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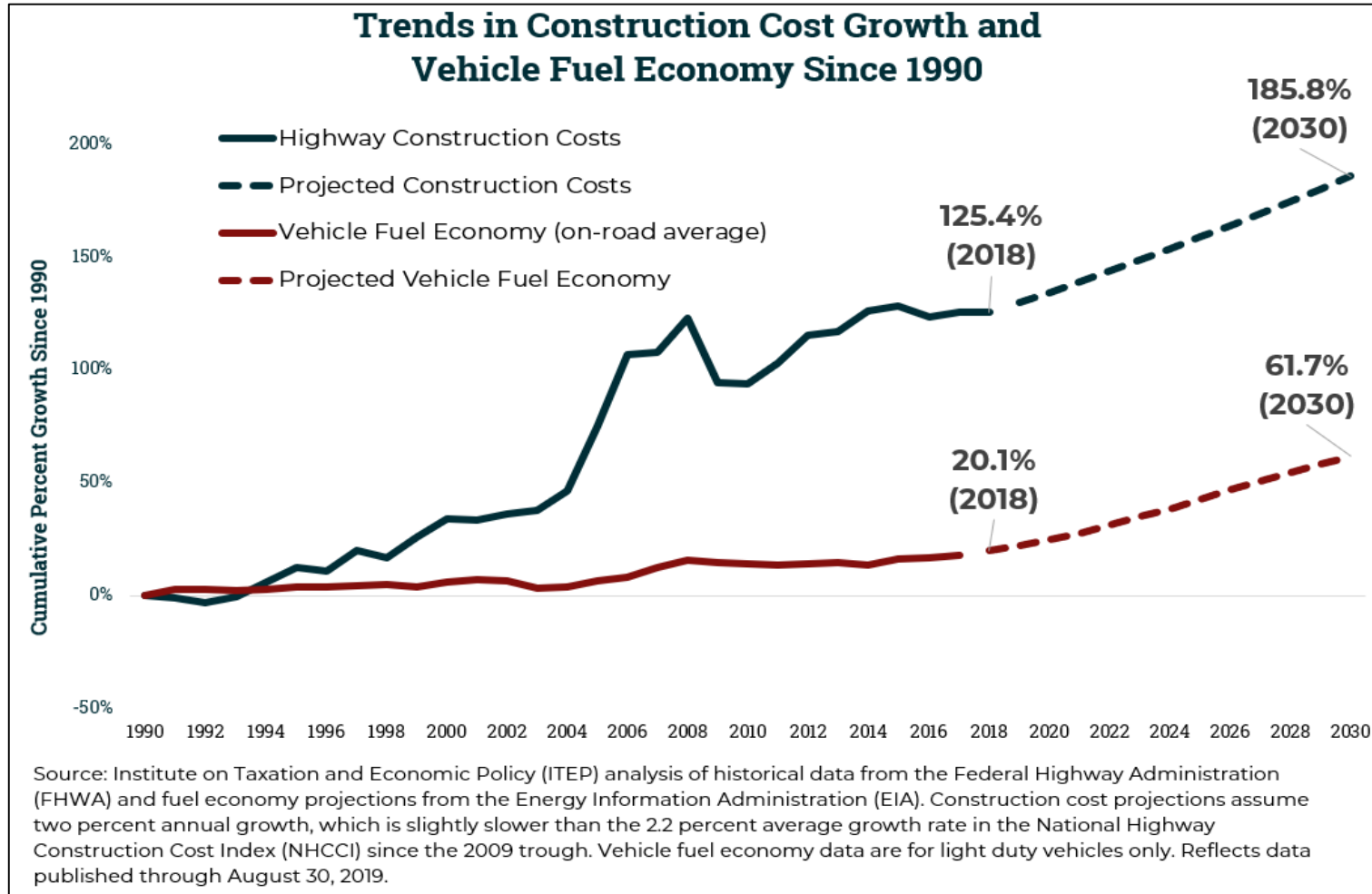
# STATE TRANSPORTATION FUNDING TRENDS

