

**TRANSPORTATION
INVESTMENT
ADVOCACY
CENTER**



State Funding Initiatives Report

JANUARY 2017



American Road
& Transportation
Builders Association

Transportation Makes America Work



ABOUT THE TRANSPORTATION INVESTMENT ADVOCACY CENTER (TIAC)

The Transportation Investment Advocacy Center™ (TIAC) is a first-of-its kind, dynamic education program and Internet-based information resource designed to help private citizens, legislators, organizations and businesses successfully grow transportation investment at the state and local levels through the legislative and ballot initiative processes.

The TIAC website, www.transportationinvestment.org, helps transportation investment advocates to mount successful campaigns. It exists to put in one place—and promote the sharing of—strategies... sample political and communications tools... legislative and ballot initiative language... and information on where to obtain professional campaign advice, research and help. To receive free, regular email updates from the TIAC, subscribe to the TranspoAdvocates Blog (www.transportationinvestment.org/blog).

TIAC staff produces regular research reports and analyses, hosts an annual workshop in Washington, D.C. (*scheduled for July 12, 2017*), and holds ongoing webinars for transportation investment advocates featuring case studies, best practices, and the latest in political and media strategies. State and local chamber of commerce executives, state legislators, state and local transportation officials, “Better Roads & Transportation” group members, industry and labor executives, and leaders of state and local chapters of national organizations who have an interest in transportation development programs are welcomed to participate.

The Center’s program of work is also guided by a Transportation Investment Advocates Council, a national network of business professionals and public officials who share a common interest in building support for transportation infrastructure investments in their state or local community— roads, bridges, public transit, pedestrian walkways and cycling paths, airports, waterways, ports and rail facilities.

TIAC is a project of the American Road and Transportation Builders Association’s “Transportation Makes America Work!”™ (TMAW) and supported through voluntary contributions and sponsorships.

To become a sponsor or to make a contribution, contact TIAC Manager Carolyn Kramer (ckramer@artba.org , or at 202-289-4434). Also contact Ms. Kramer if you have questions or comments about any reports or case studies published through the TIAC, or would like more information on the program and the Council.

EXECUTIVE SUMMARY

Activity Status Year-to-Date

2017 State Transportation Funding Overview

- For the first month of 2016, TIAC has tracked 22 transportation funding bills being considered in nine states.
 - Eleven of those measures include an increase to the state gas tax in order to generate transportation revenue.
 - Five states are considering altering or adding a tax to alternative fuel vehicles.
 - Fourteen bills were introduced by Republican state legislators, and eight bills were introduced by Democratic state legislators.
- Several governors, including those in Colorado, Indiana and Tennessee, included transportation funding as a priority in their annual ‘State of the State’ addresses. Tennessee Gov. Bill Haslam (R) on Jan. 18 proposed a comprehensive transportation funding plan, including increases to the state’s motor fuel taxes and vehicle registration fees.

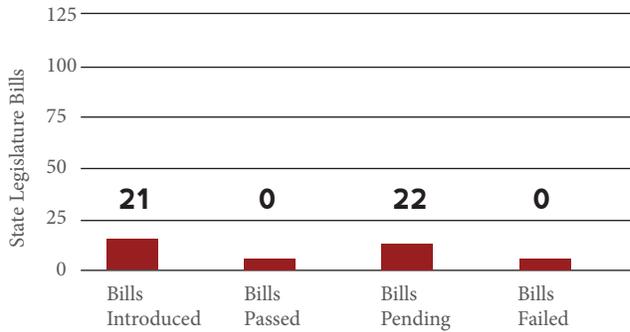
2017 State Gas Tax Changes

- On Jan. 1, six states increased their gasoline tax.
 - Three states—Florida, Georgia and North Carolina—did so based on automatic adjustments based off of the variable-rate calculation of their state motor fuel taxes. All three states index their gas tax either wholly or in part to changes in the Consumer Price Index.
 - Two states—Michigan and Pennsylvania—raised their gas tax due to legislation from previous years.
 - Nebraska also raised its state gas tax a total of 1.5 cents-per-gallon due to a combination of 2015 legislation that raised its flat excise tax on gasoline gradually by 6 cents-per-gallon over four years, an additional variable-rate component of the state motor fuel tax that adjusts based on changes to the average wholesale price of motor fuel, and a third component that is adjusted as needed by the state legislature to ensure adequate funding for transportation projects.
- Additionally, two states—New York and West Virginia—decreased their state motor fuel tax rates, which are both determined based off of the average wholesale price of fuel.
- Two states—Vermont and Virginia—did not adjust their motor fuel taxes at the scheduled time due to low fuel prices. Both states have a floor in place that requires the variable-rate tax only be adjusted if the price of fuel is above the floor, or minimum price, in place.

