Governors in two Midwestern states are asking legislators to consider using a new source for funding transportation projects — state budget reserves.

In Nebraska, Gov. Pete Ricketts has proposed creation of a transportation infrastructure bank to accelerate the completion of highway repairs, fix county bridges, and fund projects that help new or expanding businesses. Under LB 960 [2], up to $150 million in cash reserves would be transferred to the infrastructure bank. According to the American Association of State Highway and Transportation Officials [3], Nebraska is one of four Midwestern states (along with Iowa, North Dakota and South Dakota) that relies entirely on a "pay as you go" model for transportation funding (no bonding).

Indiana Gov. Mike Pence’s $1 billion plan for roads and bridges includes using about $241 million in budget reserves. But legislators are also considering competing proposals. HB 1001 [4], approved by a House committee in January, would increase the state’s cigarette and gas taxes, The Indianapolis Star reports. (This plan would also direct “excess budget reserves” to transportation projects.) Last year, four Midwestern states (Iowa, Michigan, Nebraska and South Dakota) raised their gas taxes.