



## STATE TRANSPORTATION FUNDING PROPOSALS

*Late 2012 / Early 2013*

**As of April 15, 2013**

**Dates listed below are roughly approximate.**

### **ARIZONA (2/15/13)**

What are identified needs?

\$63 billion gap over 25 years, which, if averaged, equals \$2.52 billion annually

What are the proposed revenue tools?

Framework for a study committee to look at a VMT fee

### **ARKANSAS (3/7/21-3/13/13)**

What are the proposed revenue tools and how much will they raise?

- Half-cent sales tax increase (from 6 to 6.5%) to fund \$1.8 billion in highway improvements over the next ten years.
- Proposal from a congressman to divert state general revenue to state highways over the next decade. It would divert revenue generated by the sale of new and used cars, auto parts and services to the state DOT. Would occur in increments over a 10-year period and eventually amount to about \$50 million annually.

### **CALIFORNIA (2/26/13-3/5/13)**

What are the proposed revenue tools?

- Consideration of raising the state gas tax by 3.5 cents
- Allocation of \$333 million in new funding to 91 projects from bond revenue

### **CONNECTICUT (2/25/13-3/25/13)**

What are the proposed revenue tools?

- Proposal to place tolls at Connecticut's borders
- Lawmakers seeking to implement a lockbox for transportation funds



## **FLORIDA (3/30/13)**

### What are the proposed revenue tools?

Beginning exploration of possibly moving to a mileage-based user fee

## **IDAHO (3/27/13)**

### What are the proposed revenue tools?

- Increasing the sales tax to 7%
- Registration fee increase
- Taxing rental cars
- Increasing Idaho's existing 25-cpg gasoline tax

## **INDIANA (1/30/13)**

### What are identified needs?

Indiana DOT says it needs \$200 million more per year

### What are the proposed revenue tools and how much will they raise?

- Setting aside half of the revenue collected by sales tax on gasoline purchase for transportation would raise \$286 million
- Pulling the Indiana State Police, the Bureau of Motor Vehicles and the Department of Revenue out of the list of recipients of shares of Indiana's 18 cpg gas tax and devoting that money entirely to roads would raise up to \$144 million a year
- The extra cash would be split between Indiana DOT and counties, cities and towns

## **IOWA (3/27/13)**

### What are the proposed revenue tools?

Chairmen of the House and Senate Transportation committees would like to phase in a 10-cent state gasoline tax increase over three years. Transportation interest groups including those such as truckers willing to pay a higher state gas tax

## **LOUISIANA (4/9/13)**

### What are the proposed revenue tools?

House committee approved a bill which would allow businesses to sponsor state-owned assets, such as ferries and rest stops. The proceeds from this would be cycled back into the asset

## **MAINE (3/20/13)**

### What are identified needs?

American Society of Civil Engineers Report card states Maine has 53% of roads in poor or mediocre quality, 356 structurally deficient bridges and 77 high-hazard dams

### What are the proposed revenue tools and how much will they raise?

Proposal for \$100 million in bonds for transportation that would trigger approximately \$154 million in federal and other matching funds



## MARYLAND (3/29/13)

### What are identified needs?

- \$700-800 million per year is needed to address congestion problems in the state
- Maryland DOT's capital fund will bring in about \$2 billion less than forecast over the next six years

### What are the proposed revenue tools?

- Index the current 23.5-cent-per-gallon state gasoline tax to the Consumer Price Index (CPI) to adjust for inflation, but also limit the index increase to the gas tax rate so that it cannot exceed 8% a year
- Apply 1% of the state sales tax on the price of gasoline (before federal and state taxes), with that increasing to 2% on January 1, 2015 and to 3% on July 1, 2015
- In 2014, State Treasury to issue General Obligation Bonds for federally required environmental improvements undertaken by the State Highway Administration,
- In 2014, index transit fares charged by the Maryland Transit Administration to the CPI
- Effective January 1, 2016, state transportation to receive revenue generated by implementation of the federal *Marketplace Fairness Act* (provided passage by Congress – enables states to require Internet sellers to collect sales taxes.) As a safeguard, and only if the *Marketplace Fairness Act* does not pass, the 3% state sales tax on gasoline increases to 4% on January 1, 2016 and 5% on July 1, 2016.
- 3% sales tax on gasoline at the wholesale level to help fund state transportation projects
- Companion bill with a constitutional amendment that would put a “lockbox” on the state's Transportation Trust Fund that would protect it from diversions of money to other purposes

### How much will tool raise?

Will generate an average of \$800 million annually at full implementation

## MASSACHUSETTS (1/16/13)

### What are identified needs?

The state transportation system needs \$1 billion-plus in new annual revenue.

