Discussion about Future Funding Needs: Estimate of Additional New Construction and Associated Maintenance Needed per Year Between Now and 2030: Two Scenarios

A report published in 2011 by the Texas 2030 Committee, It’s About Time: Investing in Transportation to Keep Texas Economically Competitive, provided an assessment of the state’s infrastructure and mobility needs. The Texas A&M Transportation Institute (TTI) has developed the following two sample funding scenarios in order to meet the needs identified in the report. The scenarios below consider a number of different assumptions about the future such as:

- Desired system performance
- Desired system pavement condition
- Population growth
- Vehicle miles traveled
- Fuel efficiency
- Construction cost inflation
- System efficiencies
- Transfers from the Economic Stabilization Fund
- Amount of construction financed via tolls and/or public-private partnerships
- Amount of state vs. local effort
- New debt
- Annual Energy Sector Needs

Estimate of Additional Annual Construction and Maintenance Dollars Needed – Scenario 1

Scenario 1 is the baseline scenario and, as such, represents the most likely estimated need in order to maintain mobility levels experienced in 2010. This scenario yields an estimate of approximately $5.7 billion in new construction and maintenance dollars, using the following assumptions:
- Desired system performance – 2010 mobility levels
- Desired system pavement condition – maintain current system pavement condition
- Population growth – State Data Center 1.0 migration scenario (assumes net migration rates experienced in Texas from 2000-2010)
- Vehicle Miles Traveled – average change over past 10 years in per capita VMT is maintained
- Fuel efficiency – average rate of increase over the past 10 years is maintained
- Construction cost inflation – 5% increase per year (average annual change from 1998-2013)
- System efficiencies – 10% of mobility needs can be met through increased system efficiencies and transit
- Transfers from the Economic Stabilization Fund
- Amount of construction financed via tolls and/or public-private partnerships – 10 percent of construction will be met through state-constructed toll roads, 10 percent will be met through public private partnerships
- Amount of state vs. local effort – 40 percent of mobility needs will be met by local governments, RMAs, and toll authorities
- New debt – no new Proposition 12 or Proposition 14 debt is issued
- State portion of energy sector needs – $1 billion

If the proposed Proposition 7 passes in November, this number would be reduced to an estimated $4.3 billion using the same assumptions.

**Estimate of Additional Annual Construction and Maintenance Dollars Needed – Scenario 2**

Scenario 2 considers the same variables with the exceptions that it assumes there are no new toll roads constructed and no new public-private partnership construction. The effect of these assumptions is that an estimated $7.4 billion in new construction and maintenance expenditures is required to maintain 2010 mobility levels.

If the proposed Proposition 7 passes in November, this number would be reduced to an estimated $5.5 billion utilizing the same assumptions.

**Variables**
- Desired system performance – same as above
- Desired system pavement condition – same as above
- Population growth – same as above
- Vehicle Miles Traveled – same as above
- Fuel efficiency – same as above
- Construction cost inflation – same as above
- System efficiencies – 10% of mobility needs can be met through increased system efficiencies and transit
- Transfers from the Economic Stabilization Fund
- Amount of construction financed via tolls and/or public-private partnerships – assumes no tolls, no public-private partnerships
- Amount of state vs. local effort – same as above
- New debt – same as above
- State portion of energy sector needs: $1 billion

**Major Factors in Variability of the Estimates**
- Construction cost inflation – variability can be significant; primary cost inputs are commoditized
- Fuel efficiency – deterioration in purchasing power of the fuel tax has been significant
- Vehicle Miles Traveled and System Efficiency – technology trends can have significant positive effects

Note: The following charts show the effect of increased fuel efficiency and inflation on the cost of roadway construction.
This projection assumes the State Data Center 1.0 population migration scenario and the TRENDS model low fuel efficiency scenario. This projection assumes revenues from the gasoline tax could begin to decline in 2018 and total fuel tax revenue (gasoline and diesel) could begin to decline in 2031. Again, these forecasts are highly dependent on variables such as population growth, fuel efficiency, vehicle miles traveled, and overall economic conditions.
The following data shows the increases in the highway construction cost index versus the general consumer price index and the effects of inflation of the cost of a highway construction project.
The Effect of Cost Inflation and the 2030 Report

A $500 million road construction project:

Built in 2010: $500 million

Built Now: $750 million

Built in 2019: $923 million
Alternative Transportation Funding Options and Specific Methods to Finance Long-term/Major Transportation Projects

Several funding and financing options are described on the Mobility Investment Priorities website, both in the funding strategies section and for specific projects or programs. The most important word in all of the funding ideas is “possible”—these are not mandates or recommendations.

For more information, please refer to: [http://mobility.tamu.edu/mip/strategies.php](http://mobility.tamu.edu/mip/strategies.php)

<table>
<thead>
<tr>
<th>State Options</th>
<th>Example Tax/Fee</th>
<th>Potential Revenue From 2016 to 2019</th>
</tr>
</thead>
</table>
| Vehicle Registration Fee | Increase Fee by $5: $493 Million  
Increase Fee by $25: $2.5 Billion                                    |                                      |
| Fuel Tax           | 1 cent/gallon Increase: $516 Million for Transportation  
5 cents/gallon Increase: $2.6 Billion for Transportation  
10 cents/gallon Increase: $5.1 Billion for Transportation |                                      |
| Indexed Fuel Tax   | Indexed to the Highway Cost Index: $1.1 Billion for Transportation  
Indexed to Consumer Price Index: $509 Million for Transportation |                                      |
| Vehicle Sales Tax  | 2016-2017 Collection: $9.4 Billion  
1% Point Increase in 2015: $1.5 Billion |                                      |
| State Sales Tax    | 1% Point Increase: $18.5 Billion |                                      |
| Fuel Sales Tax     | 5% of Gas Priced $3.50/gallon and Diesel Priced $3.75/gallon: $12.4 Billion  
6.25% of Gas Priced $3.50/gallon and Diesel Priced $3.75/gallon: $15.5 Billion |                                      |
| Driver's License Surcharge | $5/License Surcharge: $341 Million  
$10/License Surcharge: $682 Million |                                      |
| Carbon Tax         | 5 cents/gallon of Motor Fuel: $2.6 Billion  
10 cents/gallon of Motor Fuel: $5.1 Billion for Transportation  
$1.7 Billion for Education |                                      |
| Vehicle Mileage Fee | 0.1 cent/mile: $1.1 Billion  
0.5 cent/mile: $5.3 Billion |                                      |
**Local Options**

