Following the deluge of major transportation funding packages passed by states in 2013, elections and other factors combined to make 2014 a somewhat quieter year on that front. But as 2015 legislative sessions approach, a large number of states appear poised to tackle transportation funding. While some states are holdovers from years past as a result of previously unsuccessful efforts, there are also a handful of relative newcomers to the list this year. Their reasons for addressing the issue now and the urgency with which they are approaching it may vary, but there are plenty of common justifications and common solutions that already appear to be emerging.

Here is my list of 16 states to watch (and updates on four others) that are likely to have infrastructure investment on the agenda in 2015:

- **Connecticut**: Gov. Dannel Malloy, who won re-election in November in a tight contest, said during the campaign he wants to spend heavily on transportation. Neither he nor his challenger offered any plans for how to pay for those investments, but Malloy has said he’s keeping an open mind about tolling, particularly if federal transportation aid to states declines precipitously over the next few years.

- **Georgia**: A local option sales tax referendum failed in all but three regions of the state in 2012. Now it appears lawmakers finally may be ready to explore a Plan B. The legislature’s Joint Study Committee on Critical Transportation Infrastructure Funding held meetings across the state this summer and fall and is required to submit its recommendations by November 30. Among the options that have been discussed: a gas tax increase, converting to a mileage-based fee, paying off bonds using the state’s general budget in order to free up funds for the state department of transportation that now go to pay debt service, dedicating the fourth penny of the gas tax to transportation (it now goes into the state’s general budget fund), and shifting to greater use of tolls. Some have also expressed interest in having voters consider a revised version of the local option sales tax in smaller, redrawn regions at a reduced rate of increase.

- **Illinois**: A group called the Transportation for Illinois Coalition says $1.8 billion in new revenues is needed to improve and maintain the state’s roads and bridges. While 82 percent of state roads are currently considered to be in “acceptable” condition, only 61 percent will be by 2020. Illinois collects just a little more than $1 billion from various state user fees, but those revenues are being used for non-transportation purposes. The coalition believes directing that money to transportation and adding new revenue streams could raise the necessary funds. Those new revenue streams could include a gas tax increase, a hike in the vehicle registration fee, and a sales tax on automobile-related services such as repairs, car washes and oil changes. But during the fall campaign, Gov.-elect Bruce Rauner said he opposes raising the state’s gas tax, arguing it’s “regressive and hurts competitiveness,” The Chicago Tribune reported. Rauner said he prefers looking for creative public-private partnership financing as other states have done.

- **Iowa**: Newly re-elected Gov. Terry Branstad said recently the time is right to increase funding for the state’s road-use tax fund, likely by increasing the state fuel tax. Highway funding has been on the agenda in Iowa in recent years but neither political party has been willing to support tax increases. Some believe 2015 could be different since Branstad won re-election and Republicans
and Democrats are now sharing power in the House and Senate. Senate Transportation Committee Chairman Tod Bowman, a Democrat, has also said a fuel tax increase will receive serious consideration next year. The state faces an annual transportation funding shortfall of $215 million. A 2011 report concluded that raising the gas tax 10 cents per gallon could cover most, if not all, of that annual shortfall, *The Sioux City Journal reported recently* [10]. A hybrid plan first introduced earlier this year would reduce the per-gallon fuel tax but place a 5 percent sales tax on fuel purchases. Bowman and House Transportation Committee Chair Josh Byrnes have suggested the hybrid plan might have the best chance of receiving bipartisan support in the Statehouse and from the governor.

- **Louisiana**: A transportation funding task force made up of state legislators, the state transportation secretary and others met for the first time in September and will issue its recommendations by January 15. Among the revenue mechanisms receiving discussion, *according to reports* [11]: mileage-based user fees, a straight-up gas tax increase and indexing the tax to inflation. But Gov. Bobby Jindal and Transportation Secretary Sherri LeBas oppose additional taxes. Voters this month rejected a ballot measure that would have established a state infrastructure bank to allow local governments to borrow money to tackle transportation projects, *The Times Picayune reported* [12]. Some analysts said one reason the measure failed is that Louisianans don't trust how the government is currently spending transportation revenues. The state faces a $12 billion backlog of projects.

- **Minnesota**: During his successful campaign for re-election this year, Gov. Mark Dayton proposed a wholesale sales tax on gasoline. The state needs $6.5 billion to fund infrastructure projects over the next 10 years, *according to Roll Call* [13]. Transportation advocates in the state have been working to bring business interests onboard to push for a transportation funding package next year, *MINNPOST reported this spring* [14].

