

# AGENDA

## Governor's Working Group on Highway Funding

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Thursday, August 20, 2015  
1:30 P.M. CDT  
Room 149, State Capitol  
Little Rock, Arkansas

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Duncan Baird, Chair  
Scott Bennett  
Alec Farmer  
Rep. Dan Douglas  
Sen. Bill Sample  
Rep. Andy Davis  
Rep. Prissy Hickerson  
County Judge Jerry Holmes  
Mayor Harold Perrin  
Randy Zook

Philip Taldo  
Dr. Brett Powell  
Larry Walther  
Guy Washburn  
Shannon Newton  
Scott McGeorge  
Craig Douglass  
Jackson Williams  
Frank Scott, Jr  
Dr. Robin Bowen

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A. Call to Order

**Duncan Baird, Chair**

B. Discussion of AHTD Targets and Set Working Group Goals

C. Update on House and Senate Transportation Committees Meeting

**Rep. Prissy Hickerson and Sen. Bill Sample**

D. Discussion of Other States' Actions Regarding Highway Funding

E. Highway Funding Structural Reforms

1. Local Accountability
2. Size of State Highway System
3. Allocation of Highway Funding

F. Closing Remarks

From: John Theis

Date: Wed, Aug 19, 2015 at 11:57 AM -0700

Subject: Questions from July Meeting - Highway Funding Working Group

To: Duncan Baird

Cc: Larry Walther, Tim Leathers, Walter Anger, Tom Atchley, Roger Duren, Tonie Shields, Paul Gehring

Chairman Baird,

During the July, 2015 meeting of the Governor's Working Group on Highway Funding several questions were presented to DFA for which answers were not readily available. Since that time DFA has worked to gather the answers to those questions. Each question and the response to each question is presented below:

- **1. What amount of sales and use tax is collected each year for the sale of motor vehicles?**
  - FY2014 – General revenue collections - \$261.5M
- **2. What amount for vehicle repair parts and related items?**
  - FY2014 – General revenue collections - \$115.1M
- **3. What would the tax rate for gasoline and diesel be currently if the tax rate had been adjusted each year since those tax rates were established for subsequent increases in the construction price index?**
  - The 21.5¢ gasoline tax would be 29.1¢ per gallon.
  - The 22.5¢ diesel tax would be 31.5¢ per gallon.
- **4. How are trucks from Mexico allowed to validly travel in the state of Arkansas?.**

From 2011 to 2014 the Federal Motor Carrier Safety Administration (FMCSA) conducted a 3-year pilot program to determine if trucks from Mexico were safe to operate in the US. Thirteen Mexican trucking companies participated in this pilot program. The FMCSA ended this pilot program in October, 2014 and granted either normal or provisional US operating authority to each of the 13 participants. Consequently, these 13 Mexican trucking companies are authorized to operate in the US if they satisfy the following provisions:

- The owner of the truck bearing a Mexican license plate must provide a copy of documentation from the FMCSA authorizing the trucker to operate in the US when requested by Arkansas law enforcement;
- The operator must purchase a trip permit from the Arkansas Highway and Transportation Department for each trip through Arkansas;
- The operator must provide receipts indicating that the proper amount of fuel was purchased in Arkansas based on the miles driven within this state. If fuel receipts

cannot be provided, the owner will be assessed the appropriate amount of fuel tax at the Arkansas weight station;

- The Mexican truck operator may register under the IRP in the states of California, Arizona, New Mexico, or Texas as their base state if the trucker satisfies the registration requirements of one of those states.

A Mexican truck operator may not operate in the US unless they are one of the 13 that received operating authority from FMCSA.

- **5. What are the tax rates in surrounding states on Compressed Natural Gas and Liquefied Natural Gas?**

Please see Exhibit #1 attached.

- **6. How are electric vehicles taxed in other states?**

Only a few states have specifically addressed the taxation of electric vehicles based upon their use of the highways. Those states DFA has identified with specific provisions for electric vehicles are:

- Missouri: Passenger vehicles, commercial motor vehicles, and buses powered by LPG, CNG or electricity must display a special fuel decal. The annual decal rate depends on the type of vehicle and ranges from \$75-\$1,500. Average passenger vehicle is \$75.00.
- Georgia: \$200-\$300 annual fee for electric vehicles.
- Virginia: Alternative fuel vehicles and all-electric vehicles (excluding hybrids) must pay annual vehicle license tax of \$64. Electric vehicles also pay a \$50 annual license tax.
- North Carolina: Electric vehicle owners to pay an annual registration fee of \$100.
- Oregon: Pilot program that assesses a tax of 1.5 cents per mile on number of miles driven rather than amount of fuel consumed. Consumers still pay the fuel tax when they stop for gas. At the end of each month, depending on the type of car, the consumer receives either a credit or a bill for the difference in gas taxes paid at the pump. Private vendors provide drivers with small digital devices to track miles.

- **7. How are revenues from driver license fees and traffic violations currently used?**

- These driver license fees are generally deposited for use of the Department of Arkansas State Police Fund, the State Police Retirement Fund, to administer the driver's license program, and the Public Health Fund for the Blood Alcohol Program.
- Traffic violation fines generally are deposited for use by the courts.

- **8. How much revenue is generated from the 6¢ per gallon tax on dyed diesel fuel and how is that money distributed?**

- FY2015 – Total collections \$12.1M.
- 76.6% General Revenue- \$9.3M

- 14.9% Educational Adequacy Fund- \$1.8M
- 8.5% Property Tax Relief Fund- \$1M

I hope this information is helpful to you and your working group. Please contact me if I may provide further assistance.

John Theis  
Assistant Revenue Commissioner  
Arkansas Department of Finance and Administration  
Telephone (501)682-7000

## 2015 3rd Quarter Individual Fuel Tax Rates

State / Province*	Gasoline	Special Diesel	LNG	CNG
ALBERTA (AB) #15	0.3994	0.3994		
BRITISH COLUMBIA (BC) #14	0.6504	0.6965		
MANITOBA (MB) #18	0.4301	0.4301	0.3072	0.3072
NEW BRUNSWICK (NB)	0.4762	0.6605	0.6605	0.6605
NEWFOUNDLAND (NL)	0.5069	0.5069		
NOVA SCOTIA (NS)	0.4762	0.4731	0.4762	0.4762
ONTARIO (ON) #5	0.4516	0.4393		
PRINCE EDWARD ISLAND (PE)	0.4024	0.6206		
QUEBEC (QC)	0.5898	0.6206		
SASKATCHEWAN (SK)	0.4608	0.4608		
ALABAMA (AL)	0.16	0.19		
ARIZONA (AZ) #8	0.18	0.26		
ARKANSAS (AR)	0.215	0.225	0.05	0.05
CALIFORNIA (CA) #1		0.447	0.1017	0.0887
COLORADO (CO)	0.22	0.205	0.05	0.06
CONNECTICUT (CT) #16	0.25	0.503	0.26	0.26
DELAWARE (DE)	0.23	0.22	0.22	0.22
FLORIDA (FL) #19	0.3159	0.3367		
GEORGIA (GA)	0.26	0.29	0.26	0.26
IDAHO (ID) #7		0.32	0.349	0.32
ILLINOIS (IL)	0.383	0.427	0.284	0.284
INDIANA (IN)	0.18	0.16	0.16	0.16
INDIANA (IN) (Surcharge)	0.11	0.11	0.11	0.11
IOWA (IA)	0.308	0.325	0.325	0.31
KANSAS (KS)	0.24	0.26	0.26	0.24
KENTUCKY (KY)	0.246	0.216	0.216	0.216
KENTUCKY (KY) (Surcharge)	0.044	0.102	0.102	0.102
LOUISIANA (LA)	0.2	0.2	0.16	0.16
MAINE (ME) #6		0.312	0.178	0.243
MARYLAND (MD) #21	0.321	0.3285	0.321	0.321
MASSACHUSETTS (MA)	0.24	0.24	0.18	0.18
MICHIGAN (MI)		0.296		
MINNESOTA (MN) #17	0.285	0.285	0.171	0.2474
MISSISSIPPI (MS) #2	0.18	0.18	0.18	0.228
MISSOURI (MO) #3	0.17	0.17		
MONTANA (MT) #10		0.2775		0.07
NEBRASKA (NE)	0.261	0.261	0.261	0.261
NEVADA (NV)	0.23	0.27	0.27	0.21
NEW HAMPSHIRE (NH)		0.222	0.222	0.222
NEW JERSEY (NJ)	0.145	0.175	0.0925	0.0925