**Example Tax/ Fee:**

**Potential Revenue from 2016 to 2019**

<table>
<thead>
<tr>
<th>Vehicle Registration Fees</th>
<th>$5 Fee assessed in each area would yield an estimated:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Austin: $40 million</td>
</tr>
<tr>
<td></td>
<td>Dallas/Ft. Worth: $121 million</td>
</tr>
<tr>
<td></td>
<td>Houston: $115 million</td>
</tr>
<tr>
<td></td>
<td>San Antonio: $42 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fuel Tax</th>
<th>$25 Fee assessed in each area would yield an estimated:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Austin: $199 million</td>
</tr>
<tr>
<td></td>
<td>Dallas/Ft. Worth: $604 million</td>
</tr>
<tr>
<td></td>
<td>Houston: $575 million</td>
</tr>
<tr>
<td></td>
<td>San Antonio: $208 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fuel Tax</th>
<th>1 Cent/gallon tax assessed in each area would yield an estimated:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Austin: $34 million</td>
</tr>
<tr>
<td></td>
<td>Dallas/Ft. Worth: $130 million</td>
</tr>
<tr>
<td></td>
<td>Houston: $120 million</td>
</tr>
<tr>
<td></td>
<td>San Antonio: $39 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fuel Tax</th>
<th>5 Cent/gallon tax assessed in each area would yield an estimated:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Austin: $169 million</td>
</tr>
<tr>
<td></td>
<td>Dallas/Ft. Worth: $652 million</td>
</tr>
<tr>
<td></td>
<td>Houston: $599 million</td>
</tr>
<tr>
<td></td>
<td>San Antonio: $193 million</td>
</tr>
</tbody>
</table>

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**Strategies with Variable Revenues**

<table>
<thead>
<tr>
<th>Private Activity Bonds</th>
<th>These are tax exempt bonds that provide incentives for private investment in projects. Although they do not provide new revenue, they can reduce the need for public funds.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposition Bonds</td>
<td>Proposition bonds do not create revenue; instead, they use future revenues by borrowing funds with the State’s guarantee of repayment with interest.</td>
</tr>
<tr>
<td>Public-Private Partnerships (PPP)</td>
<td>PPP’s are a means of financing individual projects. These agreements can reduce upfront public cost, help funds keep pace with rising highway construction costs, reduce need for borrowing, and reallocate or mitigate project risk.</td>
</tr>
<tr>
<td>Comprehensive Development Agreements (CDA)</td>
<td>Texas utilizes CDAs as a means of creating and implementing a public-private partnership (PPP).</td>
</tr>
<tr>
<td>Pass Through Financing</td>
<td>This strategy generates no new revenue but delays upfront state project costs. Local agencies construct a road and are reimbursed by the state for each vehicle that uses the road. The state payment can come from multiple sources.</td>
</tr>
<tr>
<td>Tax Increment Financing</td>
<td>A district can designate an area that will be impacted by a transportation project and then use the increased revenue from rising property taxes to finance the project or others in the area. Texas commonly operationalizes this with Transportation Reinvestment Zones.</td>
</tr>
<tr>
<td>Transportation Impact Fee</td>
<td>Local municipalities can charge new development projects a fee for the impact that business and residential traffic will have on transportation infrastructure in the area. This fee varies based on the region and the development’s impact.</td>
</tr>
</tbody>
</table>
# Major Revenue Enhancement Strategies Enacted by Other States (2008 to 2015)