MAINE'S BLUE RIBBON COMMISSION TO STUDY AND RECOMMEND FUNDING SOLUTIONS FOR THE STATE'S TRANSPORTATION SYSTEM

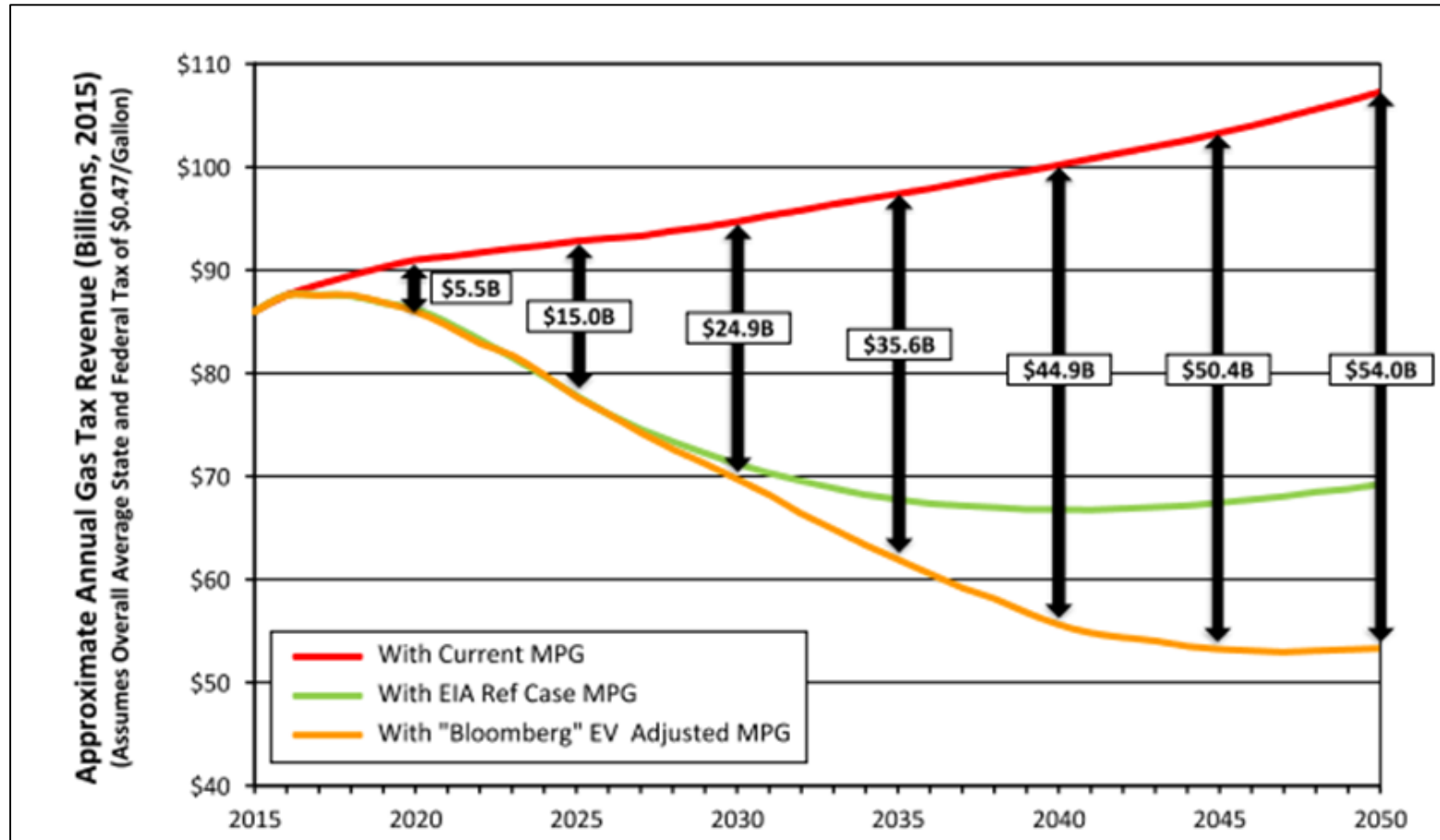
OCTOBER 1, 2019



# TRENDS IN CONSTRUCTION COST GROWTH AND VEHICLE FUEL ECONOMY SINCE 1990

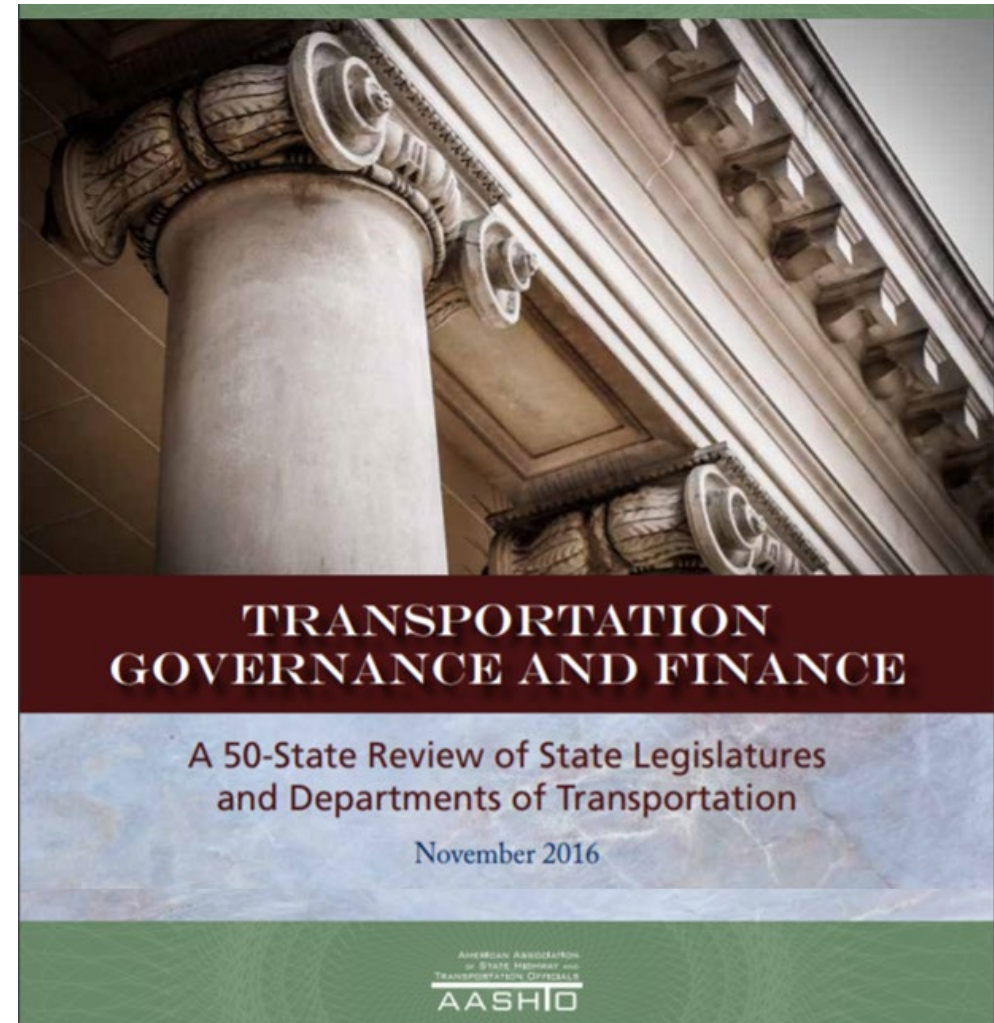


# FUTURE GAP IN FUEL TAX COLLECTIONS



# 2016 Transportation Governance and Finance Report

Found 50+ funding  
mechanisms for  
transportation

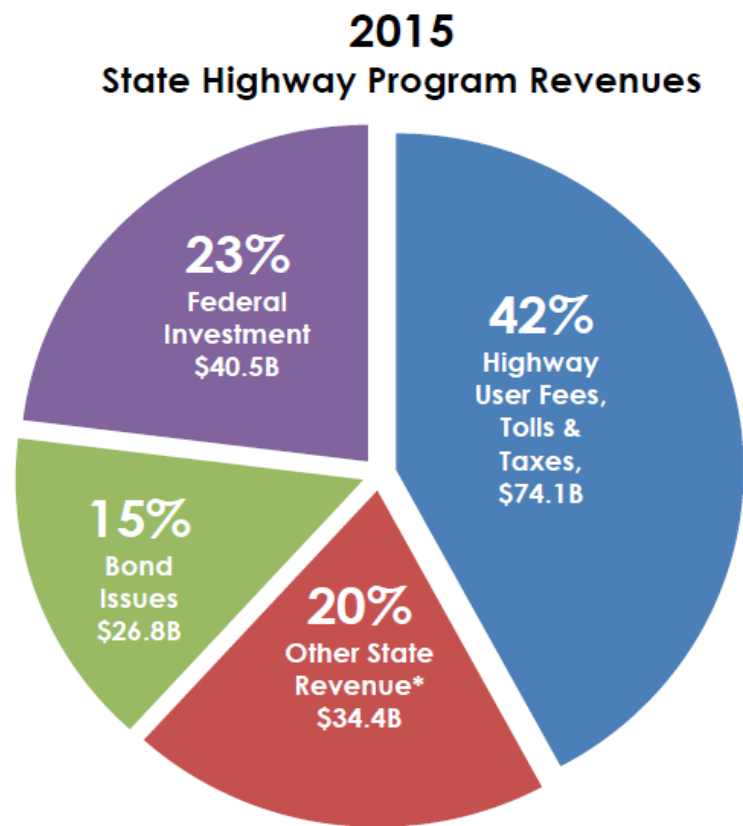
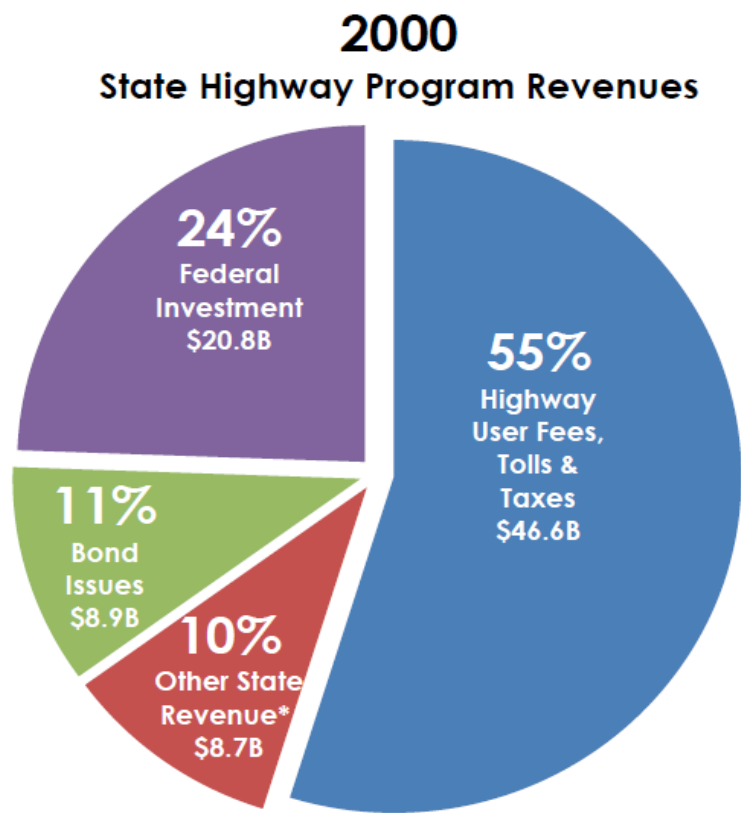


