Key Evaluation Objectives:

- » Examine the cost of Oklahoma's system of toll roads and the revenues generated per tollway.
- » Analyze the impact of crosspledging and bond refunding on Oklahoma's turnpike system.
- » Analyze the feasibility of transitioning tollfunded roads to taxpayer funded roads.
- » Examine the decision-making process into expanding or authorizing new toll roads.

Executive Summary

In the late-1940s, Oklahoma began supplementing tax-funded roadways with user-supported roads. The Turner Turnpike, a high-speed roadway connecting Oklahoma City and Tulsa, was created as the State's first toll road in 1947. Today, the Oklahoma Turnpike Authority (OTA) oversees 13 turnpikes covering 630 miles of roadway. The construction, maintenance, and operation of these roads is funded exclusively from tolls charged to those driving on them. OTA estimates that nearly 50 percent of toll revenues are collected from out-ofstate motorists.



While it was originally intended that the toll revenues generated by the Turner Turnpike would pay off the debt of constructing it and then become a taxsupported road, between 1955 and 1966, statute was amended to:

- Approve the construction of additional turnpikes
- Transition the Turnpike Authority from a regional entity to a Statewide one
- Allow the Turnpike Authority to combine two or more turnpike projects into one for the purpose of issuing bonds
- Allow for revenues collected from all turnpikes to be used to pay the obligations of any and all turnpikes, and
- Allow OTA to issue new bonds to both pay back the debt on existing turnpikes as well as fund new turnpikes

These changes instituted a funding mechanism referred to as "cross-pledging," which allows the revenue generated by each route to be combined to cover expenses across the entire system, including debt service and road maintenance. This funding model replaced any initial plans for individual roads to collect toll revenue for the purpose of repaying debt associated with its construction.

OTA is an instrumentality of the State of Oklahoma, rather than a traditional State agency, and does not receive any State appropriations. Statute prohibits debts of OTA from becoming debts of the State.

With this evaluation, LOFT sought to examine the cost of toll roads, evaluate bond refunding and its impact on bond retirement, and examine the feasibility of transitioning toll roads into State highways. The evaluation resulted in two key findings:

Finding 1: The Turnpike System Has Become the State's Primary Mechanism for Constructing New Major Roadways

Oklahoma's turnpikes will continue collecting tolls until the entire system's bonds are retired, and the bond agreements are based on the collective revenue streams. In 2024, OTA reported gross operating revenues of \$412 million, over 90 percent of which were from tolls, with the remainder from concessions along the tollways. LOFT found that Oklahoma's toll rate per mile is below average for drivers enrolled with OTA's transponder payment option, and at the national average for drivers whose plates are electronically scanned for payment (Plate Pay). The practice of cross-pledging enables the construction of roads that would not be feasible if they were to be financed solely through toll collections. As demonstrated in the table below, five of thirteen turnpikes generated 80 percent of all toll revenue.

Turnpike	Revenue	% of Total	Centerline Miles	Revenue Per Mile
Turner Turnpike	\$97,543,000	23.81%	86	\$1,134,221
Will Rogers Turnpike	\$89,007,000	21.73%	88.5	\$1,005,729
John Kilpatrick Turnpike	\$59,812,000	14.60%	30.3	\$1,973,993
Creek Turnpike	\$39,040,000	9.53%	34.4	\$1,134,884
H.E. Bailey Turnpike	\$37,109,000	9.06%	94.6	\$392,273
Muskogee Turnpike	\$23,827,000	5.82%	53.1	\$448,719
Indian Nation Turnpike	\$19,729,000	4.82%	105.2	\$187,538
Cimarron Turnpike	\$13,520,000	3.30%	67.7	\$199,705
Cherokee Turnpike	\$11,289,000	2.76%	32.8	\$344,177
Gilcrease Turnpike	\$6,649,000	1.62%	5.7	\$1,166,491
Kickapoo Turnpike	\$6,072,000	1.48%	18.5	\$328,216
SW John Kilpatrick Turnpike	\$4,989,000	1.22%	5	\$997,800
Chickasaw Turnpike	\$1,054,000	0.26%	13.3	\$79,248
Total Revenues	\$409,640,000			

