



# STATE TRANSPORTATION FUNDING PROPOSALS IN 2013/EARLY 2014

**As of February 3, 2014**

**Dates listed below are roughly approximate periods of reported discussions.**

## ARIZONA (2/15/13; 1/9/14)

### Needs

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

### Proposed Revenue Tools and Yield Potential

- Framework for a study committee to look at a VMT fee.
- Advertising for food, hotel and gas service to be installed at 300 exits in Phoenix, Tucson, Yuma and Flagstaff. Will raise up to \$10 million.

### Status

- VMT fee under preliminary discussion.



- Advertising already underway.



## ARKANSAS (3/7/13)

### Proposed Revenue Tools and Yield Potential

- Half-cent sales tax increase (from 6 to 6.5%), with the increase dedicated to fund \$1.8 billion in highway improvements over the next ten years. The sales tax increase will be rescinded after ten years when the bonds used from the proceeds will have been repaid.
- Increase the truck registration fee by 15% to raise \$6 million.

### Status

- Half-cent sales tax increase: Passed statewide ballot in November 2012, collection starts July 1, 2013.



## CALIFORNIA (2/26/13; 3/5/13; 11/19/13)

### Proposed Revenue Tools

- Raise the state gas tax by 3.5 cents.

### Proposed Revenue Tools – Coalition of Transportation Leaders

- Implement a 1% surcharge on the vehicle license fee, currently 0.65% of a vehicle's market value.

### Status

- Raising state gas tax: Passed by California Board of Equalization, will take effect July 1, 2013.



- Surcharge on vehicle license fee: Attempting to collect signatures to put on November 2014 ballot.



## DISTRICT OF COLUMBIA (5/22/13)

### Proposed Revenue Tools

- 23.5 cpg gas tax replaced with an 8.3% tax on wholesale gas and diesel purchases.

### Status

- Approved by DC Council May 22.



## DELAWARE (1/29/14)

### Proposed Revenue Tools

- Governor seeking a 10 cpg increase in the state gas tax and \$50 million per year in additional debt to pay for a five year, \$500 million transportation bill.

### Status

- In general discussion.



## FLORIDA (3/30/13)

### Proposed Revenue Tools

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

### Status

- Under preliminary discussion.



## IDAHO (3/27/13)

### Proposed Revenue Tools

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

### Status

- Any significant funding proposal in serious discussion likely not to come until at least 2015, but there could be limited revenue proposals.



## ILLINOIS (6/12/13)

### Proposed Revenue Tools – Transportation for Illinois Coalition Proposal

- Replace the current 19-cpg motor fuel tax with a 9.5% wholesale tax. Would add about 14 cents to today's price of a gallon of gas.

### Status

- In general discussion.



## INDIANA (1/30/13; 5/9/13)

### Needs

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

### Proposed Revenue Tools and Yield Potential

- 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.
- HB 1011: Would establish a metropolitan transit district in Indianapolis and nine surrounding counties, with the adoption by the participating counties of a local income tax of 0.3% dedicated to funding the new regional transit system.
- HB 1292: Increases the gas tax by 2 cpg for gasoline with an octane number greater than 87, with the revenue going to bridge repair.

### Status

- First three bulleted tools in general discussion.



- HB 1011 signed into law May 9, 2013.



- HB 1292 in general discussion.



## IOWA (11/25/13; 1/29/14)

### Proposed Revenue Tools

- Governor open to using state sales tax money to pay for road repairs. Would take 10 percent of the first 2 cents from the state's 6-cent sales tax and apply that to roads.
- House Study Bill calls for a 3 cpg gas tax increase on July 1, 2014, another 3-cent bump on July 1, 2015 and a 4-cent boost on July 1, 2016.

### Status

- In general discussion.



## LOUISIANA (1/23/14)

### Proposed Revenue Tools

- Department of Transportation and Development seeking pitches from consultants who would oversee a campaign to open sponsorships to ferries, ferry terminals, toll plazas, rest areas, highway signs, traffic camera feeds, unique roads and bridges, and scenic areas, etc. The proceeds from this would be used to defray agency operating expenses.

### Status

- In discussion.



## MARYLAND (3/29/13)


### 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.

### Proposed Revenue Tools and Yield Potential

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

### Status

- Primary bill passed by Legislature. Signed by Governor May 16, 2013.  

- Companion bill for lockbox passed House and Senate and will be on the ballot for voters in November 2014.



**Needs**

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

**Proposed Revenue Tools and Yield Potential – Governor’s Proposal**

- 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.
- Raises \$1.1 billion in additional transportation funding annually.

**Proposed Revenue Tools and Yield Potential – Joint House/Senate Proposal**

- 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.
- Raises \$500 million total.

**Proposed Revenue Tools and Yield Potential – Senate Proposal**

- Raise the gas tax 3 cpg and index to inflation.
- Raise cigarette taxes by \$1 per pack.
- Increase the excise tax on cigars and smokeless tobacco.
- Raise roughly \$250 million in new taxes on businesses.
- Goal would be to raise \$500 million in new revenue while spreading the burden.

