Coping with Transportation Funding Deficits: A Survey of the States

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Executive Summary[1]

Most states are wrestling with how to close a growing gap between transportation infrastructure investment needs and available resources. This report seeks to inventory the successes and failures of states to increase transportation funding since 2000, more closely examine the level – local, regional or statewide – at which the revenue sources are enacted, and study the method – either referenda-based or legislative - used. In doing so, we hope to assist Georgia's policymakers as they develop a plan to meet the state's transportation funding needs.

Transportation Funding Referenda Nationally
A total of 210 referenda to increase revenues for transportation were brought to voters at the statewide, regional and local levels between 2000 and 2009, with varying levels of success.

- *The use of referenda across the country dramatically increased after 2004.*
- *In no states did voters approve a statewide sales tax for transportation, and the only two statewide motor fuel tax referenda on ballots failed.*
- *There were more local tax measures (173) than any other type of measure and they were primarily devoted to funding public transit projects. Local sales tax referenda were by far the most numerous (99).*
- *There were 19 regional measures in states during the years studied. The majority were for sales tax increases (9 of 13 were approved), while a few were fee and property tax increase proposals.*
- *Seventeen statewide measures were on the ballot during this period. All but three were for bond approvals. Two measures, which were defeated, proposed increasing the statewide motor fuel tax and/or statewide sales tax. A third measure, which was approved, dedicated existing fees to transportation but did not involve any tax increases.*

Direct Action by State Legislatures
Rather than rely on public approval in referenda, some legislatures have directly increased financial resources for transportation by enacting fees, motor fuel taxes, and sales taxes.

- *Between 2000 and 2009, five state legislatures enacted legislation to increase the motor fuel tax. Three state legislatures froze scheduled gas tax increases or decreases.*
- *One state converted the majority of its cent-per-gallon motor fuel excise tax into a percentage sales tax.*
- *Twelve state legislatures increased fees, primarily vehicle registration fees, and dedicated them to transportation improvements or related projects.*
- *Three states enabled regional sales taxes. Two were for their largest metropolitan regions. The third allows regions to form throughout the state voluntarily and call for referenda to approve a variety of taxes. A fourth state legislature extended an existing regional sales tax for 30 years.*

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[1]*The data included in this report comes from 35 states surveyed. It does not include activity in the State of Georgia.*

Introduction

In the first decade of the 21st century, a number of trends and developments have emerged to compel states to reconsider how they manage and fund transportation infrastructure. From the current economic crisis to record-high oil prices, many traditionally-reliable sources for transportation funding showed a rapid decline in purchasing power and revenues generated. As these discouraging trends accelerated, they subsequently curtailed efforts by the government and the public to seek new investments in infrastructure as a means to stimulate economic growth and accommodate actual or anticipated high population growth, congestion and development.

In Georgia, it is projected that transportation investment costs over the next 20 years will range between $142 and $251 billion depending on the outcomes state policymakers pursue. The advantages of such investment could include the creation of more than 320,000 jobs in the next 20 years statewide and nearly $600 billion in economic benefits over the next 30 years[2]. Georgia's General Assembly has fervently debated new transportation funding mechanisms over the last three years. While a number of options exist, the debate has centered on variations of allowing voters to approve up to an additional one-cent dedicated sales tax at the state or local and regional levels.

Political leadership at the Capitol has shied away from supporting non-referendum based options or taking steps to increase existing revenue sources, such as the motor fuel tax. However, after failing to pass substantial transportation funding mechanisms for three consecutive years, it may be beneficial to look at activities in other states and how other legislatures have coped with similar funding deficits. This report examines steps other states have taken to increase the financial resources available for transportation since 2000, focusing separately on referendum-based actions and measures passed by state legislatures.

A note on methodology: Unfortunately, there is no single, comprehensive repository of information on how states fund transportation. The research in this paper draws from a number of institutions that track different aspects of transportation funding and finance. The majority of this information was obtained through three sources: information on referenda was obtained from the Center for Transportation Excellence[3]. Materials related to legislation passed between 2007 and 2009 were obtained from the National Conference of State Legislatures (NCSL); and Association County Commissioners of Georgia (ACCG) staff conducted informal surveys of 27 states via phone and e-mail interviews. Internet searches were also used to locate information on legislation from 2000-2009. Altogether, data from a total of 35 states was collected for the legislation section of this study.