Between 1947 and 2010, a total of 35 routes have been authorized in Statute, and OTA is authorized to build any of these routes when it determines the route is economically feasible. OTA's latest project, known as ACCESS, includes widening some of the most heavily traveled turnpikes, improving interchanges, and building two new revenue generating roads, at a projected pre-interest cost of \$8.2 billion. The two new routes – the South Extension Turnpike and completing the Outer Loop – were statutorily authorized between 1987 and 1993. OTA states that \$4.3 billion will be used to construct the two new revenue generating turnpikes while the remaining \$3.9 billion will fund other improvements. Additionally, an extension of the Gilcrease turnpike is planned, but the source of funding has not been determined. Due to a unique funding arrangement, Gilcrease is separate from the rest of the turnpike system.

Extrapolating from the 50-year revenue estimates made by CDM Smith, the contractor OTA uses to conduct its traffic and revenue studies, it would take 207 years to pay off the bonds issued for ACCESS projects if OTA were to use only the revenue generated by the new turnpikes. Thus, the revenue sharing model allows the ACCESS project to be feasible where it would otherwise be too costly. As of June 2025, \$1.6 billion in bonds have been issued for the ACCESS program, and in October 2025 a refunding bond of \$148.6 million is expected to be issued.

ACCESS Oklahoma					
Corridor	Project Length	Estimated Budget	Year Authorized		
Interchange Improvements	Various	\$330 Million	Various		
Turner Turnpike Widening	68 Miles	\$2.5 Billion	1947		
South Extension Turnpike	19 Miles	\$1.025 Billion	1993		
Outer Loop: East-West Connector	28 Miles	\$3 Billion	1987		
Outer Loop: Tri-City Connector	8 Miles	\$360 Million	1987		
John Kilpatrick Widening	15 Miles	\$375 Million	1987		
Will Rogers Widening	12 Miles	\$610 Million	1953		
Gilcrease Expressway Expansion*	5 Miles	\$495 Million	2010		
Total		\$8.695 Billion			

LOFT compared OTA's role in providing transportation infrastructure to that of the Oklahoma Department of Transportation (ODOT) and found that as ODOT's resources increasingly became focused on maintenance of the State's roadways and bridges, the Turnpike Authority grew to fulfill the State's needs for new highway infrastructure. ODOT has significantly more infrastructure under its management than OTA. Currently, ODOT estimates its backlog of maintenance projects to be \$26.9 billion. OTA's ability to use its existing tollways to fund new bonds provides the State with significant flexibility in constructing new roads, which would not be feasible with just ODOT's resources.

Finding 2: Changing Oklahoma's Turnpike Model is Possible, but Would Take Decades to Fully Realize

As of June 2025, the payoff amount for OTA's bonds is just over \$3 billion. If the Legislature sought to immediately make the State's turnpikes toll-free, it would have to satisfy this bond debt plus absorb the annual \$260 million in asset preservation and maintenance costs for the roads. However, the \$3 billion represents only the current amount of debt held by OTA. OTA's ACCESS project will add another \$6.6 billion in principal bond debt over the next 13 years, effectively tripling the amount the State would be paying back. If the ACCESS projects are continued as planned, paying down the current \$3 billion of bonds would do little to transfer the turnpike system to the Oklahoma Highway Commission.

What's more, paying the debt off all at once would put the entire burden on Oklahomans. Under the current system, approximately 50 percent of the tolls collected by OTA are paid by out-of-state drivers. Additionally, federal law requires states to supply a certain percentage of their highway spending in order to remain eligible for federal highway funds. Toll revenues spent on building or maintaining highways can be credited towards the state's obligation. If tolls are eliminated, federal funding would not be allowed to supplant that revenue; instead, another state funding source would be needed.

Due to the impracticability of the State paying off OTA's existing bond debt, LOFT focused on three possible scenarios for the State to change the way turnpikes work in Oklahoma:

Scenario 1: The State takes ownership of the turnpikes once they are paid in full.