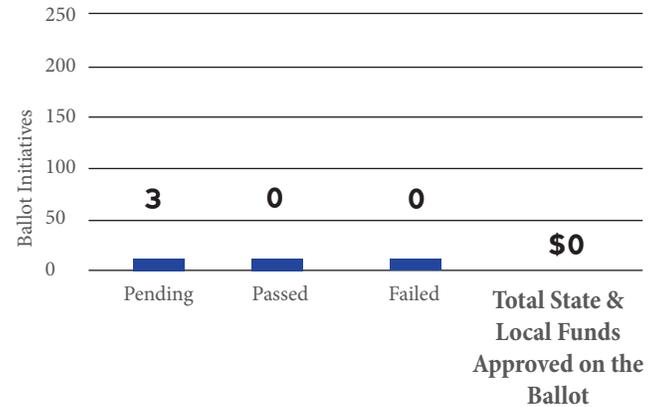
2017 Estimated Total Statewide Funding Approved Legislatively: \$0

EXECUTIVE SUMMARY

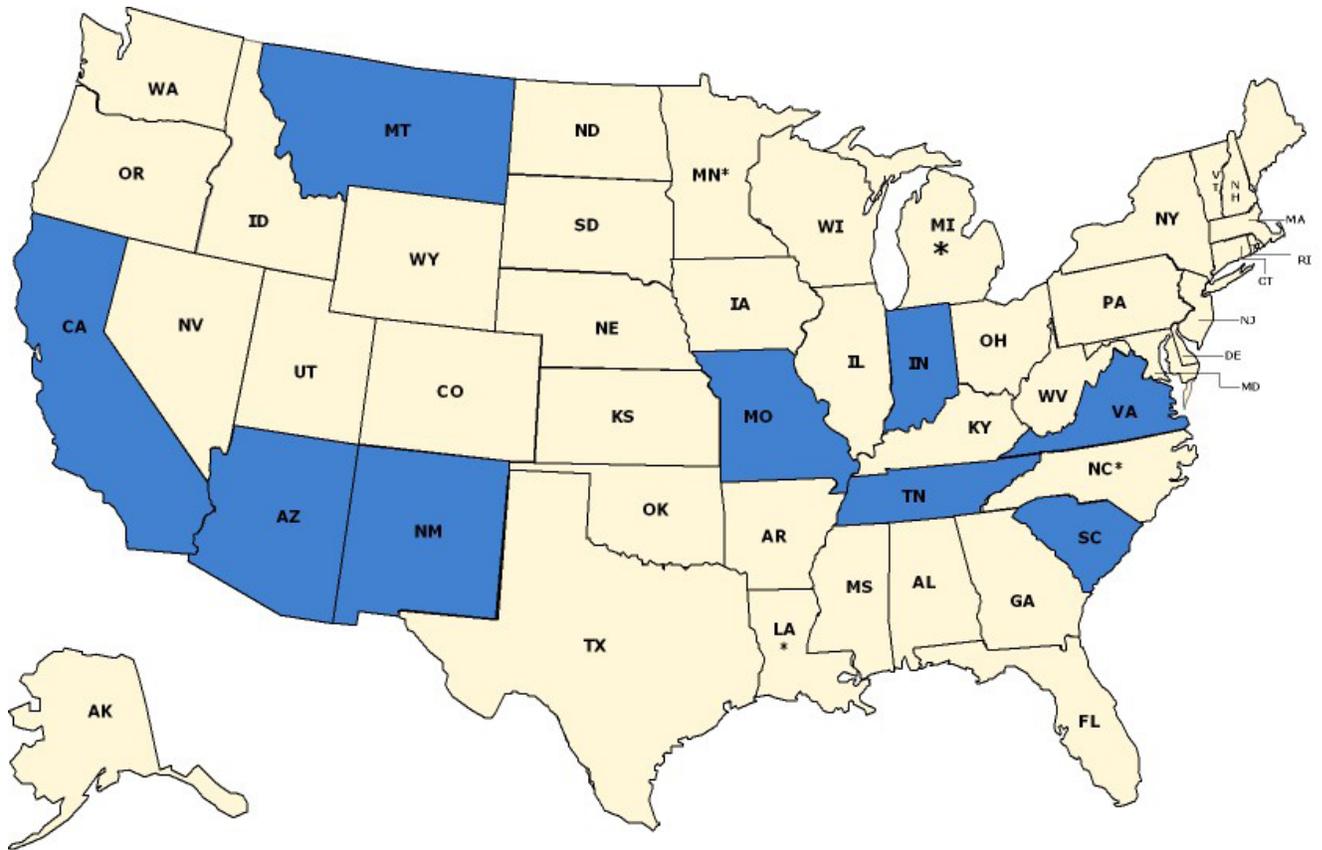
STATE FUNDING LEGISLATION



BALLOT MEASURES 2016



2017 STATE TRANSPORTATION FUNDING INITIATIVES



- Ballot Measure Pending
- New Recurring Revenue Approved
- One-Time Revenue Approved
- Non-Funding Legislation Approved

- Initiative Pending
- Initiative Failed
- * Several measures are in varying stages. View state breakdown for more info.

2017 STATE TRANSPORTATION FUNDING BILLS

ARIZONA

House Concurrent Resolution 2011

Topic: Gas Tax Increase

Description: Increase the motor fuel tax by 10 cents-per-gallon, with new revenue dedicated solely to the construction and maintenance of transportation infrastructure.

Bill Status: Pending

Status Details: Introduced by Rep. Noel Campbell (R- District 1) on Jan. 23 and assigned to the Rules, Transportation Infrastructure, and WM Committee.

Senate Bill 1090

Topic: Lockbox

Description: To protect gas tax revenue and transportation-related fees dedicated to the Highway User Revenue Fund from diversion to non-transportation purposes.

Bill Status: Pending

Status Details: Introduced by Sen. Steve Farley (D-District 9) on Jan. 17 and referred to the Committees on Transit, Appropriations, and Rules.

CALIFORNIA

Assembly Bill 1

Topic: Transportation Funding Package

Description: Increase the gas tax by 12 cents-per-gallon, as well as increase the vehicle registration fee by \$38 and institute a new \$165 annual registration fee for zero-emission vehicles. The bill would also create the Office of the Transportation Inspector General.

