WORKING GROUP ON KENTUCKY’S TRANSPORTATION INFRASTRUCTURE

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SENIOR POLICY SPECIALIST - TRANSPORTATION
NATIONAL CONFERENCE OF STATE LEGISLATURES

Frankfort, KY | September 7, 2017
Non-profit, bi-partisan organization

Members are all 50 state legislatures, 7,383 legislators and 30,000 legislative staff in 50 states, D.C. and U.S. territories.

Offices in Denver and D.C.

Among our goals - To provide legislatures with information and research about policy issues, both state and federal.

NCSL tracks state policy developments in all public policy areas including transportation funding & finance, traffic safety and public transportation.
Overview

- State Transportation Funding Statistics & Trends
- Recent Federal Action
- State Reliance on Motor Fuel Taxes
- Recent State Legislation Increasing Transportation Funding
- Other Transportation Funding Approaches Utilized by States
#1 Issue: 20% (A)
A "Top 5" Issue: 66% (B)
Not Among the "Top 5" Issues: 7% (C)
Already Addressed Recently: 7% (D)
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: 25% ($54 billion)
- State: 40% ($84 billion)
- Local: 35% ($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
© 2015 The Pew Charitable Trusts
Inflation Adj. Spending Decreasing

Surface Transportation Investment Is Declining
Highway and transit spending by level of government, adjusted for inflation, 2002-12

Notes: Inflation-adjusted using Bureau of Economic Analysis’ price index for state and local government investment in structures (Table 3.9.4, Line 36). Years are in state fiscal years. Excludes federal spending directly on projects.
Nominal vs. Real Spending
### Public Spending on Highways, by Level of Government and Purpose, 2014

<table>
<thead>
<tr>
<th></th>
<th>Capital (Billions)</th>
<th>Operation and Maintenance (Billions)</th>
<th>Total (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>44</td>
<td>3</td>
<td>46</td>
</tr>
<tr>
<td>State and Local</td>
<td>48</td>
<td>70</td>
<td>118</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>92</strong></td>
<td><strong>73</strong></td>
<td><strong>165</strong></td>
</tr>
</tbody>
</table>

**Source:** Congressional Budget Office based on data from the Census Bureau and the Office of Management and Budget.

**Note:** For further details, see Congressional Budget Office, *Public Spending on Transportation and Water Infrastructure, 1956 to 2014* (March 2015), [www.cbo.gov/publication/49910](http://www.cbo.gov/publication/49910).

***56% of transportation spending is on new capacity***
The 2015 FAST Act

- $305 billion, 5-year reauthorization
- 5% increase; growing to 15% for Highways
- 8% increase; growing to 18% for Transit
- No New User-Based Revenues for HTF

- $70 billion in “pay-fors”
  - $53.3 B from Federal Reserve Surplus Account
  - $6.9 B in reduced Federal Reserve Stock dividend payments
  - $6.2 B from sale of Strategic Petroleum Reserve
Changes to Federal Programs

- **Surface Transportation Block Grant Program**
  - $2 B increase
  - Percentage split adj.

- **Transportation Infrastructure Financing and Investment Act**
  - Lowered project size requirements
  - Increased share going to rural projects

- **Funding Alternatives Grants**
  - $95 million in competitive grants
  - Mileage-based user fee pilots
Federal and State Governments Rely Heavily on Gas Tax Revenue to Fund Highways

Resources used for highways, by level of government, 2012

Note: Local vehicle tax revenue includes a small amount of fuel revenue as well. Federal revenue is in federal fiscal years; revenue of state and local governments is in their own fiscal years or calendar years, depending on how they report their data to the Federal Highway Administration.