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[2] McKinsey and Company's Investing in Tomorrow's Transportation Today "Scenario Results and Implications" Discussion Document Presented to the Georgia State Transportation Board, November, 2008

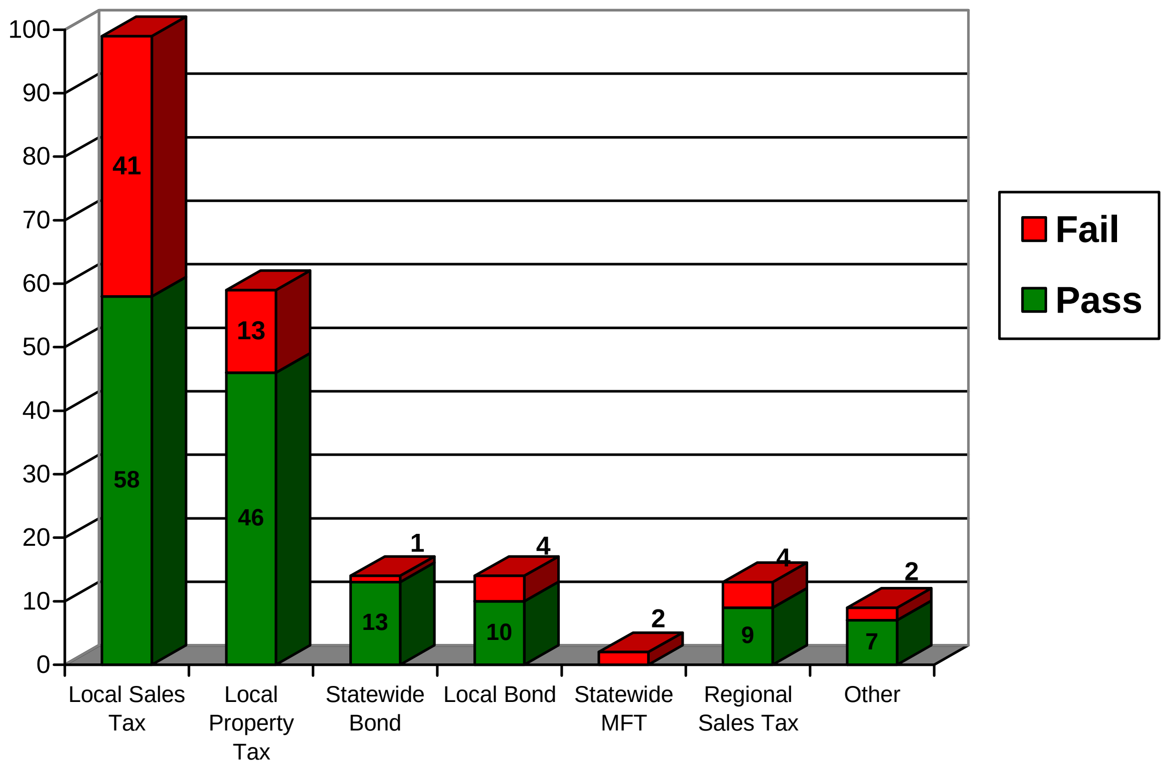
[3] The Center for Transportation Excellence is a non-partisan policy research center created to serve the needs of communities and transportation organizations nationwide. The purpose of the center is to provide research materials, strategies and other forms of support on the benefits of public transportation.

Referendum-based Options

Since 2000, several states have explored a variety of referendum-based options to increase funding and revenue for transportation projects. Between 2000 and 2009, 210 proposals related to transportation were brought to voters through referendum at either the statewide, regional, or local level[4]. Of these initiatives, 143 were approved by voters, while 67 were defeated at the polls, a nearly two-to-one margin of success.

These referenda consisted primarily of sales and property tax increases, bonds at the local and state levels, fee increases, and motor fuel tax increases. While the number of measures of each type of funding source varied greatly, some had a much higher rate of passage than did others.