Bill Status: Pending

Status Details: Prefiled by Assemblyman Jim Frazier (D-Oakley) on Dec. 5, 2016 for the 2017 legislative session.

INDIANA

House Bill 1002

Topic: Transportation Funding Package

Description: 10 cents per gallon motor fuel tax increase, indexed to adjust annually according to changes in the Consumer Price Index for all Urban Consumers; a new \$15 annual “transportation infrastructure improvement” vehicle fee and a \$150 annual electric vehicle fee; a 50 percent increase on alternative fuel decal fees; and dedicated the entirety of the gasoline use tax to transportation purposes.

Bill Status: Pending

Status Details: Introduced Jan. 4 by Rep. Ed Soliday (R- Valparaiso) and referred to the House Committee on Roads and Transportation.

MISSOURI

Senate Joint Resolution 3

Topic: Motor Fuel Tax Increase

Description: Increase the diesel tax by 3.5 cents-per-gallon and by 1.5 cents-per-gallon for all other fuels. Supplementary state highways would be transferred county highway commissions. If passed by the legislature, the measure would go before voters in November 2018.

Bill Status: Pending

Status Details: Introduced by Sen. Rob Schaaf (R-District 34) on Jan. 4.

MONTANA

House Bill 205

Topic: Alternative Fuel Taxes

Description: Amends existing taxes on alternative fuel and creates a new \$300 annual fee for electric vehicles and a \$150 annual fee for hybrid electric vehicles. Additionally, the bill would create a one-time \$15 registration fee for bicycles (for owners 18 years of age and older) to fund the maintenance of bike trails.

