

Mobility Investment Priorities Project

State Funding Initiatives Executive Summary

2008–2012



1957



2011

Establishing Mobility Investment Priorities
Under TxDOT Rider 42:
State Transportation Funding Initiatives (2008-2012)

Prepared for
Texas Transportation Commission
And
83rd Texas Legislature

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OVERVIEW AND PURPOSE

This summary provides: (1) context on public support for federal transportation funding options, and (2) a list of recent state initiatives pursued to increase revenue directly for constructing new transportation infrastructure. A list of initiatives both enacted and proposed (that is, not enacted) by a state legislature and/or through a statewide ballot referendum are included for the period from January 1, 2008 to December 1, 2012.

FEDERAL TRANSPORTATION FUNDING AND PUBLIC OPINION

Perhaps the best indicator for national support at the federal level for transportation funding options is a set of polls conducted by the Mineta Transportation Institute. This study was conducted over a three-year period (2010 to 2012) that tested national support for federal gas, sales, and mileage taxes that would raise revenue for transportation purposes. An average of 1,518 U.S. adults responded to the survey.

Perhaps not surprisingly to most transportation poll experts, most transportation tax increases don't have majority support, though majority support for a 10-cent gas tax increase is seen if revenues are spent to maintain streets and highways. Furthermore, linking tax increases to improved safety or maintenance purposes is particularly effective at increasing public support among virtually all demographic groups. Finally, support levels varied considerably by what kind of tax would be levied. When taxes are described with no other information than just the tax type, a sales tax tends to be more popular than either a gas tax increase or a new mileage tax. No matter which option that is pursued, it is evident that support grows when tax options are clearly communicated and presented to the public and when revenues are dedicated to a specific project.

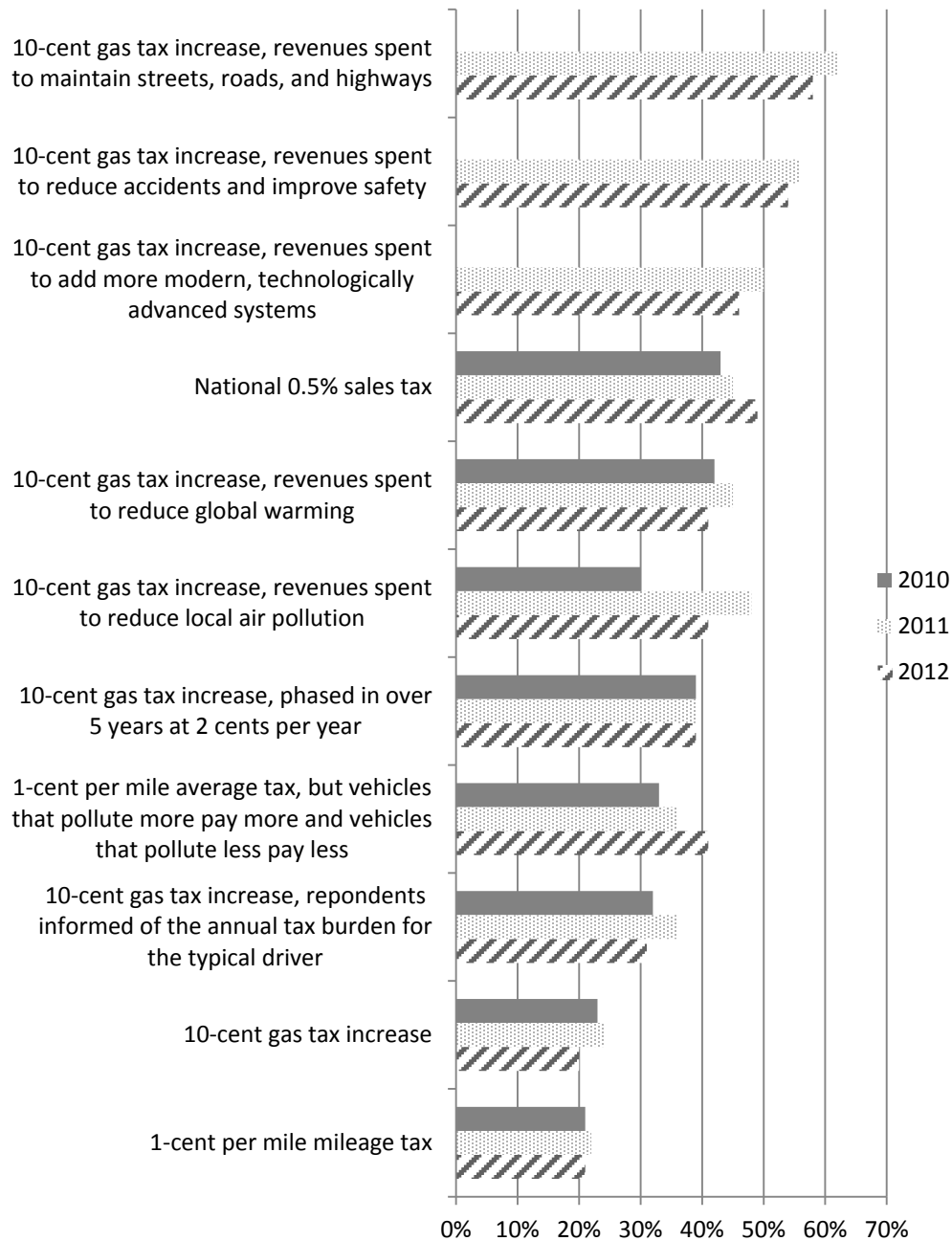
These poll findings led the Mineta Transportation Institute to offer several policy recommendations.