State / Province*	Gasoline	Special Diesel	LNG	CNG
NEW MEXICO (NM)		0.21		
NEW YORK (NY) #12	0.405	0.4005		
NORTH CAROLINA (NC)	0.36	0.36	0.36	0.36
NORTH DAKOTA (ND)	0.23	0.23		0.23
OHIO (OH)	0.28	0.28	0.28	
OKLAHOMA (OK)	0.16	0.13	0.05	0.05
OREGON (OR)				
PENNSYLVANIA (PA) #4	0.505	0.642	0.335	0.505
RHODE ISLAND (RI)	0.33	0.33	0.33	
SOUTH CAROLINA (SC)	0.16	0.16	0.16	0.16
SOUTH DAKOTA (SD) #22		0.28		
TENNESSEE (TN) #9	0.2	0.17	0.2	0.13
TEXAS (TX) #13	0.2	0.2	0.15	0.15
TEXAS (TX) 09/01/2015 #13	0.2	0.2	0.15	0.15
UTAH (UT) #23	0.245	0.245	0.105	0.105
VERMONT (VT)		0.31		
VIRGINIA (VA) #20	0.162	0.202	0.162	0.162
VIRGINIA (VA) #20(Surcharge)	0.075	0.035	0.075	0.075
WASHINGTON (WA) #11	0.375	0.375		
WASHINGTON (WA) 08/01/2015 #11	0.445	0.445		
WEST VIRGINIA (WV)	0.346	0.346	0.155	0.24
WISCONSIN (WI)	0.329	0.329	0.197	0.247
WYOMING (WY)	0.24	0.24	0.24	0.24

\* Footnotes begin on page 3

## Footnotes to 2015 3<sup>rd</sup> Quarter Individual Tax Rates

# 1 – CALIFORNIA: CNG to be reported for each 100 cubic feet at standard pressure and temperature. A blend of Alcohol when containing not more than 15% Gasoline or Diesel should be reported as E-85 or M-85.

# 2 – MISSISSIPPI: LNG is taxed per Diesel Gallon Equivalent beginning July 1, 2015. The tax rate was set by the 2014 Legislative Session to be taxed at \$.18 per Diesel Gallon Equivalent. CNG is sold to consumers on the Gasoline Gallon Equivalent of 5.660 lbs. However, the tax rate is still on the measurement of \$.18 cents per hundred cubic foot. The above tax rate converts CCF to GGE.

# 3 – MISSOURI: Reporting is not required for propane &/or natural gas in the event that proper fuel decals have been obtained. If fuel decals have not been obtained, a fuel tax return must be completed using the \$0.17 fuel tax rate.

# 4 – PENNSYLVANIA: To convert CNG from standard cubic feet (scf) into Gasoline Gallon Equivalents (GGEs), divide CNG (scf) units by 126.67. Dyed diesel fuel or dyed kerosene consumed in PA operations, by qualified motor vehicles authorized by the IRS to use dyed fuel on highway, is not taxable.

# 5 – ONTARIO: Effective April 1, 2014, Biodiesel is a taxable product and taxed as diesel.

# 6 – MAINE: CNG rate is per 100 standard cubic feet.

# 7 – IDAHO: FUEL PURCHASED ON IDAHO INDIAN RESERVATIONS – As of November 1, 2007, diesel purchased from retail outlets on the Shoshone-Bannock Indian Reservation is Idaho tax-paid diesel for IFTA reporting and Idaho fuels tax refund purposes. However, diesel purchased from tribal-owned retail outlets on the Coeur d'Alene and Nez Perce Indian Reservations is not Idaho tax-paid diesel for IFTA reporting and refund purposes. Also, as of March 1, 2005 all gasoline purchased from tribal-owned retail outlets on all Idaho Indian reservations is not Idaho tax paid gasoline and is not eligible for fuels tax refunds. If you have questions, please call toll free 800-972-7660 ext. 7601 or 7685.

# 8 – ARIZONA: Vehicles less than 3 axles and with declared Gross Vehicle Weight under 26,001 lbs. are taxed at \$.18 per gallon.

# 9 – TENNESSEE: CNG is 5.66 lbs. per gallon. For the purpose of determining the tax on liquefied gas, a diesel gallon equivalent factor of six and six one-hundredths pounds (6.06 lbs.) per gallon shall be used.

# 10 – MONTANA: Montana no longer requires gasoline, gasohol and ethanol to be reported on the IFTA tax return.

# 11 – WASHINGTON: The state of Washington has entered into fuel tax agreements with several Washington Tribes regarding the taxation of motor vehicle fuel and special fuel sold at tribal fuel stations located on reservations or trust lands within Washington. Please see the "Exemptions" section for Washington located on the IFTA, Inc. website for further information.

# 12 - NEW YORK: For information on B20, see TSB-M-06(4)M, IFTA Reporting Requirements for the Consumption of B20 in New York State. For information on CNG and LNG, see TSB-M-13(1)M, Liquefied Natural Gas Treated the Same As Compressed Natural Gas. Both TSB-M's can be found at [www.tax.ny.gov](http://www.tax.ny.gov).

# 13 – TEXAS: Biodiesel, renewable diesel and blends containing biodiesel or renewable diesel purchased in Texas must be reported under the fuel type “DIESEL”. Instructions for reporting biodiesel, renewable diesel and blends are online at <http://window.state.tx.us/taxinfo/fuels/ifta.html> or call toll free 1-800-252-1383.

# 14 - BRITISH COLUMBIA: Effective January 1, 2010, ethanol and ethanol blends of gasoline must be reported as Gasoline and biodiesel and biodiesel blends must be reported as Diesel.

# 15 – ALBERTA: Effective 12:01 a.m. March 27, 2015, tax rates for gasoline, special diesel, gasohol, ethanol, methanol, E-85, M-85, A55 and biodiesel have increased from Canadian 9 cents per litre to 13 cents per litre. Tax rate for propane has increased from Canadian 6.5 cents per litre to 9.4 cents per litre. IFTA carriers may continue to use the Alberta IFTA quarterly tax return for the period January 1, 2015 to March 31, 2015, which reflects the old fuel tax rates. If the carriers pay tax at the new rates on fuel purchased between March 27, 2015 and March 31, 2015 and wish to make an adjustment to their return for the additional amount of tax paid, please make a request to Alberta Treasury Board and Finance, Tax and Revenue Administration (TRA). TRA may ask for documentation to support the request and reserves the right to audit the adjustment.

# 16 – CONNECTICUT: See Special Notice SN 2014 (2) Changes to the Conversion Factors on Motor Vehicle Fuels Occurring In Gaseous Form for information about conversion factors for compressed natural gas and propane.

# 17 – MINNESOTA: CNG rate: 0.2474 per 100 cubic foot or 0.002474 per cubic foot.

# 18 – MANITOBA: Tax Rate for LNG and CNG is per cubic meter.

# 19 – FLORIDA: Effective January 1, 2014 through December 31, 2018, natural gas fuel is exempt from the taxes imposed by Chapters 206 and 212, F.S.

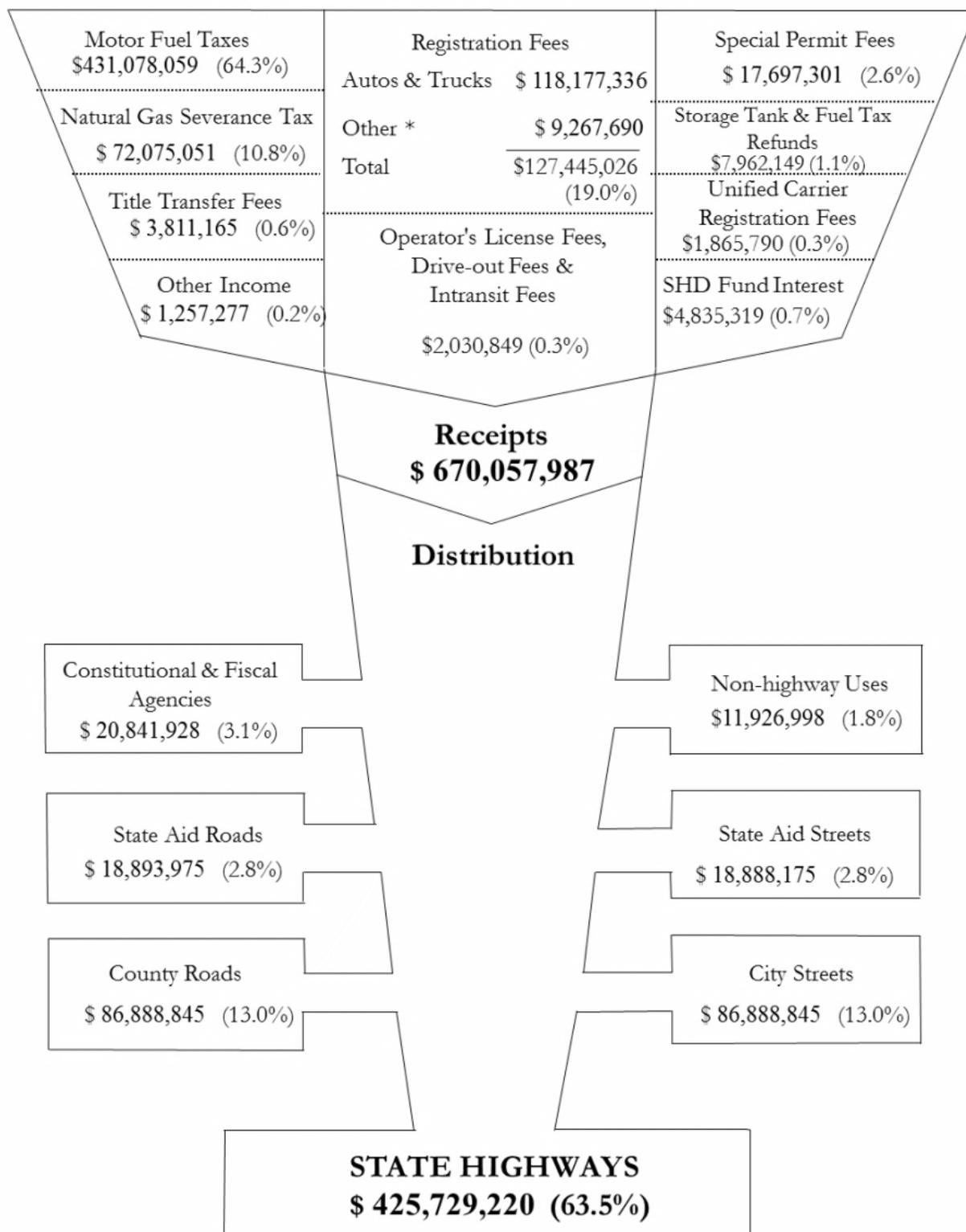
# 20 – VIRGINIA: Alternative fuels are taxed at the rates shown per Gasoline Gallon Equivalent (GGE). Visit <http://www.dmv.virginia.gov/commercial/#taxact/gge.html> for conversion instructions.