Pass/Fail Rate of Transportation Funding Referenda (2000-2009)



Source: Center for Transportation Excellence

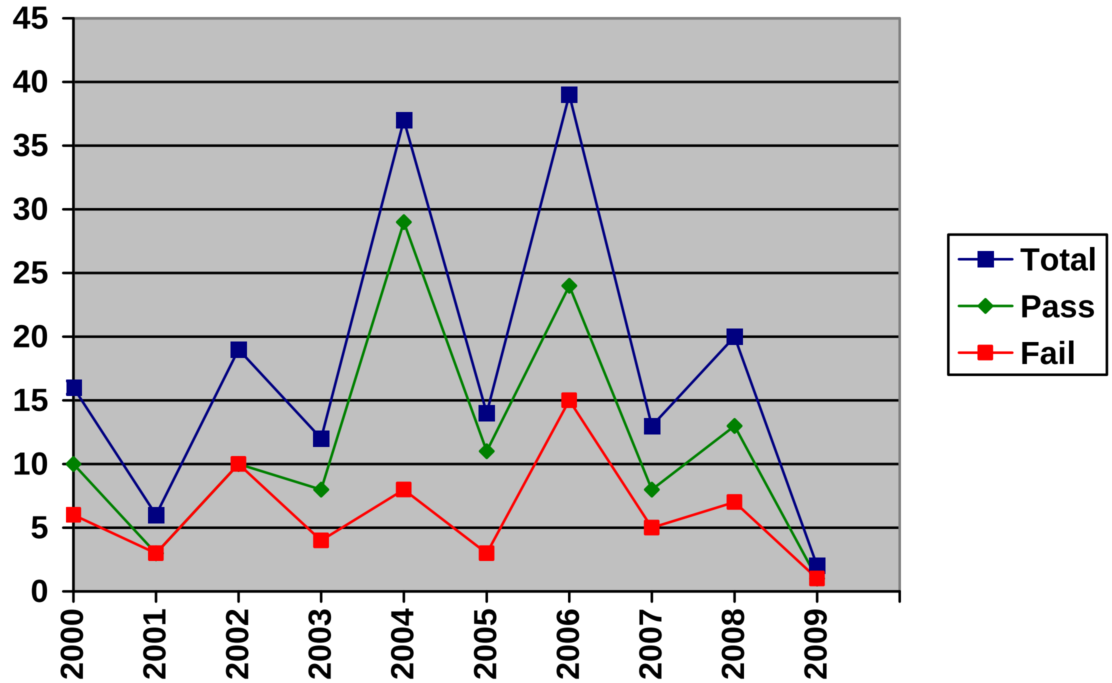
Local Measures

Ballot measures related to transportation funding were utilized far more prominently at the local level than at the regional or state levels, accounting for 82-percent, or 173 of the 210 referenda analyzed between 2000 and 2009. Voters approved 113 of these measures, while 60 failed.

[4] While there were more transportation-related ballot questions posed to voters during the study period, many were to approve transit service, propose studies, mandate certain expenditures, etc. This paper focuses only on ballot measures to directly increase revenues for funding transportation, including taxes, fees, bonds, etc.

From 2000 to 2004, there were 54 local referenda related to transportation funding on the ballot. Since 2004 however, there have been 119. This upward trend mirrors pressures on the transportation dollar and likely reflects a quicker responsiveness at the local level to demands for transportation infrastructure investments. Their growing popularity also speaks to the relative success of these measures and the ability to tailor them to meet specific local needs.

Pass/Fail Rate of Local Government Measures



Source: Center for Transportation Excellence

Local sales taxes. Between 2000 and 2009, the most common type of ballot initiative nation-wide was local sales taxes, totaling 99 that have been decided by voters. Of these, 58 passed, while 41 failed. Nearly all the local proposals (municipal and county) for sales tax increases were for mass transit projects, including improvements to existing services, the addition of bus or light rail services, or the building of infrastructure related to mass transit, namely transit centers. Millions of dollars were also allocated broadly to transit authorities that then had the discretion to spend as needed, including on maintenance and operations While nearly 90% of these projects were for mass transit, a few were designed to allocate money to road and drainage improvements or to fund a combination of multiple modes. In San Antonio, Texas, for example, a $0.25 sales tax passed which allocated half of the funds for the transit system, a quarter to the city for street improvements, and a quarter to the Texas Department of Transportation for projects within the San Antonio city limits. Overall, results for local sales taxes were decidedly mixed, regardless of what the funds would be allocated for, with a 58 to 41 overall approval rating of the measures.

Local property taxes. Local property tax measures were far more successful, with a success rate of 46 for and 13 against, or 78-percent in favor. The majority of these elections (40) took place throughout Michigan during these years. Most of these measures were listed on the ballot between 2004 and 2006, and during these years, there was a very high rate of success, with 32 proposals passing and only 6 failing to garner a majority. These proposals were largely for the same type of mass transit projects as the local sales taxes. For example, in 2005, nine measures were introduced around the country proposing a 0.2 to 0.6 millage increase for property rates, all of which were for transit authorities or improvements for existing transit systems. Of these nine proposals, all but one passed.