- **Mississippi**: Members of the Mississippi Transportation Commission *said this year* [15] that the state department of transportation will need an additional $400 million a year to spend on the state’s infrastructure. The state *is reportedly* [16] considering a proposal to establish a lottery with proceeds going to the Mississippi Roads Improvement Fund. Other proposals include directing a percentage of the sales tax to a transportation fund, lowering the gas tax but imposing a 6 percent tax on the wholesale price of fuel, and creating new taxes on establishments and diverting a portion of that revenue to highways.

- **New Jersey**: With the state’s Transportation Trust Fund projected to run out of cash next year for anything other than debt payments, state lawmakers turned their attention this fall to a proposal offered by Assemblyman John Wisniewski, which would increase the state gas tax by at least 25 cents a gallon to bring in $1.25 billion. If no action is taken to raise additional transportation revenues, the state could also lose more than $1.6 billion in matching federal funds. Gov. Chris Christie’s new Transportation Commissioner Jamie Fox has suggested that raising taxes in some fashion is the preferred policy option. But some wonder whether Christie, who has been adamantly opposed to a gas tax increase in the past, could sign such a measure as he prepares to embark on a widely expected 2016 presidential bid, *NJ.com noted recently* [17]. *The website also speculated* [18] on five scenarios that could allow Christie to keep his bona fides in conservative circles including by: extending the sales tax to gas purchases, coupling an increase with reform of the state’s inheritance and estate taxes, making alternative fuel car drivers pay, having Republican lawmakers override the governor’s veto, or letting Lt. Gov. Kim Guadagno sign a tax increase.

- **North Carolina**: Gov. Pat McCrory announced in September he’ll ask the legislature to authorize $1 billion in bonds to be used for transportation projects, *WFDD-FM in Winston-Salem reported* [19].

- **Oregon**: 2015 looks to be a big year for the Beaver State. Not only will Oregon launch its latest test of a mileage-based user fee system in July, the state legislature could also consider other avenues for increasing transportation revenues. A group called the *Oregon Transportation Forum* [20] has been meeting in advance of the 2015 legislative session to try to reach consensus around a transportation funding and policy package. Among the ideas the panel discussed: indexing the gas tax to increases in fuel efficiency, a general increase in the gas tax to address highway
maintenance, preservation and modernization, and the transfer of state general fund dollars and lottery funds for specific transportation needs, according to reports [21].

- **South Carolina:** The state faces a reported [22] $42 billion shortfall in the amount it expects to have to build and repair roads and bridges and the projected cost of doing that work through 2040. A 13-member, bipartisan House panel [23] has been working to identify ways to pay for the repairs and is expected to have ideas ready when the General Assembly convenes in January. State lawmakers from both parties said at an event in September [24] they’re willing to support a gas tax increase and they expect transportation funding to be a top priority in 2015. But some legislators also say reforming the state’s transportation agency and road system must come before debating new sources of revenue, The Greenville News reported. [25]

- **South Dakota:** The South Dakota Highway Needs and Financing Committee [26], chaired by Sen. Mike Vehle, has approved a series of recommendations that if passed by the full legislature would produce more than $100 million in revenue for infrastructure. The recommendations include a gas tax increase and increases to various vehicle fees and assessments. You can read the panel’s draft legislation for the 2015 session here [27] and here [28]. Vehle says the legislation is just a framework and he welcomes changes as long as they accomplish the ultimate goal of bringing in additional revenues, The Rapid City Journal reported [29]. But the bill would only cover about 40 percent of the combined funding needs identified by local and state transportation officials, Vehle noted. Fred Baatz from the legislative staff put together this list [30] of the potential revenue sources and their projected revenue yields. By the way, I testified before Sen. Vehle’s committee this summer. You can view my PowerPoint [31] and read my written testimony [32] on the panel’s website.

- **Texas:** Voters in the Lone Star State supported a ballot measure [33] in November which will divert half of the state’s oil and gas tax revenue that now goes into the states rainy day fund toward road improvements. But state department of transportation officials have said an additional $5 billion a year is needed to keep the road network in good enough shape just to maintain current levels of congestion in the state. That includes $3 billion for new capacity, $1 billion for maintenance and $1 billion to upgrade roads in the areas impacted by the oil and gas boom of recent years. The state has turned to tolling on a number of arteries around major cities but there are signs Texans may be experiencing toll fatigue. So lawmakers could examine other transportation funding options in 2015. A select House Committee on Transportation Funding, Expenditures & Finance was presented with 35 possible funding options [34] this fall.

