State Legislative Initiatives in Transportation Infrastructure Funding and Finance

Webinar Q & A

Webinar Presenters

- **Doug Shinkle, Transportation Program Director, National Conference of State Legislatures (NCSL)**
- **Scott E. Bennett, P.E., Director, Arkansas Department of Transportation**
- **Sara Downs, Chief Financial Officer, Ohio Department of Transportation**

For states looking to implement a pilot or look more closely at road usage charge, have there been any RUC pilots or programs that have been particularly effective that these prospective states should look to model? In other words, which states' RUC pilots have been the most successful thus far?

Doug Shinkle – Oregon and Utah are certainly the leaders in RUC mainly because they are the furthest along in their process. It is interesting to note, however, how they got there. Oregon has been studying and coordinating pilots since the early 2000's, whereas Utah very quickly moved toward implementing a program in 2020. Both programs, importantly, have legislative authority, direction, and buy-in, and this makes it easier for each state's DOT to move forward with the program. Utah and some of the other leaders - Hawaii, California, and Washington - are benefiting from what Oregon has done in terms of looking at different payment methods, dealing with privacy concerns, and looking at different vendors. Utah's program is especially focused on electric and alternative fuel vehicles where you have a choice of paying a fee or going into the RUC program if you own one of those vehicles. As a result of the environment of each of their states, Oregon and Utah have the most institutional practice, while Hawaii, California, and Washington have some of the most informed lawmakers as well.

How are you approaching a contingency plan if the constitutional amendment being voted on during the 2020 general election fails? Additionally, how will you prioritize Act 416's funds if the amendment fails?

Scott Bennett – If the constitutional amendment initiative is not successful, then how will we manage the decline of the system? All of Act 416's funding is going toward system preservation, and we think that is an extremely important function for us, but if the constitutional amendment doesn't pass, it'll hinder the amount of system preservation and also new projects that we can do. We will continue to prioritize system preservation and will focus mostly on our higher traveled routes. If the amendment does pass, then we'll be able to improve half of our system's routes, namely the more frequently-traveled routes in the first ten years. We will continue to use our maintenance forces to hold some of the less-traveled routes together, and we may have to consider converting some of these lesser-traveled routes to gravel roads. So our contingency plan is that we won't have as much new construction, and our projects will be prioritized by travel.

Sara, can you speak to how your planning efforts for the future, can you speak a bit more to how you will prioritize projects given the additional $450 million that Ohio taxpayers have entrusted to the DOT? What is the process for selecting these projects?

Sara Downs – For this $450 million estimated to be received in addition to ODOT, we work with the Division of Planning to follow the Transit Asset Management Plan (TAMP) which prioritizes the maintenance and preservation of our roadways and bridges. The TAMP goes into effect in the beginning of the fiscal year and projects that need the aid but can also more immediately extend the useful life of the asset are given a higher priority.

We've had a few questions come in about specific revenue options and how states are looking at them. Doug, on the issue of congestion pricing, if a state has passed a P3 enabling legislation law, could a P3 manage congestion pricing without additional legislation being passed?

Doug Shinkle – It depends; as long as the state doesn't have a prohibition on tolling which some states do. In order to do congestion pricing (and there is a difference between congestion pricing and cordon pricing), you may need federal approval. You also don't necessarily need a P3 to do congestion pricing. It may be helpful in the event that it's an expensive capital project, but it's difficult to say without knowing the specific state example. If a state already does toll, congestion pricing is essentially just a more dynamic pricing version of tolling, and this possibility should exist for more states.

When it comes to another emerging issue or revenue source, are you aware of any states that have instituted sales taxes or fixed fees for transportation network companies (TNC's) like ride-sharing services?

Doug Shinkle – There are ten or so states that have created per-fare fees for TNC's. Seven of those, the money is being used to administer their regulatory process via ensuring the TNC's are in compliance with state and federal law. The most notable use of these per-fare fees being used for transportation services is Massachusetts where 50% of the money gets remitted back to the locality where the ride was completed, 25% goes to the Commonwealth of Massachusetts Transportation Fund, and 25% goes to competitiveness for taxi companies. New York state and New York City have different fees, with 4% and a flat $2.50 per ride respectively, and New York City's funds go toward MTA improvements. California focuses on administrative costs as well as increasing the amount of wheelchair-accessible vehicles. There are a number of cities - Chicago, Portland, Boston - that have increased the amount of wheelchair-accessible vehicles at a municipal level.

Scott and Sara, since your states included an electric vehicle and hybrid fee, did this conversation come naturally with the conversation of raising the gas tax? How did you come up with the fee? What exactly do the fees consist of?

Scott Bennett – In Arkansas, it was a very natural conversation and was one more about fairness than the amount of revenue. We don't have a large number of hybrid and electric vehicles at this time, but we needed to protect our revenue stream as those parts of our fleet do begin and continue to grow. For us, it was a simple calculation based on the average number of miles that the average Arkansas vehicle owner drives and the average fuel efficiency to determine the total number of fuel taxes that EV's and hybrid vehicles would generate with this annual fee.

Sara Downs – In Ohio, it was a natural conversation as well that utilized the number of vehicles registered in Ohio that estimated there are roughly 20,000 electric and hybrid vehicles registered in the state. Using that information, surrounding states' research, and the argument that Doug made between the relationship of vehicle miles traveled remaining level but gas tax dollars decreasing, we had a fairly easy conversation between the state DOT and general assembly.

Doug, I think quite a few folks were interested by Virginia's new proposal for revenue generation on a specific corridor. Are you aware of other states using corridor-specific usage fees?

Doug Shinkle – None come to mind, but they may exist. We don't have a concrete answer for this question, and we can maybe discuss this in a future conversation, but nothing right now.

As the least populated state in the country, our legislation is constitutionally prohibited from implementing any sort of tolling. What are some good sources to help establish savings within the department of transportation in state?

Sara Downs – Ohio similarly does not have any toll roads within the department of transportation but there is one toll road managed by an independent commission. In terms of establishing savings, we're currently looking at contracting employees versus hiring full-time employees, whether our fleet management system is right-sized, looking at a lifecycle for replacing vehicles, and looking at overall operating costs and procurement methods.

Scott Bennett – Arkansas DOT does have tolling authority and have conducted a few tolling studies but haven't found the right project for tolling revenue. In terms of capturing savings, it's very much a top-to-bottom approach of finding efficiencies in things like workforce and equipment management processes even though they likely won't be able to make up for any sort of shortfalls in revenue. This does show the state revenue that you're doing everything in your power to save as much money as possible which may make them more likely to support funding increases.

Doug, when it comes to ongoing general sales taxes, can you talk about that as an alternative to a per-gallon type of fee?

Doug Shinkle – There are a few states that dedicate general sales taxes to transportation budgets. Arkansas, Missouri, Colorado has discussed this model, and there are a few states with a portion of their sales tax dedicated to transportation funding.