

CAPITOL FACTS & FIGURES

● ● ● TRANSPORTATION

State Transportation Finance Legislation & Trends 2010

Traditional revenue sources that fund transportation are dwindling and are also threatened by competing needs in other sectors of government.

- No state increased its gasoline tax in 2010 and only a handful did in 2009.¹
- Americans are paying the lowest gasoline taxes since the early days of the automobile—just \$19 for every 1,000 miles driven. That’s despite the fact that Americans are driving more miles than they did a decade ago and causing more wear and tear on the nation’s highways and bridges.²
- In South Carolina, the gas tax hasn’t been increased since 1987 and is the fourth lowest in the nation. However, lawmakers will consider a proposal next year to raise the gasoline tax by 5.5 cents from 16.75 cents to 22.25 cents a gallon.³
- In Florida, Gov. Charlie Crist had to use a line-item veto to prevent a raid on the state’s road-building fund that would have gone to schools.⁴
- Some Arizona lawmakers wanted to raise the state’s vehicle registration fees this year not to fund highway and bridge improvements, but to maintain state parks and reopen shuttered highway rest areas. The legislation failed to win final passage.⁵

Bonding was a key strategy for states to help pay for road projects in 2010.

- Kansas Gov. Mark Parkinson signed an \$8.2 billion, 10-year transportation plan. The legislation authorizes \$1.7 billion in new debt through bond sales. The Kansas Department of Transportation will also start getting revenue from a sales tax increase in 2013 and from registration fees for heavy trucks that will increase by \$100.⁶
- New Hampshire’s 10-year highway plan relies on \$45 million in federal Grant Anticipation Revenue Vehicles funds that allow the state to borrow money against the annual federal transportation funding designated to pay for construction. Federal funding in future years is then used to pay off the bonds.⁷
- Kentucky’s 2010-2012 road construction plan outlines spending totaling \$4.45 billion. The legislature didn’t raise any new tax revenue but did authorize issuance



- of \$400 million in bonds for road construction.⁸
- Mississippi authorized more than \$300 million in bonds to finance highways, bridges and other transportation projects. The state created a commission including the governor, treasurer and attorney general to vote on the issuing of bonds.⁹
- West Virginia authorized county commissions to issue general obligation bonds for acquiring, maintaining and improving public roads and transportation facilities. The state also gave counties authority to impose, administer, collect and enforce payment of voter-approved user fees to pay for or finance the cost of transportation projects. County commissions were also given the authority to issue special revenue bonds to finance transportation projects.¹⁰

States remain interested in public-private partnerships.

- Twenty-six states have legislation on the books that allows them to enter into public-private partnerships to fund transportation projects.¹¹
- Illinois and Indiana both enacted legislation this year authorizing a public-private partnership for the Illiana Expressway, a proposed toll road that will connect I-55

in Illinois to I-65 in Indiana.¹²

- In New Jersey, a task force on privatization said public-private partnerships must be part of the state's transportation funding solution. The state could save more than \$42 million a year by hiring a private firm to handle toll collection on the New Jersey Turnpike and Garden State Parkway, according to the task force. The state's Transportation Trust Fund Authority, which receives \$895 million in annual revenue from a 10.5 cent-a-gallon state gasoline tax, faces payments on \$12 billion in outstanding debt.¹³



States are also interested in exploring alternative finance mechanisms and revenue streams.

- In Georgia, advertising revenue covers nearly all the state's costs involved with the federally subsidized highway assistance program in Metro Atlanta. The state transportation department relies on \$1.7 million a year from State Farm Insurance to fund 86 Highway Emergency Response Operator vehicles, which carry the State Farm logo. The \$500,000 cost of Georgia's 511 traffic information program is covered by other corporate sponsors. The state also outsources road signs announcing food, lodging, gas stations and local attractions at highway exits.¹⁴
- Pennsylvania, Florida and California are asking for federal permission to sell advertising on electronic highway signs that warn drivers about traffic tie-ups. The advertising could generate \$150 million annually for each state, according to the Pennsylvania Department of Transportation. Safety advocates oppose the plan due to the signs' potential to distract drivers. Pennsylvania currently allows ads on tollbooth windows and ticket machines on the Pennsylvania Turnpike, which generated \$519,000 in 2009.¹⁵
- The California legislature is considering legislation to explore the feasibility of electronic license plates that could also display paid advertising.¹⁶
- In Rhode Island, the legislature considered a bill that would form a commission to look at a state

vehicle miles traveled tax similar to one Oregon and other states have tested. Although the measure passed the Senate, the House recommitted the bill to committee.¹⁷

In the years ahead, states may seek to fund transportation on a regional basis.

- In Georgia, Gov. Sonny Perdue signed a transportation bill that gives voters the option to decide on a regional basis whether they want to pay more sales taxes to fund roads in their area. Under the measure, the state is divided into regions and officials from those regions will decide which projects to fund. Voters will go to the polls in 2012 to decide whether they want to fund the projects in their region with a 1-cent sales tax increase. The tax hike could generate \$3 billion over 10 years.¹⁸



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