

## Evaluation of Environmental, Social, and Governance Factors by U.S. Tolling Authorities in Bond Issuance Disclosures

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**Abstract :** Purchasers of municipal bonds in primary and secondary markets are increasingly expecting issuers to disclose environmental, social, and governance factors (ESG) in issuance and continuing disclosure documents. U.S. tolling authorities are slowly catching up with other transportation sectors, such as public transit, in integrating ESG factors into their bond disclosure documents. A systematic mixed-methods evaluation of publicly available bond disclosure documents from 2010-2022 suggest that only a small number of U.S. tolling authorities disclosed all ESG factors; however, the pace has accelerated significantly from 2020-2022. Because many tolling authorities have a direct financial stake in the growth of passenger vehicle miles traveled on their toll facilities, and in turn the burning of more climate-warming fossil fuels, one crucial question that remains is how bond purchasers will view increased ESG transparency. Recent moves by large institutional investors, credit rating agencies, and regulators suggest an expectation of ESG disclosure is a trend likely to endure. This research suggests tolling authorities will need to proactively consider these emerging trends and carefully adapt their disclosure practices where possible. Building on these findings, this research also provides a basic sketch framework for how issuers can responsibly position themselves within the changing global municipal debt marketplace.

**Keywords :** debt policy, ESG, municipal bonds, public-private partnerships, public tolling authorities, transportation finance, and policy

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