# 21 – MARYLAND: Rate changes effective for the 3rd Quarter of 2015. Input on 6/2/15.

# 22 - SOUTH DAKOTA: Gasoline tax correction.

# 23 – UTAH: For Utah tax purposes, LNG is measured in Diesel Gallon Equivalents, meaning of 6.06 pounds of liquefied natural gas CNG is measured in Gasoline Gallon Equivalents, meaning 5.660 pounds of compressed natural gas.

# Highway User Revenues Receipts & Distribution Fiscal Year 2014



\* Includes driver search fees and motor carrier education.

# 2015 State Transportation Funding Legislation

State	Bill #	Motor Fuels	Alt Fuels	Fee Increase	Bonding Authority	General Revenue	New Tolling	Referendum	Status
Alabama	SB 133	<b>X</b>							Failed
California	SB 16	<b>X</b>		<b>X</b>					Pending
Connecticut	FY 2016-2017 State Budget				<b>X</b>	<b>X</b>			Enacted
Delaware	HB 140			<b>X</b>					Enacted
Georgia	HB 170	<b>X</b>		<b>X</b>					Enacted
Idaho	HB 312	<b>X</b>		<b>X</b>					Enacted
Iowa	SB 257	<b>X</b>	<b>X</b>	<b>X</b>					Enacted
Kentucky	HB 299	<b>X</b>							Enacted
Louisiana	HB 388		<b>X</b>						Failed
Maine	On November Ballot				<b>X</b>			<b>X</b>	Pending
Michigan	Proposal 1	<b>X</b>						<b>X</b>	Failed
Mississippi	HB 1630				<b>X</b>				Enacted
Nebraska	LB 610	<b>X</b>							Enacted
North Carolina	SB 20	<b>X</b>							Enacted
South Carolina	HB 3445	<b>X</b>							Failed
South Dakota	SB 1	<b>X</b>		<b>X</b>					Enacted
Texas	HB 20 HB 2612 HB 1187	<b>X</b>				<b>X</b>		<b>X</b>	Pending
Utah	HB 362	<b>X</b>	<b>X</b>						Enacted
Washington	SB 5987	<b>X</b>							Pending

## 2015 State Transportation Funding Legislation

State	Bill #	Revenue Generation	Status
Alabama	SB 133	Among other provisions, \$0.02/gallon increase in gas tax	Failed
California	SB 16	\$0.10/gallon increase in gas tax; \$0.12/gallon tax on diesel; \$0.10/per gallon storage tax on motor vehicle fuel; \$0.12/gallon storage tax on diesel; \$35 in the annual vehicle registration fee; a new \$100 annual vehicle registration fee applicable to zero-emission motor vehicles.	Pending - Senate Third Reading File
Connecticut	FY 2016-2017 State Budget	The Connecticut General Assembly approved \$2.8 billion in transportation bonds for the next five years as part of the State budget. The law provides \$795 million for the next two years and \$2 billion for the following three years. The governor's office also plans to dedicate transportation funds from the state sales tax.	Enacted- by the General Assembly
Delaware	HB 140	The legislature approved a \$1 weekend toll hike to generate \$10 million/year for transportation funding; motor vehicle document fee increase to 4.25% from 3.75%.	Enacted- by the General Assembly
Georgia	HB 170	\$0.215/gallon increase in gas tax; \$0.255/gallon increase in diesel tax and these rates will be calculated each year based on the average fuel efficiency of newly registered vehicles in the state. The bill will also exempt motor fuel sales from state sales tax and permit counties and municipalities to impose a \$0.03/gallon excise tax. Additionally the bill will establish new registration fees for alternative fuel vehicles and indexing those fees to inflation.	Enacted- by the General Assembly
Idaho	HB 312	\$0.07/gallon increase in state motor fuel taxes, split between local governments (40%) and the state highway account (60%); \$140 electric vehicle fee & \$75 hybrid vehicle fee; imposes additional registration fees.	Enacted- by the General Assembly

## 2015 State Transportation Funding Legislation

State	Bill #	Revenue Generation	Status
Iowa	SB 257	\$0.10/gallon increase in gasoline, diesel and alternative motor fuels; increases the tax on aviation fuel by \$0.02/gallon; increases fees for excess size and weight permits, and includes various other provisions.	Enacted- by the General Assembly
Kentucky	HB 299	Sets a new floor for the average wholesale price of gas; created a 10% limit on annual declines in average wholesale gas prices.	Enacted- by the General Assembly
Louisiana	HB 388	\$0.04/gallon increase on all special fuels including Compressed Natural Gas and Liquefied Natural Gas from 2015-2018.	Failed
Maine	On November Ballot	The Maine legislature approved and Gov. Paul LePage (R) signed a bill to place an \$85 million bond proposal for road and bridge reconstruction on the November ballot.	Pending- to Voters
Michigan	Proposal 1	Voters rejected Ballot Proposal 1, which would have, among other provisions, created a variable-rate gas tax. The proposal failed with just over 80 percent of voters opposed.	Failed - Rejected by Voters
Mississippi	HB 1630	The Mississippi legislature voted to raise \$200 million in bond financing to pay for transportation improvements, most of them targeted at structurally deficient bridges. The measure takes effect July 1. DOT Secretary Melinda McGrath linked the legislature's action to lack of action by Congress.	Enacted- by the General Assembly
Nebraska	LB 610	\$0.015/gallon increase in motor fuel taxes starting in 2016, gradually increasing per year until the rate adds up to a \$0.06/gallon increase.	Enacted - Governor's Veto Overridden

## 2015 State Transportation Funding Legislation

State	Bill #	Revenue Generation	Status
North Carolina	SB 20	This legislation replaces the current gas tax, which is structured to include a flat per gallon rate and a variable rate, with a flat rate of \$0.34/gallon . Beginning in 2017, this rate will be increased based on population growth and the consumer price index.	Enacted- by the General Assembly
South Carolina	HB 3445	South Carolina's House of Representatives approved a \$0.10/gallon increase (or 60% hike) for gas taxes that will provide at least \$370 million for transportation projects. The measure needs to be reconciled with a Senate bill that would generate \$800 million.	Failed
South Dakota	SB 1	\$0.06/gallon increase in motor fuel taxes; 1% added to the excise tax on vehicle purchases, making it 4%; increase license plate fees by 20% on noncommercial vehicles.	Enacted- by the General Assembly
Texas	HB 20 HB 2612 HB 1187	Gov. Greg Abbott (R) signed three transportation-related bills that, in his words, provide "a historic amount of funding" to build roads. The bills include a measure that ends about \$1.3 billion in diversions of gas tax money for non-highway items and a provision for a November referendum to approve amending the state constitution to dedicate \$2.5 billion of the general sales tax and a portion of future motor vehicle sales taxes to the highway fund. The combined pieces of legislation provide more than \$4 billion a year for transportation.	Pending- to Voters
Utah	HB 362	Replaces the current gas tax of \$0.245/gallon with a 12% tax on the average rack price of a gallon of gas, effective Jan. 1, 2016. For purposes of calculating the fuel, the average rack price cannot fall below \$2.45/gallon; \$0.06/gallon increase in compressed natural gas & liquefied natural gas tax, gradually over 4 years beginning in 2016.	Enacted- by the General Assembly
Washington	SB 5987	Gas tax increased \$0.07/gallon in 2015 and additional \$0.049/gallon in 2016.	To Governor

# A Look at Transportation Funding Measures Passed by States

A look at transportation funding measures passed by state legislatures in 2015

By The Associated

*The Associated Press*

About one-third of the states have taken action this year to boost funding for transportation or shore up their road and bridge funds against expected declines in tax revenues. Here's a look at what those states have done.

