



Congestion taxes: a way of financing new infrastructure

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Summary

The present volume of traffic on the main thoroughfares in Stockholm often greatly exceeds the capacity for which they were originally built. In other words, the Stockholm traffic system has almost reached its maximum capacity. A lack of space and money makes it difficult to build new roads. The actual situation creates a need of using existing road system more efficient. To change traffic flows and road usage a congestion tax system was introduced in Stockholm inner city area and a trial operation was carried out between 3 January and 31 July 2006. The Swedish Road Administration was commissioned by the Government for the implementation. An extensive, sophisticated technical system was developed.

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1. Introduction

Financing major infrastructure projects is a problem nowadays as public finances in many countries are very tight and the need for infrastructure and rehabilitation of existing infrastructure as well as health care, education etc. is tremendous. In a situation such as this, it is important to look for a solution that both stimulates a more efficient use of the existing infrastructure and makes it possible to raise money for investment in new projects.

Stockholm is a city on many isles with a limited means of creating access to the inner city area. Access to the inner city is mainly via bridges and tunnels and it is very difficult to extend traffic capacity in the area by constructing more roads, bridges and tunnels. Congestion and its negative effects on the city environment have been a big problem for many years. During peak hours it can take up to three times longer than normal to cover a stretch on the city access roads, thoroughfares or inner city bridges.

Since the construction of new roads is hardly feasible in this urban area, a trial with congestion taxes were introduced for a trial period from 3 of January to last of July 2006 to reduce some of the traffic problems. During this period, the access to Stockholm inner city was restricted by free-flow toll gates where all Swedish-licensed vehicles passing in or out of this area had to pay a congestion tax.

The congestion tax system in Stockholm is a unique free-flow system that has never been tried anywhere else in the world before. It was developed for Stockholm and for the growing international market in this area. It consists of a system with an automatic registration of passing vehicles, automatic identification and a system to administer the payments. The administration of payments includes a customer service that enables the public to get information about the system, their tax debts and how to pay.