<table>
<thead>
<tr>
<th>MODE</th>
<th>STRATEGY</th>
<th>ACTION</th>
<th>ENACTED LEGISLATION (2008 to 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Motor Fuel Tax</td>
<td>Increase state gas tax</td>
<td>Connecticut, District of Columbia, Georgia, Idaho, Iowa, Massachusetts, Minnesota, Nebraska, New Jersey, Oregon, Rhode Island, South Dakota, Vermont, Washington, Wyoming</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Index tax</td>
<td>Maryland, Massachusetts, New Hampshire, Rhode Island, Utah, Vermont</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reform motor fuel tax collection process</td>
<td>Alabama, Virginia</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local option motor fuel tax</td>
<td>Nevada</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Freeze tax (prevent from falling)</td>
<td>Kentucky, North Carolina</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Retain Sales and Use Tax on Fuel</td>
<td>Indiana</td>
<td></td>
</tr>
<tr>
<td>Taxes and Fees on Motor Vehicles</td>
<td>Increase motor vehicle registration fee</td>
<td>Colorado, Georgia, Hawaii, Idaho, Iowa, Kansas, Nevada, New York, North Dakota, Pennsylvania, South Dakota, Oregon, Utah, Vermont</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increase other vehicle-related taxes and fees</td>
<td>Arizona, Connecticut, Delaware, Idaho, Illinois, Iowa, Kentucky, Minnesota, Nebraska, New York, Oklahoma, Oregon, Rhode Island, South Dakota, Vermont, Washington</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local option registration fee</td>
<td>Pennsylvania, Washington</td>
<td></td>
</tr>
<tr>
<td>Diversion Recapture</td>
<td>More funds from transportation sources to transportation purposes</td>
<td>Colorado, Idaho, Louisiana, Maryland, Massachusetts, Minnesota, Nebraska, North Carolina, South Carolina, Texas, Utah</td>
<td></td>
</tr>
<tr>
<td>HIGHWAYS</td>
<td>Sales and Use Tax/Income Tax</td>
<td>Statewide sales tax</td>
<td>Arkansas, California, Indiana, Virginia</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Local governments to levy sales or income tax for transportation</td>
<td>California, Connecticut, Georgia, Minnesota, Utah</td>
</tr>
<tr>
<td></td>
<td>Corporate Franchise Tax</td>
<td>Impose/increase corporate franchise tax on oil companies</td>
<td>Pennsylvania</td>
</tr>
<tr>
<td></td>
<td>Tolling</td>
<td>Index tolls to CPI</td>
<td>Florida</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Impose on trucks only</td>
<td>Connecticut</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Authorize tolling on some facilities only</td>
<td>Georgia, Ohio, Texas, Washington</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Create, authorize, and/or designate authority to a state or local agency to collect tolls</td>
<td>Georgia, New Mexico, Ohio, Texas, Washington</td>
</tr>
<tr>
<td></td>
<td>Infrastructure Bank/Transportation Fund</td>
<td>Create or broaden authority</td>
<td>Connecticut, Alabama, Louisiana, New Hampshire, Vermont, Virginia</td>
</tr>
<tr>
<td></td>
<td>Alternative Fuel Tax Options</td>
<td>Impose or change fee on electric or natural gas vehicles and/or fuel</td>
<td>Florida, Georgia, Idaho, Indiana, Kansas, North Carolina, Oregon, Virginia</td>
</tr>
<tr>
<td></td>
<td>Vehicle Miles (VMT) Fee</td>
<td>Commission VMT fee study</td>
<td>Indiana, New Hampshire, Oregon</td>
</tr>
<tr>
<td></td>
<td>Payroll Tax</td>
<td>Increase tax</td>
<td>New York</td>
</tr>
<tr>
<td></td>
<td>Public-Private Partnerships (P3)</td>
<td>Broaden state or local agency authority to enter into PPPs</td>
<td>Alabama, Arizona, California, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Maryland, Massachusetts, Michigan, Missouri, Nevada, North Carolina, Ohio, Texas, West Virginia</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PPP agreements for certain projects only</td>
<td>New Mexico, Texas</td>
</tr>
</tbody>
</table>
Listed on the next several pages are enacted statewide initiatives pursued within the past five years to increase investment for transportation:

- **Alabama**: In 2015, Alabama passed several transportation funding bills. The first one established the Alabama Transportation Infrastructure Bank and authorized a redistribution of gasoline tax revenue to help fund the bank. In 2011, legislation was enacted to revise the motor fuel tax collection system. This move will help decrease motor fuel tax evasions and increase revenue. That same year, legislation was also approved that established new license fees for gasoline and motor fuel businesses. In 2009, legislation authorized the Alabama Toll Road Authority to enter into agreements for design-build contracts, leases, licenses, franchises, concessions, or other agreements.

- **Arizona**: Legislation was enacted during the 2010 Special Session that increases abandoned vehicle fees by $50 to $200, depending on the location of the vehicle. This will generate an estimated $12.1 million in additional revenue for FY 2011. In 2009, legislation was approved that would allow the DOT to enter into various types of agreements for a private partner to design, build, operate, maintain or manage a transportation facility.

- **Arkansas**: In 2012, legislators proposed a constitutional amendment to raise the state sales tax by one-half cent for ten years to fund a bond program to finance the construction of elements of a statewide four-lane highway system and other key widening projects. This act went before the voters in November 2012 for final approval where it passed by a margin of 58% to 42%. In 2011, lawmakers authorized regional mobility authorities to enter into public-private partnerships for rail, waterway, and trail projects.

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2 Alabama SB 111 (2015)
3 Alabama H. 319 (2011)
4 Alabama H. 217 (2009)
6 Arizona H. 2396 (2009)
9 Arkansas H. 1842 (2011)
• **California:** In 2014, certain departments and local agencies were granted the authority to use design-build agreements through SB 785.\(^{10}\) California also passed legislation that set in motion a plan for the establishment of a road usage charge pilot program.\(^{11}\) There was also an extension of a HOT lanes program in Los Angeles County passed that year.\(^{12}\) In 2013, legislation was passed that gave the California Department of Transportation and regional transportation agencies the authority to enter into design-build agreements for projects on its state highway system.\(^{13}\) In 2011, the Assembly allowed certain state and local transportation entities, if authorized by the California Transportation Commission to use a design-build process for contracting on transportation projects.\(^{14}\) In 2009, the Assembly approved a temporary increase in the rate of the General Fund portion of the state Sales and Use Tax by 1% (from the current rate of 5% to a rate of 6%). This increased, temporarily, the rate of the vehicle license fee from the current rate of 0.65% to a rate of 1.15%, except for commercial vehicles with a gross weight of 10,000 pounds or more. Both measures expired on June 30, 2012.\(^{15}\)

• **Colorado:** In 2013, Colorado passed a law that gave local governments the power to spend their portion of the state’s highway user’s tax fund on an assortment of transit projects.\(^{16}\) In 2010, state lawmakers scaled back a tax credit for alternative fuel vehicles in an attempt to ensure that all vehicles, even alternative fuel vehicles, pay their fair share for using the roadways.\(^{17}\) In 2009, state lawmakers passed a comprehensive transportation funding bill which raised vehicle registration fees for most cars by $31 in 2010 and by $41 in 2011.\(^{18}\)

• **Connecticut:** In 2015, legislation was passed that authorized $2.8 billion in bonds that would be paid for by re-allocating a half cent of the state’s general sales tax.\(^{19}\) In 2013, lawmakers passed legislation that required the state’s Special Transportation Fund to be utilized to fund transportation projects only as of July 1, 2015.\(^{20}\) In 2011, lawmakers approved a 3-cent gas tax increase.\(^{21}\) In 2011, the legislature also authorized PPPs for the design, development, operation or maintenance of transportation systems including ports, transit-oriented development and related infrastructure.\(^{22}\) Also in 2011, lawmakers approved requiring the installation of E-Z Pass toll stations on interstate highways to collect toll charges exclusively from large cargo trucks passing through the state.\(^{23}\) In 2010, legislators approved an increase in motor vehicle fines from $35 to $50 and established a new $100 fee for people with a suspended license who apply