- Support for higher gas taxes or a new mileage tax can be increased by careful program design.
- Policy makers looking to increase support for transportation taxes should stress the environmental, safety, and maintenance benefits of transportation.
- Linking transit with environmental benefits may be a particularly successful way to increase support for transit systems.

Exhibit 1 provides detailed information on the poll data.¹

¹ For the full sample, which included both land-line and cell-phone numbers, the margin of error was (+ or -) 2.5 percentage points at the 95% confidence level.

Exhibit 1: Percent of Polled U.S. Residents Supporting Various Tax Increase Options, 2010 to 2012²



² Asha Weinstein Agrawal, Ph.D., Hilary Nixon, Ph.D., and Vinay Murthy, *What do Americans Think About Federal Tax Options to Support Public Transit, Highways, and Local Streets and Roads? Results from Year 3 of a National Survey*. June 2012. <http://transweb.sjsu.edu/PDFs/research/1128-american-survey-federal-taxes-public-transit-highways-streets-roads-brief.pdf>

INVESTMENT STRATEGIES PURSUED BY OTHER STATES—ENACTED LEGISLATION

Exhibit 2 below highlights recent revenue enhancement strategies that have been enacted by other states in the past five years. Please see full report for more information.

Exhibit 2. Recent Revenue Enhancement Strategies Enacted by Other States (2008 to 2012)

MODE	STRATEGY	ACTION	ENACTED LEGISLATION (2008 to 2012)
HIGHWAYS	State Motor Fuel Tax	Increase state gas tax	Connecticut , District of Columbia , Minnesota , New Jersey , Oregon , Rhode Island , Vermont
		Index tax	Vermont
		Reform motor fuel tax collection process	Alabama
		Local option motor fuel tax	Nevada , West Virginia
		Freeze tax (prevent from falling)	Kentucky
	Taxes and Fees on Motor Vehicles	Increase motor vehicle registration fee	Colorado , Florida , Hawaii , Iowa , Kansas , Nevada , New York , North Dakota , South Dakota , Oregon , Utah , Vermont
		Increase other vehicle-related taxes and fees	Arizona , Connecticut , Idaho , Illinois , Iowa , Louisiana , Minnesota , Nevada , New York , Oregon , Rhode Island , Vermont , Washington
	Diversion Recapture	More funds from transportation sources to transportation purposes	Colorado , Idaho , Louisiana , Minnesota , Nebraska , Oklahoma , Utah
	Sales and Use Tax	Statewide sales tax	Arkansas , California , Indiana
		Local governments to levy sales tax for transportation	Georgia , Minnesota , West Virginia
	Freight/ Motor Carrier Tax	Increase tax	Connecticut
	Tolling	Index tolls to CPI	Florida
		Impose on trucks only	Connecticut
		Authorize tolling on some facilities only	Ohio , Texas , Washington
		Create, authorize, and/or designate authority to a state or local agency to collect tolls	Georgia , New Mexico , Ohio , Texas , Washington
	Infrastructure Bank/ Transportation Fund	Create or broaden authority	Virginia
	Alternative Fuel Tax Options	Impose fee on electric vehicles	Oregon
Payroll Tax	Increase tax	New York	
Public-Private Partnerships (P3)	Broaden state or local agency authority to enter into PPPs	Alabama , Arizona , California , Connecticut , Florida , Georgia , Idaho , Illinois , Indiana , Massachusetts , Michigan , Missouri , Nevada , North Carolina , Ohio , Texas , West Virginia	
	PPP agreements for certain projects only	Indiana , Texas	
TRANSIT	Transit Funding	Various strategies to increase funding for transit options	Illinois
		Authorize local authority to increase sales tax	Connecticut , North Carolina
AVIATION	Airport Funding	Increase state motor fuel tax on airline fuel	Michigan
PORTS/ WATERWAYS	Port and Waterway Funding	Local port authority financing	Missouri
		Local port authority limited PPP agreements	Connecticut , Texas

INVESTMENT STRATEGIES PURSUED BY OTHER STATES—PROPOSED LEGISLATION

Exhibit 3 below highlights recent revenue enhancement strategies that have been proposed (not enacted) by other states in the past five years. Please see full report for more information.

