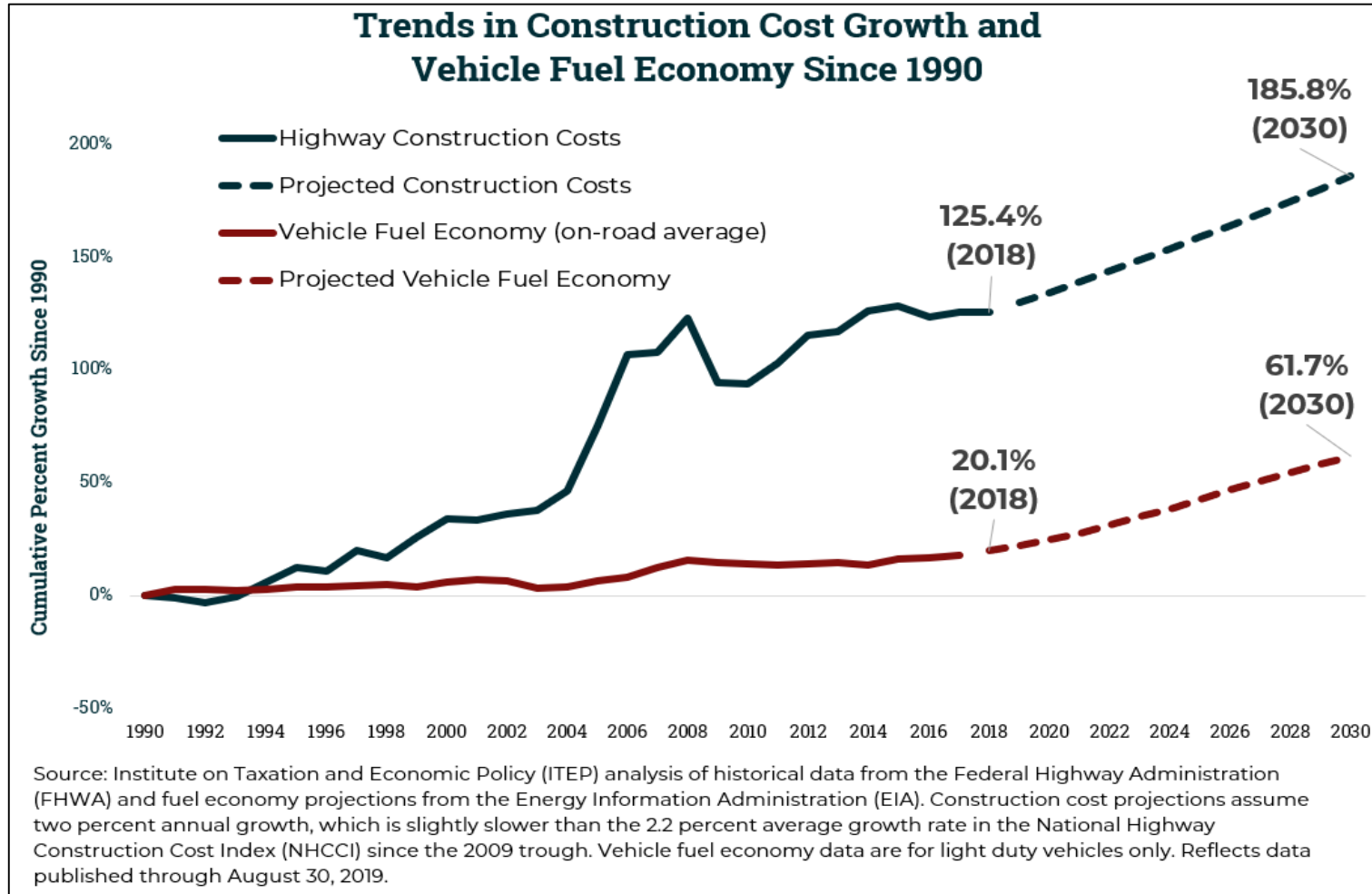

RUNNING ON EMPTY: ALTERNATIVES TO THE GAS TAX

NATIONAL CONFERENCE OF STATE LEGISLATURES CAPITOL FORUM

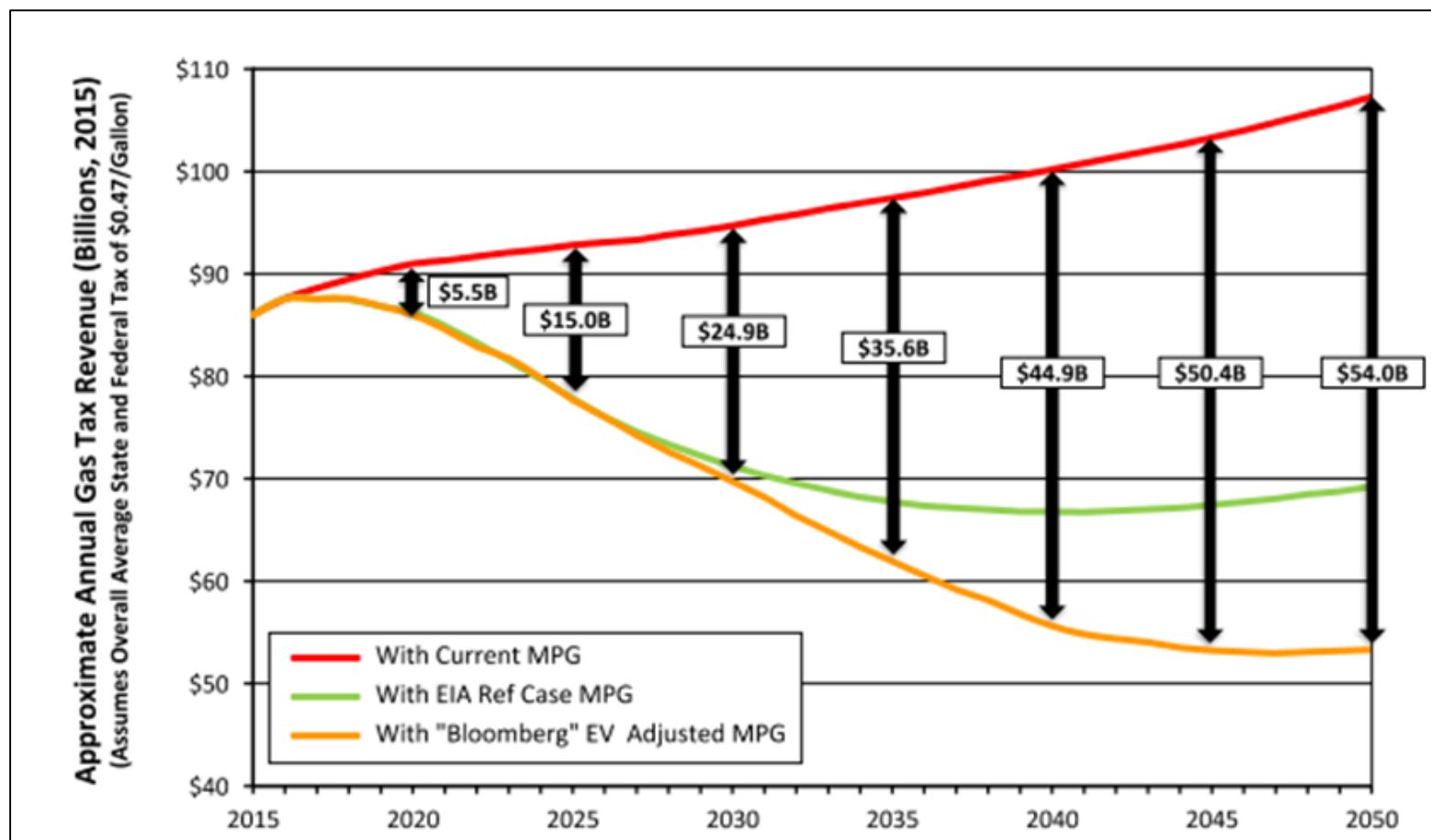