## CONNECTICUT

Legislation signed June 30 by Democratic Gov. Dannel P. Malloy authorizes \$2.8 billion of bonding that will be combined with existing funds under a special \$10 billion, five-year transportation plan. The bonds will be repaid, in part, by diverting one-half cent of Connecticut's existing general sales tax to a transportation fund. The program is just the start of what Malloy hopes will become a 30-year, \$100 billion overhaul of the state's transportation system.

## DELAWARE

Legislation signed by Democratic Gov. Jack Markell increases the tax on vehicle sales from 3.75 percent to 4.25 percent and raises various fees, such as for late vehicle and driver's license renewals. Revenues from the higher taxes and fees, which take effect Oct. 1, will allow for additional bonding. The measure is expected to generate \$330 million over six years for transportation.

## GEORGIA

Legislation signed by Republican Gov. Nathan Deal is projected to raise an average of \$1 billion annually over the next five years for transportation. Starting July 1, it converted the state's current mix of fuel taxes to a new tax of 26 cents a gallon on gasoline and 29 cents on diesel. It also imposed a new \$200 fee on electric vehicles, eliminated a \$5,000 tax credit for buying electric cars; imposed new fees of \$50 to \$100 on heavy trucks; charged \$5 per night on hotel stays; and ended a tax break on jet fuel at Atlanta's Hartsfield-Jackson International Airport.

## IDAHO

Legislation signed by Republican Gov. C.L. "Butch" Otter raised the state fuel tax by 7 cents a gallon and vehicle registration fees by \$21, effective July 1. That's projected to generate \$95 million annually for transportation. But the new revenues likely will be higher, because the law also allows a percentage of the year-end surplus in the state's general fund to be used for transportation. This year, that meant an additional \$54 million for transportation.

## IOWA

Legislation raising Iowa's fuel tax by 10 cents a gallon took effect March 1, just days after it was signed into law by Republican Gov. Terry Branstad. The fuel tax increase, which is the state's first since 1989, is projected to raise \$215 million annually for roads and bridges.

## KENTUCKY

Legislation signed by Democratic Gov. Steve Beshear blocked most of a gas tax reduction that had been scheduled to take effect April 1 under an existing law linking the state's tax rate to wholesale fuel prices. Instead of falling from 26.2 cents a gallon to 22.1 cents, the fuel tax rate was frozen at 26 cents a gallon by the legislation. The measure averted much of a projected \$150 million cut to the road fund.

## LOUISIANA

A measure referred to the Oct. 24 ballot by the Republican-led Legislature would change the state's "rainy day" fund to direct money toward transportation when revenues exceed certain thresholds. It's estimated to generate \$21 million over the next five years and as much as \$100 million annually in later years. Lawmakers also passed a measure capping how much gas tax money can be diverted to state police from a transportation fund.

## MAINE

A measure referred to the Nov. 3 ballot by Maine's politically split Legislature would authorize up to \$85 million of bonds, including \$68 million for roads and bridges and \$17 million for other modes of transportation. The new state revenues would be used to match more than \$121 million of funding from the federal government and other sources.

## MISSISSIPPI

Legislation signed April 22 by Republican Gov. Phil Bryant authorizes \$200 million of bonds to rebuild deficient bridges. The bonds are to be repaid with an estimated \$36 million annually from existing taxes on casinos.

## NEBRASKA

The Legislature, which is officially nonpartisan but dominated by Republicans, voted May 14 to override Republican Gov. Pete Ricketts' veto of a bill gradually increasing the fuel tax by 6 cents a gallon over four years. The measure, to take effect Jan. 1, is projected to generate about \$215 million over the first five years and about \$76 million annually when fully phased in.

## NEVADA

Legislation signed June 5 by Republican Gov. Brian Sandoval and referred to the November 2016 ballot would allow counties to link their local fuel taxes to the rate of inflation. If approved by voters, the measure could lead to millions of additional dollars for transportation.

## NORTH CAROLINA

Legislation signed by Republican Gov. Pat McCrory slightly reduces the fuel tax but averts a larger, projected 7-cent decline that had been expected to occur July 1 because of lower fuel prices. The new law dropped the state's tax from 37.5 cents a gallon to 36 cents April 1 and will reduce it to 34 cents by July

2016 while also changing future inflationary calculations. The state is projected to lose \$81 million of gas tax revenues this year under the new law, instead of the previously expected reduction of \$345 million.

## SOUTH DAKOTA

Legislation raising fuel taxes by 6 cents a gallon took effect April 1. The new law also raised vehicle sales taxes and license fees while increasing the speed limit to 80 mph on two major interstate highways. The law is expected to generate \$85 million its first year and around \$400 million over five years for transportation.

## TEXAS

A proposed constitutional amendment referred to the Nov. 3 ballot by the Republican-led Legislature would redirect existing taxes to transportation. The state highway fund would gain \$2.5 billion annually from general sales tax revenues starting in September 2017. It also would gain 35 percent of vehicle sales tax revenues above a certain threshold, starting in September 2019.

## UTAH

Legislation signed by Republican Gov. Gary Herbert will link Utah's tax to the price of fuel, effective Jan. 1, instead of the current per-gallon tax. It's projected to generate \$25 million the first year and about \$75 million annually thereafter. The new law also allows counties to put a one-quarter cent sales tax on the ballot this fall, which could raise millions more for local transportation projects.

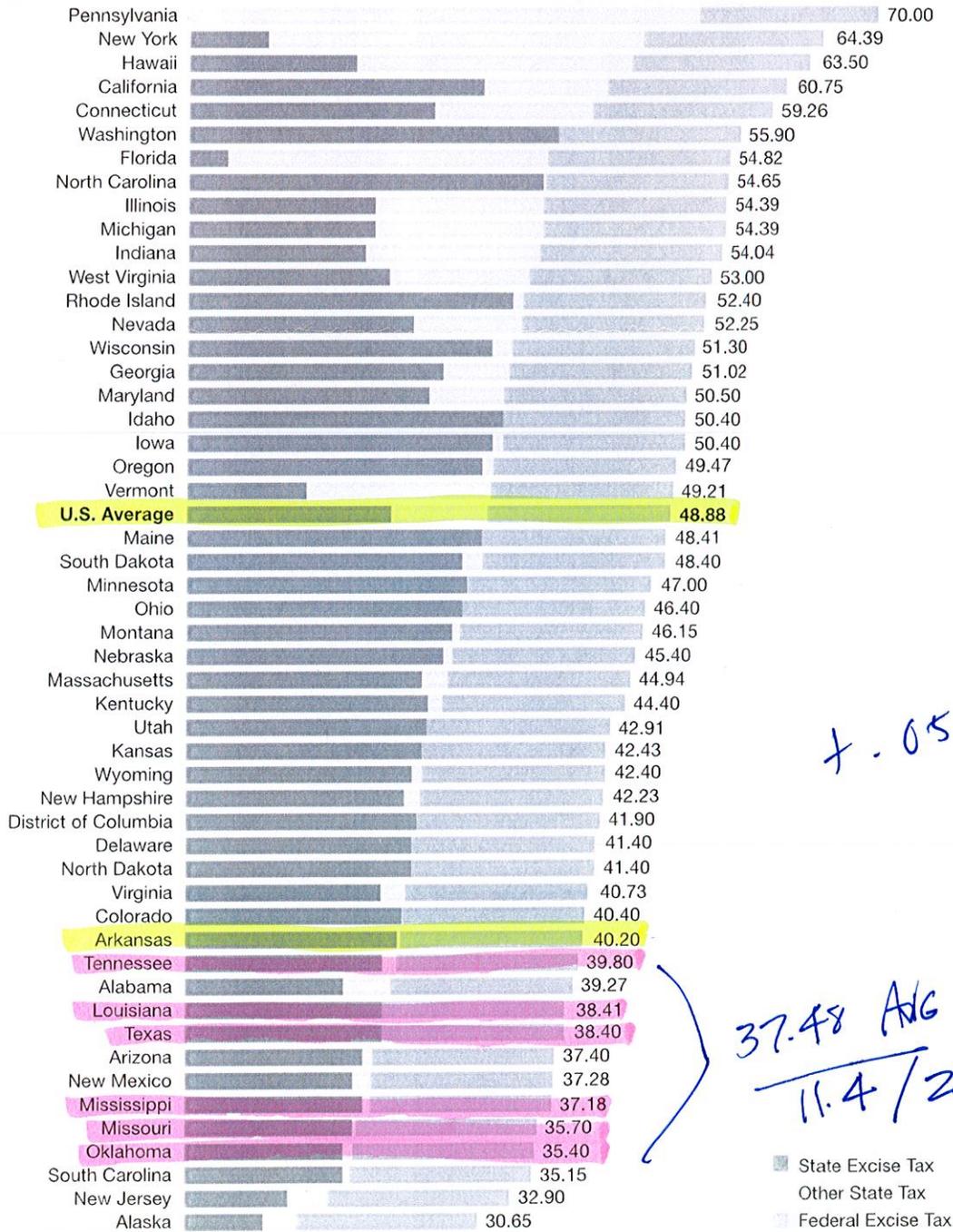
## WASHINGTON

Legislation signed July 15 by Democratic Gov. Jay Inslee raised the fuel tax by 7 cents a gallon on Aug. 1 and will raise it an additional 4.9 cents in July 2016. The new law also authorizes additional bonding and raises various fees, including on vehicle registrations. The package is projected to generate \$16 billion over 16 years for transportation.