Exhibit 3. Recent Revenue Enhancement Strategies Proposed by Other States (2008 to 2012)

MODE	STRATEGY	ACTION	PROPOSED LEGISLATION (2008 to 2012)
HIGHWAYS	State Motor Fuel Tax	Increase Tax	Connecticut , Idaho , Illinois , Iowa , Kansas , Maine , Maryland , Michigan , Nebraska , Pennsylvania , South Dakota , Utah , Virginia , Wyoming
		Index Tax	Maryland , Nebraska , Texas , Virginia
		Increase Fuel Sales Tax	Massachusetts
		Reform Motor Fuel Tax Collection System	North Carolina
		Authorize Local Option Motor Fuel Tax	
	Taxes and Fees on Motor Vehicles	Increase Vehicle Registration Fee	California , Hawaii , Idaho , Virginia
		Increase Other Vehicle-Related Taxes and Fees	Florida , Maryland , Massachusetts , Michigan , Tennessee
	Diversion Recapture	Appropriate more funds from transportation sources to transportation purposes	Alaska
	Sales and Use Tax	Increase Statewide Sales Tax	Georgia , Utah , Virginia
		Authorize local governments to Levy Sales Tax for Transportation	Georgia , Virginia
	Freight/Motor Carrier Tax or Fee	Increase	Idaho
	Tolling	Index Tolls to CPI	
		Impose on Trucks Only	
		Authorize Tolling on Some Non-Tolled Facilities	Hawaii
		Create, Authorize, and/or designate authority to a state or local agency to collect tolls	Alabama , Arizona , Kentucky , Missouri
	Infrastructure Bank/Transportation Fund	Create or Broaden Authority	Alaska , California , Hawaii , Kentucky , Massachusetts , Nebraska , New Hampshire
	Vehicle Miles Traveled Fee	Impose VMT Tax on electric vehicles or commission study on its use	Arizona , Indiana , Massachusetts , Michigan , Mississippi , Montana , Oregon , Washington
	Payroll/Income Tax	Increase	Indiana
	Public-Private Partnerships (P3)	Broadens or Expands State or Local Agency Authority to Enter into PPPs	Alabama , Hawaii , Ohio
Commission study to explore benefits and costs of PPPs		Texas	
Authorize PPP Agreements for certain projects only		Michigan	
TRANSIT	Transit Funding	Authorize various strategies to increase funding for transit options	Maryland , Wisconsin
		Authorize/Broaden Authority for States to Enter into PPPs	
		Authorize Local Authority to Increase Sales Tax	
AVIATION	Airport Funding	Increase State Motor Fuel Tax on Airline Fuel	
PORTS/WATERWAYS	Port and Waterway Funding	Authorize Local Port Authority Financing District	

CASE STUDIES FOR BUILDING SUPPORT FOR TRANSPORTATION

Over the last five years, states across the U.S. have sought varying strategies for increasing revenue for transportation. See a few selected examples of public awareness campaign programs aimed at building public support for transportation investment. Additional case studies can be found in the full report.

- **Kansas T-WORKS Program (2008):** Facing a growing need to gain support for “smart” infrastructure spending, the Kansas Legislature directed the Kansas Department of Transportation to create the Transportation Works for Kansas Program, or TWORKS. Transportation officials first polled over 900 local leaders, construction companies, and consultants and then established working groups throughout the state. KDOT team leaders then developed criteria for how future transportation funds should be spent. Under these criteria, potential transportation projects were “ranked” using a weighted formula that included an engineering analysis component, an economic impact component and recommendations from local officials. This work by Kansas DOT eventually led to sufficient support in the state Legislature to approve a two-fifths cent sales tax increase to fund transportation improvements within the state. Please see full report for more information on this case study.
- **Washington State Transportation Commission Initiative (2011-2013):** In 2011, Washington State embarked on an ambitious effort to determine state transportation needs and public support to fund those improvements. In January 2013, the Commission launched a test online discussion forum where participants can post ideas and comments as well as “vote” on posted ideas on transportation topics such as funding, transit, ferries, tolling, etc. This new way of obtaining input from citizens, referred to as the “Voice of Washington State,” will be fully launched for public use in June 2013. Please see full report for more information on this case study.
- **Georgia Transportation Funding Campaign (2012):** On July 31, 2012, Georgians voted down a one-cent sales tax increase to invest in a list of transportation projects in 12 districts created by legislation authorized in 2010. The Transportation Special Purpose Local Option Sales Tax referendum, or T-SPLOST, was defeated in all but three of the 12 regions and signified a defeat for transportation funding advocates. There’s much speculation for why such an innovative transportation funding initiative failed, but polling experts familiar with the referendum outcome say that shortcomings in the communication strategy used played a significant role in the failed vote. Please see full report for more information on this case study.