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10 California SB 785 (2014)  
11 California SB 1077 (2014)  
12 California SB 1298 (2014)  
13 California AB 401 (2013)  
14 California S. 4b (2009)  
15 California AB 3c (Extraordinary Session) (2009)  
16 Colorado S 48 (2013)  
17 Colorado H. 1196 (2010)  
18 Colorado S 108 (2009)  
19 Connecticut SB 1501 (2015)  
20 Connecticut S 975 (2013)  
21 Connecticut S. 1007  
22 Connecticut H. 6801B (2011)  
23 Connecticut h. 5949 (2011)
for a special work or education driving permit. In 2008, lawmakers approved allowing gasoline retailers the ability to offer discounts on fuel based on the method of payment. This move increased total fuel sales and revenue.

- **Delaware**: In 2015, legislation was passed that increased transportation funding in a number of ways. Among the fees and taxes that were increased were the vehicle sales tax (from 3.75% to 4.25%), late fees for driver’s license renewals and vehicle registration renewals, and fees for duplicate titles, validation stickers, registration cards, and driver’s licenses. In addition, Delaware DOT was given permission to begin using design-build contracts.

- **District of Columbia**: In 2013, the District enacted a law that replaced its motor fuels tax with one that is 8.3 percent of the average wholesale price of gasoline. In 2009, district leaders approved an increase in the gasoline tax from $0.20 per gallon to $0.235 per gallon.

- **Florida**: In 2013, legislation was enacted that set up a system for the purpose of taxing natural gas used as motor fuel. This system is set to begin in 2019. In 2009, legislation allowed toll rates to be indexed to the Consumer Price Index. That same year, lawmakers also set a goal of procuring up to 25 percent of construction projects through design-build contracts.

- **Georgia**: In 2015, the state’s gas and diesel taxes were raised from 7.5 cents to 26 cents and 29 cents, respectively. This legislation also included new fees for alternative-fuel vehicles used for personal and commercial purposes ($200 and $300) and heavy trucks ($50 or $100), as well as eliminated a tax credit for electric vehicles. Legislation was also passed that approved the introduction of tolled managed lanes in the state. In 2013, Georgia lawmakers passed legislation that defined natural gas for the purposes of taxing it. In July 2012, three of the twelve districts passed the referendum (the Central Savannah River Area, the River Valley, and the Heart of Georgia Altamaha). In 2009, lawmakers abolished the State Road and Tollway Authority and created the State Transportation Agency and the State Transportation Authority. This legislation allows the authority to collect and enforce tolls. Legislation also proposed the construction of a public-private streetcar project initiative. That same year, lawmakers authorized transportation districts to impose a one-cent sales tax to fund transportation projects. The sales-tax increase must be approved by voters in the district. The districts then created a list of road and transportation projects that need improvement.
• **Hawaii:** In 2011, Lawmakers approved raising vehicle registration fees from $25 to $45. Lawmakers chose to deposit $40 from each annual motor vehicle registration fee into the state highway fund and $5 into the emergency medical services special fund.  

• **Idaho:** In 2015, a major transportation funding bill was enacted that increased vehicle registration fees on both personal and commercial vehicles by $21, and raised the gasoline tax by 7 cents (from $0.25 to $0.32). The measures are projected to bring in around $95 million annually in additional revenues. In 2014, a bill was passed that increased the revenues to be used to service debts on GARVEE bonds as well as fund the state’s highway account by allocating part of cigarette tax revenues to do so. In 2010, Idaho amended and added to existing law to provide for design-build and construction manager and general contractor contracts on state highway projects including items related to bids and advertising for sealed bids, preferred contracting methods, construction budget limits, contract awarding criteria, procedures for evaluating proposals, the creation of an evaluation committee, and the conflicts of interest involving a contract. In 2009, state lawmakers raised fees on Division of Motor Vehicles services, removed the 2.5 cents per gallon tax exemption on ethanol, and granted more funding authority to highways by removing spending on the Idaho State Police and redirecting gas tax revenue away from the Department of Parks and Recreation. In 2009, lawmakers approved raising fees for Division of Motor Vehicles (DMV) services including, but not limited to, issuing driver licenses; title transfers; furnishing copies of driver’s license records, title or registration records; replacing registration stickers; and issuance of assigned or replacement vehicle identification numbers.

• **Illinois:** In 2010, lawmakers approved permitting the DOT, pursuant to a competitive request for qualifications, to enter into public-private agreements to develop, construct, manage, or operate the Illiana Expressway. In 2009, lawmakers were successful at raising vehicle title fees from $65 to $105 and increasing vehicle transfer fees from $15 to $30. In 2008, lawmakers approved a long-term mass transit funding bill that provides free transportation to Illinois seniors. This legislation provides $494 million in new and recurring funding to Chicago Metro Area transit agencies, and another $50 million to transit agencies outside of the Chicago area. The funding is provided through a 0.25% increase in the sales tax in the Chicago Metro Area.