Local bond proposals. Local bond proposals have also proven successful, with 10 passing and 4 failing nation-wide. These measures have occurred infrequently, as local bonds can be costly for smaller communities. Most of these bond projects fund long-term road and public transportation improvements, ranging from general obligation bonds of $1 million in Anchorage, Alaska in 2003 to $110 million in Fairfax County, Virginia in 2007.

Local fees. The final notable local transportation referendum is a local fee, two of which were put before voters over the past decade. In 2000, a referendum was put before voters to increase motor vehicle registration by $2.00 in order to pay for the lease on a larger DMV office in St. Bernard Parish, Louisiana. This measure was overwhelmingly voted down 73-percent to 27-percent. In 2003, Marblehead, Ohio voters approved a ferry tax for, among other things, improvements to local roads and sidewalks. This revenue would be generated from ferry fees, with passengers over 12 paying $0.50 per ferry trip and younger children paying $0.25 per trip.

Regional Measures

An increasing number of initiatives have been introduced to voters on a regional basis rather than a smaller local population or to a state as a whole. These regional jurisdictions generally comprise a small number of counties, or a particular region of a state connected by similar infrastructure. It is important to note that when making comparisons between regions in different states, the size and nature of them can vary widely. For example, whereas the Denver region is comprised of at least parts of eight counties, the entire San Diego region rests entirely within a single county.

For the purposes of this report which is intended primarily to assist Georgia policymakers, a state with the second most counties of any in the nation, regional is considered involving more than one county. The number of regional referenda reported grows substantially if a region is considered to be a metropolitan statistical area (50,000+ population) or transportation management association (200,000+ population).

Overall, multi-county regional proposals have been very successful, with 14 of the 19 proposals passing between 2000 and 2009. Referenda for regional sales tax increases were the most common, and also the most successful. Of the thirteen proposed, all but four passed. Most of these measures were designed to increase funding for regional mass transit projects. However some provided funding across modes. For example, in 2008 residents in Bernalillo, Sandoval and Valencia Counties, New Mexico voted to raise the gross receipts tax (a tax similar to a sales tax but paid by the seller rather than the consumer) by one-eighth cent per dollar, of which half of the revenue would fund the New Mexico Rail Runner Express commuter train, and the rest would go to road construction and improvement projects within the counties.

In addition to sales taxes, regional property taxes and fees have been proposed. Of the four regional property tax ballot questions, three were approved. The regional fee proposal that passed was in the San Francisco Bay area, and raised bridge tolls by $1 to make repairs to existing transportation infrastructure, as well as construct additional projects. In 2009, two state legislatures, Tennessee and North Carolina, authorized regions to levy taxes to fund transportation but no referenda have been held as of publication of this report.

Regional Proposals - Passed

Year	Where	What	Purpose	Pass Rate
2008	Alameda and Contra Costa counties, CA	$48 parcel tax increase for property owners	Fund public transit bus service.	Passed 72%-28%
2008	Eagle and Pitkin counties and six cities (Aspen), CO	0.4% sales tax	Implement bus rapid transit.	Passed
2008	Bernalillo, Sandoval, Valencia counties, NM	1/8-cent increase on gross receipt taxes	Half of revenue is dedicated to the New Mexico Rail Runner Express commuter train. The other half goes to surface transportation projects within the counties.	Passed
2008	Santa Fe, Los Alamos, Rio Arriba and Taos counties, NM	1/8-cent increase on gross receipt taxes	Half of revenue is dedicated to the New Mexico Rail Runner Express commuter train. The remaining funds are kept by counties for local bus and van projects.	Passed
2008	Sonoma and Marin counties, CA	1/4-cent sales tax	Fund a commuter rail service.	Passed 68%-32%
2007	Weber County, Box Elder County, Davis County, UT	1/4-cent sales tax	Fund a mix of road and transit projects in Weber and expansion of commuter rail in Box Elder.	Passed Weber and Box Elder. Failed in Davis.
2004	Maricopa County (Phoenix), AZ	1/2-cent sales tax	Joined the cities of Phoenix and Glendale to fund regional transportation plan and light rail system.	Passed 57%-43%
2004	Alameda and Contra Costa counties, CA	Increase parcel tax by $2/month	Operate and maintain transit service.	Passed 72%-28%
2004	Alameda and Contra Costa counties, CA	Increase bridge tolls by $1	Fund transit, planning and road projects in the area.	Passed 56%-44%
2004	San Francisco, Alameda and Contra Costa counties, CA	$980 million bond	Fund earthquake safety modifications to Bay Area Rapid Transit.	Passed 70%-30%
2004	Adams-part, Arapahoe-part, Boulder, Broomfield, Denver,	4/10-cent sales tax	Fund rail and bus transit.	Passed 57%-43%