# 54 FUNDING SOURCES

- Fuel Taxes
- Sales Taxes on Fuel
- Vehicle or Rental Car Sales Tax
- Vehicle Registration
- Weight Fees
- Traffic Camera Fees
- Tolls
- General Funds
- Interest Income
- Inspection Fees
- Advertising
- Impact Fees
- License or Permit Fees
- State Lottery
- Excise Taxes
- Board Funding Obligations
- Ad Valorem Taxes
- Sales Tax
- Congestion Pricing
- Oil Company Taxes
- Fares
- Documentary Stamp Revenue
- Logo Signing
- Situs Tax
- Rail Service Fees
- Toll Road Leases
- Use Tax
- Weight-distance Tax
- Fines
- Corporate Taxes
- Container Fees
- Land Sales
- Advertising Revenue
- Service Payments
- Contractor's Tax
- Oil Tax
- Rail Regulation Fees
- Investment Income
- Trail-mile Tax
- Surcharge Fees
- Payroll Tax
- Right-of-way
- Service Concessions
- Loan Repayment
- Loan Fees
- Private Contributions
- Tobacco Tax
- Mass-Transit Tax
- VMT Fees
- Highway Litter Control Fund
- Mineral Royalties
- Short-term Lease/Borrowing
- Public space Revenue
- Parking Meters



# STATE HIGHWAY & BRIDGE PROGRAM REVENUE MIX HAS CHANGED



\*Other state revenues include the state General Fund, sales taxes, local government reimbursement and other imposts.  
Source: Federal Aid Highway Statistics

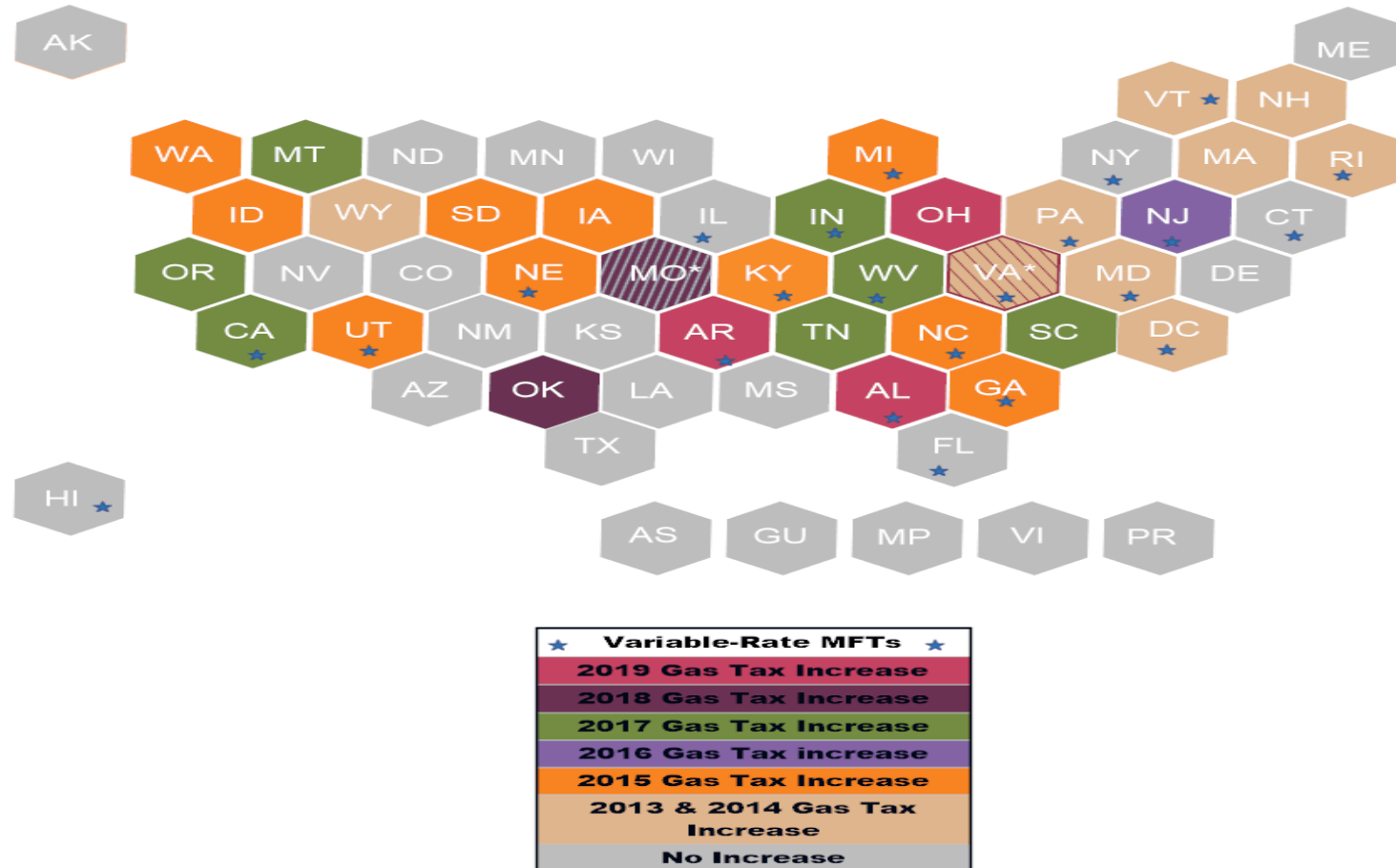
## TOPICS

- Gas Tax
- Traditional and Alternative Vehicle Registration Fees
- Road Usage Charges
- Tolling
- Transportation Network Company Fees