### Governor's proposal and how much it would raise

Raise the income tax rate to 6.25% from 5.25%, while lowering the sales tax rate to 4.5% from 6.25%, including closing some business tax loopholes, resulting in a net revenue increase to fund transportation as well as education. It would result in a net increase of \$1.9 billion in state taxes per year

### Legislators' proposal and how much it would raise

- State gasoline tax would be raised 3 cents per gallon, and then would be indexed to inflation beginning in 2015. This would generate \$110 million in the next fiscal year
- \$165 million total increase in tobacco taxes on cigarettes, cigars, and smokeless tobacco, with the money going to transportation
- Change the state's tax code to apply the sales tax to computers system design services and modification of prewritten software, along with another business tax change regarding utility classification, would generate about \$248 million, with the money going toward transportation



## **MICHIGAN (2/7/13-3/4/13)**

### What are identified needs?

\$1.2 billion annual shortage in road funding

### What are the proposed revenue tools?

- Raise the state's gasoline and diesel tax to 33 cpg (from 19 cpg and 15 cpg, respectively)
- Increase registration fees by 60% for passenger vehicles and light trucks and 25% for large trucks
- Allow counties to raise additional money for local roads and public transportation via a tax on the price of vehicles
  
- State Senator proposing the enabling to sell advertising, naming rights, concessions or right-of-way contracts at bridges offices, rest areas, parks and other state-owned assets

### How much will tool raise?

- \$1.5 billion/year (first three bullets above)
- \$462 million/year (last bullet above)

## **MINNESOTA (3/5/13-2/5/13)**

### What are the proposed revenue tools?

- House Transportation Finance Committee discussing a bill that would allow counties to impose a half-cent gas tax and a \$10 annual fee on vehicles registered within their borders
- In the seven-county Twin Cities metro area, increase the sales tax 0.5% in five counties and 0.25% in two counties to provide a permanent stream of money to expand LRT construction, add bus rapid transit lines and make up transit operating deficits, which would raise \$250 million per year

## **MISSISSIPPI (2/10/13)**

### What are the proposed revenue tools?

Reduce the state gas tax by 6.8 cpg, but add a 6% tax to the average wholesale price of motor fuel, or tie the tax to the inflation rate. If the bill becomes law, the tax would be about 35 cpg instead of 18.8

### How much will tool raise?

\$300 million annually

## **MISSOURI (2/6/13)**

### What are identified needs?

\$600 million to \$1 billion annually

### What are the proposed revenue tools?

- Increase the state sales tax by one cent, with all revenue going to transportation (10% to cities and counties for local transportation needs)



- The sales tax would not be levied on medicine, groceries and gasoline. During the ten years after an enactment date, the gas tax rate would be frozen and existing roads could not be turned into toll roads. After the ten years, voters could decide whether to extend the tax

How much will tool raise?

Supporters estimate it could generate \$790 million annually

**NEVADA (4/4/13)**

What are identified needs?

\$2 billion

What are the proposed revenue tools?

State lawmakers discussing a bill that would raise the gas tax 2 cents per year for the next decade

How much will tool raise?

\$300 million in the first year and about \$3 billion over the course of the next decade

**NEW HAMPSHIRE (1/16/13)**

What are identified needs?

\$12 million/year just to maintain the current level of good- and fair-rated roads (63% of road system, with 37% being rated poor), and another \$15 million to keep the number of state-owned red-listed bridges flat

What are the proposed revenue tools?

Increase the gas tax by 12 cpg and raise vehicle registration fees by \$15 over the next three years

How much will tool raise?

\$100 million/year for the state and \$15 million for towns and cities

**NEW JERSEY (3/4/13)**

What are the proposed revenue tools?

- Proposed bill to allow private companies to sponsor highway rest stops
- Marketing the New Jersey Turnpike logos

**OHIO (12/14/12)**

What are identified needs?

\$1.2 billion

What are the proposed revenue tools?

Issuance of bonds by the Ohio Turnpike Commission to fund transportation projects, which would be backed by future toll revenue

How much will tool raise?

\$1.5 billion, with possibly another \$1.5 billion from local and federal matching of that funding

## **OREGON (12/27/12-2/21/13)**

### What are the proposed revenue tools?

- Have instituted a new VMT pilot program. Drivers pay the state 1.6 cents per mile and are refunded the state taxes they pay on fuel
- 9% of Oregon Lottery proceeds towards the construction and operation of mass transit, passenger rail, bicycle and pedestrian projects, with another 9% toward air, marine and some rail projects. This 18% combined would equal roughly \$100 million every two years.

## **PENNSYLVANIA (2/6/13)**

### What are identified needs?

\$2.5 billion needed to fix aging roads and bridges, as well as supporting mass transit

### What are the proposed revenue tools?

Doing away with the cap on the “oil company franchise tax” part of the gas tax to allow it to rise by about 28.5 cents over five years in three installments, while reducing the liquid fuels tax portion of the gas tax by one cpg each of the next two years

### How much will tool raise?

Would produce about \$510 million in additional transportation funding in the first year and \$1.8 billion a year by the end of five years

## **SOUTH CAROLINA (2/16/13-2/19/13-4/10/13)**

### What are identified needs?

1,000 structurally deficient bridges, along with needed spending on roads. A task force created by the state Department of Transportation Board estimated last year the state needs to spend \$29 billion over 20 years to bring the condition of roads and bridges to an adequate level.

### What are the proposed revenue tools?

- Governor would like to spend \$137 million of \$163 million that was added to state’s budget on bridges
- South Carolina House of Representatives wants 80% of vehicle sales taxes to be set aside for road repair. Governor would like this money to be in addition to \$137 million
- One Representative has proposed a bill that would increase the state fuel tax by 10 cpg, which would be paired for the next two years with a taxpayer rebate
- Senate Majority Leader introduced a bill that would, among other actions:
  - Officially classify ethanol as a motor fuel, which he thinks would result in the state collecting more gas taxes
  - Tax out-of-state truckers who drive in South Carolina (in-state truckers already pay this tax)
  - Set aside 20 percent of the growth in the state’s revenues each year for bridges
- Senate Minority Leader wants to borrow \$500 million and distribute it to the state’s 46 counties to repair local roads



## TEXAS (JANUARY 2013-3/20/13-4/10/13)

### What are identified needs?

\$1 billion/year for maintenance, additional \$3 billion/year to expand

### What are the proposed revenue tools?

- Consideration of rededicating all motor vehicle taxes for transportation
- Leaders including Gov. Rick Perry have advocated taking some money from the state's Rainy Day Fund to set up a revolving loan fund for transportation and water
- Texas Senate Finance Committee Chairman has discussed increasing the motor vehicle registration fee, an idea also under discussion in the Texas House
- Coalition of business groups including the Texas Association of Business, the Texas Oil and Gas Association, the Texas Motor Transportation Association and the Texas Association of Realtors endorsed a multi-pronged plan that would raise \$3.6 billion. The plan includes using money from the Rainy Day Fund, ending some diversions from the gas tax, raising vehicle registration fees statewide by \$50 and dedicating a portion of sales tax revenue already collected from vehicle sales to highway projects

## UTAH (3/19/13)

### What are identified needs?

\$11 billion over current revenue levels through 2040

### What are the proposed revenue tools?

Utah Foundation has proposed the following:

- Imposing a standard sales tax on gasoline
- Raising the gas tax
- Increasing fees for public transportation users
- Some combination of these measures

Applying the standard state sales tax to gasoline purchases would raise the most out of the above options, raising an estimated \$10-20 billion through 2040.

Periodically raising the gas tax would contribute \$3-7 billion between now and 2040.