• **Indiana:** In 2014, multiple bills were passed that pertained to transportation funding. First, local governments in Indiana were empowered with the ability to impose local option income taxes

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38 Hawaii S. 1328 (2011)
39 Idaho H. 312 (2015)
41 Idaho H. 547 (2014)
42 Idaho H. 600 (2010)
44 Idaho H. 334 (2009)
to fund public transportation projects with the approval of voters in a given county.\textsuperscript{48} Legislation was also passed in 2014 that expands the types of parties allowed to participate in public-private partnerships. Permission was given to transfer money from the state’s General Fund to its Major Moves 2020 Trust Fund, and to transfer money from the Major Moves fund to the Major Moves Construction Fund.\textsuperscript{49} Finally, that year the legislature passed a law that commissioned a study of various potential alternative methods to fund transportation projects, including fees based on vehicle weight and miles traveled, a flat per vehicle fee, changes to motor fuels taxes, and a fee based on the amount of damage that a vehicle causes.\textsuperscript{50} In 2013, Indiana lawmakers passed legislation that enacted an 11-cent per gallon surcharge tax and a 16-cent excise tax on natural gas when it is used as a motor fuel.\textsuperscript{51} In 2011, Indiana approved legislation that removed certain provisions requiring legislative approval or review by the budget committee for public-private agreements, toll roads, and tollways. This legislation also removes the July 1, 2015 expiration date regarding the removal of the requirement recognizing the location of certain tollways, converting part of I-69 to a tollway, issuing requests for proposals and entering into PPP agreements for certain highway projects.\textsuperscript{52} In 2008, the retail sales and use tax on gasoline was raised one percent.\textsuperscript{53}

- **Iowa:** In 2015, Iowa lawmakers approved legislation that raised the state’s motor fuels tax by 10 cents, raised the tax on aircraft fuel from 3 cents to 5 cents per gallon, and raised several permit fees for oversize and overweight vehicles.\textsuperscript{54} These changes are projected to bring in around $200 million in additional revenues annually starting in FY 2016.\textsuperscript{55} In 2008, lawmakers approved a bill that increased the motor vehicle and trailer registration fees and title fees based on the value of the vehicle. The bill imposes a 5 percent registration fee penalty for failing to register a vehicle after two months. Finally, this bill imposes a 5% registration fee penalty for failing to register a motor vehicle after two months, which also increases by 5% each month.\textsuperscript{56}

- **Kansas:** In 2014, a bill was enacted that changed the vehicle registration fee for electric vehicles from $14 in all instances to one based on its weight.\textsuperscript{57} In 2008, legislation was passed that increased motor vehicle registration fees by $4.\textsuperscript{58} In 2010, lawmakers approved legislation that established the Transportation Works for Kansas Program (TWORKS). This bill called for increasing registration fees for smaller vehicles (generally, less than 12,000 lbs.), trailers, and buses by $20; increased registration fees for trucks 54,000 lbs. and smaller by $100; and, increased registration fees for trucks larger than 54,000 lbs. by $135.\textsuperscript{59} (See the Case Studies for Building Public Support for Transportation section).

\textsuperscript{48} Indiana S. 176 (2014)
\textsuperscript{49} Indiana H. 1002 (2014)
\textsuperscript{50} Indiana H. 1104 (2014)
\textsuperscript{51} Indiana H 1324 (2013)
\textsuperscript{52} Indiana S. 473 (2011)
\textsuperscript{53} Indiana H. 1008 (2008)
\textsuperscript{54} Iowa SF 257 (2015)
\textsuperscript{55} Iowa SF 257 Fiscal Note. <https://www.legis.iowa.gov/docs/publications/FN/643778.pdf>
\textsuperscript{56} Iowa SF 2420 (2008).
\textsuperscript{57} Kansas H. 2451 (2014)
\textsuperscript{58} Kansas H. 2542 (2008)
\textsuperscript{59} Kansas H. 2650 (2010)
• **Kentucky:** In 2015, a move was made to keep Kentucky’s gasoline tax from falling below 26 cents per gallon due to a provision in a past law that tied the tax to wholesale fuel prices. This ensured that a major funding cut did not transpire. In 2014, a large revenue and taxation bill was passed that included a measure to extend the state’s $1 tire fee. In 2009, state lawmakers approved freezing the state gasoline tax by 22.5 cents per gallon; it was set to fall by four cents on April 1, 2009.

• **Louisiana:** In 2014, lawmakers enacted legislation that established the Transportation Infrastructure Bank for the purpose of funding various public transportation projects. In 2012, legislators passed a bill that requested the Louisiana Department of Transportation and Development to study the feasibility of authorizing the collection of tolls to complete I-49. Lawmakers in 2008 enacted legislation to dedicate more transportation-related vehicle sales and tax revenue toward transportation. SB 11 required that by 2013, 100 percent of vehicle sales and lease tax revenue should be dedicated toward transportation.

• **Maine:** In 2013, legislators passed a bill that, with voter approval, authorized the issuance of $100 million in bonds to fund the construction, repair and rehabilitation of state roads, bridges, and a number of port, aviation, and railroad projects. This bond was approved by voters.

• **Maryland:** In 2013, legislation was enacted that established policy regarding public-private partnerships for the state and allows a number of state agencies, including Maryland DOT and the Maryland Transportation Authority, to enter into PPPs. That same year, a constitutional amendment was proposed that would end diversions from the state’s Transportation Trust Fund to its General Fund starting in FY 2015 if approved by the voters. 2013 also saw the passage of the Transportation Infrastructure Investment Act, a comprehensive transportation funding bill that aimed to increase funding by over $600 million per year by 2018. It sought to do this in part by indexing the motor fuels tax to the Consumer Price Index and enacting a sales and use tax on motor fuels. The following year, Maryland’s DOT was given permission to borrow money to fund transportation projects through the sale of bonds.

• **Massachusetts:** In 2013, Massachusetts authorized the issuance of $300 million on bonds for the purpose of funding improvements to roadways. That same year, legislation was passed that increased the state’s gasoline tax by 3 cents (up to $0.24 per gallon) and indexed it to inflation beginning in 2015, and dedicates sales tax revenue from vehicle sales to transportation

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60 Kentucky HB 299 (2015)
62 Kentucky H. 445 (2014)
64 Louisiana H. 979 (2014)
65 Louisiana S. 38 (2012)
67 Maine SP 377 (2013)
68 WMTW Portland, ME. *Bond Questions and Election Results.* <http://www.wmtw.com/politics/22589586>
69 Maryland HB 560 (2013)
72 Maryland SB 88 (2014)
73 Massachusetts H. 3379 (2013)
In 2009, lawmakers authorized the Board of Directors of the DOT to solicit proposals and enter into contracts for design-build-finance-operate-maintain or design-build-operate-maintain services with a responsible and responsive offer or submitting the proposal that is most advantageous to the department through the sale, lease, operation and maintenance of a transportation facility within the Commonwealth.  