# GAS TAX

## ■ State Actions

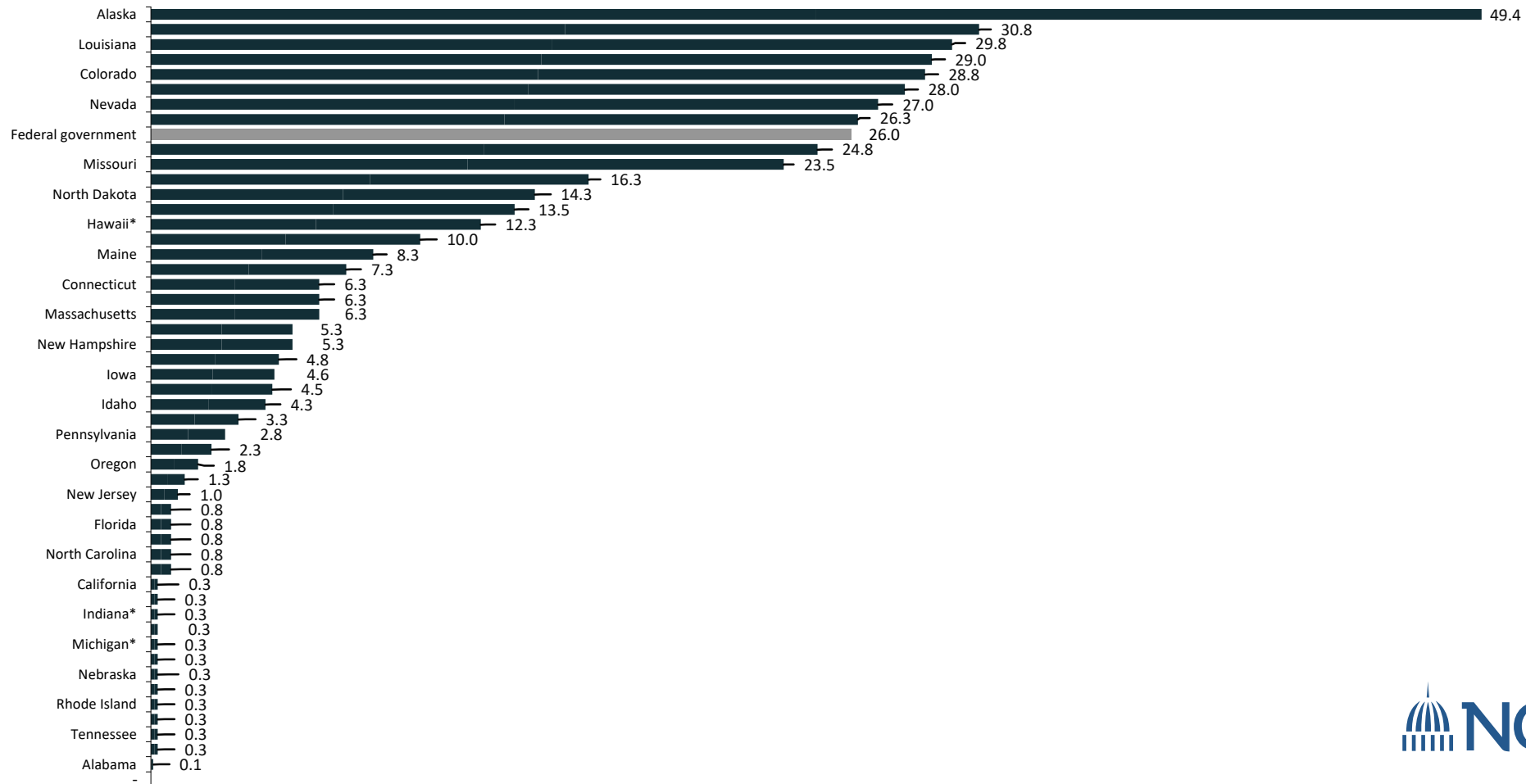
- Since 2013, 30 states & D.C. have increased their gas tax
- 22 states & D.C. have indexed or variable-rate gas taxes
- MO (2018) increase was subject to voter approval and failed
- OK (2018) did not increase transportation funding, but freed up general fund \$\$ for education



\*The Missouri Legislature increased gas taxes in 2018, but Missouri voters rebuked the 10-cent gas tax increase.  
\*Virginia increased gas taxes statewide in 2013 and along the I-81 corridor in 2019.



# YEARS SINCE LAST GASOLINE TAX INCREASE AS OF OCTOBER 1, 2019



Source: Institute on Taxation and Economic Policy (ITEP)

# 2019 STATE LEGISLATION ON GAS TAXES

State	Gas Tax Increase	Description
<u>Alabama</u> <u>HB 2</u>	10 cpg (over 3 years)	<ul style="list-style-type: none"> <li>➤ 10/1/23: Fuel tax indexed to the National Highway Construction Cost every other year</li> <li>➤ 7/1/23: License tax and registration fee will increase by \$3 every fourth year</li> </ul>
<u>Arkansas</u> <u>SB 336</u>	3 cpg (6 cpg diesel)	<ul style="list-style-type: none"> <li>➤ This tax is in addition to existing taxes on gasoline and diesel fuel, and will be calculated annually based on wholesale price of fuels for the previous year</li> </ul>
<u>Illinois</u> <u>SB 1939</u>	19 cpg	<ul style="list-style-type: none"> <li>➤ 2020: Annually adjusted to changes in CPI</li> <li>➤ Certain counties can now raise existing local gas taxes                             <ul style="list-style-type: none"> <li>➤ Lake and Will counties can now implement their own local gas taxes of up to 8 cpg</li> </ul> </li> </ul>
<u>Ohio</u> <u>HB 62</u>	10.5 cpg (19 cpg diesel)	<ul style="list-style-type: none"> <li>➤ Gas and diesel taxes will rise to 38.5 cpg and 47 cpg respectively</li> </ul>
<u>Virginia</u> <u>SB 1716</u>	7 cpg increase in districts along I-81 corridor	<ul style="list-style-type: none"> <li>➤ Establishes an Interstate 81 Committee to prioritize and recommend improvements</li> <li>➤ Raises gas prices by approximately 7 cents per gallon                             <ul style="list-style-type: none"> <li>➤ Local 2.1 percent tax on the average wholesale price of fuel along the I-81 corridor</li> <li>➤ Beginning July 1, 2021, the diesel tax will increase to 2.03 percent of the statewide average wholesale price per gallon</li> </ul> </li> </ul>

# GAS TAX REFINEMENTS



## ■ Virginia HB 2313 (2013)

- Repealed CPG structure
- Created 3.5% wholesale tax
- Dedicates an additional .175% of sales tax to transportation (total of .675%)
- Implements additional fees and sales taxes in urban centers and keeps those revenues in urban counties



## ■ Georgia HB 170 (2015)

- Removes sales tax on fuels and converts to an excise tax only.
- 7.5 CPG and 4% sales taxes → 26 CPG tax
- Ties MFT to inflation (CPI) and statewide vehicle fuel economy
- New fees on heavy trucks and aviation fuel
- \$5 per night fee on hotel and motel rooms for transportation

## 2019 TRADITIONAL VEHICLE REGISTRATION FEES

State	Description
<u>Connecticut</u> <u>HB 7424</u>	➤ Increases passenger vehicle registration fees by \$5
<u>Illinois</u> <u>SB 1939</u>	➤ Increases passenger vehicle registration fees by \$50, and farm and commercial vehicle weight taxes by \$100
<u>Nevada</u> <u>AB 320</u>	➤ For commercial vehicles over 80,000 lbs. and up to 129,000 lbs., creates a new registration fee of \$1,360, plus \$20 for each 1,000 lbs., up to \$2,340
<u>Virginia</u> <u>SB 1716</u>	➤ Additional registration fees of \$6, \$7, \$9 and \$10 for vehicles weight classes over 10,001 lbs.
<u>Wisconsin</u> <u>AB 56</u>	➤ Increases passenger vehicle registration fees by \$10 and titles fees by \$95

