



Legislative Initiatives in Transportation Infrastructure Funding and Financing

WEBINAR SERIES: INNOVATION IN PRACTICE

WEBINAR 6

June 6, 2017



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Webinar Logistics

- **PowerPoint Presentation available on BATIC Website**

- http://www.financingtransportation.org/capacity_building/event_details/webinar_state_legislative_initiatives.aspx

- **Submit questions in Q&A box**

- **Webinar will be available on BATIC Website**

- http://www.financingtransportation.org/capacity_building/event_details/webinar_state_legislative_initiatives.aspx

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Webinar Overview

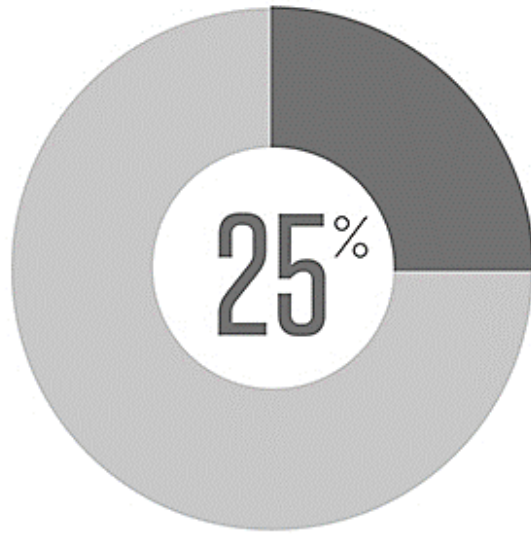
- **Overview of Recent Legislative Activity**
- **State Highlights**
 - California
 - Tennessee
 - Indiana
- **Questions Submitted by Webinar Participants**

Overview of Recent Legislative Activity

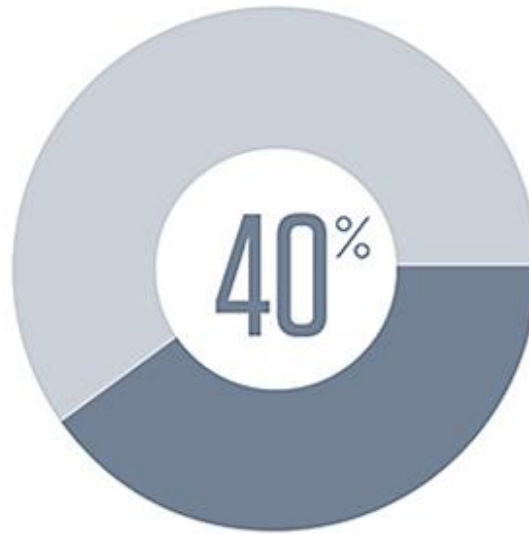
Kevin Pula
Policy Specialist
National Conference of State Legislatures

State vs. Local vs. Federal

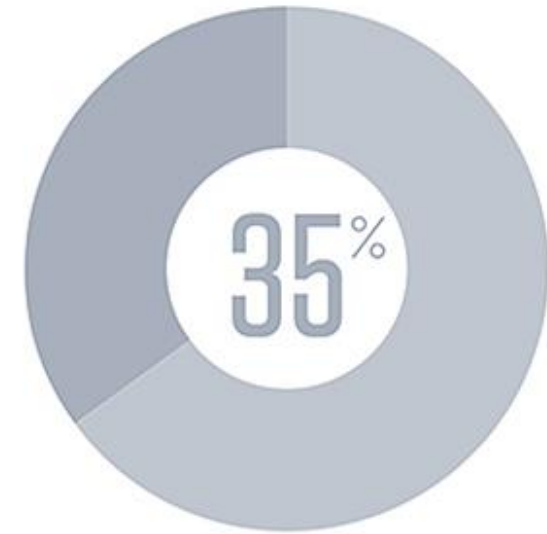
All Levels of Government Fund Highways and Transit Average annual own-source spending by level of government, 2008-12