DECEMBER 10, 2019



TRENDS IN CONSTRUCTION COST GROWTH AND VEHICLE FUEL ECONOMY SINCE 1990



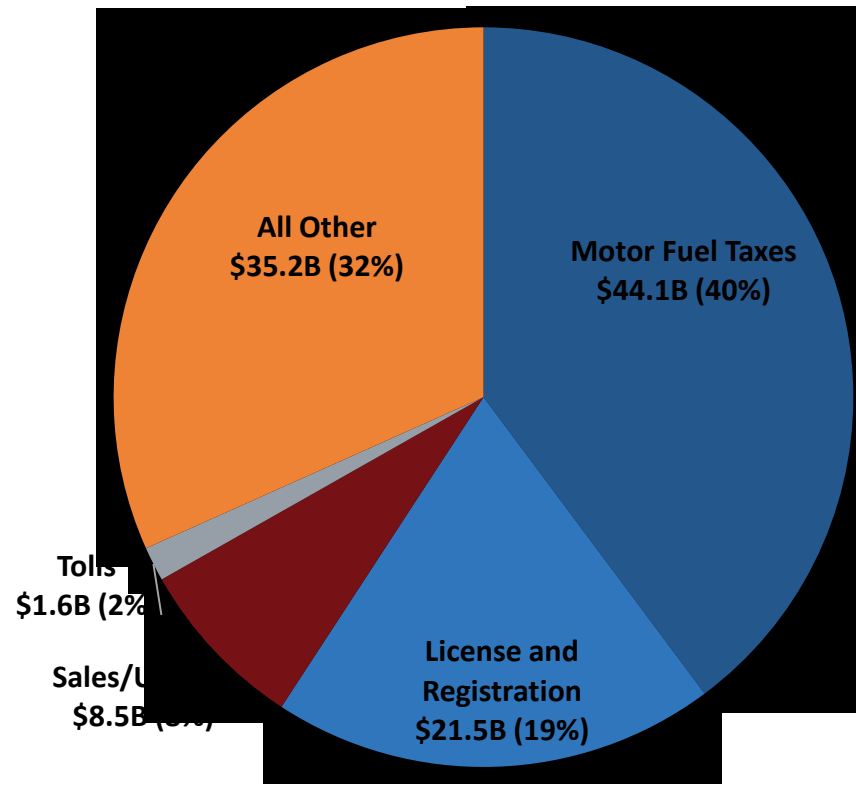
FUTURE GAP IN FUEL TAX COLLECTIONS



54 FUNDING SOURCES

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

2019 STATE TRANSPORTATION FUND REVENUE SOURCES



Source: NASBO, State Expenditure Report (2019)

