were last raised in 1993.

Sluggish economic growth and improved vehicle efficiency have depressed fuel consumption and therefore fuel tax revenue. Since FY2008, the revenues flowing into the highway account of the HTF have been insufficient to fund the expenditures authorized under the Federal-Aid Highway Program (**Figure 1**). Resolving this discrepancy prior to the enactment of MAP-21 required three transfers from the general fund totaling \$29.7 billion,⁷ without which FHWA might have faced delays paying states for completed work.

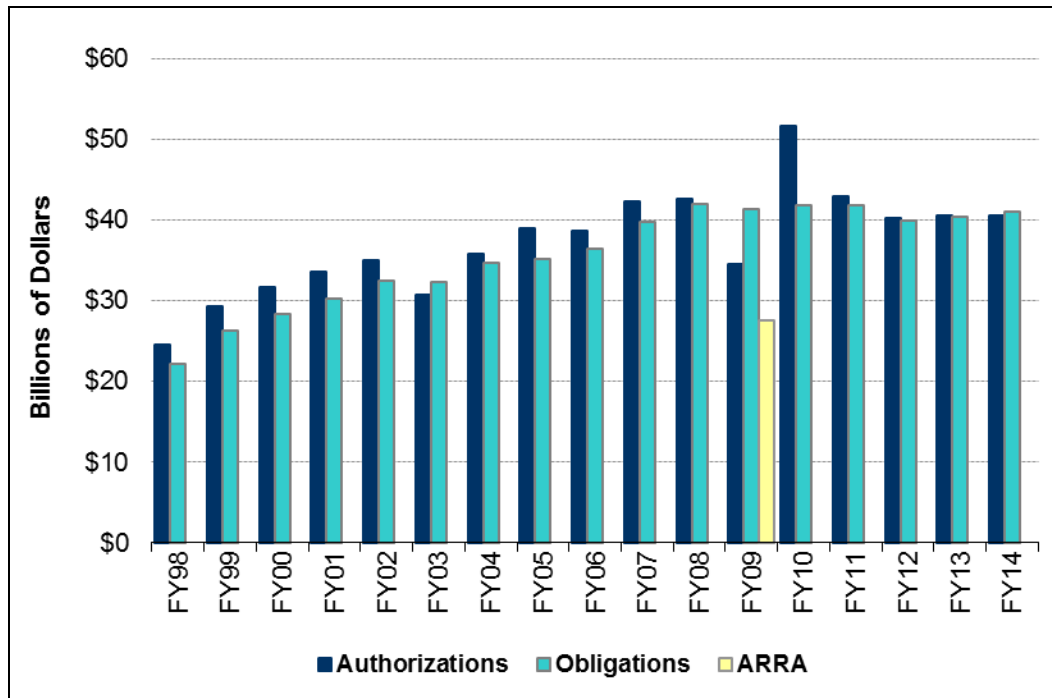
³ For a more detailed discussion see *Ibid.*, pp. 9-10.

⁴ *Ibid.*, pp. 19-22. To be contract authority the authorization must refer to Title 23, Chapter 1 of the *U.S. Code*, and it must be funded out of the highway trust fund.

⁵ Federal Highway Administration, *Highway Statistics 2010: Federal Highway-User Fees; Table FE-21B*, Washington, DC, 2011, <http://www.fhwa.dot.gov/policyinformation/statistics/2010/fe21b.cfm>.

⁶ Non-fuels taxes accrue only to the highway account. A separate 0.1-cents-per-gallon tax on all fuels goes into the leaking underground storage tank (LUST) trust fund, which is administered by the Environmental Protection Agency and the states. The authorization of this fund is not addressed in surface transportation legislation.

⁷ In late FY2008, \$8 billion was transferred to carry the highway account into the 2009 fiscal year (P.L. 110-318). In FY2009 the transfer was \$7 billion (P.L. 111-46). The Surface Transportation Extension Act of 2010 (P.L. 111-148) transferred \$14.7 billion more to the highway account.