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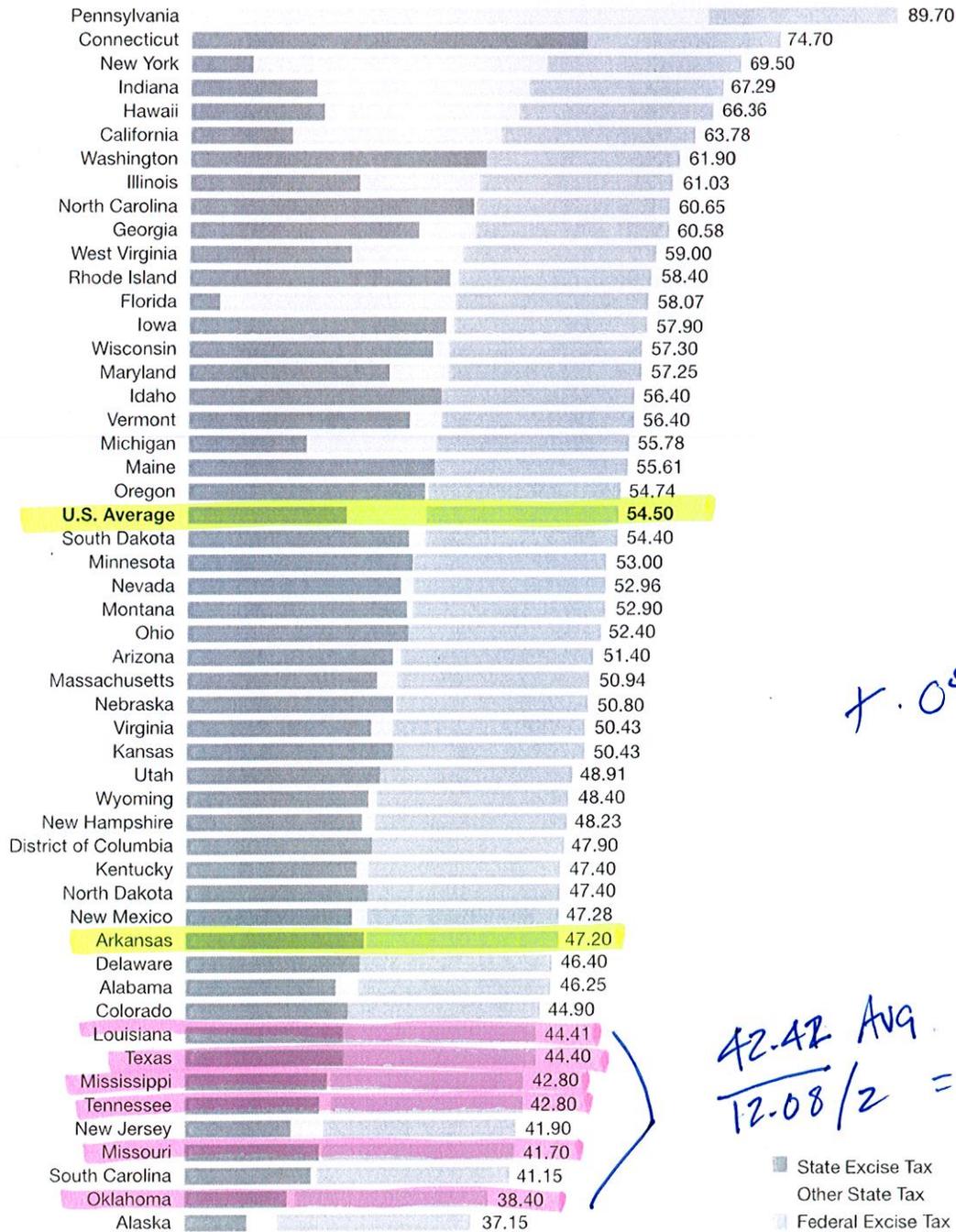
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**Gasoline Motor Fuel Taxes as of July 1, 2015**



To find out more, visit [www.api.org/tax](http://www.api.org/tax)

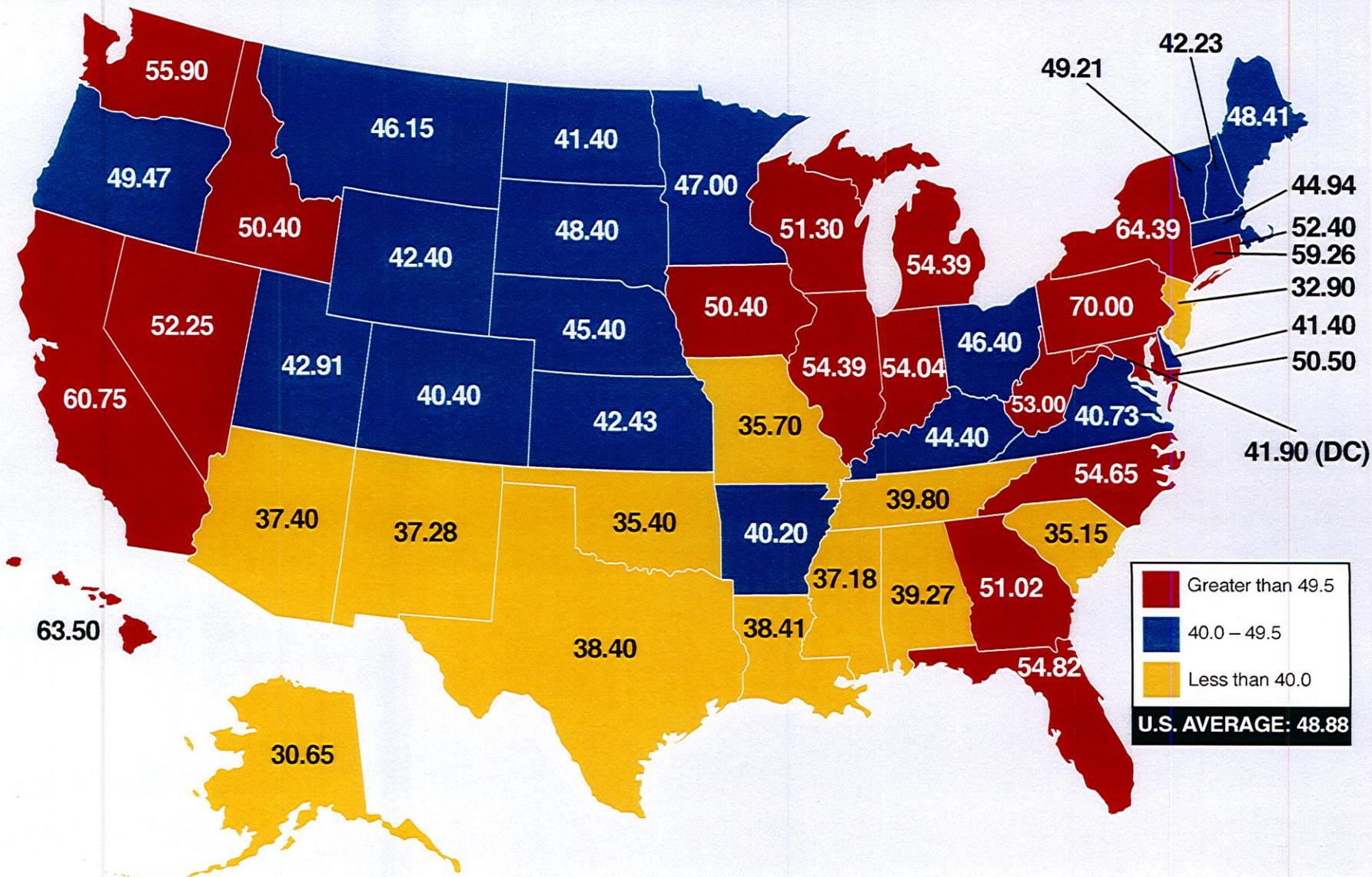
**Diesel Motor Fuel Taxes as of July 1, 2015**