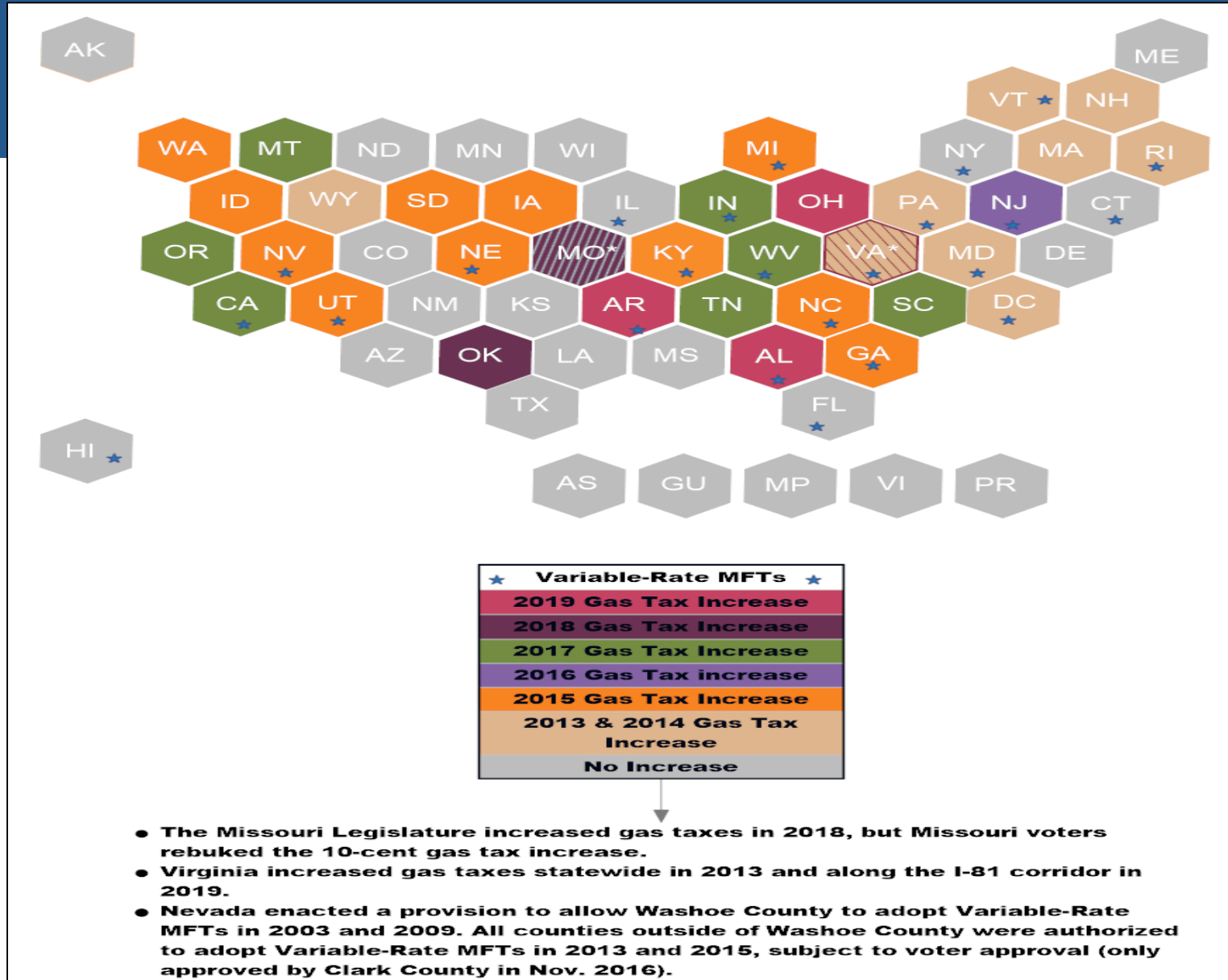
TOPICS

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

GAS TAX

State Actions

- Since 2013, 30 states & D.C. have increased their gas tax
- 22 states & D.C. have indexed or variable-rate gas taxes



2019 STATE LEGISLATION ON GAS TAXES

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

GAS TAX REFINEMENTS



■ Virginia HB 2313 (2013)

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



■ Georgia HB 170 (2015)

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

INDEXED VEHICLE REGISTRATION FEES



■ Oregon HB 2017 (2017)