- **Michigan**: In 2015, a bill was passed that authorized the establishment of regional airport authorities and created a tax for those wishing to use aeronautics facilities in the state. In 2012, voters rejected a measure that would have required voters to approve any new bridge or tunnel from Michigan to Canada. As a result, this move paves the way for construction to begin on a new bridge called the New International Trade Crossing (NITC) that would link Michigan with Canada. This project will be funded through financing provided by both the United States and Canada. Revenue will be collected through tolls. Michigan leaders are pursuing the construction of the New International Trade Crossing Bridge. U.S. Federal officials have agreed to provide an additional $1.6 billion for the project. In 2010, lawmakers enacted new rules authorizing certain public and private entity partnerships for transportation. In 2008, lawmakers raised the state aviation motor fuels tax 3 cents per gallon on all airline fuel for, among other things, acquiring, developing, and operating airports in the state.

- **Minnesota**: In 2013, a transportation bill was passed that called for the creation of an office to handle public-private partnerships. Another bill was passed that year that, among other things, created a grant program to fund a variety of transportation projects and increased Minnesota’s vehicle sales tax. In 2008, state lawmakers approved a five-cent per gallon tax increase; the funds were dedicated to bridge maintenance. This legislation also granted the seven-county Minneapolis/St. Paul metro area authority to raise the sales tax in order to pay for transportation needs. Finally, this legislation increased fees on the lease and rental of vehicles from 3 percent to 5 percent of the sales price of the vehicle. That same year, lawmakers also repealed the state low-income motor fuels tax. Removing this tax credit was expected to bring in an additional $30.1 million annually for transportation.

- **Mississippi**: In 2010, lawmakers authorized more than $300 million in bonds to finance highways, bridges, and other transportation projects. This bill also created a commission of the

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74 Massachusetts H. 3535 (2013)
75 Massachusetts S. 2087 (2009)
76 Michigan H. 4468 (2015)
79 Michigan H. 5461 (2010)
80 Michigan H. 5582 (2008)
81 Minnesota S 1270 (2013)
82 Minnesota H 1444 (2013)
83 Minnesota S.F. 2521
governor, treasurer, and attorney general charged with approving transportation bonds that are issued. 85

- **Missouri:** In 2010, state lawmakers enacted legislation that allowed port authority boards to establish port improvement districts to fund projects with voter-approved sales or property taxes. 86 In 2009, state lawmakers expanded public-private partnerships by allowing any pipeline, ferry, river boat, airport, railroad, or mass transit facility to be financed, developed, and operated by the state highway transportation commission and a private partner. 87

- **Nebraska:** In 2015, the Nebraska Legislature passed a bill (overriding the Governor’s veto) that will increase the state’s gas tax a total of 6 cents over a four-year period. 88 The tax increase is projected to bring in around $215 million over that period, and roughly $76 million annually starting in FY 2019-2020. 89 In 2011, legislators approved a half-cent earmark of existing sales tax revenue for road funding in 2013. This legislation also authorized bonding for priority road projects. 90 In 2009, lawmakers raised fees on personalized license plates by $10 and directed the proceeds to the highway trust fund. 91 In 2008, lawmakers approved a 5% tax (up from 2.5%) on the average wholesale price of gasoline. 92

- **Nevada:** In 2013, legislators gave approval to a number of counties to enact additional taxes on motor fuels with voter approval. 93 In 2015, legislation was passed by Nevada lawmakers that would change the way that local governments are able to impose fuel taxes as well as tie the tax rates to inflation, assuming that voters approve a ballot initiative in 2016. 94 An additional bill was passed giving more funding to local governments by allowing them to use revenues from their allotment of fuel taxes to pay for projects within their jurisdiction. 95 In 2011, lawmakers authorized the Transportation Commission to enter into one or more public-private partnerships (PPPs) to design, construct, develop, finance, operate or maintain the demonstration project. 96 Legislation was approved in 2008 that changed the vehicle depreciation schedule, resulting in $42.8 million in additional revenue. In 2008, the minimum vehicle registration tax was increased from $6 to $16, increasing revenues by about $94 million for FY 2010. 97 In 2009, legislation was enacted that allows the Washoe County Board of Commissioners to enact a gasoline tax increase of 2.05 cents per gallon. 98

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85 Mississippi S. 3181 (2010)
86 Missouri S. 578 (2010)
87 Missouri H. 683 (2009)
88 Nebraska LB 610
90 Nebraska LB 84 (2011)
91 Nebraska LB 110 (2009)
92 Nebraska LB 846 (2009)
93 Nevada AB 413 (2013)
94 Nevada AB 191 (2015)
95 Nevada AB 366 (2015)
96 Nevada S. 506 (2011)
98 Nevada S. 201 (2009)
- **New Hampshire:** In 2015, lawmakers commissioned a study to determine potential funding mechanisms to replace the road toll for alternative fuel vehicles.99 In 2014, legislation was passed that included a provision requiring that the road toll that is imposed on motor fuel sales is adjusted according to the CPI.100 Legislation was also passed that created a state infrastructure bank in order to finance various transportation projects along with establishing a fund for the bank and entering into a contract with an entity to administer the bank.101 In addition, two bills were passed that pertained to the sale of naming rights for various structures.102,103 Finally, a road toll was imposed on alternative fuels, notably natural gas.104 In 2012, legislators approved the establishment of a commission to study the taxation of alternative fuel and electric-powered motor vehicles for the purpose of funding improvements to the state’s highways and bridges.105

- **New Jersey:** In 2010, legislators approved a bill to increase the motor fuels tax. This move was expected to generate an additional $18 million.106

- **New Mexico:** In 2009, New Mexico legislators passed the Infrastructure Development Act. This legislation authorized the creation of local infrastructure development zones. These zonal boards work to implement an approved service plan and can issue bonds, levy property taxes, charge tolls, and enter into debt obligations.107 The state also enacted legislation that allows the use of design-build project delivery for transportation projects funded in part by the American Recovery and Reinvestment Act.108,109

- **New York:** In 2009, lawmakers imposed an additional fee of $1 for every six months a person holds a license or learner’s permit, a supplemental $25 fee annually on vehicles registered in a metropolitan commuter district. In addition, lawmakers raised a 0.34 percent additional payroll mobility tax in some districts. Legislation also imposed a 50-cent surcharge on taxi trips in the metro commuter districts and created an additional 5 percent sales tax on auto rentals in the metro commuter districts. In 2009, legislators increased the auto rental tax from 5 to 6 percent.