Bill Status: Pending

Status Details: Introduced Jan. 9 by Rep. Alan Red-

2017 STATE TRANSPORTATION FUNDING BILLS

field (R- District 59) and referred to the Transportation Committee.

NEW MEXICO

Senate Bill 132

Topic: Motor Fuel Taxes

Description: Increase the state gasoline tax and special fuel tax by 10 cents-per-gallon, indexed to chained price index for nonresidential construction. Half of the new revenue would be distributed to the tax stabilization reserve until the price of oil exceeds \$67 dollars per barrel for six months, after which it would be distributed to the state road maintenance fund. The other half would be distributed to municipalities and counties for maintaining and repairing existing transportation infrastructure.

Bill Status: Pending

Status Details: Introduced by Sen. John Arthur Smith (D- District 35) and Rep. Roberto J. Gonzales (D- District 42) and referred to the Senate Corporations and Transportation Committee.

House Bill 167

Topic: Revenue Distribution

Description: Redistributes the motor vehicle excise tax from the General Fund to the State Road Fund, implemented gradually over four years.

Bill Status: Pending

Status Details: Introduced by Rep. Rick Little (R- District 53) on Jan. 20 and referred to the House Transportation, Public Works & Capital Improvements Committee.

House Bill 63

Topic: Local Funding

Description: A local option fuel tax for cities and counties of up to 5 cents per gallon. Would require the cities/counties to get approval from voters prior to implementation.

Bill Status: Pending

Status Details: Prefiled by Rep. Randal Crowder (R- District 64).

Senate Bill 131

Topic: Motor Fuel Taxes

Description: Increase the state gasoline tax and special fuel tax by 10 cents-per-gallon, indexed to chained price index for nonresidential construction. Half of the new revenue would be distributed to the tax stabilization reserve for up to five years, after which it would be distributed to the state road maintenance fund. The other half would be distributed to municipalities and counties for maintaining and repairing existing transportation infrastructure.

Bill Status: Pending

Status Details: Introduced by Sen. John Arthur Smith (D- District 35) and Rep. Roberto J. Gonzales (D- District 42) and referred to the Senate Corporations and Transportation Committee.

Senate Bill 95

Topic: Motor Fuel Taxes

Description: Increase the gasoline tax by 10 cents-per-gallon and special fuel excise tax by 5 cents-per-gallon. Some revenue would be distributed to the tax stabilization reserve until the state reserves reach 10 percent, after which all revenue would be distributed to the local governments road fund and state road fund.

Bill Status: Pending

Status Details: Introduced by Sen. Clemente Sanchez (D- District 30) on Jan. 12 and referred to the Senate Corporations & Transportation Committee.

SOUTH CAROLINA

House Bill 3102

Topic: Recurring Revenue

Description: Ask voters if the state should legalize gambling in specific areas, with revenue used for highway, road and bridge maintenance, construction and repair.

Bill Status: Pending

Status Details: Prefiled by Rep. Rutherford on Dec. 15, 2016 and referred to the House Committee on Judiciary.

2017 STATE TRANSPORTATION FUNDING BILLS

Means.

House Bill 3111

Topic: Transportation Funding Package

Description: Additional motor fuel user fee of about 7 cents per gallon on certain motor fuels, plus an additional road tax user fee for motor carriers, with revenue credited to the State Highway Fund.

Bill Status: Pending

Status Details: Prefiled by Rep. Whipper on Dec. 15, 2016 and referred to the House Committee on Ways and Means.

House Bill 3273

Topic: Tolls

Description: New toll on Interstate 95 when it crosses Lake Marion, with revenue used to replace northbound and southbound bridges across the Santee River at mile marker 100.

Bill Status: Pending

Status Details: Prefiled by Rep. Ridgeway on Dec. 15, 2016 and referred to the House Committee on Education and Public Works.

House Bill 3315

Topic: Motor Fuel Taxes

Description: Additional motor fuel user fee equal to approximately 10 cents per gallon, with revenue deposited in the State Highway Fund, and exemptions to individual residents including allowing taxpayers to claim an income tax credit of 10 percent of the additional user fee paid.