Figure I. Federal-Aid Highway Funding: 1998-2014

Source: Federal Highway Administration.

Notes: The FY2009 authorization figure reflects rescission of \$8.708 billion, and the FY2010 figure reflects the restoration of the rescission. Obligations are annual FAHP obligation limitations plus exempt obligations. ARRA refers to funding under the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

To fund the difference between HTF revenues and authorized spending, MAP-21 provides for general fund transfers of \$6.2 billion and \$12.6 billion for FY2013 and FY2014 respectively.⁸ \$2.4 billion of the accrued balance of the leaking underground storage tank fund was also transferred to the HTF for FY2012. According to Congressional Budget Office estimates, the highway account of the HTF will retain a prudent balance of \$4.0 billion at the end of FY2014.⁹

Projections indicate that HTF revenues will continue to be inadequate to support baseline spending on surface transportation after MAP-21 expires at the end of FY2014. If that occurs, Congress will face the need to approve some combination of new taxes, an increase in existing fuel taxes, continuing expenditures from the general fund, increased federally supported debt financing, or reductions in the scope of the federal surface transportation program.¹⁰

⁸ Joint Committee on Taxation, Estimated General Fund and Trust Fund Effects of the Conference Agreement for the Revenue Provisions Contained in Division D of MAP-21, committee print, 112th Cong., 2nd sess., June 28, 2012, JCX-58-12, pp. 1-3. For an explanation of the transfers and offsets see, Senate Finance Committee. H.R. 4348: MAP-21, available at <http://www.finance.senate.gov/legislation/details/?id=d923f3c4-5056-a032-52f9-cc852968f453>

⁹ Congressional Budget Office, *Highway Trust Fund Projections: CBO May FY2013 Baseline 2012-2013*, May 15, 2013. Because requests for reimbursement from the HTF may occur at any time and because Treasury transfers to the HTF occur only twice each month, FHWA deems it prudent to maintain a \$4 billion minimum in the highway account to prevent having to delay payments to states due to insufficient funds.

¹⁰ CRS Report R42877, *Funding and Financing Highways and Public Transportation*, by (name redacted) and (name redacted) .

Funding Federal-Aid Highways

After 10 years of increasing authorizations, the insufficiency of the HTF led to a leveling off of federal spending under the authorization extensions that funded highways from October 1, 2009, to enactment of MAP-21 in July 2012.¹¹ MAP-21 supports highway funding at a baseline level with a modest adjustment for inflation. The Federal-Aid Highway and research titles authorize \$41 billion annually for FY2013-FY2014 (see **Table 1**). The act included no project earmarks.

Table 1. Highway Authorizations: MAP-21

(contract authority from the highway account of the HTF, except as noted, in millions of dollars)

| Program | FY2013 | FY2014 | Total |
|--|---------------|---------------|---------------|
| Title I: Federal-Aid Highways | 37,477 | 37,798 | 75,275 |
| Transportation Infrastructure Finance and Innovation Program (TIFIA) | 750 | 1,000 | 1,750 |
| Tribal Transportation Program | 450 | 450 | 900 |
| Federal Lands Transportation Program | 300 | 300 | 600 |
| Federal Lands Access Program | 250 | 250 | 500 |
| Territorial and Puerto Rico Highway Program | 190 | 190 | 380 |
| Federal Highway Administration Administrative Expenses | 454 | 440 | 894 |
| Emergency Relief | 100 | 100 | 200 |
| Projects of National & Regional Significance [Gen. Fund] | 500 | - | 500 |
| Construction of Ferry Boats and Ferry Terminal Facilities | 67 | 67 | 134 |
| Tribal High Priority Projects Program [Gen. Fund] | 30 | 30 | 60 |
| Total Authorizations: Division A | 40,568 | 40,625 | 81,193 |
| Federal-Aid Highway Program Obligation Limitation | 39,699 | 40,256 | 79,955 |
| Title II Research and Education | 400 | 400 | 800 |
| Total Authorizations | 40,968 | 41,025 | 81,993 |

Source: Federal Highway Administration, *MAP-21: Federal Highway Administration; Funding Tables*, Washington, DC, 2012, <http://www.fhwa.dot.gov/map21/funding.cfm>. For breakout of formula programs, see **Table 2**.