	Douglas-part, Jefferson, Weld-part, CO			
2002	Benton and Franklin Counties, WA	.3% sales tax on $10+ purchases	Restored funding for Big Franklin Transit.	Passed 57%-43%
2002	Alameda and Contra Costa counties, CA	$25 per-year property tax	Mitigate the loss of other sources of funding for public transit.	Passed
2000	Carbondale, Aspen, Glenwood, Pitkin counties, CO	4/10-cent sales tax	Fund rural transportation authority and light rail construction.	Passed

Source: Center for Transportation Excellence

Regional Proposals – Failed

Year	Where	What	Purpose	Pass Rate
2007	King, Snohomish, Pierce counties, WA	Increase in sales and motor vehicle excise taxes	Construct new rail tracks, road lanes and bridge.	Failed
2006	Marin and Sonoma counties, CA	1/4-cent sales tax	Fund a commuter rail service.	Failed
2002	San Francisco, Alameda, Contra Costa counties, CA	Property tax increase	Fund seismic strengthening and security improvements.	Failed
2002	Norfolk/Hampton Roads, VA	1-cent sales tax	Fund transportation improvements.	Failed 2 to 1
2002	Northern VA	1/2-cent sales tax	Fund transportation improvements.	Failed 55%-44%

Source: Center for Transportation Excellence

State Measures

Of the three levels of transportation referenda studied in this report, more infrequent, but probably the method with the largest impact, was the statewide measure. Between 2000 and 2009, this referendum has only been used 17 times. Fourteen of these proposals passed and three failed, a rate of passage of 82-percent. This overall number can be misleading, however, as the most common type of statewide measure, the statewide bond, had a much higher rate of success than the less commonly used statewide motor fuels tax, in which case both measures failed.

Statewide bonds. Most state measures that were brought to voters were for the approval of bond issues, and voters approved those 93-percent of the time. There were no more than three statewide bond measures up for vote in any given year. The purpose of the bonds was primarily to fund transportation capital improvement projects, including roads, bridges and mass transit. For example, in 2005, Maine voters approved a $33.1 million bond for improvements to highways, airports, public transit, ferry and port facilities, and bicycle trail improvements.

These 14 bond measures were in 7 states. Many were designed to raise funds for state highway projects in order to receive matching funds from the federal government. For example, an approved 2002 bond proposal in Rhode Island authorized the state to issue general obligation bonds, refunding bonds, and temporary notes in an amount not to exceed $563,500,000 to match federal funds, which would in turn be used to improve state highways and bridges, as well as the state's mass transit system.

Statewide motor fuel tax increases. The other proposal on statewide ballots in the past decade for the states surveyed called for an increase in the motor fuel tax. The only two such measures were introduced in 2002 in Missouri and Washington, and both were overwhelmingly defeated. The proposal in Missouri would have not only raised the motor fuel tax by $0.05, but would have raised the state's sales tax by one-half cent, totaling $511 million per year for public transportation. In Washington, the ballot measure attempted to impose multiple taxes simultaneously as well, raising the gas tax by $.09 per gallon, adding a one-percent surtax on car sales and boosting trucking fees by 30-percent, raising an estimated $7.7 billion.

That neither statewide motor fuel tax increase passed could reflect the public unpopularity of increasing motor fuel taxes and why a majority of motor fuel tax increases have occurred at the legislative level rather than on public ballots. While the motor fuel and sales taxes described here did not pass, it should also be mentioned that these rejected referenda were for multiple tax increases which may have contributed to their failure.

Legislative Options

Over the past decade, many state legislatures took direct action that did not require separate voter approval to increase transportation funding. While there was legislative activity every year between 2000 and 2009, the volume dramatically increased after 2007. This timing parallels the rapid escalation of transportation costs and the likely pressure state leaders felt to take action.

For this section of this report, data was collected from two primary sources. The first was the National Conference of State Legislatures, which provided a comprehensive list of state legislation that had passed and been enacted between 2007 and 2009. The second source was direct contact with state departments of transportation. Information was collected from 25 of the 49 states contacted (excluding Georgia). The research, though not a complete compilation of all legislation related to transportation over the past decade, does provide a useful analysis of the types of legislation that were successful.