Bill Status: Pending

Status Details: Prefiled by Reps. Burns and Chumley on Dec. 15, 2016 and referred to the House Committee on Ways and Means.

House Bill 3316

Topic: Study- Road Usage Charge Pilot Program

Description: Create a vehicle-miles traveled user fee study committee.

Bill Status: Pending

Status Details: Prefiled by Rep. Collins on Dec. 15, 2016 and referred to the House Committee on Ways and

House Bill 3516

Topic: Transportation Funding Package

Description: Gradually increase the motor fuel user fee by 10 cents-per-gallon (phased in over five years); increase the sales tax cap on vehicle sales from \$300 to \$500; create a new biennial \$60 fee for hybrid vehicles and \$120 fee for electric vehicles; establish a \$250 vehicle registration fee on out-of-state vehicles; and transition from a property tax for motor carriers to a road user fee. If approved, once fully implemented HB 3516 is estimated to raise an additional \$600 million for the state highway fund.

Bill Status: Pending

Status Details: Introduced Jan. 18 by Rep. Gary Simrill (R- District 46) and referred to the Committee on Ways and Means.

Senate Bill 54

Topic: Transportation Funding Package

Description: Increase the state gas tax by 12 cents-per-gallon, phased in gradually over three years. The proposed legislation will also increase 10-year driver's license fees from \$25 to \$50; a biennial \$120 electric vehicle fee and \$60 hybrid vehicle fee; and raise the vehicle sales tax cap from \$300 to \$600. These transportation revenue increases would be offset with a 0.1 percent cut to the state's top income tax bracket; a 1 percent cut for business and manufacturing property taxes; and tax credits for law enforcement officers, first responders, college tuition, and state earned income tax credit.

Bill Status: Pending

Status Details: Prefiled by Senators Bennett (R-Dorchester), Campbell, Turner and Hembree on Dec. 13, 2016 and referred to the Senate Committee on Finance.

Senate Bill 70

Topic: Local Funding

Description: Allow counties to hold referenda to institute a local option motor fuel user fee in order to pay for roads.

Bill Status: Pending

2017 STATE TRANSPORTATION FUNDING BILLS

Status Details: Prefiled by Prefiled by Senators Senn, Grooms and Campbell on Dec. 13, 2016 and referred to the Senate Committee on Finance.

Committee on Finance 12-3 on Feb. 9, and by the full Senate 23-11 on Feb. 12. The bill was recommended by the House Finance subcommittee, and will be continued over to the 2017 legislative session.

TENNESSEE

House Bill 53

Topic: Appropriations

Description: Allocates 25 percent of any general surplus tax collection exceeding \$5 million for use on transportation projects.

Bill Status: Pending

Status Details: Introduced by Rep. Jason Zachary (R-Knoxville) on Jan. 17.

House Bill 66

Topic: Appropriations

Description: Appropriates \$120 million for a current state budget surplus to be used for transportation road projects, with \$20 million earmarked for state-aid roads.

Bill Status: Pending

Status Details: Introduced by Rep. Eddie Smith (R-District 13) on Jan. 17.

VIRGINIA

Senate Bill 742

Topic: Local Funding

Description: Amend the local fuel tax in the Hampton Roads region from its current 2.1 percent to a cents-per-gallon formula based off of the price of gasoline. When the average whole price (AWP) per-gallon is \$2.50 or below, the regional gas tax would be 14 cents-per-gallon; when the AWP increases to between \$2.51 through \$3.00, the local gas tax would decrease to 8 cents-per-gallon; and if the AWP reaches \$3.01 or above, the local gas tax would further decrease to 5 cents-per-gallon.

Bill Status: Pending

Status Details: Introduced by Sen. Frank Wagner (R-Virginia Beach) on Jan. 22, 2016. Passed by the

