With nearly a month gone in 2015, it’s time once again to check in on states that are considering their transportation funding options this year. Governors are using their State of the State addresses to establish finding funding solutions as a priority and lawmakers are moving forward with plans of their own as legislative sessions get underway in many states. I have a look at what’s happening in 16 states, some additional resources where you can read more and a few words about how you can join us for an upcoming discussion on what’s going on around the country.

First, here are those updates on 16 states considering their transportation funding options this year. Many were on my original list of the States to Watch in 2015 last November or my subsequent updates in December and earlier this month. But there are plenty of new developments as well.

- **California**: Gov. Jerry Brown said in his inaugural address earlier this month that fixing the state’s aging infrastructure is among his top goals for 2015, The San Diego Union Tribune reported. The state has $59 billion in needed transportation upkeep. As I noted in a blog post last week, California lawmakers last year approved legislation that establishes a process for creating a pilot project to test a mileage-based user fee. Brown said he’s creating five staff positions and committing $9.4 million to the project, which he wants to see findings from no later than June 2018. Among the shorter-term options for transportation revenues being discussed: a gas tax increase, fees for drivers of electric cars, funds from the state’s cap-and-trade program, vehicle registration fees, increased use of toll roads and increased weight fees.

- **Connecticut**: Gov. Dannel Malloy is expected to provide details of a long-term transportation plan when he addresses the legislature next month, the Associated Press reported. Widening a section of I-84 in Danbury to spur economic development in the western part of the state is reportedly among his priorities. The Redding Pilot has more about those priorities. Malloy also told NBC Connecticut recently that two things must take place if the state is going to get serious about improving transportation. “We need a real legislative answer on the short-term basis because we can’t wait two years to have this discussion, and we can’t wait two years to start spending the money, so we need a legislative solution foremost,” he said, “and we need a constitutional solution.” Malloy wants the legislature to pass a proposed constitutional amendment that would be on the ballot in 2016 requiring the state to protect its Special Transportation Fund from raids by future governors and lawmakers. “We should include a covenant with bond holders and all people of Connecticut to ensure that money set aside for transportation projects is only used for that purpose,” Malloy said in his State of the State address January 8. “Send me a bill that accomplishes these goals and I will sign it immediately. Until that legislation is passed and signed, I will veto any attempt to levy additional sources of new revenue for transportation.” Meanwhile, a report by the Connecticut Public Transportation Commission recommends that Connecticut focus most of its transportation dollars on shoring up existing highways and transit systems rather than building new projects, The Hartford Courant reported.

- **Georgia**: Cobb County State Rep. Ed Setzler is proposing legislation which would help fund transportation by raising the per-gallon excise tax on gasoline over a six-year period, The Marietta Daily Journal reported. Setzler wants to lower the state’s income tax rate to offset the gas tax
increase for a revenue neutral proposal. The legislation would also commit all of the 4 percent sales tax on gasoline to the state department of transportation (1 percent currently goes into the state’s general fund). The excise and sales tax changes would give the department more than $1 billion more annually to invest in road and bridge projects. The Georgia constitution prevents state transportation revenues from being used for transit, as Streetsblog noted in a recent post. Other Georgians would like the state to go in a different direction however. Macon-Bibb County Mayor Robert Reichert, a former state legislator, told The (Macon) Telegraph recently that he’d like to see the General Assembly pass a 1 percent sales tax to fund transportation projects in the areas of the state that rejected a similar measure in 2012 known as the T-SPLOST. “The voters really didn’t believe (officials) when they said this is Plan A and there really is no Plan B,” he said. “What we’ve found out is they’re not really lying. There is no Plan B. Austerity is not a plan. We cannot remain competitive as a state. We can’t continue to have a quality of life with austerity as a plan for transportation.”

**Idaho:** A gas tax increase could be on the table this year in Idaho to help the state deal with a $262 million transportation shortfall but Gov. Butch Otter is wary about moving in that direction since he can still recall attempting to pass such an increase in 2009 that was soundly defeated, The Idaho Press-Tribune reported. Legislators could also consider registration fees and sales tax appropriations to close the gap. Regardless, it’s important for them to begin debating the options soon, the governor noted. “I say deferred maintenance is deficit spending,” he said. “It is so critical to not only our economic growth, but our health and safety on the roads in Idaho.” Otter delivered his State of the State address January 12 and you can watch what he had to say about transportation and infrastructure here.