# INDEXED VEHICLE REGISTRATION FEES



## ■ Oregon HB 2017 (2017)

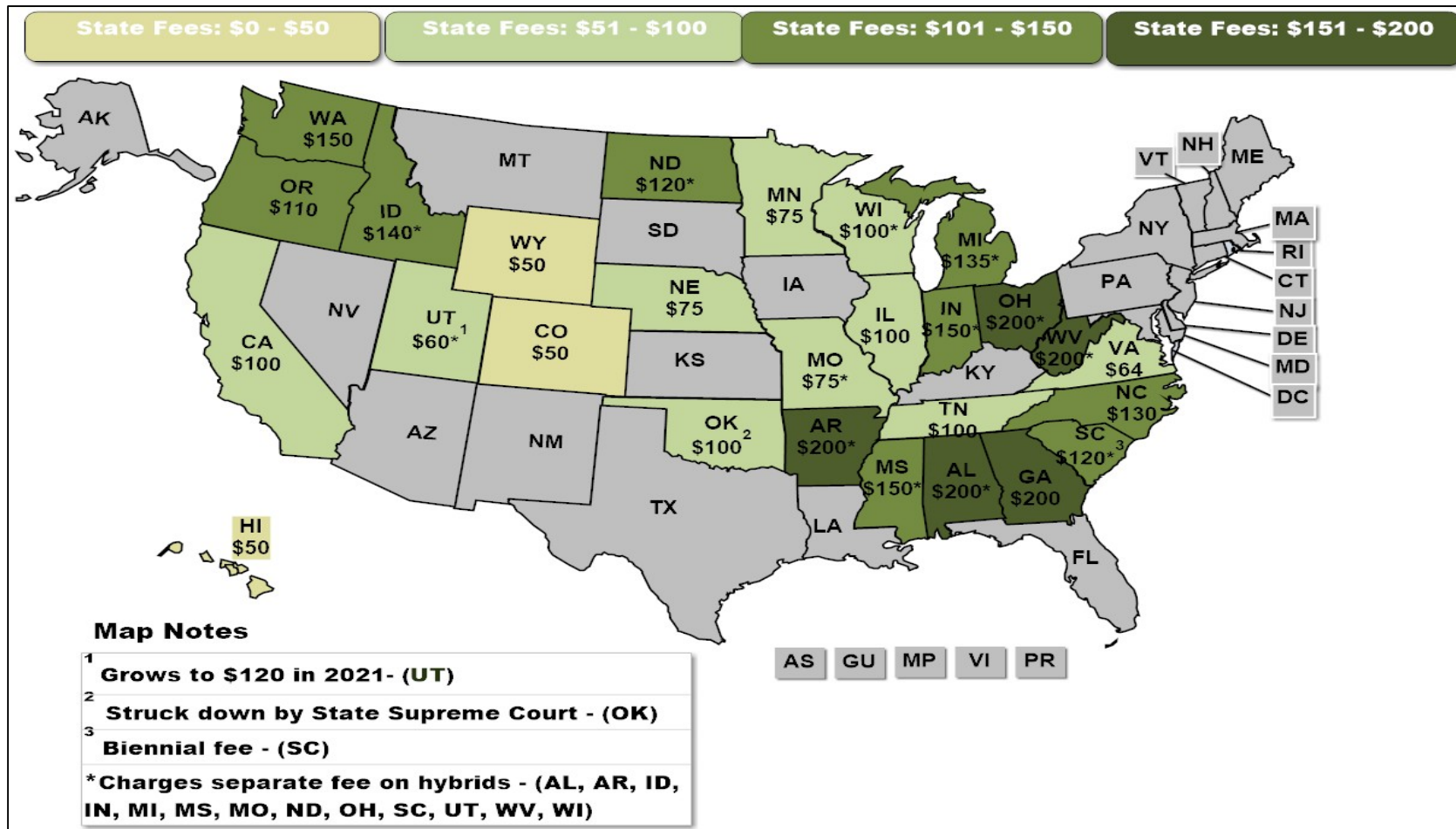
- Implemented a tiered registration fee based on vehicle MPG
- 83% higher fee for 40 MPG vehicle compared to a 19 MPG vehicle



## ■ California SB 1 (2017)

- Created a Transportation Improvement Fee ranging from \$25 to \$175 based on vehicle value
- Indexed a portion of their vehicle registration fees to the consumer price index
- Also included indexing provisions for all of the impacted taxes and fees (including the motor fuels tax and a new special registration fee on electric vehicles)