Source: Pew’s analysis of Federal Highway Administration 2012 data (Tables HF-10, SDF, LDF, FE-210). Local data are estimated by the Federal Highway Administration.
2016 Transportation Governance and Finance Report

Found 50+ funding mechanisms for transportation
Fifty-Four Funding Sources

- Fuel Taxes
- Sales Taxes on Fuel
- Vehicle or Rental Car Sales Tax
- Vehicle Registration
- Weight Fees
- Traffic Camera Fees
- Tolls
- General Funds
- Interest Income
- Inspection Fees
- Advertising
- Impact Fees
- License or Permit Fees
- State Lottery
- Excise Taxes
- Board Funding Obligations
- Ad Valorem Taxes
- Sales Tax
- Congestion Pricing
- Oil Company Taxes
- Fares
- Documentary Stamp Revenue
- Logo Signing
- Situs Tax
- Rail Service Fees
- Toll Road Leases
- Use Tax
- Weight-distance Tax
- Fines
- Corporate Taxes
- Container Fees
- Land Sales
- Advertising Revenue
- Service Payments
- Contractor’s Tax
- Oil Tax
- Rail Regulation Fees
- Investment Income
- Trail-mile Tax
- Surcharge Fees
- Payroll Tax
- Right-of-way
- Service Concessions
- Loan Repayment
- Loan Fees
- Private Contributions
- Tobacco Tax
- Mass-Transit Tax
- VMT Fees
- Highway Litter Control Fund
- Mineral Royalties
- Short-term Lease/Borrowing
- Public Space Revenue
- Parking Meters
Motor Fuel Tax Structures

Motor Fuel Taxes

Fixed Cent-per-Gallon
- One Time Increase
- Set Annual Increases

Variable/Indexing
- Subject to Sales Tax
- CAFE
- Population
- CPI
- Percentage
- Energy Prices
  - Retail
  - Wholesale
Motor fuel tax revenues account for 1.6 percent (2011) of total state and local general revenues. Down from 2.3 percent in 1993.

Small increases have lagged behind growing funding needs.

Sources: Tax Policy Center, 2014; ITEP, 2015; NCSL, 2014
19 states have not raised their gas tax in more than a decade.

13 states have not raised their gas tax in over 20 years.
54.5 mpg goal by 2025

The impact will increase significantly

67 % mpg increase in 20 years
26 States & D.C. have enacted legislation since 2013

No strong demographic, regional or political trends

___ = Republican
___ = Democrat
___ = Split Legislature
## Variable vs. Fixed Taxes

- **20 states**, representing 57% of population, now index their state MFT

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Aggressive Indexing</td>
</tr>
<tr>
<td></td>
<td>• MA, MD, PA, VA, VT &amp; DC</td>
</tr>
<tr>
<td>2014</td>
<td>Mild Indexing</td>
</tr>
<tr>
<td></td>
<td>• RI &amp; NH indexed; MA voters repeal indexing provisions</td>
</tr>
<tr>
<td>2015</td>
<td>Mixed Bag</td>
</tr>
<tr>
<td></td>
<td>• GA, NC, and UT indexed</td>
</tr>
<tr>
<td></td>
<td>• IA, ID, NE, SD and WA kept fixed increase</td>
</tr>
<tr>
<td>2016</td>
<td>Minimal Action</td>
</tr>
<tr>
<td></td>
<td>• New Jersey indexed with restraints</td>
</tr>
<tr>
<td>2017</td>
<td>Split Approaches</td>
</tr>
<tr>
<td></td>
<td>• CA, IN, UT and WV enhanced existing indexing mechanism</td>
</tr>
<tr>
<td></td>
<td>• MT, OR, SC and TN implemented fixed increases.</td>
</tr>
<tr>
<td>State</td>
<td>2015</td>
</tr>
<tr>
<td>---------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>Connecticut</td>
<td>Authorized $2.8 billion in bonding</td>
</tr>
<tr>
<td>Delaware</td>
<td>Increased various transportation fees and taxes</td>
</tr>
<tr>
<td>Georgia</td>
<td>Hotel tax and local option taxes for transportation</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>Authorized $200 million in bonding</td>
</tr>
<tr>
<td>North Dakota</td>
<td>Dedicated oil &amp; gas revenues to transportation</td>
</tr>
<tr>
<td>Texas</td>
<td>Dedicated oil &amp; gas severance taxes to transportation</td>
</tr>
<tr>
<td>State</td>
<td>Gas Tax Increase (Diesel)</td>
</tr>
<tr>
<td>---------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>California SB 1</td>
<td>12 CPG (20 CPG)</td>
</tr>
<tr>
<td>Indiana HB 1002</td>
<td>10 CPG</td>
</tr>
<tr>
<td>Montana HB 473</td>
<td>6 CPG over 6 years (2 CPG over 6 years)</td>
</tr>
<tr>
<td>Oregon HB 2017</td>
<td>10 cents over 6 years</td>
</tr>
<tr>
<td>South Carolina HB 3516</td>
<td>12 CPG over 6 years</td>
</tr>
<tr>
<td>Tennessee HB 534</td>
<td>6 CPG over 3 years (10 CPG over 3 years)</td>
</tr>
<tr>
<td>Utah SB 276</td>
<td>Neutral</td>
</tr>
<tr>
<td>West Virginia HB 1006</td>
<td>3.5 CPG</td>
</tr>
</tbody>
</table>