Notes: The \$500 million authorized for Projects of National and Regional Significance for FY2013 and the annual \$30 million for Tribal High Priority Projects can be expended only with an appropriation.

Formulas and Apportionments

Unlike earlier surface transportation authorization acts, MAP-21 does not use separate formulas to determine each state's apportionments under each core program. Instead, MAP-21 has an annual authorization for each major program determined by a single funding formula.

For FY2014, the total amount available for distribution is divided among the states based on each state's "initial amount," which is determined by multiplying the total amount available for

¹¹ This does not take into account the \$27.5 billion provided for highways in FY2009 under the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

apportionment for the year by each state's share of total nationwide apportionments and allocations received for FY2012. However, should any state receive less than 95 cents for every dollar contributed to the highway account of the HTF the state's share is raised to that level. Given the excess of federal highway spending over HTF revenues in recent years, it is unlikely that any adjustments will have to be made.

Second, an amount for each state's apportionments for the Metropolitan Planning and Congestion Management and Air Quality Improvement (CMAQ) programs is set aside from its initial amount, based on the relative size of the state's apportionments for FY2009 for these programs.

Third, the remainder of each state's "initial amount" is divided among the three remaining core programs as follows: 63.7% is apportioned to the National Highway Performance Program, 29.3% to the Surface Transportation Program, and 7% to the Highway Safety Improvement Program (from which \$220 million annually is set aside for the Rail-Highways Crossings Program).

The Transportation Alternatives (TA) Program is then funded via a series of set asides at a level of 2% of all MAP-21 authorized federal-aid highway and highway research funds. Each state's core formula program and Metropolitan Planning apportionments are reduced proportionally to fund each state's TA. Under MAP-21, the five core programs plus Metropolitan Transportation Planning are authorized at \$37.8 billion for FY2014.

Table 2 shows the dollar amounts of the aggregate programmatic split.¹²

Table 2. Apportioned Programs (Contract Authority)
(millions of dollars)

| Program | FY2013 | FY2014 | Total |
|--|---------------|---------------|---------------|
| National Highway Performance Program (NHPP) | 21,752 | 21,936 | 43,687 |
| Surface Transportation Program (STP) | 10,005 | 10,090 | 20,095 |
| Highway Safety Improvement Program (HSIP) | 2,390 | 2,411 | 4,801 |
| Congestion Mitigation & Air Quality Improvement Program (CMAQ) | 2,209 | 2,228 | 4,437 |
| Metropolitan Transportation Planning | 312 | 314 | 626 |
| Transportation Alternatives (TA) | 809 | 820 | 1,629 |
| Total | 37,477 | 37,798 | 75,275 |

Source: Federal Highway Administration.

Core Highway Formula Programs

MAP-21 reduced the number of discrete funding programs by two-thirds to roughly 30 programs. Most of this reduction was accomplished by absorbing formerly separate activities and eligibilities, such as a program for repair and replacement of highway bridges, into the new core programs discussed below. The core programs also have many areas of overlapping eligibility.

¹² Federal Highway Administration, *MAP-21: Federal Highway Administration; Funding Tables*, Washington, DC, 2012, <http://www.fhwa.dot.gov/map21/funding.cfm>. This site includes tables that set forth the estimated apportionments over the life of MAP-21 on a state-by-state basis.