Federal
\$54 billion



State
\$84 billion



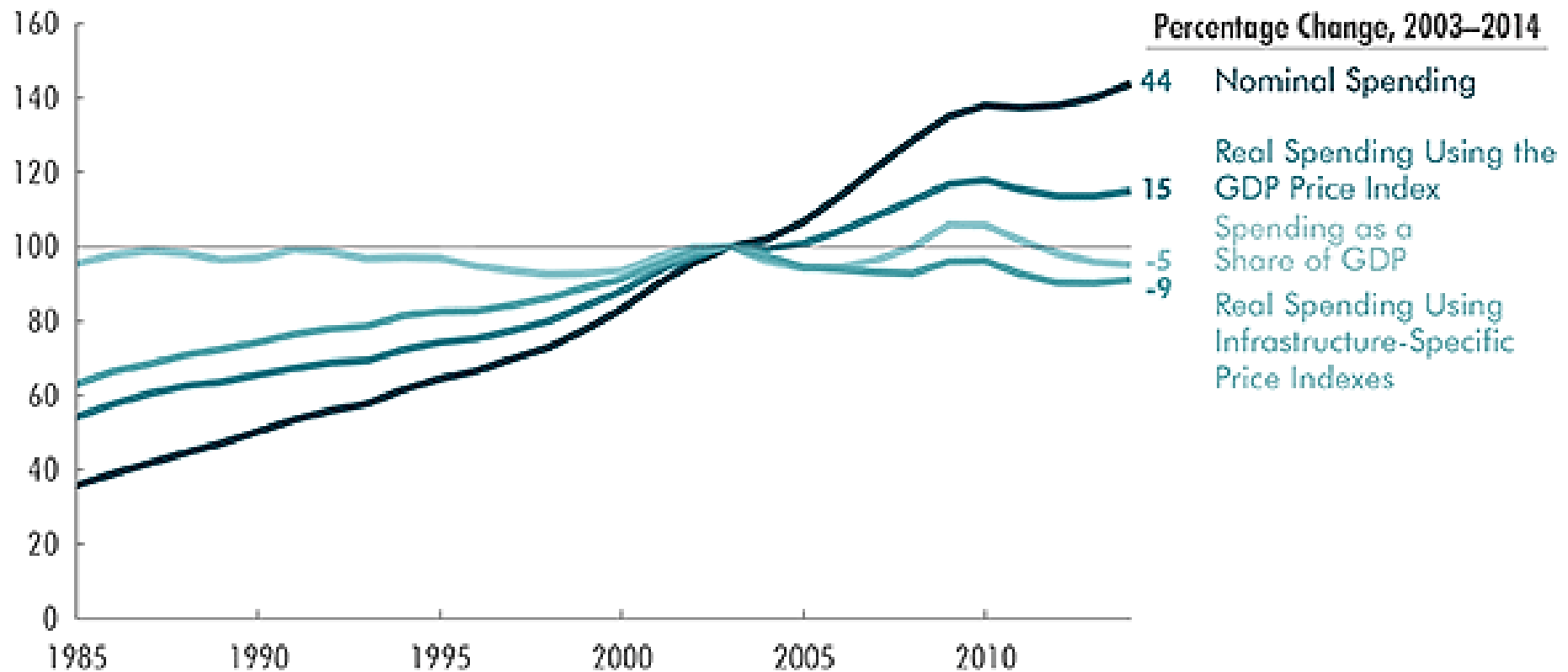
Local
\$75 billion

Source: Pew's analysis of U.S. Census Bureau's Annual Survey of State and Local Government Finances, 2008-12; U.S. Office of Management and Budget, Public Budget Database

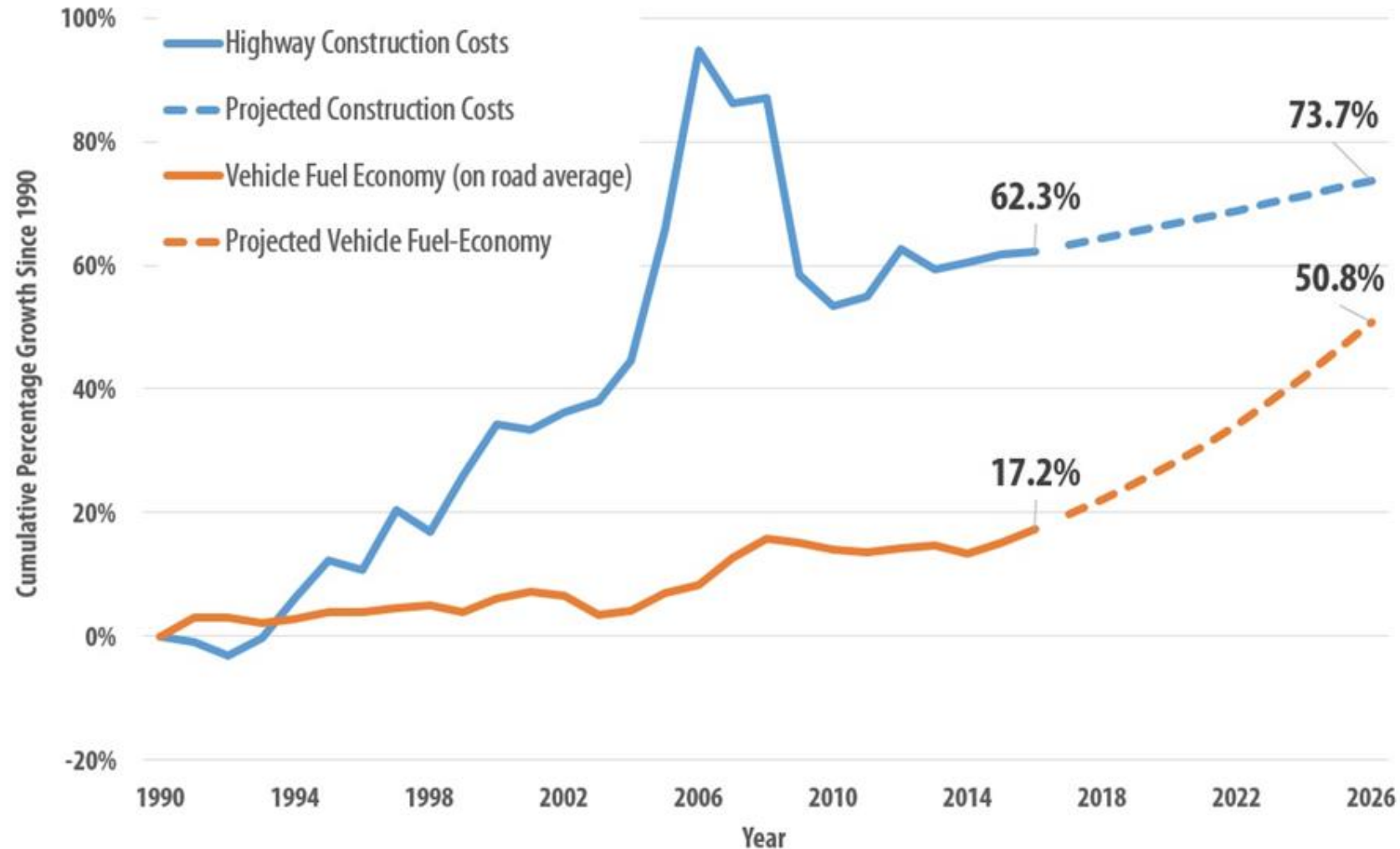
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Nominal vs. Real Spending

Various Measures of Public Spending on Transportation and Water Infrastructure, 1985 to 2014



Trends in Construction Cost Growth and Vehicle Fuel Economy Since 1990

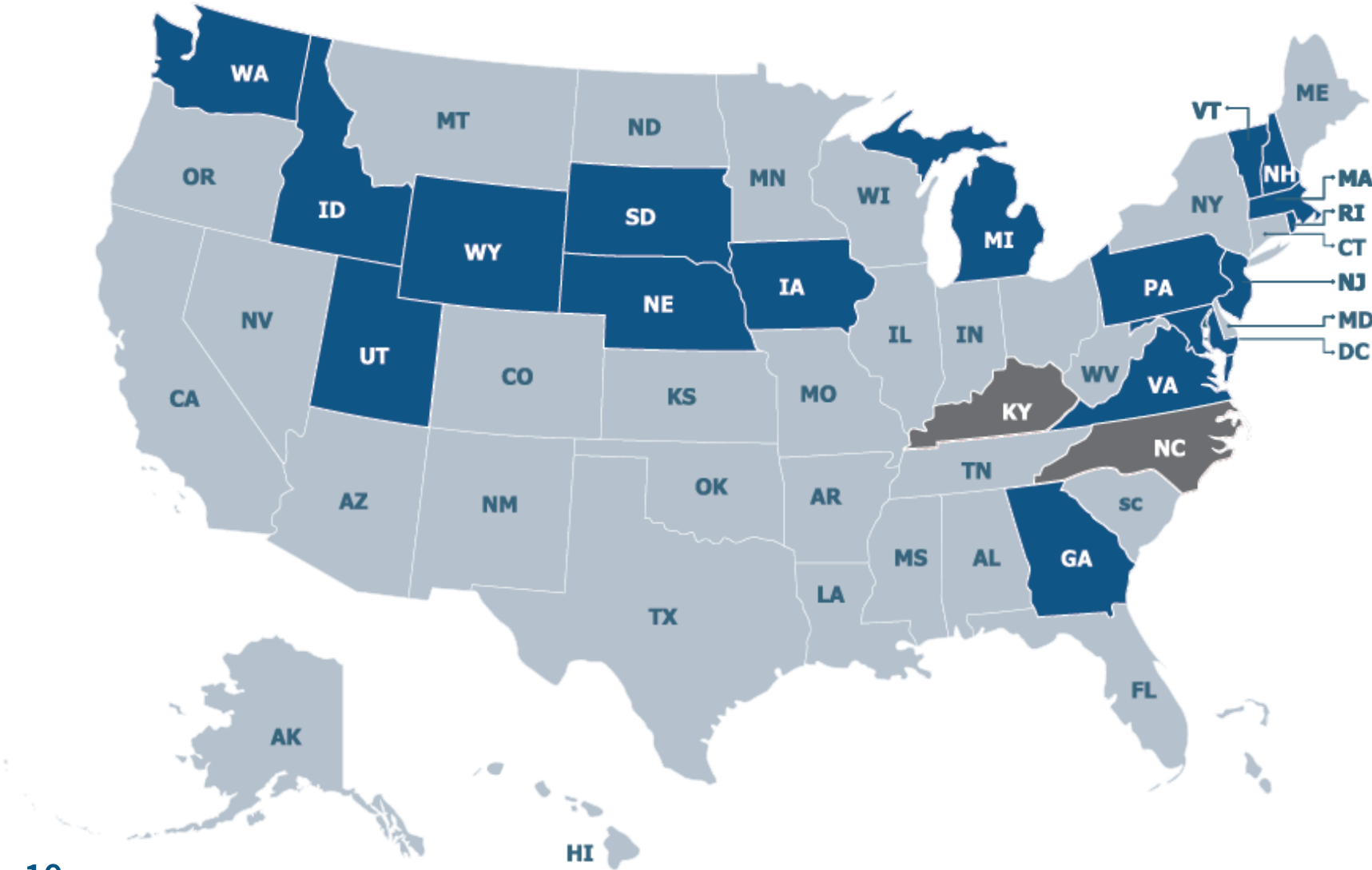


- Transportation Governance and Finance: A 50-State Review of State Legislatures and Departments of Transportation
- Found **50+ funding mechanisms** for transportation

Table 23. Revenue Sources Currently Used by States for Roads and Bridges

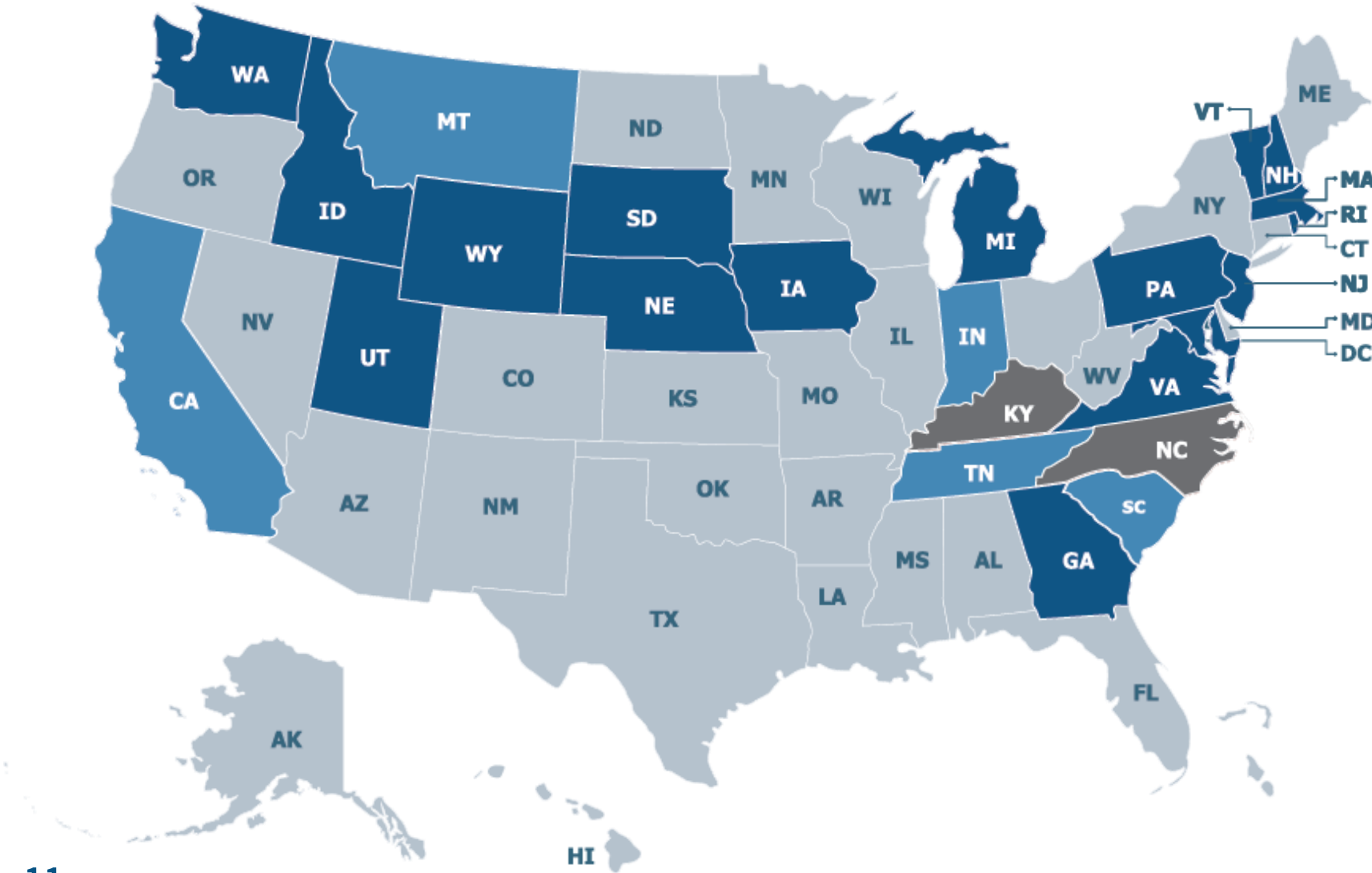
State	Revenue Sources							Other
	Fuel Taxes	Passenger Vehicle Fees	Truck Registration Fees	Tolls	General Sales Taxes	General Funds	Interest Income	
Alabama	F	R	•					Alternative fuel vehicle fees Oversize/overweight truck permit fees Outdoor advertising revenues
Alaska*	F	R, T		•		•	•	Taxes on alternative fuels Industrial use highway permit fees Sales taxes on rental vehicles Property leases or sales Legislative appropriations (budget reserve fund)
Arizona	F	R, T	•			•	•	Oversize/overweight truck permit fees Other truck permit fees Vehicle license taxes Sales taxes on rental vehicles Driver's license fees
Arkansas	F	R, T	•		•	•	•	Taxes on alternative fuels Oversize/overweight truck permit fees Other truck- and commercial driver-related fees Severance taxes on natural gas Rail regulation fees Pine timber sales Rainy Day Fund (one-time transfer in 2016)
California	F, V		•	•			•	Taxes on alternative fuels Cap-and-Trade Program revenues Property leases or sales
Colorado	F	R	•			•	•	Taxes on alternative fuels Special fees on electric vehicles Fees on rental vehicles Oversize/overweight truck permit surcharges Congestion pricing/high-occupancy toll (HOT) lanes Outdoor advertising revenues Property sales
Connecticut	F, V	R, T	•		•		•	Sales taxes on motor vehicle sales Property leases and sales Pilot license fees (watercraft) Misc. DMV and DOT fees and fines
Delaware	F	R, T	•	See note			•	Oversize/overweight truck permit fees Property leases and sales
Florida	F, V	R, T	•	•			•	Oversize/overweight truck permit fees Surcharge on rental vehicles Congestion pricing/high-occupancy toll (HOT) lanes Documentary stamp revenues
Georgia	V			See note		•	•	Taxes on alternative fuels Special fees on heavy vehicles Oversize truck permit fees