To find out more,  
 visit [www.api.org/tax](http://www.api.org/tax)

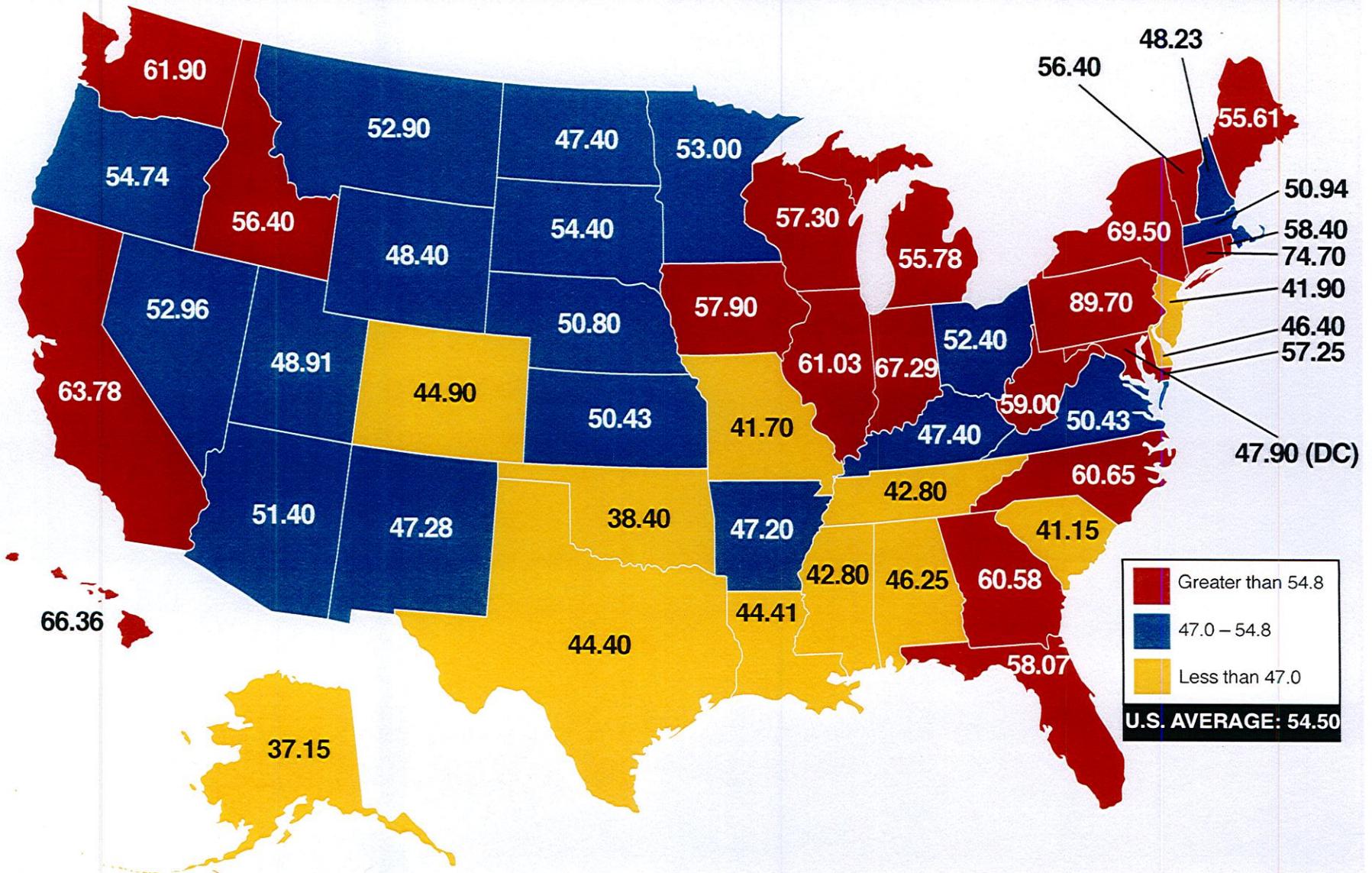
# GASOLINE TAXES

COMBINED LOCAL, STATE AND FEDERAL (CENTS PER GALLON)  
Revised 7/01/2015



# DIESEL TAXES

COMBINED LOCAL, STATE AND FEDERAL (CENTS PER GALLON)  
Revised 7/01/2015



## A state-by-state look at transportation initiatives

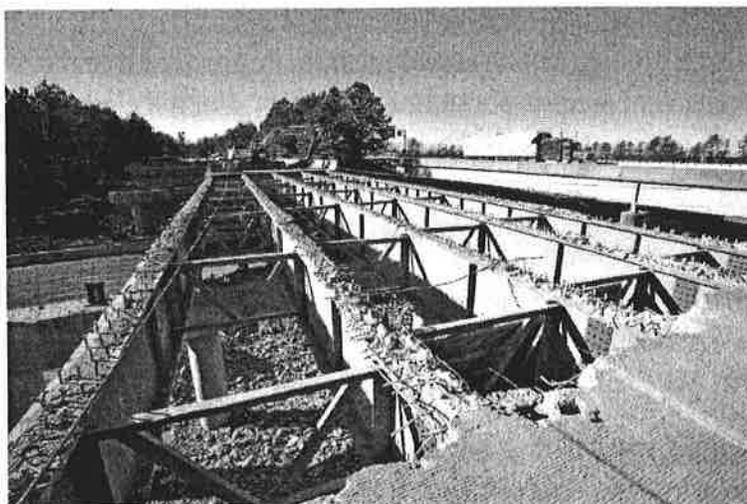
Fri, 2015-07-10 07:38

It's no secret that there's been a perpetual logjam on Capitol Hill these last few years regarding passage of long-term surface transportation funding bill; a situation that doesn't seem likely to be solved anytime soon.

Yet the need to maintain and repair existing roadways and bridges – when not outright replacing them – as well as demand to build new ones isn't declining.

And as we all know, taking care of transportation infrastructure requires money; quite a lot of it actually, though just how much is a hotly disputed topic in some corners.

Thus state governments are stepping up their efforts to gather transportation funding on their own through a variety of measures – imposing fuel tax hikes, new fees, plus the creation of more toll roads alongside higher toll rates.



[*Oregon, however, thinks fuel taxes are outmoded; you can read more about that [here](#).*]

That's not always a welcome development, either. Take Pennsylvania, for example: its hiked toll collection rates for eight straight years. In 2014 it raised toll rates 12% for cash customers and 2% for E-Z Pass users, followed by a 5% across-the-board increase for 2015 and now a 6% spike for 2016; again, for all toll road users.



This is only the tip of the iceberg, however, where state transportation funding initiatives are concerned – but thanks to the tireless work of **C. Kenneth Orski** (*at left*) you can view a complete synopsis of what's going on in that arena across the country.

Orski, a noted public policy consultant and 30-year veteran transportation expert – who served as associate administrator of the Urban Mass Transportation Administration under Presidents Richard Nixon and Gerald Ford – recently pulled together a state-by-state list of transportation funding efforts culled from: the American Road & Transportation Builders Association (ARTBA) Transportation Investment Advocacy Center news bulletins; the American Association of State Highway and Transportation Officials (AASHTO) Daily Transportation Updates; the Transportation for America (T4America) survey State Legislation to Raise Transportation Revenue; plus official press announcements.

Some of the legislative efforts noted below are still only in the “proposal stage” and so might not witness successful passage. Yet it all serves to reinforce an important point: that state governments – like it or not –

**South Carolina:** Obscured by the historic vote to remove the confederate battle flag from its statehouse grounds, South Carolina's House of Representatives approved a 10 cent/gallon increase (or 60% hike) for gas taxes that will provide at least \$370 million for transportation projects. The measure needs to be reconciled with a Senate bill that would generate \$800 million.

**Pennsylvania:** The Keystone state's house of representatives passed a measure that will provide up to \$2.3 billion in annual transportation funding for highways (\$1.3 billion), transit (\$500 million), and local road maintenance. The measure raises revenue mainly by removing a cap on the franchise tax paid by fuel distributors. The Senate is expected to take up the measure next.

**Vermont:** Gov. Peter Shumlin (D) signed a \$616 million transportation bill authorizing funds for FY 2016. The bill includes \$116 million for bridges and \$100 million for road resurfacing.

**New Hampshire:** Gov. Maggie Hassan (D) signed into law on May 24 a bill to increase the state gas tax by 4.2 cents/gallon. The funds will be used for reconstruction of roadways, bridges and Interstate 93. This legislation provides the first state gas tax increase in 23 years.