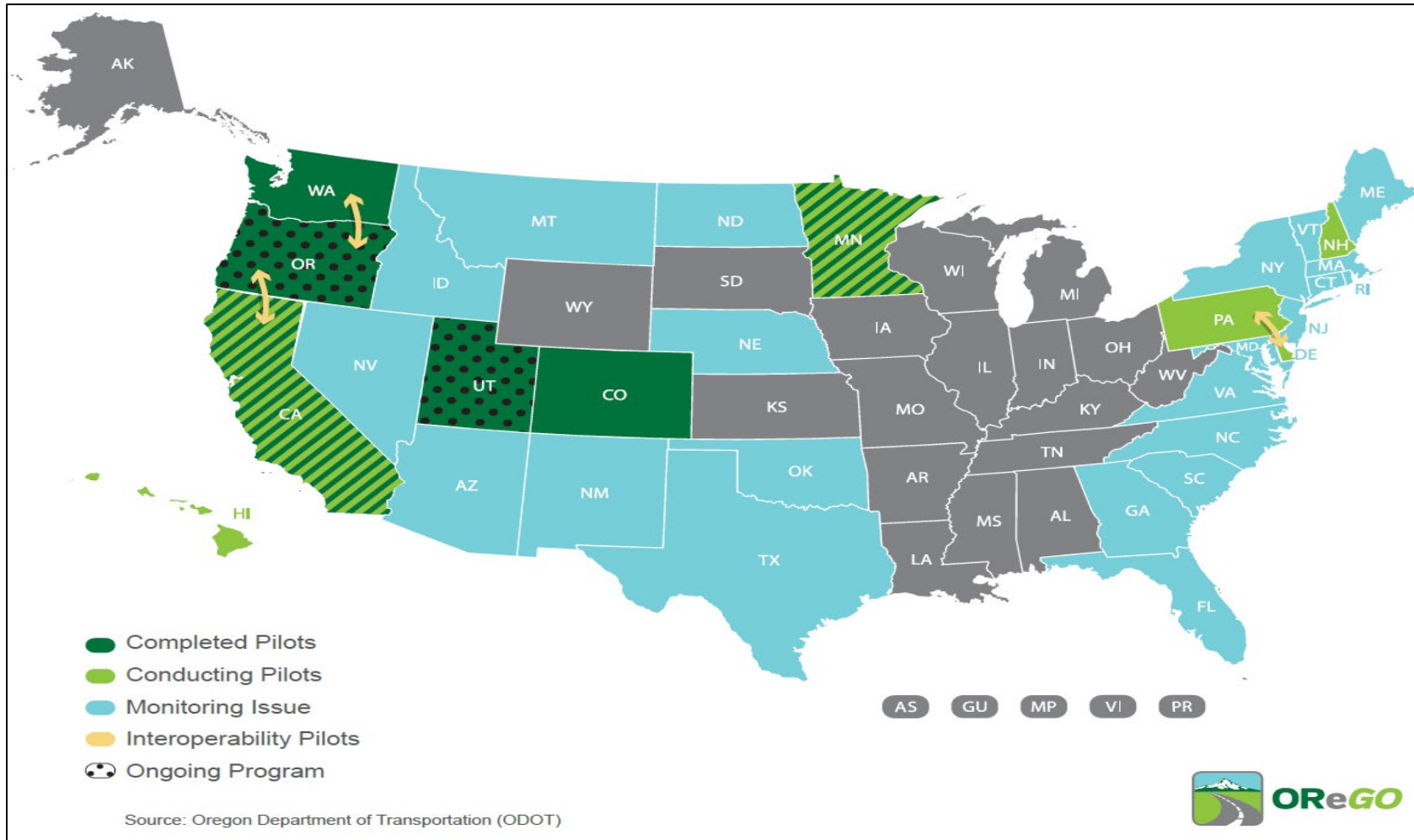
# ELECTRIC AND HYBRID VEHICLE FEES



# 2019 ALTERNATIVE FUEL VEHICLE REGISTRATION FEES

State	Description
<u>Alabama</u> <u>HB 2</u>	<ul style="list-style-type: none"> <li>➤ Creates an electric vehicle fee of \$200</li> <li>➤ Creates a plug-in hybrid electric vehicle fee of \$100</li> </ul>
<u>Arkansas</u> <u>SB 336</u>	<ul style="list-style-type: none"> <li>➤ Creates an electric vehicle fee of \$200</li> <li>➤ Creates a hybrid electric vehicle fee of \$100</li> </ul>
<u>Hawaii</u> <u>SB 409</u>	<ul style="list-style-type: none"> <li>➤ Creates a registration surcharge of \$50 for electric vehicles and alternative fuel vehicles</li> </ul>
<u>Illinois</u> <u>SB 1939</u>	<ul style="list-style-type: none"> <li>➤ For electric vehicles, an additional annual fee of \$100 will be assessed in lieu of the payment of fuel taxes, effective January 1, 2020</li> </ul>
<u>North Dakota</u> <u>SB 2061</u>	<ul style="list-style-type: none"> <li>➤ Creates an electric vehicle fee of \$120</li> <li>➤ Creates a plug-in hybrid electric vehicle of \$50</li> <li>➤ Creates an electric motorcycle fee of \$20</li> </ul>
<u>Wyoming</u> <u>HB 166</u>	<ul style="list-style-type: none"> <li>➤ Increases plug-in registered and licensed electric vehicle fees by \$150</li> </ul>

# STATE ROAD USAGE CHARGE (RUC) LANDSCAPE





# RUC DEVELOPMENT STATUS IN UNITED STATES

Governments working on road usage charge	Commenced formal road usage charge investigation	Legislative authority for formal investigation	Road usage charge task force	Conduct of road usage charge pilot or demo	Status	Volunteers assessed real money road usage charge	Vehicles eligible for opt-in to avoid additional fee	Key goals or aspirations
Minnesota	1997	Yes (2007)	Disconnected from pilot	Yes (2011-12)	Preparing 2 <sup>nd</sup> pilot	No	N/A	Prepare for autonomous vehicles
Oregon	2001	Yes (2001)	Yes	Yes (2006-07, 2012-13)	Voluntary operational program (2013); planning regional pilot with California	Yes	EVs & ICE 40 mpg and above	Adoption of mandate for road usage charge
Nevada	2009	No	No	Internal (2010-11)	Continuing investigation	No	N/A	Unknown
Washington	2012	Yes (2012)	Yes	Yes (2018-19)	Pilot completed; Seeking operational program legislation	No, but real money tested separately	N/A	Adoption of operational road usage charge program
California	2014	Yes (2014)	Yes	Yes (2016-17)	Continuing investigation; planning regional pilot with Oregon	No	N/A	Establishment of operational road usage charge program
Colorado	2014	No	Yes	Yes (2018)	2 <sup>nd</sup> pilot planned, but delayed by governor	No	N/A	Get started again

# RUC DEVELOPMENT STATUS IN UNITED STATES (CONTINUED)

Governments working on road usage charge	Commenced formal road usage charge investigation	Legislative authority for formal investigation	Road usage charge task force	Conduct of road usage charge pilot or demo	Status	Volunteers assessed real money road usage charge	Vehicles eligible for opt-in to avoid additional fee	Key goals or aspirations
Colorado	2014	No	Yes	Yes (2018)	2 <sup>nd</sup> pilot planned, but delayed by governor	No	N/A	Get started again
Utah	2014	Yes (2018)	Yes	Yes, following operational program	Voluntary operational program (2020); preparing broader pilot	Yes	EVs, PHEVs, & hybrids	Establish operational program; prepare broader pilot; adopt mandates for road usage charge and congestion charge
195 Corridor Coalition	2016	No	No	Yes, with Delaware & Pennsylvania (2018)	Preparing 2 <sup>nd</sup> regional pilot with Virginia, New Jersey, Delaware, North Carolina (but not Pennsylvania)	No	N/A	Expand road usage charge pilot testing to other member states
Hawaii	2015	No	Yes	Yes (2020)	Preparing 2 <sup>nd</sup> pilot (2021)	No	N/A	Adoption of operational road usage charge program
Federal	No formal federal investigation has begun	Senate EPW Committee passes S.2302 (2019)	Section 3001 of S.2302	Subsection 3001(d) of S.2302	Waiting for Senate floor vote and action by House of Representatives	N/A	N/A	Commence federal investigation into national alternative roadway funding mechanism and operate a national feasibility test (pilot)

# FEDERAL STSFA GRANTS (SURFACE TRANSPORTATION SYSTEM FUNDING ALTERNATIVES)

## FY 2018 Grant Selections

- \$14.2 million (2016)
- \$15.5 million (2017)
- \$10.3 million (2018)
- 15+ programs (10 states) funded
- Variety of approaches being tested
- NOFO in October 2019 and April 2020

State (other partners)	Project/Description	Funding
California Department of Transportation (Caltrans)	Exploration of California's Road Usage Charge Program (RUC) with <b>emerging technologies and services</b> such as Usage-Based Insurance (UBI), Transportation Network Companies (TNCs), and Autonomous Vehicles (AVs).	\$2,030,000
Delaware Department of Transportation (DelDOT) – I-95 Corridor Coalition	Use of mileage-based user fees in a <b>multi-state region</b> . The project addresses the requirements for implementation, interoperability, public acceptance, and other potential hurdles across state lines.	\$3,028,000
Minnesota Department of Transportation (MnDOT)	Demonstration of the feasibility of distance based user fees through the <b>shared mobility model</b> such as Mobility-as-a-Service (MaaS) providers.	\$999,600
Missouri Department of Transportation (MoDOT)	Deployment of <b>innovative strategies</b> such as a vehicle registration fee along with other used-based charges.	\$1,782,500
New Hampshire Department of Transportation (NHDOT)	<b>Exploration</b> of road user charges levied in conjunction with vehicle registration fees.	\$250,000
Oregon Department of Transportation (ODOT) – Western Road User Charge Consortium (AZ, CA, CO, ID, HI, MT, NV, OK, OR, UT, and WA)	Exploration of <b>Road Usage Charge and Automated Vehicles</b> at both the state level and in a regional interoperable system.	\$950,000
Utah Department of Transportation (UDOT)	Utah will pilot a road user charge program for <b>alternative fuel vehicles</b> including hybrid and electric vehicles.	\$1,250,000



# STATE RUC PROGRAMS



- Utah's SB 136 (2018) and SB 72 (2019) established a voluntary Road Usage Charge program (RUC) directing UDOT to offer owners of alternative fuel vehicles the option of enrolling in RUC in lieu of paying the alternative fuel vehicle registration fee
- An electric vehicle owner currently pays a \$90 fee in 2019 and \$120 in 2021. Owners choosing to enroll in the RUC program, however, pay a 1.5 cent per mile charge in lieu of having to pay this fee.
- RUC participants can never be charged more than the annual registration fee and are billed monthly
- Utah started collecting EV fees in 2019 and the RUC alternative goes live in January
- Vehicle owners with privacy concerns may opt for short-term data retention or pay the flat fee



- Oregon's HB 2881 (2019) increases minimum fuel economy to 20 miles-per-gallon (MPG) to participate in RUC program
- Exempts vehicles achieving at least 40 MPG from additional registration fees, removes the cap on vehicles that may participate and sets the per-mile rate at 5% of the per-gallon license tax (currently 1.7 cents per mile)
- ODOT shall consult with vehicle dealers to determine the most effective methods, at the point of sale, to encourage participation in the RUC program
- Provides for reconciliation when the amount of fuel taxes paid by a person for a reporting period is less than or exceeds per-mile charges owed