**Iowa:** Gov. Terry Branstad and state lawmakers met earlier this month to begin discussing options for generating additional revenues to help cover an annual road construction shortfall of more than $200 million, The (Eastern Iowa) Gazette reported. Among the options that could be on the table: a 10-cent gas tax increase and a 1 percent local option sales tax on fuel purchases. One option that won’t be considered in 2015 is a hybrid road funding plan that received serious consideration in the 2014 session, The Des Moines Register reported. That plan would have cut the state gas tax from 21 cents to 16 cents and imposed a 5 percent wholesale tax. But since gas prices unexpectedly plunged in recent months, the plan would now only generate about $103 million annually, which is not enough to cover the state’s shortfall. State lawmakers and the governor will make remarks in Des Moines later this week at the annual Transportation Day festivities, The Clinton Herald reported.

**Kentucky:** The state’s gas tax could drop by another 5.1 cents on April 1 unless legislators change a state law that adjusts the gas tax rate every three months based on the average wholesale price of gas, which has fallen $1.46 per gallon since July 1, The Courier Journal reported. Kentucky’s tax already saw a decline of 4.3 cents per gallon on January 1. If the April 1 drop takes place, the two reductions would result in a shortfall of $250 million in revenues anticipated in the state budget. Senate Transportation Committee Chairman Ernie Harris has proposed legislation that would freeze Kentucky’s gas tax at its current rate of 27.6 cents per gallon. Gov. Steve Beshear last year proposed that the minimum state gas tax be established at the rate it was in late 2013—31.9 cents per gallon. The AASHTO Journal reported recently on how a shrinking take from percentage taxes on fuel is threatening state budgets in other states as well.

**Louisiana:** A legislative task force has been meeting to try to come up with ideas for new revenues to help the state deal with a $12 billion backlog of road and bridge work, the Associated Press reported this month. Rather than offering specific recommendations, the task force has reportedly decided to forward all of the ideas it has heard throughout its process to the legislature, without prioritizing proposals. They’ll leave it up to lawmakers to choose among the concepts when they meet for a two-month regular legislative session that begins in April. Among the ideas, the AP noted: replacing the gas tax with a sales tax on a broader array of fuel sales; dedicating more money in the state construction budget to road work; and redirecting dollars to highways that now go into the
Minnesota: Gov. Mark Dayton touted his plan to raise more money for transportation in a speech to the Minnesota Chamber of Commerce earlier this month, Minnesota Public Radio [24] noted. The governor wants to raise the wholesale tax on gasoline, increase license tab fees, and add a new half-cent sales tax in the Twin Cities to pay for transit projects. Dayton’s isn’t the only proposal in town however. House Republicans this month said the state could use $200 million from the state’s projected budget surplus and savings from within the Minnesota Department of Transportation to pay for road and bridge repairs, something the governor called “pure fantasy,” The Star Tribune reported [25]. Senate Democrats meanwhile released a plan earlier this month to raise $800 million a year for roads, bridges and mass transit, which largely mirrors the final plan Dayton is expected to offer, Minnesota Public Radio [26] reported. A coalition of business, labor groups and others called Move MN is also supporting Dayton’s plan for a 6.5 percent sales tax on gas, KAAL-TV noted [27].

Missouri: Missouri DOT Director Dave Nichols told the state’s Highways and Transportation Commission this month that in just two years, his transportation budget will shrink so much that the department will be able to maintain only a small fraction of the state’s 34,000 miles of road, The Kansas City Star reported [28]. Also by 2017, the state won’t be able to afford its required financial match in order to receive federal funding. Missouri’s transportation budget has already plunged from $1.3 billion in 2009 to around $700 million last year and its 17 cents-per-gallon gas tax hasn’t increased in nearly 20 years. An effort to have Missouri voters approve a constitutional amendment last year that would have increased the sales tax by three quarters of a cent for 10 years failed. In his State of the State address last week, Gov. Jay Nixon told lawmakers the idea of turning I-70 into a toll road “deserves serious consideration” and that an increase to the state gas tax “is worth a very close look,” the newspaper [29] reported. But the St. Louis Post-Dispatch also argued in a recent editorial that the legislature should also discuss whether Missouri has too many roads in its portfolio to maintain. MoDOT is responsible for more road miles than all but three states.

New Jersey: Gov. Chris Christie received some criticism for making no mention of the state’s looming transportation crisis in his State of the State speech this month, North Jersey Media [31] reported. Meanwhile, State Senate President Stephen Sweeney has called for the creation of a priority list for road and rail construction projects in the state that need funding over the next 10 to 20 years. The state’s Transportation Trust Fund could be insolvent by June if no action is taken to find additional revenues. That’s because much of the money from tolls and gas taxes that go into the fund currently go towards paying off $18.2 billion in debt. At 14.5 cents-per-gallon, New Jersey has one of the lowest gas tax rates in the country. Christie has resisted increasing the tax in the past but has said that everything is on the table to replenish the trust fund this year.

