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Untangling Tolls and P3s.

The Alabama Department of Transportation recently released a "Myth Busters" communication in response to recent criticism of the agency's plans to deliver a new bridge and byway project as a public-private partnership. ALDOT's response focuses on common misconceptions about how the tolls will be imposed and why tolls are necessary for this particular project (which is, in fact, being delivered as a toll-revenue P3). However, in light of the recent pushback against tolls in a variety of jurisdictions, including South Florida, it is worth clarifying the relationship between tolls and public/private partnerships.

In brief, tolls and P3s are independent concepts. In fact, most toll roads are not public-private partnerships—in such situations, the government sets and collects tolls itself as a means to pay for the asset. In addition, most recent P3s do not involve tolls—the private developer of an asset is often repaid by the government directly, through annual availability payments, with no tolls imposed on users of the asset. The recent PortMiami Tunnel is an example of a recent P3 that does not involve tolling. It is also worth considering that even if a P3 asset has tolls, the private developer is not necessarily the party receiving the toll revenue–the government may choose to collect tolls on a P3, but keep the toll revenue itself and instead pay the developer an established annual availability payment. A P3 may also be structured in a manner where the private partner bears the type of risks associate with tolls, but no tolls are actually collected from the public—instead, the government will pay the developer a "shadow toll" for each user. The bottom line is that there are many ways to structure a P3 to accomplish the government's objectives, and that tolls need not be part of the equation.

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