National Highway Performance Program (NHPP; MAP-21 §1106)

NHPP has become the largest of the restructured federal-aid highway programs, with authorizations of approximately \$22 billion for FY2014. The program supports improvement of the condition and performance of the National Highway System (NHS),¹³ which includes the Interstate System highways and bridges as well as virtually all other major highways. NHPP includes projects to achieve national performance goals for improving infrastructure condition, safety, mobility, or freight movement, consistent with state or metropolitan planning; construction, reconstruction, or operational improvement of highway segments; construction, replacement, rehabilitation, and preservation of bridges, tunnels, and ferry boats and ferry facilities; inspection costs and the training of inspection personnel for bridges and tunnels; bicycle transportation infrastructure and pedestrian walkways; intelligent transportation systems; and environmental restoration, as well as natural habitat and wetlands mitigation within NHS corridors. If Interstate System and NHS bridge conditions in a state fall below the minimum conditions established by the Secretary of Transportation, certain amounts would be transferred from other specified programs in the state. NHPP funds may be used for Appalachian Development Highway System projects with no state match.

Surface Transportation Program (STP; MAP-21 §1108)

STP is the federal-aid highway program with the broadest eligibility criteria. Funds can be used on any federal-aid highway, on bridge projects on any public road, on transit capital projects, on routes for non-motorized transportation, and on bridge and tunnel inspection and inspector training. MAP-21 authorized about \$10 billion for FY2014 for STP. Although “transportation enhancement” type activities, such as bike paths and footpaths, are funded under the new Transportation Alternatives program, these types of projects can also be funded under STP if a state wishes. STP funds may be used for Appalachian Development Highway System projects with no state match.

Half of each state’s STP funds are to be distributed within the state based on population. The remainder may be spent anywhere in the state. STP funds equal to 15% of the state’s highway bridge apportionment for FY2009 are to be set aside for off-system bridges. Some STP funds reserved for rural areas may be used on minor collector roads.

Highway Safety Improvement Program (HSIP; MAP-21 §1112)

HSIP supports projects that improve the safety of road infrastructure by correcting hazardous road locations, such as dangerous intersections, or making road improvements such as adding rumble strips. Under MAP-21, HSIP is funded at roughly \$2.4 billion for FY2014. The Rail-Highway Grade Crossing Program was continued through a \$220 million annual set aside.¹⁴

¹³ Section 1104 redefines the components of the National Highway System (NHS), which already included all Interstate System highways and most major roads, allowing for the incorporation of additional principal arteries not previously included in the NHS and eliminating the national mileage limit on the designations. It also adds the strategic highway network to the NHS and clarifies rules for modifications to the National Highway System and the Interstate System.

¹⁴ CRS Report R43026, *Federal Traffic Safety Programs: An Overview*, by (name redacted)

Congestion Mitigation and Air Quality Improvement Program (CMAQ; MAP-21 §1113)

CMAQ was established to fund projects and programs that may reduce emissions of transportation-related pollutants. Historically, about \$1 billion of the annual CMAQ funding has been transferred to the Federal Transit Administration. Under MAP-21, CMAQ is authorized at \$2.4 billion for FY2014. Eligibility was expanded by MAP-21 to include demand-shifting projects such as telecommuting, ridesharing, and road pricing. The act also expands eligibility to allow funding for turning lanes, electric and natural gas infrastructure, and for public transportation operating costs in certain cases.

Transportation Alternatives Program (TA; MAP-21 §1122)

In MAP-21, Congress combined three programs, funding such things as highway beautification, routes for non-motorized transportation, recreational trails, and safe routes to schools into an umbrella program called Transportation Alternatives (TA).¹⁵ TA funds also may be used for “planning, designing, or constructing boulevards and other roadways largely in the right-of-way of former Interstate System routes or other divided highways.” TA is a set-aside from each state’s NHPP, STP, HSIP, CMAQ, and Metropolitan Planning apportionments amounting to roughly 2% of total highway funding.¹⁶

There is no specific funding level for any of the programs within this group.¹⁷ States are required to allocate 50% of the funds to local entities for obligation. Bicycle facilities and pedestrian walkways also are eligible expenses under the National Highway Performance Program, the Surface Transportation Program, and the Highway Safety Improvement Program.

Transferability Among the Core Programs

States may transfer up to 50% of any apportionment to any other apportioned program. However, no transfers are permitted of funds that are suballocated to areas by population (such as STP) or of Metropolitan Planning funds. The broad areas of eligibility overlap among the core programs under MAP-21 should make it easier for states to operate within the 50% restriction on transfers.

Other Highway Programs

Emergency Relief (ER) Program

ER funds are made available following natural disasters or catastrophic failures (from an external cause) for both emergency repairs and restoration of federal-aid highway facilities to pre-disaster

¹⁵ MAP-21 made transportation museums, scenic or historic highway programs, acquisition of scenic or historic easements and sites, and pedestrian and bicycle safety and education programs ineligible for federal funding.

¹⁶ The states are allowed to use a portion of this funding for other purposes, under a particular circumstance: 50% of the funds are to be suballocated to local government authorities, and if the state does not use the remaining 50%, then in subsequent years it may use the amount in excess of one year’s funding for any project eligible under CMAQ. As an example, if the Transportation Alternative set-aside for a state is \$20 million, the state must suballocate \$10 million to local governments, and may use any funds in excess of the remaining \$10 million balance for other CMAQ projects.

¹⁷ Each state is required to obligate the same amount for recreational trails that it was apportioned for recreational trails in FY2009—but states are allowed to opt out of that requirement.

conditions. The program is funded by an annual authorization of \$100 million from the HTF and general fund appropriations authorized on a “such sums as necessary” basis. MAP-21 codified some existing regulations regarding project eligibility. The act also reiterated that ER funds can only be used on federal-aid highways. MAP-21 specifies that the Federal Emergency Management Agency, not FHWA, will fund debris removal after major disasters.¹⁸

Territorial and Puerto Rico Highway Program

The Puerto Rico and Territorial Highway programs are funded at \$150 million and \$40 million annually, respectively, for FY2014.

Appalachian Development Highway System Program (ADHS)

The Appalachian Development Highway System is made up of designated corridors in the 13 participating Appalachian states. The ADHS program is a road-building program intended to break Appalachia’s isolation and encourage economic development. Construction has been ongoing since the mid-1960s. MAP-21 eliminates the ADHS program as a freestanding program with a separate authorization, incorporates its eligibilities into NHPP and STP, and provides for a 100% federal share for ADHS projects to encourage states to complete the ADHS.¹⁹

Construction of Ferry Boats and Ferry Terminal Facilities

The Ferry Boats and Ferry Terminal Facilities Program is a formula program that includes no set-asides for specific states.²⁰ MAP-21 provides \$67 million FY2014 for the construction of ferry boats and terminal facilities. The funding is to be apportioned according to a formula based on passengers and vehicles carried as well as total route miles. Ferry boats and facilities are also eligible for formula funds under the National Highway Performance Program.²¹

Federal Lands and Tribal Transportation Programs

MAP-21 restructured several programs to create the Federal Lands and Tribal Transportation Program. The new program has three main components:

- The Tribal Transportation Program, authorized at \$450 million annually, distributes funds among tribes mainly under a statutory formula based on road mileage, tribal population, and relative need. MAP-21 also authorizes the Tribal High Priority Projects Program to fund important projects that cannot be completed with a tribe’s regular annual allocation or are needed due to an emergency or disaster. This is a discretionary program, for which MAP-21 authorizes \$30 million from the general fund for FY2014.

¹⁸ CRS Report R42804, *Emergency Relief Program: Federal-Aid Highway Assistance for Disaster-Damaged Roads and Bridges*, by (name redacted)

¹⁹ Federal Highway Administration, *Appalachian Development Highway System (ADHS): Fact Sheet*, Washington, DC, 2012, <http://www.fhwa.dot.gov/map21/adhs.cfm>. NHPP funds are limited to construction of ADHS routes that are also on the National Highway System (NHS). Consequently, most local access roads would not be eligible under NHPP.

²⁰ The program is part of the Federal-Aid Highway Program because it is designed to permit federal participation in the construction of ferry boats and terminals where it is not feasible to build a bridge, tunnel, or other highway structure.