Under this scenario, the Legislature would repeal authorization for projects that have not already been bonded, which would have the effect of capping OTA's bond indebtedness at \$8.2 billion. The Legislature would not, in this hypothetical scenario, appropriate additional money to accelerate bond repayment. This would lead to the last bond being repaid in 2055, or a few years later if all ACCESS programs were allowed to continue. Although this avoids the need for billions of dollars in immediate expenditures, it still requires policymakers to find a new way of funding the maintenance of these roads after they are no longer collecting tolls. Last, dissolving OTA would also impact the Oklahoma Department of Public Safety, as OTA currently covers the cost of 117 State Troopers assigned to the turnpikes as well as funding the trooper cadet school and some equipment costs.

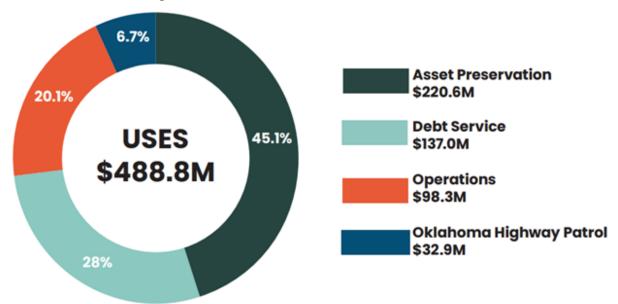
Scenario 2: Periodically Transfer one Turnpike at a Time to ODOT Until All Are Free of Tolls

The Legislature could also require OTA to steadily progress toward making turnpikes toll free. This would require issuing new bonds with payoff triggers and enforcing a moratorium on new turnpike projects. Assuming the revenue is still in place to continue needed maintenance and debt service on the remaining system, one turnpike at a time could be made toll free. This approach might increase the cost of the current repayment schedule, and the most-traveled and highest-income-generating turnpikes would likely have to be the last ones to be paid off, but this would allow the State to gradually reduce the total number of tolled roads. However, this scenario does not address the need for additional revenue to fund ongoing maintenance of the roads moved out of the turnpike system.

<u>Scenario 3: OTA Retains Ownership of Turnpikes and Continues to Collect Tolls, Repurposing the Portion of Revenues Currently Dedicated to Debt Service Payments</u>

Because toll revenues provide a stable mechanism for funding roads, the State may be best served by keeping this funding structure in place. Under current statute, OTA will dissolve upon the retirement of the last bond, and the roads will be transferred to ODOT, provided they are in good condition. However, the Legislature could change this through ordinary statute to allow OTA to continue its administration of turnpikes beyond bond repayment, with OTA charging tolls to fund ongoing maintenance costs.

For FY25, OTA is expected to spend \$137 million on debt service. If OTA were prohibited from issuing any additional bonds and the current bonds were paid in full, the amount currently dedicated to debt service could be reallocated. For example, OTA could annually set aside the amount previously dedicated to debt service for a period of 10 years, and then use the funds to pay up front for system improvements instead of financing improvements with debt. LOFT estimates an annual transfer of \$137 million over a ten-year period could, with earnings, reach a balance of \$1.6 billion.



Additionally, the State could consider transferring some existing non-toll roads to the OTA system to offload maintenance costs while keeping the roads toll-free, or using OTA funds to add managed lanes to some of the State's highest-volume thoroughfares. This model, which is in place in other states, would use OTA funds to construct and manage a pay-to-drive dedicated lane, similar to how High Occupancy Lanes are managed within an existing highway. This option also mitigates legal concerns about tolls as user fees while providing drivers with a toll-free option for the same route.

Oklahoma's system of toll roads underwent significant change in the 1950s-1960s in response to emerging infrastructure needs, and it can change again. However, due to the long-range planning that is inherent in major infrastructure, any changes will likely take decades to be fully realized.

Summary of Policy Considerations and Agency Recommendations

The Legislature may consider the following policy changes:

- Determine whether the unbuilt turnpike routes approved in statute still match State priorities, and if not, consider repealing those provisions.
- Adding sunset provisions to statute for newly approved turnpikes.
- Require the Oklahoma Turnpike Authority's non construction expenditures be subject to the provisions of the Central Purchasing Act.
- Require the Oklahoma Turnpike Authority track and report maintenance costs for each turnpike to assist in future decision making.

The Oklahoma Turnpike Authority should:

- Track and report maintenance and repair costs per route.
- Track and report the effect of rate increases on traffic counts per route.