* 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.
- Georgia and W. Virginia are highest in nation at $200
- ID, IN, MI, OK and WV impose fees on Hybrids as well
### BY MILEAGE

1. OKLAHOMA TURNPIKE AUTHORITY 605
2. FLORIDA'S TURNPIKE ENTERPRISE 594
3. NEW YORK STATE THRUWAY AUTHORITY 570
4. PENNSYLVANIA TURNPIKE COMMISSION 554
5. NEW JERSEY TURNPIKE AUTHORITY 321
6. ILLINOIS TOLLWAY 286
7. OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION 241
8. KANSAS TURNPIKE AUTHORITY 236
9. ITR CONCESSION COMPANY LLC: INDIANA TOLL ROAD CONCESSIONAIRE 157
10. MARYLAND TRANSPORTATION AUTHORITY 146

### BY REVENUE IN MILLIONS - US$

1. NEW JERSEY TURNPIKE AUTHORITY 1,413
2. THE PORT AUTHORITY OF NEW YORK & NEW JERSEY 1,330
3. MTA BRIDGES AND TUNNELS 1,227
4. ILLINOIS TOLLWAY 943
5. PENNSYLVANIA TURNPIKE COMMISSION 812
6. FLORIDA'S TURNPIKE ENTERPRISE 756
7. BAY AREA TOLL AUTHORITY, METROPOLITAN TRANSPORTATION COMMISSION 670
8. NEW YORK STATE THRUWAY AUTHORITY 649
9. NORTH TEXAS TOLLWAY AUTHORITY 572
10. HARRIS COUNTY TOLL ROAD AUTHORITY 560

SOURCE: IBTTA, 2013
- 18th highest Registration & Weight Fee ($2,126)
- 8th highest diesel tax
- 3rd highest total tax/fees on trucks

<table>
<thead>
<tr>
<th>State</th>
<th>Annual Registration &amp; Weight Fees</th>
<th>Diesel Fuel Tax Rate</th>
<th>Fuel Tax on 6,000 Gallons</th>
<th>Third Structure Tax Rate ($/mile)</th>
<th>Third Structure Tax on 100,000 Miles</th>
<th>Total Annual State Hwy-User Fees</th>
<th>State Ranking by $ Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>$2,315</td>
<td>$0.4370</td>
<td>$2,628</td>
<td>$0</td>
<td>$0</td>
<td>$3,938</td>
<td>8</td>
</tr>
<tr>
<td>Indiana</td>
<td>$1,866</td>
<td>$0.2700</td>
<td>$1,620</td>
<td>$0</td>
<td>$0</td>
<td>$3,486</td>
<td>26</td>
</tr>
<tr>
<td>Iowa</td>
<td>$1,725</td>
<td>$0.2350</td>
<td>$1,410</td>
<td>$0</td>
<td>$0</td>
<td>$3,135</td>
<td>30</td>
</tr>
<tr>
<td>Kansas</td>
<td>$2,315</td>
<td>$0.2700</td>
<td>$1,620</td>
<td>$0</td>
<td>$0</td>
<td>$3,935</td>
<td>22</td>
</tr>
<tr>
<td>Kentucky</td>
<td>$2,126</td>
<td>$0.3570</td>
<td>$2,142</td>
<td>$0.02850</td>
<td>$3,420</td>
<td>$7,688</td>
<td>3</td>
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<tr>
<td>Louisiana</td>
<td>$514</td>
<td>$0.2000</td>
<td>$1,200</td>
<td>$0</td>
<td>$0</td>
<td>$1,714</td>
<td>50</td>
</tr>
<tr>
<td>Maine</td>
<td>$4,002</td>
<td>$0.3187</td>
<td>$1,912</td>
<td>$0</td>
<td>$0</td>
<td>$5,914</td>
<td>7</td>
</tr>
<tr>
<td>Maryland</td>
<td>$1,877</td>
<td>$0.3105</td>
<td>$1,863</td>
<td>$0</td>
<td>$0</td>
<td>$3,740</td>
<td>24</td>
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<tr>
<td>Wisconsin</td>
<td>$2,610</td>
<td>$0.3290</td>
<td>$1,974</td>
<td>$0</td>
<td>$0</td>
<td>$4,584</td>
<td>14</td>
</tr>
<tr>
<td>Wyoming</td>
<td>$2,231</td>
<td>$0.2400</td>
<td>$1,440</td>
<td>$0</td>
<td>$0</td>
<td>$3,671</td>
<td>25</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>$1,876</strong></td>
<td><strong>$0.2733</strong></td>
<td><strong>$1,673</strong></td>
<td><strong>$0.0607</strong></td>
<td><strong>$7,286</strong></td>
<td><strong>$4,056</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: *The State Laws Newsletter, American Trucking Associations*
Weight-Distance Taxes