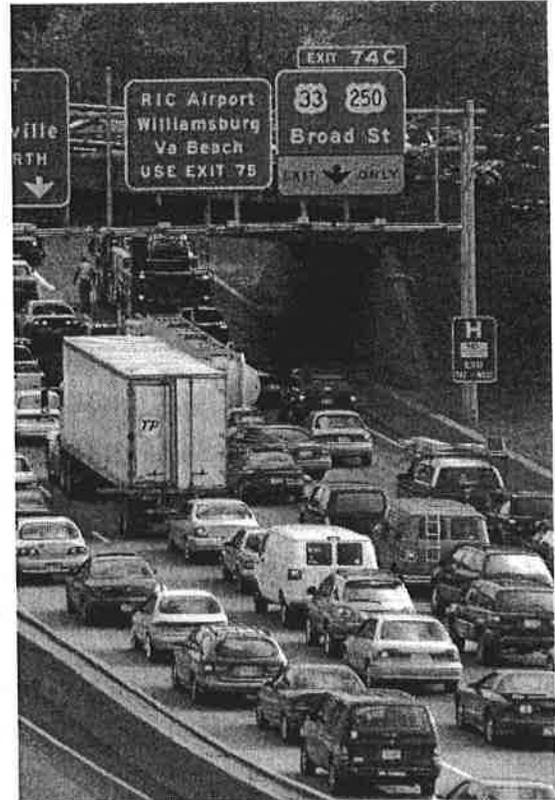
**California:** The Golden State's Senate is considering a bill that would raise the state gas tax by 10 cents/gallon and increase vehicle sales and registration taxes. The bill is projected to generate more than \$4 billion annually. In the lower house, Assembly Speaker Toni Atkins (D) proposed to create a road user fee to raise \$2 billion over five years. A compromise state budget plan is yet to emerge.

**Texas:** Gov. Greg Abbott (R) signed three transportation-related bills that, in his words, provide "a historic amount of funding" to build roads. The bills include a measure that ends about \$1.3 billion in diversions of gas tax money for non-highway items and a provision for a November referendum to approve amending the state constitution to dedicate \$2.5 billion of the general sales tax and a portion of future motor vehicle sales taxes to the highway fund. The combined pieces of legislation provide more than \$4 billion a year for transportation.

**Oregon:** This month the Beaver State launches its new voluntary road usage charge program (OReGO) that proponents view as a potential transportation funding model for the nation, replacing the motor fuel tax.

**North Carolina:** Gov. Pat McCrory (R) has proposed a \$2.85 billion bond initiative (Connect NC) to finance his 25-year statewide multimodal "Vision for Transportation" plan. The proposal includes a \$1.37 billion highway bond that would fund 27 highway construction projects and 176 paving projects in 64 counties throughout the state. If approved by the General Assembly, the bond proposal will be placed on the ballot in November.

**New Mexico:** Gov. Susana Martinez (R) signed a \$294 million infrastructure construction bill largely paid for with bonds and cash reserves. The measure includes more than \$70 million for highways and \$45 million for major critical road projects.



billion per year in transportation funding. The gas tax increase alone will generate \$822 million per year when fully phased in according to the Senate Fiscal Agency. The Senate action still needs to be reconciled with the House proposals before going to the Governor for signature. In mid-June, the state House of Representatives had approved a series of measures that would increase the gas tax and diesel tax to 34 cents/gallon by 2017; and index them for inflation. If approved, Michigan would become the 8th state to increase the state gas tax in 2015.

**Maine:** The Maine legislature approved and Gov. Paul LePage (R) signed a bill to place an \$85 million bond proposal for road and bridge reconstruction on the November ballot.

**Wisconsin:** The Wisconsin state legislature voted \$850 million in borrowing to pay for transportation in the new budget approved in early July. The measure represents a \$450 million cut in the \$1.3 billion proposal made by Gov. Scott Walker (R).

**Source URL:** <http://fleetowner.com/blog/state-state-look-transportation-initiatives>

# **Georgia Transportation Update: H.B. 170/106—The Transportation Funding Act of 2015**

**69<sup>th</sup> Southern Legislative Conference**

*July 19, 2015*

**Representative Bubber Epps (HD144)**



## **2014 Joint Study Committee on Critical Transportation Infrastructure Funding**

- Created by House Resolution 1573 during the Legislative Session and include Representatives, Senators, and citizen appointees.
- Held 8 open and public meetings throughout the state:
  - Atlanta (August 5<sup>th</sup>)
  - Columbus (August 18<sup>th</sup>)
  - Tifton (September 2<sup>nd</sup>)
  - Macon (September 3<sup>rd</sup>)
  - Augusta (September 30<sup>th</sup>)
  - Savannah (October 1<sup>st</sup>)
  - Blue Ridge (November 19<sup>th</sup>)
  - Rome (November 20<sup>th</sup>)



# 2014 Joint Study Committee Final Report Recommendations

- Issued its final report on December 30<sup>th</sup> stating that a minimum of **\$1 to \$1.5 billion** in new annual transportation infrastructure funding is needed to address the State's challenges.
- Identified in its final report 12 options for potential funding including the following:
  - Debt service relief
  - Conversion of the sales tax to an excise tax
  - Indexing the motor fuel tax
  - Implement 1% statewide sales tax
  - Increase excise tax
  - Annual fee for alternative fuel vehicles
  - Additional options including tolls, transit, motor fuel revenue diversion, and grants to local governments



## GDOT Identified Additional Needs

- During the fall of 2014 and 2015 Legislative Session, GDOT was asked to identify the additional ANNUAL funding needs:
  - **\$128M** in additional funding for **pavements/resurfacing**.
  - **\$456M** in additional funding for **bridge maintenance**.
  - **\$200M** in additional funding for **routine maintenance**.
  - **\$35M** in additional funding for **traffic operations**.
  - **\$1.0B** in additional funding for **capital needs**.
  - **\$60M to \$500M** in additional funding for **managed lanes**.
  - **\$221M** in additional funding for **intermodal needs**.
- In total, **≈\$1 Billion** in additional annual funding would be necessary to just adequately maintain the existing infrastructure.
- In total, **≈\$2.1 Billion to 2.6 Billion** in additional annual funding would be necessary for maintenance AND capital expansions.



# HB 170 Timeline

- **Jan 29<sup>th</sup>:** Introduced in the House.
- **Mar 2<sup>nd</sup>:** Passed by House Transportation Committee.
- **Mar 5<sup>th</sup>:** Passed House (123 to 46).
- **Mar 18<sup>th</sup>:** Passed by Substitute by Senate Transportation Committee.
- **Mar 20<sup>th</sup>:** Passed Senate by a vote of (29 to 25).
- **Mar 24<sup>th</sup>:** House disagreed, Senate insisted.
- **Mar 25<sup>th</sup>:** House insisted, Conference Committee Appointed.
  - House Conferees: Roberts, Smyre, & Hamilton
  - Senate Conferees: Gooch, Williams, & Shafer
- **Mar 31<sup>st</sup>:** Conf. Report passed House (129 to 41) & Senate (42 to 12).
- **Apr 6<sup>th</sup>:** Transmitted to the Governor.
- **May 4<sup>th</sup>:** Signed by the Governor.

# HB 170 Primary Fund Sources

- **State Motor Fuel Excise Tax Rate:** 26¢/gallon on gasoline; 29¢/gallon on diesel. Annually indexed for increased vehicle fuel efficiency. Additionally indexed from 2016 to 2018 for Consumer Price Index increases.
- **Hotel/Motel Nightly Fee:** \$5 per night lodging fee. (excludes extended stay occupants)
- **Heavy Vehicle Annual Impact Fee:** \$50 for vehicles 15,500 lbs to 26,000 lbs /\$100 for vehicles greater than 26,001 lbs.
- **Alternative Fuel Vehicle Fees/Tax Credits:** Institutes a \$200 noncommercial/\$300 commercial alternative fuel vehicle annual registration fee. Eliminates \$2500/\$5000 tax credits on low/zero emission vehicles.

# The New Gasoline Excise Rate



$$\begin{aligned}
 & 7.5¢ \text{ (Pre-HB170 Excise)} \\
 & + 11.8¢ \text{ (Pre-HB170 3\% \& 1\% "4th Penny")} \\
 & + 6.7¢ \text{ (HB 170 Adjustment)} \\
 \hline
 & \mathbf{26.0¢}
 \end{aligned}$$

## Current State Motor Fuel Rates vs. HB 170 Rates

Motor Fuel Type	Previous Law	H.B. 170	Difference
Gasoline	19.3¢/gallon	26¢/gallon	+6.7¢/gallon
Diesel	21.3¢/gallon	29¢/gallon	+7.7¢/gallon

- Motor fuel tax is a tax on distributors.
- The net effect of H.B 170 on an average motorist who drives *12,000 miles per year* (with an average fuel economy of *25 mpg*) is an additional \$32.16 per year OR an additional **\$2.68 per month**.
- Local taxes on motor fuel, though preserved, are now capped and **will NOT be assessed** on the price of motor fuel above \$3.00 per gallon.