Altogether, information was compiled for this study from both surveys and other sources from a total of 35 states. Of these 35 states, 28 legislatures created new sources of revenue for transportation projects and seven states did not. The three most common measures enacted were motor fuel tax, fee, and sales tax increases.

Motor Fuel Tax

One of the most common methods that state legislatures adopted involved changing statewide motor fuel taxes. Between 2008 and 2009, there were 12 alterations to motor fuel tax rates. Some states increased the retail sales and use tax on gasoline, such as Indiana in 2008, from 6-

percent to 7-percent. Oregon also recently passed a bill that would create a $300 million boost in transportation revenue by increasing, among other things, the motor fuel tax by $.06 per gallon.

Motor Fuel Tax (MFT) Legislation, 2000-2009

Year	State	Bill	Summary
2009	Idaho	HB 338	Eliminated a 10% (2.5 cents/gallon) tax exemption for biodiesel and gasohol.
2009	Kentucky	HB 374	Froze the state MFT at 22.5 cents per gallon. The tax was set to fall by four cents on April 1, 2009.
2009	Oregon	HB 2001	Increased fees and registration; MFT raised $.06 per gallon.
2008	Connecticut	SB 1000	Allowed gasoline retailers the ability to offer discounts on fuel based on the method of payment. Froze the gross receipts petroleum tax at 7 cents instead of the 7.5 cents it would have increased to on July 1, 2008.
2008	Indiana	HB 1001	Raised the retail sales and use tax on gasoline from 6% to 7%.
2008	Michigan	HB 5582	Exempted the 3 cents per gallon tax on aviation fuel if it is purchased to develop racing fuel.
2008	Minnesota	HF 2800	State transportation appropriations bill. Increased MFT by five-cents per gallon and increased other fuel taxes. Created a lower income motor fuel tax credit. Allowed the seven-county Minneapolis/St.Paul metro area to raise a regional sales tax at their discretion.
2008	Nebraska	LB 846	Lowered the MFT on producers, suppliers, distributors, wholesalers, or importers from 10 cents per gallon to 2.5 cents per gallon; however, it imposed a 5% tax rate on the average price of wholesale gasoline.
2008	West Virginia	HB 218	Froze the MFT increase for 2009. Created the Motor Fuel Excise Tax Shortfall Reserve Fund to help offset the decrease in revenue the state realized because of the suspension of the fuel tax increase.
2003, 2005	Washington	---	2003 – Gas tax increased by $.05 2005 – Gas tax increased incrementally over four years ($.03 in July 2005, $.03 in July 2006, $.02 in July 2007, and $.015 in July 2008)
2002	Kansas	HB 3011	Increased MFT rates from $.20 to $.23
2002	Missouri	---	Extended the 6-cents-per-gallon MFT, which was due to expire in 2008.

Sources: NCSL; Kansas Department of Transportation; Missouri Department of Transportation; Washington Department of Transportation.

While legislatures approved many of the measures to raise the gas tax, some governors chose to veto the legislation citing the high price of gasoline. In Minnesota in 2008, the legislature passed HF 2800, the state transportation appropriations bill. This bill included a $.05 per gallon gas tax increase and created a motor fuel tax credit for lower income individuals. This was vetoed by the governor but his veto was subsequently overridden by the legislature. Similarly, Nebraska passed legislation that same year to lower the motor fuel excise tax from $.10 per gallon to $.025 and add a 5-percent tax rate on the average price of wholesale gasoline. The bill was vetoed by the governor, but as was the case in Minnesota, his veto was overridden by the legislature. According to the Nebraska Department of Roads, this legislation was written so that the tax increase was revenue neutral and state motorists would pay more only when the price of gasoline escalated.

Not all states increased gas taxes. Some states froze scheduled tax increases or reductions. For example, the West Virginia legislature voted in 2008 to freeze the $.05 motor fuel tax increase from the previous year. In 2008, Kentucky voted to freeze the state gasoline tax at 22.5 cents-per-gallon, rather than allow it to fall by a previously approved $.04 per gallon.