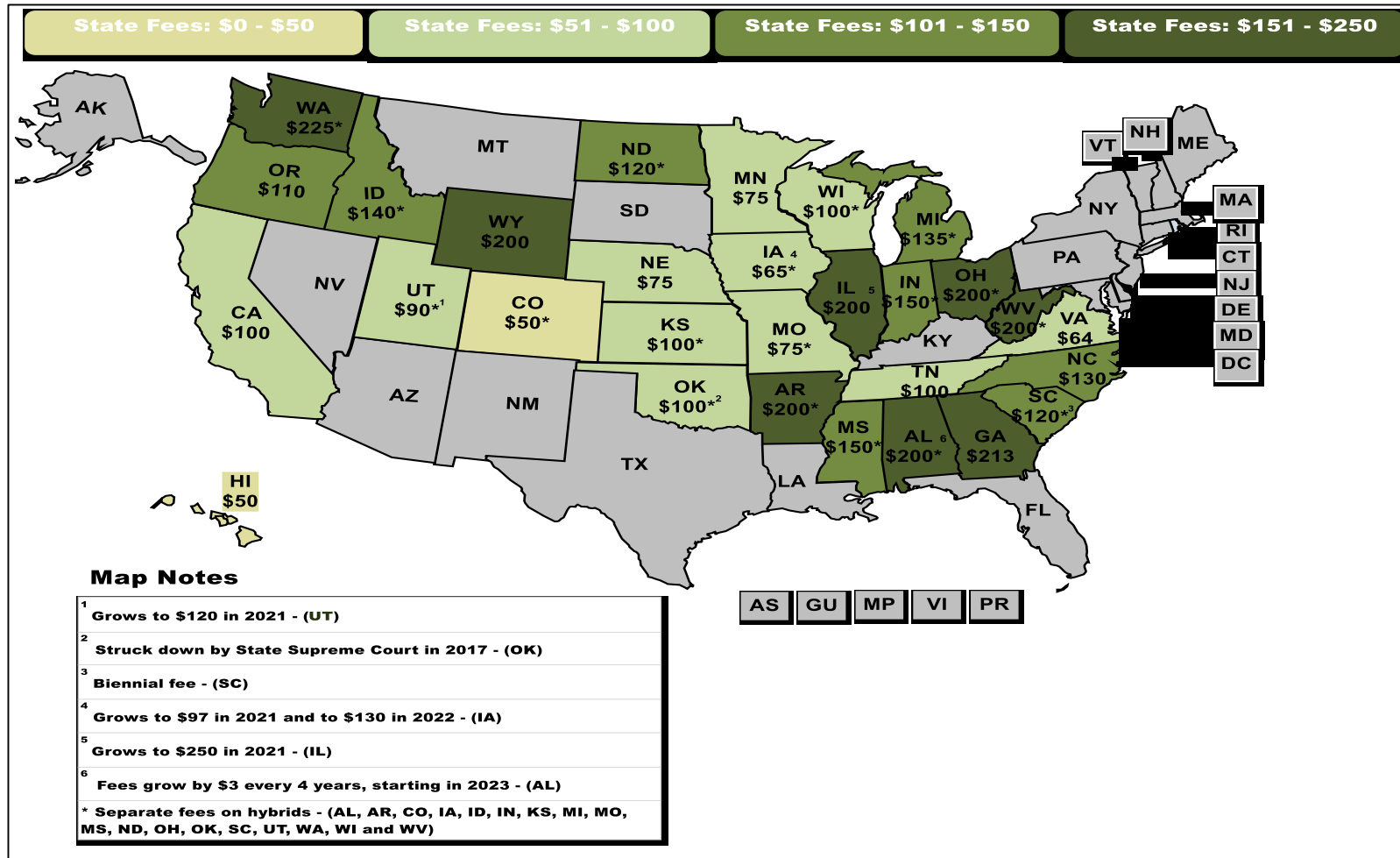
- Implemented a tiered registration fee based on vehicle MPG
- 83% higher fee for 40 MPG vehicle compared to a 19 MPG vehicle



■ California SB 1 (2017)

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

ELECTRIC AND HYBRID VEHICLE FEES



2019 TRANSPORTATION BALLOT MEASURES

- On November 5, 2019, voters in 3 states considered statewide measures related to transportation funding.
 - **Colorado (Didn't Pass):** Proposition CC would have allowed the state to retain excess revenues, with 1/3 of such revenues dedicated to transportation.
 - **Maine (Passed):** \$105 million bonding measure.
 - **Washington (Passed):** Initiative 976 caps vehicle registration fees at \$30 and eliminates the .3% sales tax on vehicle purchases.
 - Does not affect the \$75 electric vehicle fee enacted in 2019.
 - On November 27, a preliminary injunction was issued and upheld by the State Supreme Court to prevent Initiative 976's implementation.

QUESTIONS?

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