Motor Fuel Tax Legislation 2013 Through 2016



- 19 States & D.C. enacted legislation between 2013 and 2016
- No strong demographic, regional or political trends
- Trend towards variable rate or indexed structures

Motor Fuel Tax Legislation 2013 Through 2017

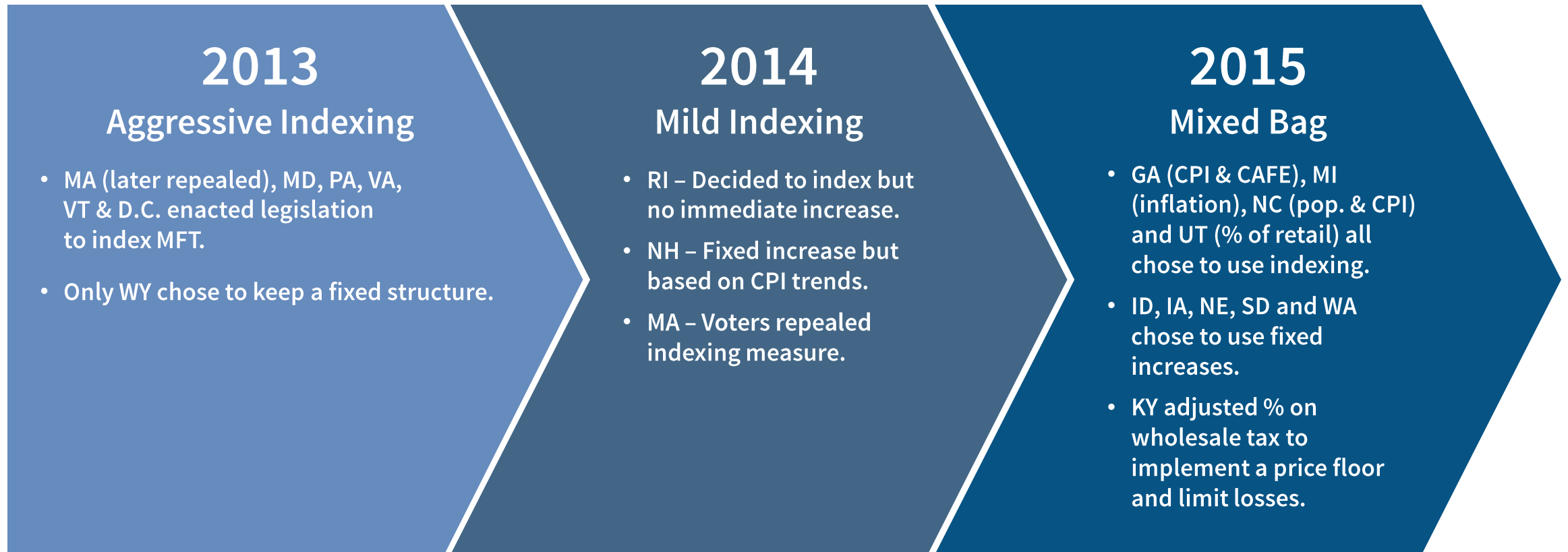


2017 Bills

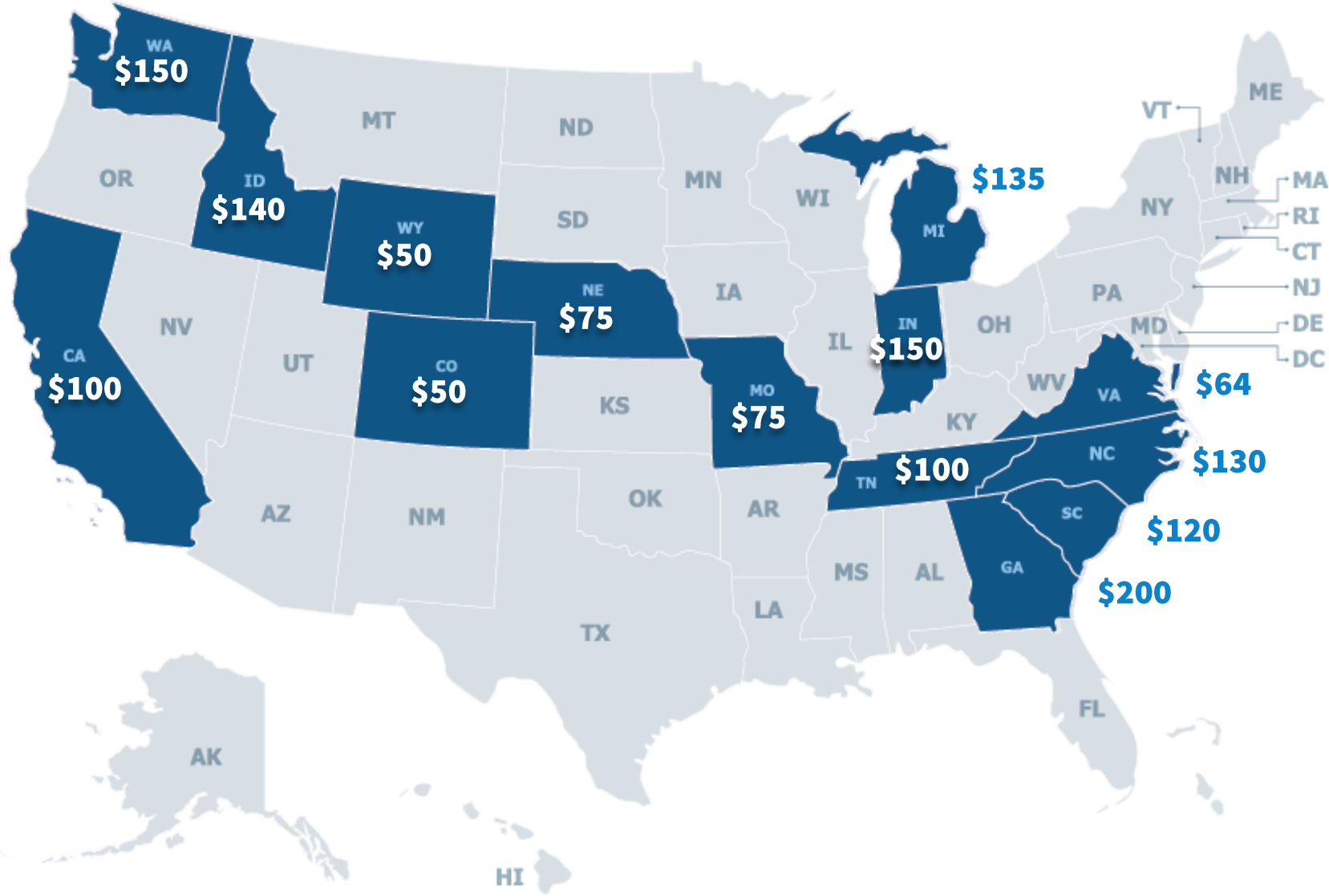
- California SB 1
- Indiana HB 1002
- Montana HB 473
- South Carolina HB 3516
- Tennessee HB 534

Trend 1: Motor Fuel Tax Indexing

19 states, representing 54% of population, now index their state MFT



Trend 2: Electric Vehicle Fees



2017 Bills

- California
- Indiana
- Minnesota
- Tennessee
- South Carolina

Trend 3: Non Fuel Tax Approaches

2015	2016	2017
Connecticut – Authorized \$2.8 billion in bonding	Indiana – Budget Reserve Transfers & Local Wheel Tax	Idaho – Authorized highway transportation GARVEE bonds
Delaware – Increased various transportation fees and taxes	Maine – Authorized up to \$100 million in bonds for transportation	Minnesota – Authorizes \$940 million in highway bonds, \$300 million in general fund transfers to transportation and reallocates various tax revenues for use on transportation. Establishes a \$75 fee on electric vehicles.
Georgia – Hotel tax and local option taxes for transportation	New Hampshire – Adopted a 10 year transportation improvement plan and authorized GARVEE bonds	Utah – Authorized \$1 billion in general obligation bonds for transportation over the next four years
Massachusetts – Authorized \$200 million in bonding	Rhode Island – Established commercial vehicle only tolls & authorized GARVEE bonds	West Virginia – Authorized \$500 million in grant anticipation notes for transportation
North Dakota – Dedicated oil & gas revenues to transportation	South Carolina – Moved \$200 million in various transportation fees from GF to TTF. Restructured State Infrastructure Bank, allowing up to \$2.2 billion in bonds.	Wyoming – Increased vehicle registration fees, commercial vehicle fees and other transportation fees. Cut general fund transfers to transportation by approximately the same amount.
Texas – Dedicated oil & gas severance taxes to transportation	Washington – Authorized the issuance of bonds for transportation payable with excise tax revenues from 2015 fuel tax increase	

2017 Motor Fuel Tax Legislation

	Gas Tax Increase (Diesel)	Indexing Provisions	Registration Fee Increases	Establishes Electric Vehicle Fee	Estimated Revenue Increase	Other
California SB 1	12 CPG (20 CPG)	Yes, indexed to inflation	Creates Transportation Improvement Fee ranging from \$25 to \$175 based on vehicle value	New \$100 fee, indexed to inflation	\$52.4 billion over ten years	Eliminates "Gas Tax Swap"; Stops diversions of \$706 million to the General Fund from Transportation Fund
Indiana HB 1002	10 CPG	Indexed to inflation but limited to 1 CPG annual increase	\$15 new improvement fee	New annual \$150 fee for EVs and \$50 for hybrids	\$1.2 billion annually	Establishes framework for tolling highways; Increases tax on aviation and alternative fuels; adjusts distribution formulas
Montana HB 473	6 CPG over 6 years (2 CPG over 6 years)	X	X	X	\$27 million + annually	Allows state to meet federal match; Adjusts distribution formulas
South Carolina HB 3516	12 CPG over 6 years	X	\$16 increase to biennial fees and \$250 first time registration fee	New \$120 fee for EVs and \$60 for hybrids (both biennial)	\$181 million in FY 17-18 growing to \$727 million by FY 23-24	Establishes a road use fee for commercial motor vehicles; Increases driver license fees; Requires Transportation Asset Management Plan; Makes various tax reforms
Tennessee HB 534	6 CPG over 3 years (10 CPG over 3 years)	X	\$5 increase	New \$100 fee for EVs and increased tax rates on alternative fuels	\$350 million annually	Makes various income and sales tax reforms
Utah SB 276	Neutral	Accelerated indexing provisions from 2015 legislation	X	X	N/A	No immediate increase but will lead to an effective increase if fuel prices rise.