It is worth noting that very few gas tax increases passed between 2000 and 2007. In 2002, Kansas passed legislation that increased nearly all types of vehicle fees and increased the state motor fuel tax from $.20 to $.23. In Washington, legislators enacted laws in 2003 and 2005 which raised the gas tax. In 2003, the motor fuel tax was raised by $.05; in 2005, legislation stated that the tax would rise incrementally over four years, $.03 in July 2005, $.03 in July 2006, $.02 in July 2007, and $.015 in July 2008. The only other state with any legislation concerning the motor fuel tax between these years was Missouri in 2002, which extended a $.06 motor fuel tax that was set to expire in 2008. Three states – Nevada, South Carolina and South Dakota – passed legislation increasing the gas tax in 1992, 1987 and 1999, respectively.

Fees

Several states have opted to increase fees, primarily vehicle registration fees, to fund transportation. Based on the information collected, 12 of the 35 states surveyed or studied voted to increase fees over the past decade. Several of these fees put money into the state's general highway fund, while others were used to pay for specific projects. The variety of fees were passed into law throughout the past decade, not grouped into a few years like the motor fuel tax increases.

Several states passed legislation that raised various types of fees simultaneously. For example, Iowa voted to increase motor vehicle registration fees, trailer fees, and motorcycle fees simultaneously and also added a 5-percent increase to the current registration late fee penalty. In 2009, Idaho raised fees for nearly all services provided by the Division of Motor Vehicles, including drivers licenses, title transfers, copies of drivers license records, title or registration records and replacement vehicle registration stickers; all of these collected funds were then placed into the state highway account specifically for transportation projects.

Fees Passed Through Legislation, 2000-2009

Year	**State**	**Bill Numbers**	**Description**
2009	Colorado	SB 108	Increased registration fees by $31; increased late registration fees; increased fees on overweight vehicles; imposed a $2 per day fee on rental cars.
2009	Idaho	HB 334	Increased fees for Department of Motor Vehicle services.
2009	North Dakota	SB 2012	Raised Vehicle Registration Fees.
2009	Vermont	HB 438	Raised fee for special request license plates from $1000 to $2000.
2008	California	AB3c	$1 registration fee for vehicles for the Metropolitan Transportation Commission in the San Francisco Area – **VETOED** by Governor.
2008	Iowa	SF 2420	Increased motor vehicle registration fees, trailer fees, and motorcycle fees; 5% increase in late registration fee.

2008	Kansas	HB 2542	Raised motor vehicle registration rate by $4.
2008	Maryland	HB 5	Increased certificate of title fee from $23 to $50.
2008	Minnesota	---	Increased fees on the leases and rental of vehicles from 3% to 5%.
2003, 2009	Oregon	HB 2041, HB 2001	2003 - Increased fee schedules for registration and title fees for both regular vehicles and heavy vehicles; 2009 - Fees and registration to increase further.
2003, 2008	Wisconsin	---	Incrementally increased vehicle registration and title transfer fee.
2003, 2005	Washington	---	2003 –Increased the gross weight fee imposed on trucks by 15%, $20 license plate number retention fee; 2005 – increased weight fee for passenger vehicles, $10 to $30 based on vehicle weight.

Source: NCSL; Colorado Department of Transportation, North Dakota Department of Transportation, Oregon Department of Transportation, Minnesota Department of Transportation.

Some states targeted increases in fees to pay for specific types of services provided by the departments of transportation. For example after raising the motor fuel tax in 2002, the Kansas legislature in 2008 raised the motor vehicle registration rate by $4. This additional revenue was appropriated to fund “the integration and modernization of the Vehicle Information Processing System (VIPS), the Kansas Drivers License System (KDLS) and the Kansas Vehicle Inventory System (KVIS).”[5]

Of the fee legislation reviewed, only once has a measure enacted by the legislature been vetoed by the governor. This occurred in California in 2008 when the legislature passed SB 1731, which was to allow the Metropolitan Transportation Commission in the San Francisco area to charge $1 for registration fees for vehicles in its jurisdiction. The fees were to go to the implementation of congestion mitigation strategies within the region.

Sales Tax

Four state legislatures passed sales tax legislation to fund transportation projects. Three were for specific, large metropolitan areas – Minneapolis/St. Paul, Los Angeles, and Raleigh/Durham/Chapel Hill. In Minnesota, the state transportation appropriations bill, HF 2800, which outlined the motor fuel tax increase and was vetoed by the governor before being enacted by the legislature’s veto override, gave approval to the Minneapolis/St. Paul metro area to raise sales taxes in order to fund transportation needs. The legislation did not, however, stipulate a monetary value for the tax or mandate a public referendum to approve the levy of the tax. In California, the legislation amended an existing transactions and use tax of 0.5-percent for six-and-one-half years in Los Angeles by extending that time period to 30 years.