# Additional Motor Fuel Collections

(Averaged Estimate)

FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
\$665,950,000	\$740,700,000	\$791,750,000	\$824,250,000	\$837,050,000

- These revenues are subject to the Constitution and dedicated to the explicit purpose of “roads and bridges.”
- Motor fuel funds are appropriated in the Fiscal Year AFTER they are collected. Therefore, the additional motor fuel revenue from H.B. 170 will not be first appropriated for use until July 1, 2016.

# Hotel/Motel \$5 Nightly Fee

(Based on UWG College of Business Estimate)

FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
\$158,100,000	\$158,100,000	\$158,100,000	\$158,100,000	\$158,100,000

- These fees will be collected via the General Fund but MUST be appropriated to “transportation purposes.”
- “Transportation purposes” are defined as roads, bridges, public transit, rails, airports, buses, seaports, accompanying infrastructure and services to provide access to transportation facilities, and general obligation debt and other multiyear obligation issues to finance such purposes.
- If NOT appropriated to this purpose, the fees are reduced by ½ after the first year and REPEALED after the subsequent year if not appropriated.

# Heavy Vehicle Impact Fee

FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000

- DOR Registrations as of 03/15/15: 38,022 vehicles between [15,500 lbs and 26,000 lbs] and 32,780 vehicles [over 26,000 lbs].
- These fees will be collected via the General Fund but **MUST** be appropriated to “transportation purposes.”
- “Transportation purposes” are defined as roads, bridges, public transit, rails, airports, buses, seaports, accompanying infrastructure and services to provide access to transportation facilities, and general obligation debt and other multiyear obligation issues to finance such purposes.
- If **NOT** appropriated to this purpose, the fees are reduced by ½ after the first year and **REPEALED** after the subsequent year if not appropriated.

# Other Revenues Generated

Source	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Alt. Fuel Fee	\$3,400,000	\$3,600,000	\$3,900,000	\$4,250,000	\$4,650,000
Alt. Tax Credit	\$16,400,000	\$90,100,000	\$124,300,000	\$155,600,000	\$187,200,000
Jet Fuel Tax	\$21,400,000	\$26,100,000	\$28,900,000	\$30,200,000	\$31,600,000
<b>Total</b>	<b>\$37,800,000</b>	<b>\$116,200,000</b>	<b>\$153,200,000</b>	<b>\$185,800,000</b>	<b>\$218,800,000</b>

- The \$200/\$300 Alternative Fuel Vehicle Annual registration fee has the same index as motor fuel but fees are not explicitly dedicated.
- Revenues derived from the elimination of the exemption on jet fuel tax on or after July 1, 2017 are intended to “be used for a state aviation program or airport related purposes” to comply with the requirements of federal law (49 U.S.C. Sections 47107(b) and 47113. Any portion in excess of the federal requirement may be appropriated for other purposes.

# HB 170 Total Additional Revenues

(Based on Averaged Estimates)

FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
\$870,250,000	\$1,023,600,000	\$1,111,950,000	\$1,177,400,000	\$1,223,600,000

These additional total revenues include additional dedicated motor fuel collections, dedicated fees, and non-dedicated fees.

## Annual 10-Year Strategic Plan

- Requires the department to submit for the review and approval of the House and Senate Transportation Committees a 10-Year Strategic Plan which the Transportation Committees could submit as a recommendation to the Appropriations Committees for the development of the annual budget.
- The plan is not project specific and does not constitute a “project list.”
- The plan should include target funding levels and fund sources based on the following categories: (1) construction of new highway projects; (2) maintenance of existing infrastructure; (3) bridge repairs and replacements; (4) safety enhancements; and (5) administrative expenses.
- Prioritizes congestion relief, economic development, and identifying operational efficiencies that can be used for road construction.



## Utah makes a bipartisan move to increase state and local transportation funding to help meet the demands of high population growth

13 Aug 2015 | Posted by [Michael Russell](#)

**Earlier this spring Utah became the third state in 2015 to pass a comprehensive transportation funding bill, raising the state's gas tax and tying it to inflation. Unlike most other states acting this year, Utah raised revenues to invest in a variety of modes and also provided individual counties with the ability to go to the ballot to seek a voter-approved sales tax to fund additional local transportation priorities.**

Fueled by the highest birthrate in the country, Utah's population is expected to double by 2060. The state's existing transportation funding sources — unchanged since 1997 and losing value against inflation — would not be sufficient to meet the demands posed by the rapidly growing population. Working proactively, the Utah Legislature and stakeholders worked together to raise new funding for transportation and ensure that the state stays ahead of the population boom.

### What does the new funding package do?

The new law, passed in March 2015, will generate approximately \$74 million annually by replacing the cents-per-gallon gas tax with a new percentage tax indexed to future inflation. The bill also enables counties to raise local option sales taxes, which, if adopted by every county, would generate \$124 million in new annual revenue specifically for local needs.

In specific terms, the bill replaces Utah's current fixed 24.5 cents-per-gallon rate with a new rate of 12 percent of the statewide wholesale gasoline price, beginning January 1st, 2016, and indexes that rate to inflation. The bill also specifies that the tax can't dip below the equivalent of 29.4 cents per gallon (i.e. a floor mechanism) or climb above 40 cents per gallon (i.e. a cap mechanism). Additionally, diesel, natural gas and hydrogen will see an incremental rise in their taxes until they reach 16.5 cents per gallon (an eight-cent increase for diesel and natural gas).

gas prices (or declining revenues coming to the state with low prices). To eliminate the uncertainty, Niederhauser wanted a straight increase in the gas tax.

Hughes however, didn't believe that representatives in the House would pass a tax increase, fearing political fallout. Pegging the tax rate to gas prices would allow the state to eventually see revenues increase as gas prices rise without the political risk of imposing taxes immediately. In the end, the bill indexes the gas tax rate to inflation, but with a floor and ceiling put in place to counter destabilizing fluctuations in the gas price.

## The importance of including the local option sales tax

Legislators had a similar back-and-forth on the bill's other major revenue-raising provision: the local option sales tax.

Rep. Johnny Anderson (R-Taylorsville), the sponsor of this provision, wanted to ensure that money from the sales tax went to transit before it went to roads. Rep. Jim Dunnigan (R-Taylorsville), however, wanted to put that decision in the hands of the voters and local elected officials.

As legislators moved towards the end of the session, the House and Senate passed different versions of the transportation bill. The Senate opposed allowing counties to impose a voter-approved sales tax, but the House insisted. Eventually, the chambers came to an agreement, provided that local option sales tax revenues could go to not just transit but all forms of transportation, from roads to transit, bike and pedestrian infrastructure.

## Staying on message

The 2014 debate on transportation funding by Utah legislators laid some of the important groundwork for this year's success. But this time, several ingredients (and some notable changes) came together this year to help convince formerly skeptical legislators to vote yes.

The bill's supporters — which included the Wasatch Front Regional Council, the Utah League of Cities and Towns, and the Utah Transportation Coalition, among others — were able to present a compelling and winning message about why Utah needed to raise additional dollars to invest in the transportation system. They talked about the critical economic development connection, as

“Every legislator has skin in the game at that point,” said Michael Merrill, Director of Public Policy at the Salt Lake Chamber of Commerce. “It’s not urban versus rural, or region versus region; every legislator is in the same camp trying to solve one problem, not their local district’s problem.”

With a clear vision in hand, supporters worked hard to spread that message.

“There was a [unified] plan in place, an agreed-upon plan in place, saying, ‘This is what needs to be done, we all agreed that this is the plan, and here are the gaps in funding,’” said Pace, from the Utah League of Cities and Towns. “So, it put us in the position to say, ‘We all agreed what needs to be done. Utah’s population is going to double in the next 30 years, we need funding to implement the plan, to help make it happen.’”

All of that education paid off.

The law passed the House on March 9th and in the Senate on March 12th. Governor Gary Herbert signed the law on March 27th. This provides counties the ability to place local sales tax referendums on the ballot as early as November 2015.

## On to the ballot box

Supporters cheered the bill’s passage in March, but there are still important hurdles to clear to reach the bill’s full potential. The bill could raise an additional \$124 million annually for transportation if adopted by all Utah counties. Groups like the Utah League of Cities and Towns are embarking on public education campaigns in the counties that are placing local sales tax questions on their November ballots.

St. George, a city in the southwest corner of Utah, recently passed a resolution asking their home county to put the sales tax on the November ballot. And according to the Salt Lake Tribune, 15 of 16 cities in Salt Lake County — the state’s most populous county, which also includes Salt Lake City — have passed resolutions urging the county council to put the local option sales tax on the ballot this year.

The mayor of that county, Salt Lake County Mayor Ben McAdams, knows how important investing in Utah’s transportation is, especially since his region is the most populated in the state: