



Recent developments and current policy issues in road pricing in the US and Canada

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Abstract

The United States and Canada lag Europe and Singapore in implementing road pricing on a large scale. But the two countries have shown interest in tolling roads as a way to curb congestion and to generate revenues. The US is funding congestion pricing demonstration projects through its Value Pricing Pilot Program, and Canada has examined new ways to charge for road use and to finance road construction and maintenance. This paper reviews the current state of road pricing and funding in the two countries. The prospects for extensive road pricing appear to be brighter in the US than in Canada.

Keywords: Road pricing; Congestion; Earmarking; US Highway Trust Fund; Fuel taxes.

1. Introduction

For over a decade the European Union has been studying the application of marginal-cost-based pricing in transportation, and has issued Green and White Papers as well as sponsored a series of research projects. The United States and Canada have not made a comparable effort. Nevertheless, the two countries are acutely aware of flaws in the way that transportation is currently priced and funded, and they have shown interest in policy reform. As far as pricing roads the US has been funding congestion pricing demonstration projects through its Value Pricing Pilot Program since 1998. And in 2001, Canada completed a thorough review of the Canada Transportation Act that addressed the case for new ways to charge for road use and to finance road construction and maintenance.

The purpose of this paper is to summarise these and other developments, and to identify both the challenges and the prospects for wide-scale implementation of road pricing in the two countries. Europe is chosen as the main reference for comparison since many readers of this journal will be Europeans, and because there are interesting similarities and differences between the two continents. The US and Canada have standards of living and systems of government that are similar to the EU. As in the EU,

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