- **North Carolina:** In 2015, a bill was passed that prevented a large decrease in revenue due to a drop in the fuel tax rate.110 In 2013, North Carolina lawmakers passed several bills related to transportation funding. The first was a bill that prohibited diversions of fuel tax revenues to non-transportation projects.111 The second was an appropriations bill that also included provisions

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100 New Hampshire S. 367 (2014)
101 New Hampshire S. 372 (2014)
102 New Hampshire H 534 (2014)
103 New Hampshire H. 635 (2014)
104 New Hampshire H. 1142 (2014)
105 New Hampshire H. 1144
107 New Mexico H. 552 (2009)
108 New Mexico H. 345
111 North Carolina H. 157 (2013)
that enacted a $100 fee for plug-in electric vehicles and a $50 fee for certain hybrid cars at the
time of registration.112 Finally, the Tax Reduction Act capped the motor fuels excise tax from
October of 2013 to June 30, 2015.113 In 2009, legislation was approved that allows the
Department of Transportation to enter into a contract with a private developer to accomplish
the engineering, design, or construction of improvements to the State highway system.114 That
same year, lawmakers approved allowing the Triangle counties (Raleigh, Durham, and Chapel
Hill) to pay for transit improvements with a half-cent sales tax increase. Durham County voters
approved this sales tax increase in 2011115, followed by Orange County in 2012: 116,117

- **North Dakota:** In 2009, lawmakers raised vehicle registration fees by $3.118
- **Ohio:** In 2011, lawmakers authorized the state department of transportation to enter into
public-private partnerships (PPPs) based on solicited and unsolicited proposals from private
entities relating to transportation facilities.119 In 2009, lawmakers authorized legislation that
allows the Department of Transportation to construct and operate toll projects at locations first
approved by the Director of Transportation and subsequently approved by the Ohio
Transportation Finance Commission, which the act creates.120
- **Oklahoma:** In 2012, lawmakers approved legislation that increased in three increments the
percentage of those fees collected under the Oklahoma Vehicle License and Registration Act
that is allocated to the County Improvements for Roads and Bridges Fund, reaching 20 percent
for the year beginning July 1, 2014 and all subsequent years.121
- **Oregon:** In 2014, lawmakers passed legislation that gave drivers the option of paying an annual
fee instead of a per-gallon tax if they drive a vehicle powered by natural gas or propane.122 In
2013, Oregon lawmakers established a voluntary pilot program in which participants were
charged a VMT fee of 1.5 cents per mile.123 In 2011, lawmakers approved legislation requiring
persons operating electric motor vehicles and plug-in hybrid electric motor vehicles to pay
vehicle road usage charge.124 In 2009, state lawmakers approved a six-cent motor fuels tax
increase to fund a $1 billion transportation spending package.125,126 In 2009 the Oregon
legislature approved several vehicle ownership fee increases to fund transportation. For

112 North Carolina SB 402 (2013)
113 North Carolina HB 998 (2013)
114 North Carolina S. 648 (2009)
118 North Dakota S. 2012 (2009)
119 Ohio H. 114 (2011)
120 Ohio H. 2 (2009)
121 Oklahoma H. 2249 (2012)
122 Oregon HB 4131 (2014)
123 Oregon SB 810 (2013)
124 Oregon H. 2001 (2011)
126 *Tax Measures Help Balance State Budgets: A Common and Reasonable Response to Shortfalls*, Center for Budget
example, vehicle title fees were increased from $55 to $77. Vehicle registration fees were increased $32 over two years.\(^{127}\)

- **Pennsylvania:** In 2013, a major transportation funding bill was passed that included a number of funding mechanisms. It increased the rate of the oil company franchise tax and repealed the cents-per-gallon tax. It called for several fees, including vehicle registration and driver’s license fees, to be indexed to the Consumer Price Index.\(^{128}\) Counties were also given the ability to enact a $5 vehicle registration fee.\(^{129}\) The bill is projected to bring in over $1.2 billion in funding per year in FY 2014-2015 and over $2 billion per year beginning in FY 2017-2018.\(^{130}\)

- **Rhode Island:** In 2014, state lawmakers included a provision that year’s appropriations bill that mandated that the gas tax is to be indexed to the Consumer Price Index for all Urban Consumers. In addition, the bill raised various other fees and surcharges.\(^{131}\) In 2011, state lawmakers imposed additional vehicle registration surcharges and driver’s license fees to support a new fund established to pay for transportation infrastructure.\(^{132}\) In 2009, the state budget raised the state gasoline tax from $0.30 to $0.32 per gallon.\(^{133}\)

- **South Carolina:** In 2013, state lawmakers enacted legislation that requires an annual transfer to the state’s Transportation Infrastructure Bank from other revenue sources. It also allows county and municipal roads to be added into the state highway system if both parties agree.\(^{134}\)

- **South Dakota:** In 2015, the gas tax was increased by 6 cents (from $0.22 to $0.28) and vehicle sales taxes and license fees were also increased through new legislation.\(^{135}\) In 2012, lawmakers approved raising vehicle registration fees in two stages. Registration fees would rise from $42 to $51 per year in 2011 then to $60 in 2013. The bill also raised registration fees for motor homes, travel trailers and motorcycles.\(^{136}\)