- KY – 2.85 cpm
- NM – 4.378 cpm
- NY – 3.9 cpm
- OR – 13.16 cpm

*cpm – cents per mile

- Ranked 1 to 4 in country for total charges to large trucks
Pay per Mile?

- **OreGo Pilot Turns 1 in July**
  - 5,000 volunteers; largest pilot to date

- **California Road Charge Pilot**
  - 9-month pilot starting Summer 2016

- **Washington**
  - Steering Committee to study feasibility of RUC program

- **Illinois**
  - Senate President Cullerton – SB 3267 (postponed)

- **FAST Act** – §6020 offers $95 million in competitive grants.

- **US DOT** supported various other small pilots.
Federal Grants

- $14.2 million awarded in 2015
- 8 programs funded
- Testing a variety of approaches

<table>
<thead>
<tr>
<th>Recipient state and partners</th>
<th>Project Description</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Department of Transportation</td>
<td>Road User Charge (RUC) using pay-at-the Pump/ charging stations.</td>
<td>$750,000</td>
</tr>
<tr>
<td>Delaware Department of Transportation</td>
<td>User fees based with on-board mileage counters in collaboration with members of the I-95 Corridor Coalition.</td>
<td>$1,490,000</td>
</tr>
<tr>
<td>Hawaii Department of Transportation</td>
<td>User fee collection based on manual and automated odometer readings at inspection stations.</td>
<td>$3,998,000</td>
</tr>
<tr>
<td>Minnesota Department of Transportation</td>
<td>Use of Mobility-as-a-Service providers (MaaS) as the revenue collection mechanism.</td>
<td>$300,000</td>
</tr>
<tr>
<td>Missouri Department of Transportation</td>
<td>Implementation a new registration fee schedule based on estimated miles per gallon.</td>
<td>$250,000</td>
</tr>
<tr>
<td>Oregon Department of Transportation</td>
<td>Improvements to Oregon’s existing road usage charge program.</td>
<td>$2,100,000</td>
</tr>
<tr>
<td>Oregon Department of Transportation</td>
<td>Establishing the consistency, compatibility and interoperability in road user charging for a regional system in collaboration with members of the Western Road User Charge Consortium.</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Washington Department of Transportation</td>
<td>Testing critical elements of interoperable, multi-jurisdictional alternative user-based revenue collection systems. Piloting methods of road usage reporting with Washington drivers.</td>
<td>$3,847,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$14,235,000</strong></td>
</tr>
</tbody>
</table>
Transportation Ballot Measures

- **November 2016**
  - IL – Constitutional Lockbox
  - ME – $100 million in bonds
  - NJ – Constitutional Lockbox
  - NV – Index local fuel taxes to inflation

- **2015**
  - LA – Created a State Infrastructure Bank
  - ME – $85 million bond package
  - MI – Large-scale transportation package (failed)
  - TX – $2.5 billion GF transfer to transportation
Transportation Funding Ballot Measures Approved

Year | Approved Percentage
--- | ---
2005 | 74%
2006 | 69%
2007 | 63%
2008 | 73%
2009 | 80%
2010 | 61%
2011 | 68%
2012 | 77%
2013 | 85%
2014 | 79%
2015 | 67%
Average | 72%
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