- **Utah:** A coalition of city and county officials and business interests has formed to launch a drive to increase transportation funding during the 2015 legislature, The Salt Lake Tribune noted [35] recently. The legislature’s Interim Transportation Committee plans a two-day retreat in early December to discuss possible tax hikes or other changes in advance of the 2015 session. Among the options to be discussed: increasing the state’s gas tax or converting it from a per-gallon charge to a percentage sales tax, allowing cities or counties to add a sales tax [36] on the price of gasoline, and tying registration fees to overall vehicle miles traveled.

- **West Virginia:** The Governor’s Blue Ribbon Commission on Highways planned to issue its final report this fall [37], a year after its recommendations for funding state roads came to light. Commissioners propose no tax increases but recommend increasing a variety of Division of Motor Vehicle fees and moving forward with a $1.5 billion bond issue to be backed up by keeping tolls on the West Virginia Turnpike through 2049, The Charleston Gazette reported. [38] Republicans, who now control both houses of the legislature, didn’t express much support for continuing the Turnpike tolls when the recommendations were announced last fall. A state Parkways Authority commissioner said recently [39] his agency needs to explain to new legislators why keeping the tolls is vital to the state.

- **Wisconsin:** During his successful campaign for re-election this fall, Gov. Scott Walker suggested [40] the state might consider eliminating the per-gallon gas tax and replacing it with a sales tax to create a more stable transportation funding mechanism. Walker’s Transportation Secretary Mark Gottlieb traveled the state this year touting a 2013 task force report [41] that laid out the state’s funding
issues and potential solutions. The report recommended increasing a number of taxes and fees to fund $4.8 billion in projects over 10 years. The state faces a projected $680 million deficit in its 2015-17 transportation budget, which is expected to grow to more than $15 billion over the next 10 years, according to reports. Gottlieb submitted a budget request to Walker this month that would raise the gas tax 5 cents a gallon (and the diesel tax 10 cents), impose a fee for new vehicle purchases amounting to $800 on a $32,000 vehicle, and create a $50 annual charge for owners of electric and hybrid cars, the Associated Press reported. But Walker said the budget proposal will likely undergo “significant changes.” All told, Gottlieb’s proposed fee and tax hikes would bring in more than $750 million over two years. The typical driver would pay about $27 a year more in gas taxes as a result of the gas tax increase, Gottlieb said, according to the Milwaukee Journal Sentinel. The state DOT’s plan reportedly would also study toll roads and mileage based user fees.

Other states of note:

- **Maine:** In a June op-ed for The Press Herald, two members of the House Transportation Committee—Reps. Andrew MacLean and Robert Nutting—argue that “The next Legislature must take steps to close the transportation funding gap and make smart plans to rebuild our roads and bridges that will reduce our long-term costs and grow our economy. How we do this is a different conversation, but it is one that is taking place.” The lawmakers note that the state’s gas tax is below the national average, which has left the state with an annual unmet capital funding need of $150 million. The state has been using bonding to pay for road maintenance needs. “While bonding is a viable financing option, it should be used for long-term projects, not year-to-year maintenance,” they write.

- **Michigan:** I left the Great Lakes State off my list of states to watch in 2015 because there’s still a chance they could wrap up business on a transportation funding measure before the curtain falls on 2014. The state Senate this month voted to increase gas taxes over the next four years, which is projected to raise more than $1 billion annually. Gov. Rick Snyder has been pushing for additional revenues for the last three years. Business and labor groups also support fixing the state’s infrastructure, which they contend is holding back economic development in Michigan. The House still needs to vote on the measure, possibly during the remaining days of the legislature’s lame duck session next month. The Senate could also make changes to what they’ve already passed, The Detroit Free Press reported. As currently structured, the measure would result in a 20 cents-a-gallon gas tax increase when fully implemented by January 1, 2018. It sets the wholesale tax on gasoline at 9 percent on April 1, 2015 and increases it to 15.5 percent on January 1, 2018. The bill also increases fines for overweight trucks.

- **Montana:** Gov. Steve Bullock recently unveiled a proposed budget calling for spending $300 million on public works projects, Yellowstone Public Radio noted. He hopes to bond for two-thirds of the cost.

- **Washington:** Some are predicting that a legislative push in 2015 to satisfy the state Supreme Court’s demand for adequate education funding could prevent the legislature from revisiting a transportation funding package that was high on the agenda in Olympia over the last two years. But you never know.

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