* The New Mexico Legislature passed legislation to increased motor fuel taxes in both the 2017 regular session and 2017 special session. The Governor vetoed both bills.

NCSL's Transportation Funding Deep Dive

DEEP DIVE TRANSPORTATION 2014

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NCSL Deep Dives are one-stop shops for the newest policy trends and ideas. Dive in often for the latest on what states are doing.

NEW FROM NCSL

- Transportation Funding and Finance Legislation Database
- U.S. DOT Awards \$14.2 Million to States to Examine New Ways to Fund Surface Transportation
- FAST Act Analysis
- Report: How Long Has It Been Since Your State Raised Its Gas Tax?
- The Federal FAST Act Might Help States Find More Sustainable Transportation Revenue

GAS TAX

States have taken the lead in raising fuel taxes to support transportation. While Congress has not increased the federal gas tax since 1993, 18 states and D.C. have raised their gas tax or adjusted their tax formula since 2013 to bring in more revenue for transportation. [more]

Less than 23 cents/gallon
23-32 cents/gallon
More than 32 cents/gallon

TRANSPORTATION

Roads and bridges are crumbling, citizens are grumbling and Congress is stumbling. Look into the most promising ideas and solutions that can put you in the driver's seat.

Transportation funding has been in a near constant state of crisis for about a decade. State legislatures, left in the lurch by the feds, have responded emphatically and creatively in their approaches to raise transportation revenue. More than one-third of states increased transportation investments in 2015; at least half have done so since 2012. Additionally in 2015, Maine and Texas voters approved funding transportation via the ballot box.

States are facing three big hurdles—a triple threat to business as usual—that are impeding them from repairing faulty bridges, maintaining roads, building new transit lines and simply maintaining the existing infrastructure so it remains safe and efficient. And that's not to mention filling that pothole that can cost a driver thousands in repair costs.

First. When it comes to using gas, the cars Americans are driving today are drastically different than they were even 10 years ago. Fuel economy standards were 27.5 miles per gallon in 1985 and 30.2 mpg in 2011. But they are slated to reach 35.5 mpg in 2016. What's more, the growing number of hybrid or electric vehicles of the road today are expected to reach 25 million by 2016. That's a 600 percent increase from 2000.

2016 UPDATE COMING SOON!

Biodiesel | Electricity | Ethanol | Hydrogen | Natural Gas | Propane

Alternative Fuel Taxes

How do we adapt fuel taxes to the cars of the future?

DASHBOARD

Special Fees on Hybrid or Electric Vehicles

37
Number of states that provide incentives for hybrid or electric vehicles.

What's New

Gas Tax Legislation

National Overview

Transportation Funding Options

Transportation Funding by the Numbers

California

Norma Ortega

CHIEF FINANCIAL OFFICER
California Department of Transportation

CA's SB 1 Highlights

- **Increases transportation funding by \$5.2 billion annually**
- **New taxes and fee increases are permanent and indexed for inflation**
- **Focuses on “Fix It first”**
- **Splits Funding equally between State and Local needs**
- **Calls for Accountability and Transparency**
- **Calls for a Constitutional Amendment to protect funds for transportation purposes**