In 2009, Tennessee and North Carolina both authorized regions to levy taxes to fund transportation. The North Carolina legislature authorized Wake, Durham and Orange Counties to call for a joint referendum to approve levying a 0.5-percent sales tax. The counties are also

[5] National Conference of State Legislatures – Transportation Funding Legislation Database
http://www.ncsl.org/IssuesResearch/Transportation/NCSLnetSearchResultsTransportationFundingLeg/tabid/13597/Default.aspx

authorized to levy without a referendum a separate vehicle registration fee up to $7 for funding to share with their respective cities and fund the operations of transit. Further, Triangle Transit, which serves the three counties, is authorized upon approval by the three county commissions to raise vehicle registration fees by $3. In Tennessee, the legislature authorized any two or more counties or municipalities, adjacent to one another and having a combined population of not less than 200,000, to create a Regional Transportation Authority (RTA). The RTA can ask voters to approve any type of tax to fund a regional transit plan.

Other Means of Transportation Funding

In addition to these three primary means of funding transportation, state legislatures have enacted other measures that, while not creating new sources of revenue, effected the funding of transportation across their respective states. Some of these measures are as follows:

-Two states, Kansas and Missouri, altered the flow of or added protection to funds intended for transportation projects. In 2004, Kansas authorized a previously enacted sales tax to be deposited in the state highway fund rather than the state general fund. Missouri enacted similar legislation which, over a four year period, required that all revenues collected from the sale of motor vehicles go to the coffers of the Missouri Department of Transportation. Like Kansas, these funds had previously gone to the state general revenue fund.

-Iowa passed legislation that ensured that a new vehicle registration fee was constitutionally protected from going anywhere except the state highway fund.

-In 2008, the Virginia legislature voted to allow the state transportation board to set fixed-price contracts for materials, equipment, and supplies in connection with highway construction projects.

-Ohio enacted legislation in 2009 that gave the Department of Transportation the authority to "construct and operate toll projects."[6] It also created the State Infrastructure Bank to finance state and local projects.

-In 2000, Arkansas increased the gas severance tax for oil exploration to increase revenue for the highway fund.

-In 2007, the Nevada legislature transferred $160,000,000 from the Las Vegas Convention Bureau to the transportation fund. According to the Nevada Department of Transportation, only an estimated $40-50 million of those funds have actually gone into the transportation coffers, while the rest were redirected.

[6] National Conference of State Legislatures – Transportation Funding Legislation Database http://www.ncsl.org/IssuesResearch/Transportation/NCSLnetSearchResultsTransportationFundingLeg/tabid/13597/Default.aspx

Conclusion

This report details many options that states have used during the last decade to increase the financial resources available for transportation projects and needs. Regardless of the method employed, each state has tailored the revenue-generating mechanism to the specifics of their state.

Other research exists on options available to policymakers, the merits of specific revenue proposals, and factors contributing to the passage or defeat of referenda. However, this report focuses on the legislative method through which state policymakers enacted transportation funding increases over the last ten years. It is apparent that referenda-based measures are growing in popularity and lawmakers are veering away from the traditional funding sources of statewide motor fuel tax or fee increases.

In lieu, more states are enabling local governments and existing or newly-defined regions to develop their own revenue-generating solutions. While not examined in this paper, it is likely that user fees in the form of tolls and public-private-partnerships are also replacing the traditional reliance on statewide motor fuel taxes. The long-term impact of these trends remains to be determined.

Another prominent feature of many of the measures examined is the focus on funding transit and other forms of public transportation. While this may reflect different priorities of transportation funding in various states, the trends of enacting transportation funding increases outlined above appear to transcend the specific purpose for which funding is designated.

States have a plethora of options available to raise revenues for transportation needs, but how each proceeds depends on many factors. As Georgia deals with a growing list of transportation needs and inadequate resources, it must consider not only what steps it can take, but also how to best go about achieving the outcomes it seeks and securing successful passage of any proposed funding measures.

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Vermont Transportation Agency – http://www.aot.state.vt.us/

Washington State Department of Transportation - http://www.wsdot.wa.gov/

West Virginia Department of Transportation - http://www.wvdot.com/

Wisconsin Department of Transportation – www.dot.wisconsin.gov

*Contacts and additional information about sources can be obtained by contacting Matthew Hicks at ACCG at (404) 522-5022.

***Errata: On page 9, Michigan's HB 5582 was incorrectly reported as raising the tax on aviation fuel, instead of providing an exemption.*

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