- **Texas:** In 2015, there was a measure passed that, pending voter approval, would transfer revenues from general sales taxes to transportation as well as transfer a portion of the vehicle sales tax. In 2014, Texas voters approved a ballot measure that amends the state constitution to allow for a portion of oil and gas revenues that typically goes into the state’s Economic Stabilization Fund to instead be directed to the State Highway Fund. The Texas Comptroller of Public Accounts certified that $1.74 billion would be available for transfer to the State Highway Fund for FY 2015.\(^{137}\) In 2011, lawmakers approved legislation known as the Texas DOT Sunset bill, which (among other things) limits TxDOT’s Public-Private Partnership authority to certain

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\(^{129}\) Pennsylvania HB 1060 (2013)  
\(^{131}\) Rhode Island H. 7133 (2014)  
\(^{132}\) Rhode Island H. 5894 (2011)  
\(^{133}\) Rhode Island H. 5983 (2009)  
\(^{134}\) South Carolina HB 3360 (2013)  
\(^{135}\) South Dakota SB 1 (2015)  
\(^{136}\) South Dakota H. 1192 (2011)  
\(^{137}\) Texas Department of Transportation, Proposition 1 Funding. <http://www.txdot.gov/government/legislative/state-affairs/ballot-proposition.html>
projects. In 2011, lawmakers also approved legislation that would allow toll projects to be owned by a local toll project entity in perpetuity. In 2011, lawmakers approved legislation that would allow public-private partnerships for a ferry, mass transit, vehicle parking or port facility. This excludes financing, design, construction, maintenance or operation of a highway on the state highway system. In 2011, lawmakers enacted legislation that authorized the DOT to enter into design-build contracts with a construction cost estimate of $50 million or more. In 2010, Texas State House Speaker Joe Straus appointed a committee to (among other things) consider the “air, ground, and rail transportation needs of rural Texas and analyze the effect on economic development.” Recommendations from this committee can be found here: http://texas2030committee.tamu.edu/

- **Utah:** In 2015, the Utah legislature passed a bill that gives counties the ability to propose a quarter-cent sales tax for consideration by their voters, as well as changes the way the state’s gas tax is calculated (from cents per gallon to a percentage tax per gallon based on its price). In 2011, lawmakers approved shifting 30% of the growth in sales-tax revenue (based on Fiscal Year 2011) from the General Fund to the Centennial Highway Fund or the Transportation Investment Fund of 2005. The shift is about $60 million per year beginning in FY 2013. In 2009, legislators increased the motor vehicle registration fee by $20, which is projected to generate about $53 million per year.

- **Vermont:** In 2013, lawmakers approved legislation that enacted a 4 percent tax on the average price of gasoline to be phased in over a two year period, decreased the state’s diesel tax by 3 cents per gallon over two years, and decreased the state’s excise tax on gasoline by 6.9 cents. In 2009, lawmakers approved comprehensive legislation that did the following: tied the gasoline tax to the rate of inflation starting in 2012; created a transportation infrastructure bond fund; raised the gasoline tax by 5 cents; gave the treasurer the authority to issue bonds for transportation infrastructure purposes. In 2009, vehicle registration fees were increased from $60 to $65, generating an estimated $1.7 million.

- **Virginia:** In 2013, lawmakers passed a bill that enacted a $64 registration fee on alternative fuel, electric, and hybrid vehicles, replaced the 17.5 cents per gallon gasoline tax with one based on a percentage of the wholesale price of gasoline and diesel, and raised the state’s sales and use tax to 4.3% (from 4.0%) with the revenues going to transportation projects. In 2011, lawmakers created the Virginia Transportation Infrastructure Bank to fund transportation projects.

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138 Texas S.1420 (2011)
139 Texas S.19 (2011)
140 Texas S.1048 (2011)
141 Texas Legislature, Interim Committee Charges (2010)
142 Utah HB 362 (2015)
143 Utah S. 229 (2011)
145 Vermont H. 510 (2013)
146 Vermont H. 438 (2009)
148 Virginia HB 2313 (2013)
Legislation required that up to 20 percent of funds in this newly created infrastructure bank was to be used to make grants or interest rate subsidies to localities for transportation projects, and the remainder was to be used to make loans to private or public entities for transportation projects.  

- **Washington**: In 2015, legislation was passed that raised the state’s fuel tax by 7 cents per gallon, and will increase it again next year by 4.9 cents per gallon.\(^{150}\) In 2011, lawmakers passed a bill that allowed the King County Council to implement a $20 per vehicle local option fee levied only in King County. The King County Council was responsible for deciding how the fee would be imposed.\(^{151}\) In 2009, lawmakers enacted a law that increases the $50 document fee charged with new vehicle purchases to $150 starting July 1, 2009 (expires in five years).\(^{152}\) In 2009, lawmakers approved legislation that would impose tolls on the existing State Route (SR) 520. The tolling authority is allowed to increase the toll rates as necessary to reflect inflation and meet the payments on the bonds.\(^{153}\)

- **West Virginia**: In 2010, lawmakers approved legislation that grants counties the authority to impose, administer, collect and enforce payment of voter-approved user fees to pay for or finance the cost of transportation projects within their counties.\(^{154}\) In 2009, legislation was enacted that expanded design-build construction and financing options and authorized the continuance of three pilot projects, and further authorizes up to ten design-build projects. Over three years, $150 million was authorized to fund these projects.\(^{155}\)

- **Wyoming**: In 2013, Wyoming lawmakers passed legislation that raised the state’s gasoline and diesel taxes from $0.14 per gallon to $0.24 per gallon.\(^{156}\)

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\(^{149}\) Virginia S. 1446 (2011)  
\(^{150}\) Washington SB 5987 (2015)  
\(^{151}\) Washington S. 5251 (2011)  
\(^{153}\) Washington H. 2211 (2009)  
\(^{154}\) West Virginia S. 352 (2010)  
\(^{155}\) West Virginia S. 352 (2010)  
\(^{156}\) Wyoming HB 69 (2013)