TIMELINE- PASSED RECURRING STATE HIGHWAY FUNDING

DATE	STATE	MEASURE
2012		
Nov. 6, 2012	Arkansas	Voters approved Issue 1, a half-cent sales tax increase to cover a \$1.3 billion bond issue for roads and bridges.
2013		
Feb. 15, 2013	Wyoming	Governor Mead signed a bill into law that raises the state's gas tax by 10 cents-per-gallon beginning July 1.
March 25, 2013	Virginia	Governor McDonnell signed into law an overhaul of the transportation funding system which scraps the gas tax, raises the sales tax, creates a tax on wholesale gas and diesel and charges registration fee for hybrid, electric and alternative-fuel vehicles.
April 1, 2013	Ohio	Gov. John Kasich signed on April 1 a two-year, \$7.6 billion transportation and public safety budget bill that also allows the state to use toll revenue from the Ohio Turnpike for projects beyond the 241-mile toll road's borders.
May 16, 2013	Maryland	Gov. Martin O'Malley signed legislation to increase the state's gas tax. The bill raises taxes on gasoline in stages over four years—with a roughly 4-cent increase on July 1.
July 24, 2013	Massachusetts	On July 24, the state legislature voted to override Governor Deval Patrick's veto of an \$800 million transportation finance bill. As a result, on July 31 the gas tax increased by 3 cents, from 21 to 24 cents per gallon.
Nov. 25, 2013	Pennsylvania	The comprehensive transportation package approved in November 2013 will provide an additional \$2.3 to \$2.4 billion for Pennsylvania highways, bridges, rail, airports, transit, and bike/pedestrian facilities. The legislation eliminates the state retail gas tax paid at the pump and removes the cap on the Oil Company Franchise Tax that is charged at the wholesale level.

PASSED STATE HIGHWAY FUNDING INITIATIVES—TIMELINE

DATE	STATE	MEASURE
April 29, 2013	Vermont	State gas tax increased 5.9 cents-per-gallon. The hike includes a new 2 percent assessment on the price of gasoline while slightly decreasing the per-gallon tax by 0.8 cents. It is estimated that by FY 2016 the tax could amount to a net hike of 6.5 cents. Diesel tax was also increased by 3 cents-per-gallon over two years. In addition to the approved \$11 million bonds, it is anticipated that \$32 million will be generated in FY 2016 for transportation infrastructure funding.
2014		
May 22, 2014	New Hampshire	Gov. Maggie Hassan signed legislation to raise the New Hampshire gasoline and diesel fuel taxes by 4 cents-per-gallon. The tax will go into effect July 1 and had bipartisan political and business community support. The new gas tax will be 22 cents-per-gallon and the new diesel tax will be 23.6 cents-per-gallon. The tax will fund highway improvements for the next two years, and then half the tax will be earmarked to pay off \$200 million in debt for Interstate 93 expansions. The tax will expire in 20 years after the debt is paid off.
June 19, 2014	Rhode Island	Starting July 2015, the state gas tax will increase by 1-cent, a move that House Finance Committee Chairman Raymond Gallison says will produce an estimated \$4.8 million a year. Subsequently the gas tax will be revisited every two years to reflect increases based on the rate of inflation.
Nov. 4, 2014	Texas	In 2013, the Texas legislature approved a measure to redirect half of the revenue generated from oil and gas taxes away from the state's general Rainy Day Fund, to be deposited into the State Highway Fund. Once in the Fund, the approximately \$1.2 to \$1.7 billion per year would be used to fund construction and maintenance on public roads. Voters approved this measure November 2014.
2015		
Feb. 24, 2015	Iowa	Legislation to increase the state gas tax by 10 cents-per-gallon and increase oversized/overweight vehicle permit fees. The companion bills are estimated to generate an estimated \$200 million per year for transportation infrastructure funding.
March 17, 2015	South Dakota	A 6 cents-per-gallon state gas tax increase, an additional 1 percent to the motor vehicle excise tax, and to raise license plate fees by 20 percent. Counties will also be allowed to increase property taxes for local transportation funding. SB 1 is anticipated to generate over \$80 million for state and county