South Carolina: In her State of the State address last week, Gov. Nikki Haley proposed increasing the state’s gas tax by 10 cents-per-gallon over three years to help fix the state’s roads, The Greenville News reported [32]. But the governor also wants lawmakers to reduce the state’s income tax rate and restructure the state highway commission. A special House infrastructure panel is considering various efficiency measures as well, including whether to send some of the 18,000 miles of local roads in the state inventory back to local governments, whether to allow the governor to appoint all highway commissioners and whether to expand the state’s Transportation Infrastructure Bank. That committee has also suggested going to the voters with a proposal to raise the sales tax 1 percent, while lowering the gas tax, the Associated Press [33] noted recently.

South Dakota: Gov. Dennis Daugaard was also calling on his legislature to raise taxes and fees on motor fuels and vehicles during his State of the State speech this month, The Capitol Journal [34] reported. Having resisted tax increases during his first term, Daugaard outlined a package to raise $50.5 million more for roads and bridges in the first year. But a much broader plan that was recently offered by the legislature’s interim committee on highway needs and financing (chaired by CSG Transportation Public Policy Committee Co-Chair Sen. Mike Vehle) would generate an estimated $100 million annually. Daugaard’s plan would raise the excise tax on motor vehicle purchases, raise the per gallon taxes on motor fuels by 2 cents this year and 2 cents each year after, raise vehicle
registration fees by 10 percent and registration fees for non-commercial tracks to 70 percent of commercial rates this year and 80 percent next year. He also wants to give counties and townships more flexibility to raise transportation revenues, presumably by increasing property taxes, if voters agree.

- **Tennessee:** A new study from the state comptroller’s Offices of Research and Education Accountability finds that Tennessee’s fuel taxes have stagnated and likely won’t be sufficient to maintain existing infrastructure or meet long-term transportation demands. The study examines several transportation funding and financing options and details their strengths and weaknesses. Among the revenue options considered: increasing motor fuel tax rates, variable rate and indexed fuel tax rates, vehicle registration fees, weight-distance taxes, tolls, general funds, debt financing, local funding options, mileage-based fees, and public-private partnerships. Gov. Bill Haslam has said a gas tax increase is on the table for consideration but he hasn’t said he’ll push for one this session, *The Nashville Business Journal* reported.

- **Washington:** Gov. Jay Inslee used a portion of his State of the State address to call on lawmakers to take action on a transportation revenue package, *the Associated Press* reported. The legislature has struggled to agree on a package the last several years. A gas tax increase appears to have some support on both sides of the aisle this year but Republicans also want to see an overhaul of the state’s transportation system.

- **West Virginia:** A 1 percent sales tax increase is the revenue option being pushed by West Virginia Transportation Secretary Paul Mattox, *The Charleston Gazette* reported. Mattox says increasing the sales tax from 6 percent to 7 percent and dedicating the revenue to the state Road Fund would provide an additional $220 million a year for state highways. Mattox noted that neighboring Virginia’s 1 percent sales tax hike increased transportation funding there by $1.6 billion a year. But the West Virginia governor’s Blue Ribbon Commission on Highways recently concluded the state needs an additional $750 million a year to adequately maintain existing roads and an additional $380 million annually to construct proposed new roads.

- **Wisconsin:** It appears that Gov. Scott Walker and Republicans in the state legislature have decided not to move forward with a gas tax increase proposed by Walker’s Transportation Secretary Mark Gottlieb, *The Milwaukee Journal Sentinel* reported. Last November, Gottlieb recommended increasing taxes and fees by $751 million over two years to help pay for roads. Republicans say they want to ensure transportation revenues are being spent wisely before providing more money.

**Further Reading**

- The folks at Building America’s Future are once again rounding up infrastructure mentions in this year’s State of the State addresses by the nation’s governors.
- USA Today recently looked at the “States with the highest (and lowest) gas taxes.”
- USA Today, *The Wall Street Journal* and Planetizen all had recent takes on how low gasoline prices are encouraging some states to take a hard look at gas tax increases this year.
- *The New York Times* meanwhile looked at how a number of Republican governors are bucking the party line to propose raising taxes, including gas taxes.

**States to Watch in 2015 on Transportation Funding: The CSG eCademy**

Next month, you can join us for a discussion on what’s going on in many of the states mentioned above with regards to transportation funding. We’ll get updates from statehouse reporters from around the country, the inside story from state legislators in a couple of key states, and a perspective on national trends from James Corless of Transportation for America. Plus, they’ll respond to your questions and comments. The CSG eCademy webinar takes place Tuesday February 10 at 2pm ET and you can register for the event here. It’s FREE.

By:
Monday, January 26, 2015 at 11:02 AM

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