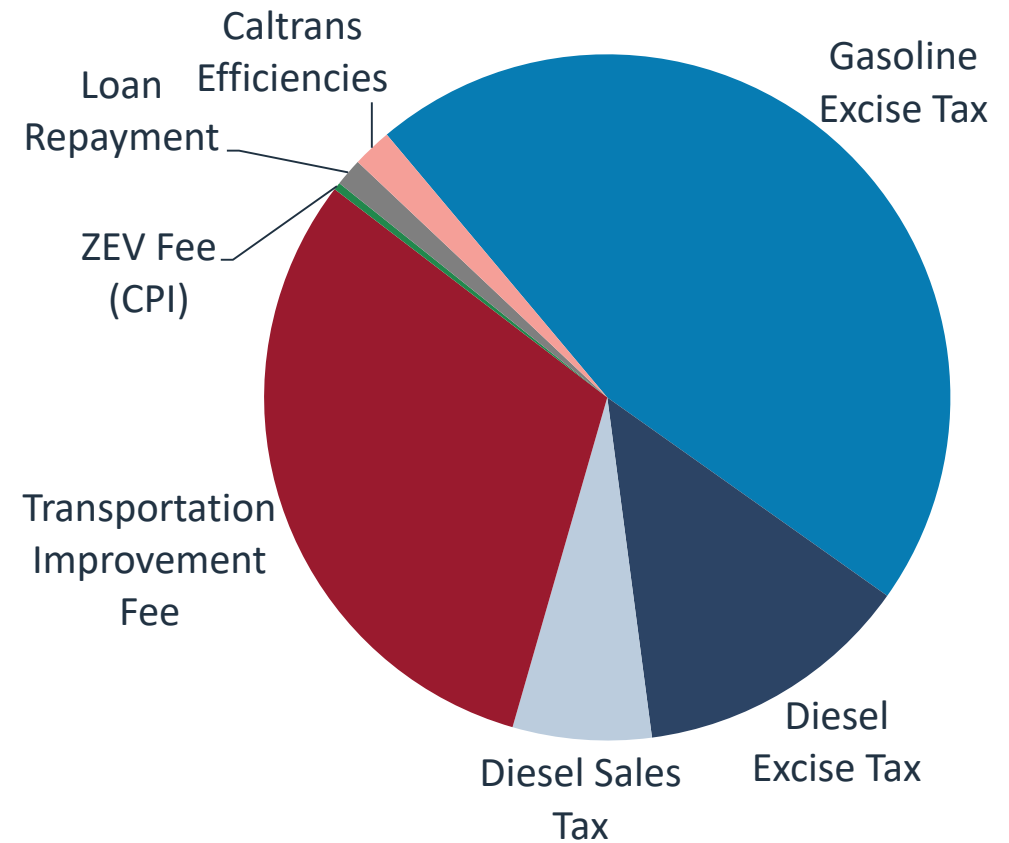
10-Year Revenue Timeline

Tax/ Fee Type	Timeline	Increase
Gasoline Excise Tax – Road Maintenance & Rehabilitation Account and Remaining funds for SHOPP and Local Streets and Roads	November 1, 2017	18 cents to 30 cents
Diesel Excise Tax – Trade Corridor and Road Maintenance & Rehabilitation Account	November 1, 2017	16 cents to 36 cents
Diesel Sales Tax – State Transit Assistance, Intercity and Commuter Rail, Transit and Intercity Rail Capital Program, and Local Streets and Roads (effective July 2020)	November 1, 2017	9% to 13%
Transportation Improvement Fee – Road Maintenance & Rehabilitation Account, Public Transportation Account, State Highway Account	January 1, 2018	\$25 to \$175 (60% will pay \$50 or less)
Gasoline Price-Based Excise Tax – State Highway Account and Local Streets and Road	July 1, 2019	17.3 cent reset + CPI
Zero Emission Vehicle Fee – Road Maintenance & Rehabilitation Account	July 1, 2020	Fee on model 2020

10-Year Revenue Forecast

10-Year Total - \$54 billion

	\$ in millions
Gasoline Excise Tax	\$24,823
Diesel Excise Tax	\$7,086
Diesel Sales Tax	\$3,533
Transportation Improvement Fee	\$16,716
ZEV Fee	\$191
Loan Repayment	\$706
Caltrans Efficiencies	\$1,000



10-Year Allocation per Program

State

SHOPP	\$14,894
Bridge and Culverts	4,000
Trade Corridor Enhancement	3,059
Congested Corridor	2,500
Parks	823
Agriculture	258
STIP (State share)	331
Freeway Service Program	250
RMRA- Administration	38
Transportation Workforce Training	50
UC/CSU Transportation Research	70
State Total	\$26,273

Local

Local Streets and Roads	\$14,833
State Transit Assistance	4,255
Transit & Intercity Rail Capital Program	2,970
Local Partnership	2,000
Active Transportation	1,000
STIP (Local Share)	993
Commuter Rail & Intercity Rail	442
Local Planning Grants	250
RMRA - Administration	38
Local Total	\$26,782

Tennessee

John Schroer

COMMISSIONER
Tennessee Department of Transportation

2017 TN IMPROVE Act - Highlights

	FY'20
1% reduction on food	(\$126.6M)
Franchise & excise tax – manufacturing	(\$119.7M)
Hall tax (income tax)	(\$114.7M)
Gasoline – 6 cent increase	\$129.1M
Diesel – 10 cent increase	\$79.1M
Vehicle registration increase	\$34.7M
New electric vehicle fee	\$0.3M
CNG, LP – 8 cent increase	\$0.9M
Net Impact	(\$116.9M)

2017 TN IMPROVE Act - Highlights

Plan Details

962
Projects

|

IN
ALL **95**
Counties

All projects complete, under construction, or under contract by **2030**

94% of backlog projects
under construction
within six years

56% of interstate projects
under construction
within six years

Plan Includes

- 45 projects to improve interstates in Tennessee
- 89 projects to improve access in rural communities
- 51 projects geared toward creating economic opportunities
- 526 local bridges repaired
- \$35 M additional for cities
- \$70 M additional for counties

Indiana

Ed Soliday

CHAIRMAN OF ROADS AND TRANSPORTATION COMMITTEE
Indiana House of Representatives

Funding Indiana's Infrastructure for the Next Generation

■ **House Enrolled Act 1002**

- Comprehensive
- Sustainable
- Responsible



Past Achievements

- In 2006, Mitch Daniels' Major Moves Plan fully funded \$11 billion in roadway projects and maintenance over 10 years.
- In 2013, lawmakers improved ongoing funding by eliminating \$140 million in annual diversions from gas taxes and redirecting one-fifth of the gas sales tax toward roads.
- Last year, lawmakers provided local communities with more funding tools, created a matching grant program that has already awarded \$150 million.

Funding Indiana's Infrastructure for the Next Generation

House Enrolled Act 1002

Correct for inflation:

- 10 cent fuel tax increase
- 10 cent diesel tax increase
- 10 cent commercial diesel tax surcharge increase