## STATE RUC PROGRAMS (CONTINUED)

### Delaware

- \$5.5 million SFSTA Grants (FY 2016-2018)
- I-95 Corridor Coalition
- Launched **May 1, 2018**
- **Phase 1:** 155 participants from 13 coalition states and 459,448 miles driven
- **Phase 2 (Multi-State Truck Pilot):** 55 participants, traveled across 27 states and with over 1.4 million miles driven



### WA RUC

- \$8.4 million SFSTA Grants (FY 2016-17)
- 12-month initiative w/ 2,000 vehicles
- Mock invoices (no financial transactions)
- **More that 5,000 drivers volunteered**
- Reporting options include GPS, smartphone apps, in-dash devices, odometer readings

# 2019 RUC-RELATED LEGISLATION

State	Description
<a href="#"><u>Maine</u></a> <a href="#"><u>LD 945</u></a>	<ul style="list-style-type: none"> <li>➤ Blue Ribbon Commission to study transportation funding issues and will develop findings; study topics include a vehicles miles traveled pilot program</li> </ul>
Nevada <a href="#"><u>AB 483</u></a> and <a href="#"><u>SCR 3</u></a>	<ul style="list-style-type: none"> <li>➤ AB 483: Directs the Department of Motor Vehicles to conduct a pilot program on annual vehicle miles traveled, as well as type of vehicle and fuel system, and to report every 6 months to the legislature</li> <li>➤ SCR 3: Interim legislative study committee to explore alternative solutions for transportation funding, citing an increase in electric vehicles, with a final report and recommended legislation to be submitted by February 2, 2020</li> </ul>
<a href="#"><u>New Mexico</u></a> <a href="#"><u>HM 77</u></a>	<ul style="list-style-type: none"> <li>➤ Requests NM DOT actively participate in the Western Road Usage Charge Consortium and to propose legislation to implement a mileage-based user fee system</li> </ul>
<a href="#"><u>Oregon</u></a> <a href="#"><u>HB 2881</u></a>	<ul style="list-style-type: none"> <li>➤ Increases minimum fuel economy to 20 miles-per-gallon (MPG) to participate in RUC program, exempts vehicles achieving at least 40 MPG from additional registration fees, removes the cap on vehicles that may participate and sets the per-mile rate at 5% of the per-gallon license tax (currently 1.7 cents per mile).</li> <li>➤ DOT shall consult with vehicle dealers to determine the most effective methods, at the point of sale, to encourage participation in the RUC program</li> <li>➤ Provides for reconciliation when the amount of fuel taxes paid by a person for a reporting period is less than or exceeds per-mile charges owed</li> </ul>

## 2019 RUC-RELATED LEGISLATION (CONTINUED)

State	Description
<u>Utah</u> <u>SB 72</u>	<ul style="list-style-type: none"><li>➤ Establishes an RUC program beginning January 1, 2020.</li><li>➤ Alternative fuel vehicle owners may opt-in to the RUC program at their annual registration renewal and avoid paying the alternative fuel vehicle fee</li></ul>
<u>Washington</u> <u>HB 1160</u>	<ul style="list-style-type: none"><li>➤ Final report on RUC pilot is due to the legislature by January 1, 2020</li><li>➤ Recommendations must consider impacts to low-income households, vulnerable populations and displaced communities</li><li>➤ Directs transportation commission to seek federal funds for RUC, update recommended RUC operational concepts and business case presented to the RUC steering committee to reflect a range of scenarios regarding fleet electrification and use of shared vehicles and develop a detailed plan for phasing in the implementation of RUC</li></ul>

# RUC VERSUS GAS TAX - COST OF COLLECTION

“Overall, it may take **7% of revenue**, \$4,000 per lane mile, \$8,000 per centerline mile, \$6 per 1,000 VMT, or \$7 per transaction to operate a VMT fee system...It may require **22% of annual revenue to set up a VMT fee system.**”

– National Highway Cooperative Research Program Report 689

“A mileage fee of 0.9 cents would be needed to effectively replace the current federal MFT of 18.4 cpg. To account for administrative costs, the fee would need to be **increased by as much as 27 percent to 1.2 cents.** With a higher revenue target, administrative cost increase could be as low as 13 percent.”

– Government Accountability Office

**7% vs. 1%**

**RUC**

“[Taking] into account an estimated fuel tax collection violation rate of 1%, bring[s] **the cost to 2.1%**. Adding in the impact of legislated exemptions and less-aggressive enforcement measures since 2000, they end up with an **estimated 4.5% as the total real cost** of the motor fuel tax system.”