²¹ Federal Highway Administration, *Construction of Ferry Boats and Ferry Terminal Facilities: MAP-21 Fact Sheet*, Washington, DC, 2012, <http://www.fhwa.dot.gov/map21/ferry.cfm>.

- The Federal Lands Transportation Program, authorized at \$300 million annually, provides \$240 million annually to the National Park Service and \$30 million to the Fish and Wildlife Service for transportation activities. The remaining funding will be allocated among three other federal land management agencies, the Forest Service, the Corps of Engineers, and the Bureau of Land Management.
- The Federal Lands Access Program, authorized at \$250 million annually, supports projects that are on, adjacent to, or provide access to federal lands. Funding is allocated among the states by a formula based on the amount of federal land, the number of recreational visitors, federal road mileage, and the number of federally owned bridges.

Transportation Infrastructure Finance and Innovation Act (TIFIA) Program

The TIFIA program provides secured loans, loan guarantees, and lines of credit for major surface transportation projects. Loans must be repaid with a dedicated revenue stream, typically a project-related user fee. MAP-21 greatly increased TIFIA funding from \$122 million annually to \$750 million in FY2013 and \$1 billion in FY2014. DOT estimates that after administrative costs and application of the obligation limitation it will have \$920 million for credit subsidy support in FY2014.²² Assuming an average subsidy cost of 10%, this may provide DOT with the capacity to lend \$9.2 billion in FY2014.²³ MAP-21 also increases the maximum share of project costs that TIFIA may provide from 33% to 49%, probably lowering the share of nonfederal resources leveraged with federal loans.

The minimum amount of TIFIA assistance for a single project is \$50 million, except for intelligent transportation system projects (\$15 million) and rural projects (\$25 million).²⁴ Ten percent of program funds are set aside to assist rural projects. Additionally, whereas loans for urban projects must be charged interest not less than the Treasury rate, projects assisted by the rural set aside are offered loans at half the Treasury rate. Rural projects are defined very expansively to include any project in an area other than a city with 250,000 or more inhabitants.

TIFIA assistance is permitted for any eligible project, subject to certain eligibility criteria. One of the key criteria is creditworthiness. To be eligible, a project's senior debt obligations and the borrower's ability to repay the federal credit instrument must receive an investment-grade rating from at least one nationally recognized credit rating agency. The TIFIA assistance must also be determined to have several beneficial effects: fostering a public-private partnership, if appropriate; enabling the project to proceed more quickly; and reducing the contribution of federal grant funding. Other eligibility criteria include satisfying planning and environmental review requirements and being ready to contract out construction within 90 days after the obligation of assistance. Applications for assistance must be accepted by DOT on a rolling basis.

²² U.S. Department of Transportation, "Letters of Interest for Credit Assistance Under the Transportation Infrastructure Finance and Innovation Act (TIFIA) Program," 77 *Federal Register* 45411-45415, July 31, 2012, http://www.fhwa.dot.gov/ipd/pdfs/tifia/fy2013_tifia_nofa_073112.pdf.

²³ The subsidy cost is "the estimated long-term cost to the government of a direct loan or a loan guarantee, calculated on a net present value basis, excluding administrative costs," Federal Credit Reform Act of 1990 (FCRA), §502 (5A).

²⁴ The law also provides eligibility for projects whose total expected costs are 33.3% of the amount of federal highway assistance apportioned in the most recent fiscal year to the state in which the project is located.

Tolling

Tolling of non-Interstate federal-aid highways has been allowed since 1992. MAP-21 provides for a modest broadening of tolling of currently toll-free Interstate Highways. Totally new Interstate routes or extensions of existing routes may be built as toll roads. Toll lanes may be added to an existing Interstate route as long as the number of “free” lanes is maintained. The law allows up to three toll-free Interstate Highway segments nationally to be subject to tolls when that is the only way to provide funding for rehabilitation or reconstruction. States may use congestion pricing on tolled road segments. Tolls are important revenue streams for many public-private partnerships and alternative financing mechanisms, which have received strong support in Congress. The Federal Highway Administration does not regulate toll rates.

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