PASSED STATE HIGHWAY FUNDING INITIATIVES—TIMELINE

DATE	STATE	MEASURE
		highway and bridge investment.
March 27, 2015	Utah	Legislation to increase the state gas tax by 5 cents-per-gallon, create a 12 percent tax on the statewide average wholesale price of motor fuel to replace the flat gas tax in the future (once AWP reaches \$2.45/gallon), and permit counties to seek voter approval for a 1/4-cent sales and use tax increase for local transportation projects. A fiscal note estimates the bill could generate \$101,625,500 for the Transportation Fund in the first two years.
April 21, 2015	Idaho	A bill to increase the state gas tax by 7 cents-per-gallon, raise vehicle registration fees, and institute a fee on electric and hybrid cars in order to generate new funding for the state's roads and bridges. Additionally, a 'surplus eliminator' included in House Bill 312a would apportion half of any General Fund surplus for transportation in the next two fiscal years.
May 4, 2015	Georgia	Legislation to eliminate a 4 percent sales tax on motor fuel (half of which was not used for transportation), increase the flat excise tax on gasoline to 26 cents-per-gallon (from 7.5 cents-per-gallon, excluding the 4 percent sales tax), index the new state gas tax to the Consumer Price Index (ending July 2018) and the Corporate Average Fuel Economy, and increase several transportation-related taxes and fees.
May 14, 2015	Nebraska	Nebraska legislators voted on May 14 to override the Governor's veto and approve a 6 cents-per-gallon state gas tax increase, for \$76.2 million annually once fully implemented.
July 1, 2015	Washington	An 11.9 cents-per-gallon gas tax increase—gradually implemented beginning August 1 and fully applied on July 1, 2016—and an increase in transportation-related fees, including those for overweight vehicles. The bill will also permit Sound Transit residents to vote on a plan to increase taxes for an additional \$15 billion in order to expand the region's light rail system.
Nov 10, 2015	Michigan	Increase in both gasoline and diesel taxes to 26.3 cents-per-gallon, with indexing to inflation starting in 2022. Additional increases to vehicle registration fees, alternative fuel and electric vehicle fees, and General Fund

PASSED STATE HIGHWAY FUNDING INITIATIVES—TIMELINE

DATE	STATE	MEASURE
		transfers were included in the bill.
July 1, 2015	Delaware	Legislation to increase several Department of Motor Vehicle fees— including late fees, the motor vehicle document fee, license reinstatement fees, temporary tags, and oversize/overweight vehicle fees.
Nov 3, 2015	Texas	Two-pronged proposal to dedicate \$2.5 billion per year from the state general sales tax to the state’s transportation fund, starting in 2018 and ending in 2033; and commit 35 percent of motor vehicle sales tax revenue over \$5 billion a year starting in 2020 and expiring in 2030, expected to generate an estimated \$432 million in the first year. Voters approved this measure in the Nov. 3 election.
Sept. 18, 2015	North Carolina	Legislation eliminating Highway Fund transfers to the General Fund; increasing DMV fees, with quadrennial adjustments for inflation on certain fees; increasing the state Highway Use Tax on out-of-state motor vehicle purchases; eliminating the ‘noncommercial leaking petroleum- UST cleanup fund’; and permitting municipalities to increase their vehicle sales tax.
2016		
Feb. 12, 2016	Rhode Island	“RhodeWorks” legislation to charge a toll on large commercial trucks in order to repair and maintain the state’s bridges. In combination with new and refinanced GARVEE bonds, a Feb. 2 fiscal analysis estimates \$542.5 million in revenue will be generated over the next five years.
March 23	Indiana	House Bill 1001 will add \$228 million from the state’s budget reserves to state road projects, and permits counties to institute a local wheel tax as well as motor vehicle license excise surtax. The legislation also establishes a task force of lawmakers and transportation advocates to research and provide recommendations for increasing sustainable transportation funding. The measure originally proposed increasing the state cigarette tax and gasoline tax, and instituting a \$100 electric vehicle fee and \$50 hybrid fee.

PASSED STATE HIGHWAY FUNDING INITIATIVES—TIMELINE

DATE	STATE	MEASURE
June 8, 2016	South Carolina	Gov. Nikki Haley (R) signed into law a proposal to use over \$200 million in redirected existing fees (including motor vehicle sales taxes) and other revenue to bond up to \$2.2 billion in one-time funding, with additional department of transportation reforms.
Oct. 14, 2016	New Jersey	Legislation to increase the state gas tax by 23 cents-per-gallon and state diesel tax by 27 cents-per-gallon (effective Nov. 1, 2016) in order to generate \$2 billion per year for transportation funding over the next eight years.
Nov. 8, 2016	Maine	Legislation to issue \$100 million in bonds to improve highways, bridges and multi-modal facilities.