**Status**

- Final version raises the state gas tax 3 cents per gallon and indexes to inflation for the future, raises the cigarette tax \$1 per pack and imposes the state sales tax on computer software on computer software and services. Provides \$500 million in new taxes. Enough votes in legislature to override Governor’s veto. Taxes took effect at beginning of August 2013.



## MICHIGAN (2/7/13; 9/12/13)

### Needs

- \$1.2 billion annual shortage in road funding.

### Proposed Revenue Tools and Yield Potential – Governor’s Proposal

- 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.
- Devote some sales tax revenue to transportation.
- Allow counties to raise additional money for local roads and public transportation via a tax on the price of vehicles.
- Raises \$1.2 billion additional per year.

### Status

- Governor is no longer pushing for the \$1.2 billion proposal after encountering resistance.



- Governor keeping open the possibility of replacing the state’s flat per-gallon fuel tax with a percentage levy based on the wholesale price of fuel to remain revenue-neutral.



## MINNESOTA (2/5/13; 5/8/13; 11/5/13)

### Proposed Revenue Tools and Yield Potential

- 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.

### Proposed Revenue Tools – Metropolitan Council

- Increase the sales tax by half a cent in the seven-county metro area.

### Status

- Sales tax increase taken out of bill by Senate Tax Committee in 2013. Transportation officials and Met Council leaders hope it will pass in the 2014 legislative session. Mayors of St. Paul and Minneapolis are advocates.



## MISSOURI (5/20/13; 7/18/13; 10/28/13)

### Needs

- \$600 million to \$1 billion annually.

### Proposed Revenue Tools and Yield Potential

- 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.
- Supporters estimate it could generate \$790 million annually.

### Status

- Did not make it out of the General Assembly. Governor is supportive of additional transportation funding, however, as long as it is put the public for a vote. One cent sales tax increase is being attempted again.



## MONTANA (1/30/13)

### Proposed Revenue Tools

- Raising the state gas tax 2 cpg: one cent for road maintenance and one cent for transit funding.
- Creating a new oil-and-gas impact fund that would make available at least \$85 million over the next seven years to fund projects that are needed “as a direct consequence of an increase in oil-and-gas development activity,” with the preference given to infrastructure projects. The funds would come from a portion of federal mineral lease payments that go into the state treasury.

### Status

- Raising gas tax rejected.



- Oil-and-gas impact fund passed Senate, awaiting House action on revised bill



## NEVADA (4/4/13)

### Needs

- \$4 billion over next decade.

### Proposed Revenue Tools and Yield Potential

- State lawmakers discussing a bill that would raise the gas tax 2 cents per year for the next decade.
- Would raise \$300 million in the first year and about \$3 billion over the course of the next decade.

### Status

- In general discussion.





## NEW HAMPSHIRE (1/16/13)

### 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.

### Proposed Revenue Tools and Yield Potential

- Increase the gas tax by 12 cpg and raise vehicle registration fees by \$15 over the next three years.
- Would raise \$100 million/year for the state and \$15 million for towns and cities.

### Status

- Passed House, but did not pass state Senate.



## NEW JERSEY (3/4/13)

### Proposed Revenue Tools

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

### Status

- In general discussion.



## NORTH CAROLINA (10/8/13)

### Proposed Revenue Tools

- \$75 million transportation bond issue for the city of Raleigh, funded by a property tax increase next year for Raleigh taxpayers of 1.12 cents/\$100 valuation.

### Status

- Passed by city voters.



## OREGON (12/27/12; 2/21/13)

### Proposed Revenue Tools

- 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.

### Status

- Lottery proceeds: In general discussion.



## PENNSYLVANIA (11/20/13; 11/25/13)

### Needs

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

### Proposed Revenue Tools and Yield Potential

- Increase wholesale gas taxes, which could amount to up to a 28.5 cent per gallon increase at the pump over the next five years.
- Raise fees on driver's licenses, vehicle registration, vehicle inspection stickers, emission inspection stickers, and traffic tickets.
- Will raise approximately \$2.4 billion to fund mass transit systems and improve roadways.

### Proposed Revenue Tools and Yield Potential

- Nearly \$18 million being distributed to counties from natural gas impact fees for bridge repair.

### Status

- Main bill passed House and Senate. Signed by Governor November 25, 2013.



- Natural gas impact fee money earmarked.



## SOUTH CAROLINA (2/16/13; 2/19/13; 10/23/13)

### 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.

### 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.
- House/Senate Joint Panel approved a plan which provides up to \$141 million in state taxes toward infrastructure, puts \$50 million from the current year's surplus toward bridge repair and transfers \$41 million from the state sales tax on vehicles to the state DOT for repairing secondary roads. These proposals along with borrowing and federal highway matches could push the total to more than \$798 million.
- Set aside revenue from the state general fund.

### Status

- A Transportation Funding Special Subcommittee has been formed to consider all proposed plans and concerns from the public.