– Daryl S. Fleming et al. as cited by Bob Poole of the Reason Foundation

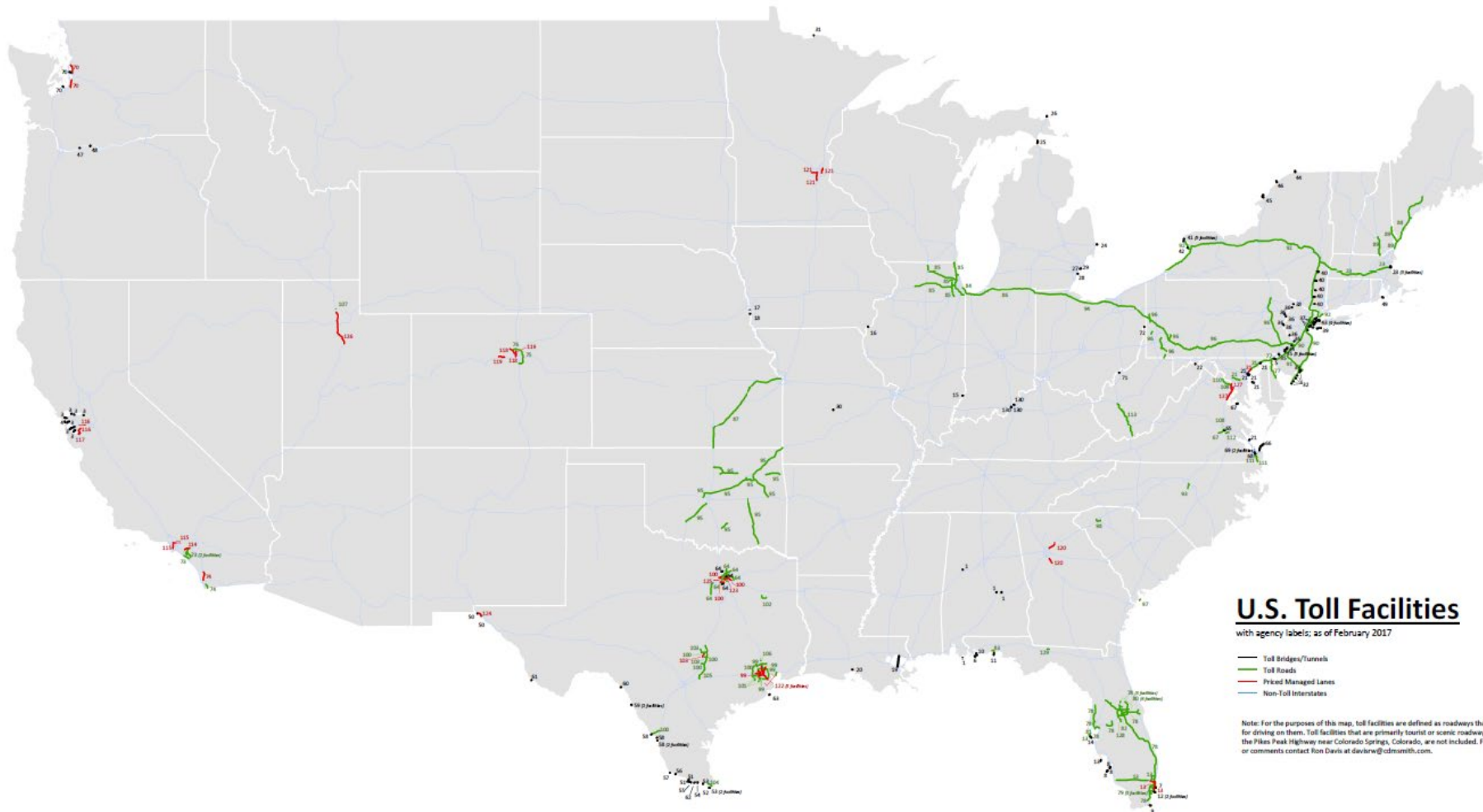
**MFT**

“On average, only **1% of revenue**, \$49 per lane mile, \$105 per centerline mile, \$0.10 per 1,000 VMT, or \$1.24 per vehicle was needed to operate the fuel tax collection system.”

– National Highway Cooperative Research Program Report 689



# U.S. TOLL FACILITIES



## U.S. Toll Facilities

with agency labels: as of February 2017

- Toll Bridges/Tunnels
- Toll Roads
- Priced Managed Lanes
- Non-Toll Interstates

Note: For the purposes of this map, toll facilities are defined as roadways that charge tolls for driving on them. Toll facilities that are primarily tourist or scenic roadways, such as the Pikes Peak Highway near Colorado Springs, Colorado, are not included. For questions or comments contact Ron Davis at [davisrw@cdmsmith.com](mailto:davisrw@cdmsmith.com).



# RECENT STATE LEGISLATION ON TOLLING

## Florida (SB 7068, 2019 Fl. Laws, Ch. 43)

- Multi-Use Corridors of Regional Economic Significance Program: 1) Southwest-Central Florida Connector, Suncoast Connector and Northern Turnpike Connector
- Task Forces convened for each corridor to evaluate design features, wildlife habitats, land acquisition and uses and construction mitigation

## New York (SB 1509, 2019 NY Laws, Ch. 59)

- Implements variable-priced tolling, commonly known as “congestion pricing,” for vehicles entering Manhattan’s Central Business District below 61<sup>st</sup> Street

## Washington (SB 5825, 2019 Wash. Laws, Ch. 421)

- Authorizes tolling on highway corridors, which include Interstate 405, State Route 167 and Puget Sound Gateway

## Wyoming (Interstate 80 Tolling, 2019, Study Bill)

- In summer 2019, an interim committee studied tolling on Interstate 80 to possibly consider during the 2020 legislative session



## RECENT STATE LEGISLATION ON TOLLING (CONTINUED)

### Rhode Island (SB 2246, 2016 R.I. Pub. Laws, Ch. 4)

- Tolls for commercial vehicles took effect June 11, 2018
- The full budget for RhodeWorks is about \$4.9 billion over 10 years, with 10% coming from tolling

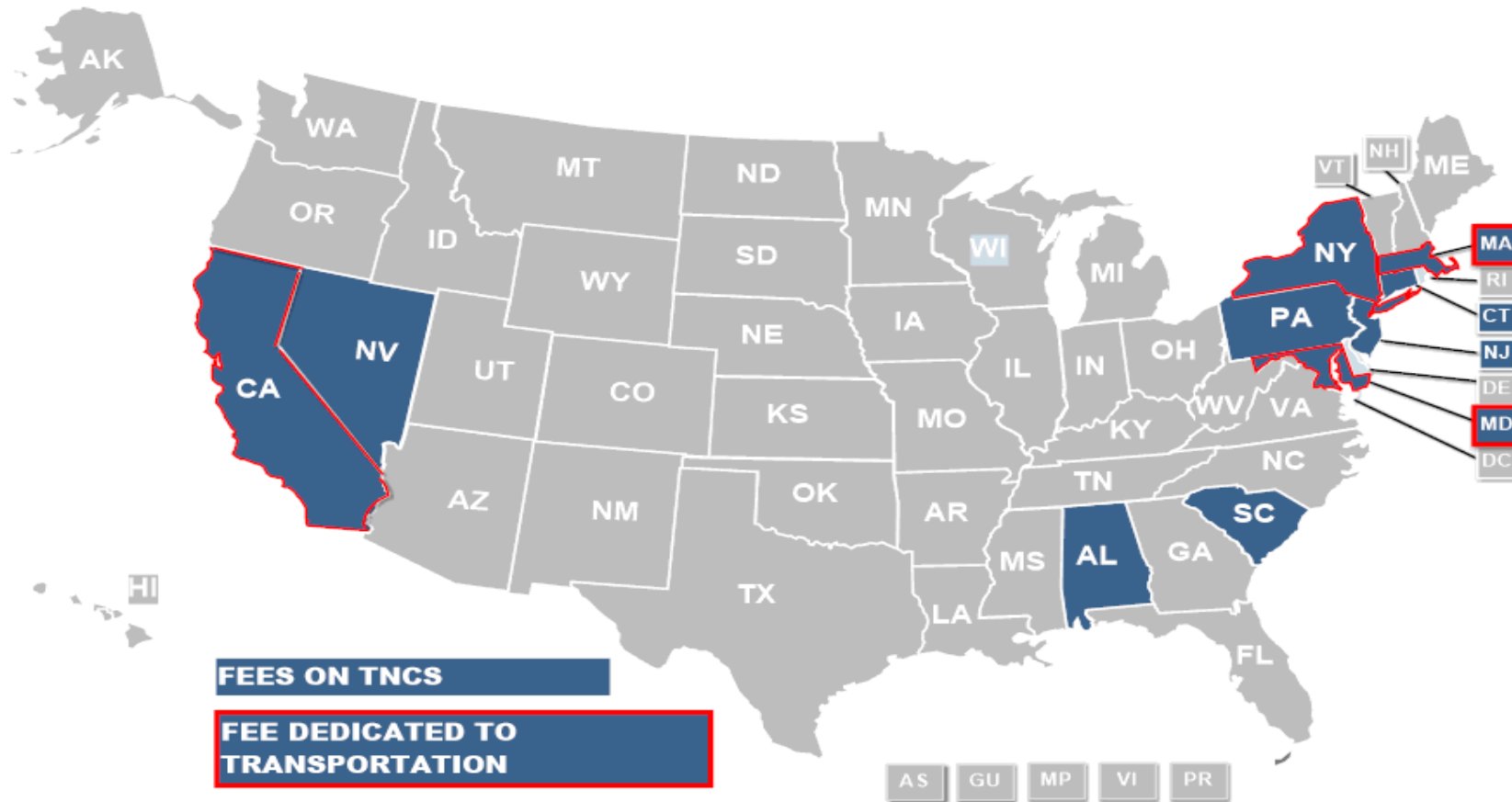
### Indiana (HB 1001, 2017 Ind. Acts, P.L. 217 )

- Grants broad authority to Governor to establish toll facilities on new and existing highways
- In late 2018, however, the Governor announced he would not move forward with a plan to toll interstates during his administration

### Oregon (HB 2017, 2017 Or. Laws, Ch. 750)

- Called for the study of tolling on Interstates 5 and 205 to reduce congestion
- Task Force recommended expanded consideration of tolls across the state

# TRANSPORTATION NETWORK COMPANY FEES



QUESTIONS?

Douglas Shinkle

NCSL Transportation Program Director

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