Indexes taxes to adjust for inflation

\$15 registration fee increase

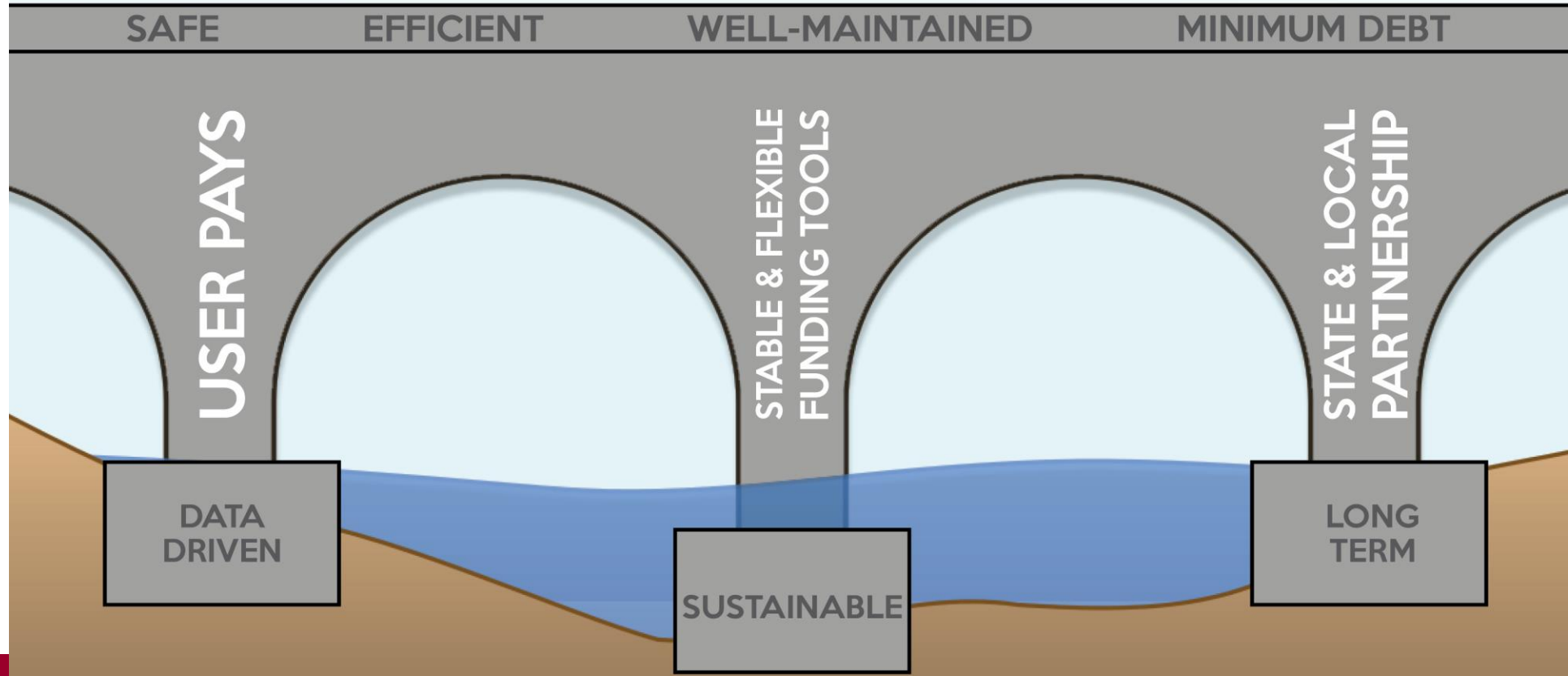
\$50 hybrid car registration fee

\$150 electric car registration fee

25 percent commercial truck registration fee increase

Require INDOT to further study tolling

Transfer the remaining sales tax on gasoline from the General Fund to the State Highway Fund by FY 2025



State and Local Funding Needs

- **Over the past 6 years we thoroughly studied the funding levels needed to properly build and maintain state and local roads, culminating in the Funding Indiana Roads for a Stronger, Safer Tomorrow (FIRSST) Task Force report in 2016**
- **House Enrolled Act 1002 used this data-driven report as the foundation for a long-term, sustainable plan that will help build and maintain Indiana's roads and bridges for the next 20 years**

Questions and Answers

Jennifer Brickett

DIRECTOR

BATIC Institute: An AASHTO Center for Excellence

Discussion



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Norma Ortega
Chief Financial Officer
California Department of
Transportation



John Schroer
Commissioner
Tennessee Department of
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Ed Soliday
Chairman of Roads and
Transportation Committee
Indiana House of Representatives

Please submit any questions to our panel using the Q&A box in the bottom left corner of your screen


AASHTO Legislative Tracker

State Transportation Funding Proposals Since 2013

State	Date Updated	Bill Number	Revenue Type(s)	Status	Description
Alabama	4/25/2017	SB386	Local Gas Tax	Pending	County commissioners would be able to charge a local gas tax for specific projects.
	4/13/2017		Gas Tax	Rejected	Would have raised the gas tax by 4-cents in 2017, and 9-cents by 2024.
	5/2/2016	HB394	Gas Tax	Rejected	Additional gas & diesel excise tax based on average of existing gas taxes in border states, roughly 6-cents/gallon increase in 2016
Alaska	2/10/2017	HB60	Gas Tax	Pending	Tripling of the state gas-tax (from 8 to 24-cents per gallon), phased in by July 1, 2018
Arizona \$63 Billion funding gap over 25 years (\$2.52 Billion annually)	2/14/2017	SB1146	Registration Fees; EV Fees	Pending	0.5% increase to vehicle registration fees & \$12 electric vehicle fee
	2/15/2013	Multiple	Mileage Based User Fee	Rejected	Study for potential VMT fees to replace the state gas tax
Arkansas	6/1/2016	HB1009	General Fund Transfer	Passed	\$50 Million annually will be transferred for roads and bridges from the state's general revenue, surplus, and rainy day funds.
	5/9/2016		Gas Tax	Never Introduced	Several legislators considered introducing a bill with a 5-cent gas tax increase, with an additional 3-cent increase over the following three years.
	3/7/2013	Issue 1	Sales Tax	Passed	A temporary half-cent sales tax increase (from 6.0% to 6.5%). The sales tax increase will be rescinded after ten years when the bonds used from the proceeds have been repaid. This was introduced in 2011, but because it is a constitutional amendment, it had to be put to voters.

May 19, 2017 1

- The most recent edition can be found here
 - <http://scofa.transportation.org/Documents/State%20Transportation%20Funding%20Proposals.pdf>



 AASHTO

 STANDING COMMITTEE ON FINANCE AND ADMINISTRATION

<http://www.scofa.transportation.org>

State Transportation Funding Proposal Tracker

May 19, 2017

- Louisiana senators [unanimously approved](#) a constitutional amendment to protect transportation funds from other uses.
- Louisiana's House Ways and Means Committee [approved](#) a 17-cent gas tax increase that would raise \$510 Million annually.
- Oregon legislators [announced](#) a plan that would raise \$800 Million per year with an increase in the gas tax, higher registration fees, and other taxes.
- South Carolina's 12-cent gas tax hike [won approval](#) in the house needed to override governor's veto.
- Wisconsin's governor has [announced](#) opposition to the Legislature's proposed gas tax increase.

AASHTO STANDING COMMITTEE ON FINANCE & ADMINISTRATION
May 19, 2017

- Previous updates can be found here
 - <http://scofa.transportation.org/Pages/State-Transportation-Funding-Successes-and-Proposals.aspx>

Wrap-Up

- The BATIC Institute will post responses to all questions received today on its website
- The recorded webinar will also be available on the BATIC Institute website:
www.financingtransportation.org

UPCOMING BATIC INSTITUTE OFFERINGS

P3 Peer Exchange
July 12, 2017

CFO Peer Exchange
July 31 and August 1, 2017

Public-Private Partnerships (P3) Basics Overview
Training
August 5-6, 2017

Thank you for attending today's webinar