- \$50 million from the state general fund was given to the state Transportation Infrastructure Bank. That money can be used to borrow up to \$600 million.



## TEXAS (JANUARY 2013; 3/20/13; 4/10/13; 7/18/13; 8/5/13)

### Needs

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

### 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.
- House bill would ask voters to approve amending the constitution in order to raise about \$800 million for the state's highway fund through a complicated shifting of different revenue streams including oil and gas production taxes and the gas tax.

### Status

- Final version approved a constitutional amendment that would boost transportation spending by about \$1.2 billion per year by diverting oil and gas revenues from the state's Rainy Day Fund. This will be put on the ballot for voters in 2014 and require the Legislature to set a minimum balance for the Rainy Day Fund every two years.



## UTAH (3/19/13)

### Needs

- \$11 billion over current revenue levels through 2040.

### 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.

### Yield Potential

- 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.

### Status

- Action not taken up by lawmakers as of yet.



## VERMONT (4/29/13)

### Needs

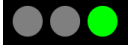
- \$35 million annually.

### Proposed Revenue Tools and Yield Potential

- Net increase of gas tax by 5.9 cpg (2% assessment on the price of gas while the cpg price drops 0.8)
- Increase diesel tax by 3 cpg over two years.
- Would raise \$36.5 million the first year, with a greater amount in following years.

### Status

- Signed into law by Governor April 29, 2013. Tax took effect on May 1.



## VIRGINIA (2/20/13)

### 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.

### Proposed 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.

### Yield Potential

- Expected to generate \$1.4 billion a year.

### Status

- Ratified by General Assembly April 3, 2013. Signed by Governor May 13, 2013.



**Needs**

- More than \$3 billion over the next 10 years.




**Proposed Revenue Tools**

- \$100 annual fee on drivers of electric cars.
- Advancing progress on the study of instituting a VMT fee.

**Proposed Revenue Tools (HB 1954)**

- Increase motor fuels taxes by 10 cents over five years, by means of yearly 2-cent increments and increases certain refunds in corresponding amounts.
- Create a freight project fee equal to 15% of the current gross weight fee to be used for freight projects.
- Create a bike fee of \$25 for Complete Streets projects.
- Implement a motor vehicle excise tax of 0.7% of the value of motor vehicles weighing less than 10,000 pounds.
- Impose a service fee of \$5 for every vehicle registration renewal and \$12 for every certificate of title transaction conducted by a county auditor or other agent and the Department of Licensing.
- Provide a variety of local revenue options.

**Status**

- Electric car fee: Collection started February 2013  

- VMT fee study: Included as part of state transportation budget, expected to pass.  

- HB 1954: Senate declined to vote, and a new plan will be formed in the coming months.  


**Needs**

- An additional \$1.3 billion per year.

**Proposed Revenue Tools and Yield Potential – Blue Ribbon Commission on Highways Discussion – May 2013**

- Increase the sales tax from 6% to 7%, with the increase dedicated to the Road Fund, providing an estimated \$200 million in annual revenue.
- Increase Division of Motor Vehicle fees. Proposed increases include raising vehicle registrations from \$28.50 to \$49, and increasing \$5 to \$40, for total additional annual revenue of \$64.2 million.
- Increase the automobile privilege tax from 5% to 6%, which would raise \$37.2 million.
- Increase the cigarette tax by 50 cents a pack, with the increase dedicated to the Road Fund, raising \$37 million.
- Increasing the excise tax on diesel fuel, which would raise \$14.5 million.
- Setting a special registration fee for alternative-fuel vehicles at \$200 a year, which would raise \$1.1 million.
- If all proposals were adopted, Road Fund revenues would increase by \$419.8 million per year, less than half of what is needed.

**Proposed Revenue Tools and Yield Potential – Blue Ribbon Commission on Highways Discussion – September 2013**

- Continue and increase tolls on the West Virginia Turnpike to finance \$1 billion in bond issues for road construction.
- Increase vehicle registration fees by \$20 (to raise \$26 million), increase vehicle titles by \$35 (to raise \$21 million), and increase driver's license fees by \$5/year (to raise \$6.5 million).
- Dedicate a portion of a proposed Marcellus Shale natural gas Future Fund to state roads.
- Study of a vehicle miles traveled fee.

**Status**

- In general discussion. Commission rejected some of the earlier proposals including increasing the sales tax and increasing the automobile privilege tax.



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

### 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.

### Proposed Revenue Tools and Yield Potential - Governor's Proposal

- 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.

### Proposed Revenue Tools and Yield Potential - Wisconsin Transportation Finance & Policy Commission Proposal

- 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.

### Status

- In general discussion.



## WYOMING (2/14/13)

### Needs

- \$134 million per year to maintain highways.

### Proposed Revenue Tools and Yield Potential

- Raise the state gas tax by 10 cpg, effective July 1, 2013.
- Raise an additional \$47.5 million per year.

### Status

- Signed into law by Governor on February 15, 2013.