## VERMONT (1/24/13)

### What are identified needs?

\$35 million annually

### What are the proposed revenue tools?

Reduce the cpg gas tax, but add a 4% sales tax on the total purchase. Would result in consumers paying about 8 or 9 cents more per gallon

### How much will tool raise?

\$36.5 million the first year

## **VIRGINIA (2/20/13)**

### What are identified needs?

Virginia's current transportation maintenance funding shortfall means that in FY 2013 \$364 million must be transferred from the state's construction account to pay for road maintenance. That transfer amount is anticipated to grow to \$500 million by FY 2019 unless new funding is provided

### What are the revenue tools?

- Replace the current 17.5 cpg gas tax with a new 3.5% wholesale gas tax (proceeds reduced by 35%, but will keep pace with inflation into future). Tax on diesel would remain about the same, but would be converted from a flat per-gallon tax to a 6% wholesale tax.
- Raise the sales tax from 5% to 5.3% and divert a portion of existing revenue to roads (0.675%)
- Have 57% of Internet sales tax revenue go to transportation, although if Congress does not pass the act related to this, the wholesale gas tax on gasoline would rise from 3.5% to 5.1%.
- Includes a regional component that would allow Northern Virginia and Hampton Roads to impose additional local taxes and use that revenue for only transportation projects in those areas
- Dedicate an additional portion of the sales and use tax to transportation (split difference between 0 and 0.25%)
- Increase vehicle registration fees by \$15 and dedicate the revenue to intercity passenger rail and transit
- Impose a \$64 annual Alternative Fuel Vehicle Fee
- Increase of 1.15% (resulting in 4.15%) for the vehicle title tax
- Setting the transit occupancy tax at 2%
- Regional congestion relief fee of \$0.15/\$100 for real estate transactions
- Put a lockbox on transportation funds so they cannot be used for other purposes

Finalized April 4, 2013

### How much will tool raise?

Expected to generate \$1.4 billion a year

## **WASHINGTON (2/18/13) (3/19/13)**

### What are identified needs?

More than \$3 billion over the next 10 years

### House Transportation Committee's Proposal

- A package that would raise \$9.8 billion over the next decade with a 10 cpg gas tax increase, a new annual car tab fee based on 0.7% of a vehicle's value, and more than \$3 billion in new bonds. The money would help pay for several of the state's megaprojects as well as set aside \$1 billion to maintain existing infrastructure.

### Other

- \$100 annual fee on drivers of electric cars enacted
- A 25-cent across-the-board increase each of the next two years for the Tacoma Narrows Bridge proposed



## **WISCONSIN (COMMISSION - JANUARY 2013) (GOVERNOR – FEBRUARY 15)**

### What are identified needs?

For preservation of the system, there is a \$580 million annual funding gap over the next 10 years. For capacity management and multimodal enhancements, the funding gap rises to \$1.71 billion annually over the next 10 years

### Wisconsin Transportation Finance & Policy Commission's preferred revenue tools and how much these tools will raise

- Increase the state excise tax on motor fuel by \$0.05 per gallon to generate \$159 million annually over the next 10 years
- Adopt a new low-tech, mileage-based registration fee (MBRF) for passenger vehicles and light trucks using a constant rate of 1.02 cents per mile, which would generate \$228 million annually over the next 10 years.
- Increase registration fees for heavy trucks and for international registration program vehicles to raise an additional \$145 million annually over the next 10 years
- Repeal the exemption for a vehicle trade-in allowance in calculating state sales tax on vehicle purchase transactions and increase driver license fees to raise \$108 million annually over the next 10 years

### Governor's proposal and how much it will raise

- Two year, \$6.4 billion plan
- Sell hundreds of millions of dollars in power plants or other state assets and use the proceeds to pay off an undisclosed amount of highway bonds
- Use money from the state account used to pay for schools, health care for the poor and other programs for transportation
- \$662 million in bonding

## **WYOMING (2/14/13)**

### What are identified needs?

\$134 million per year to maintain highways

### What are the revenue tools?

Will raise the state gas tax by 10 cpg, effective July 1, 2013. Signed into law by governor on February 15, 2013.

### How much will tool raise?

About \$71 million per year

