Funding Ohio's Transportation System

A Position Paper

of the

American Council of Engineering Companies of Ohio

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ACEC

American Council of Engineering Companies

of Ohio

The **American Council of Engineering Companies (ACEC)** is the voice of America's engineering industry. Council members – numbering more than 5,000 firms representing more than 500,000 employees throughout the country – are engaged in a wide range of engineering works that propel the nation's economy, and enhance and safeguard America's quality of life. These works allow Americans to drink clean water, enjoy a healthy life, take advantage of new technologies, and travel safely and efficiently.

ACEC of Ohio, an affiliate of ACEC, is a non-profit trade association comprised of over 120 firms representing over 7,000 employees that provide a wide array of engineering and other professional services for all types of construction and environmental improvement projects. ACEC Ohio member companies provide services to local, state and federal government agencies, as well as commercial and industrial clients.

The mission of ACEC of Ohio is to enhance the economic and regulatory climate for private engineering companies and assist member companies in improving their business management practices so that they may provide high-quality professional services to their clients.

The purpose of this document is to offer ACEC of Ohio's position relative to highway infrastructure condition and funding and to offer solutions to achieve positive and continuous results for the public and private sectors calling Ohio home. Potential solutions include the following:

- A short-term solution would be to raise the gas user fee 10 cents to cover the revenue gap and tie automatic increase to inflation to ensure appropriate and predictable levels of funding.
- A second, more immediate option is to support the increase in vehicle registration fees. An increase of $5 per vehicle would equate to upwards of $50 million in revenue.

ACEC acknowledges that a longer term and more sustainable solution would need to be developed and replace the existing gas user fee alone structure.

- A third option is to ensure that sub-state regions and jurisdictions are given the flexibility to enact local option taxes to generate revenue. This can be in support of current enacted authority, such as Transportation Improvement Districts (TIDs), or newly developed authority to encourage local participation and investment.
- A fourth option is to explore a long-term VMT revenue stream. With VMT increasing in the state, this may be a more viable and productive long term option. This approach would also capture revenue from more energy efficient and alternative fuel vehicles that are also benefitting from a more efficient system.
- Finally, revenue intended for highway improvements is competing with non-motorized facility investment, such as bikeways. An equitable revenue stream to capture non-motorized investments should be explored to eliminate the redirecting of highway funding.

HIGHWAY FUNDING PRIMER

According to ODOT, 93% of ODOT's time, money and labor are devoted to preserving and improving the more than 43,000 miles of roads and 14,000 bridges on the state system.[1] The bulk of ODOT's budget, approximately 69 percent, is currently prioritized toward highway construction, where it is most effective in meeting the state's transportation needs.[2] Of the construction money, 93% is targeted to preservation work.[3] State funding sources available to ODOT for the system have ranged from $960 million in 2011 to a high of $1,721 million in 2014, and $1,439 million in 2015. The 2014 and 2015 increase can be attributed to the Ohio Turnpike Bond proceeds of $630 million and $300 million respectively.[4] During that same time

[1] ODOT Facts Book 2016
[2] ODOT 2015 Annual Report and 2016-2017 Business Plan
[3] ODOT 2015 Annual Report and 2016-2017 Business Plan
[4] ODOT Financial and Statistical Report, Fiscal Year 2015

period, federal funding coming to Ohio has remained fairly constant and flat at an average of $1,268 million per year.[5] Of the 28-cent state gas tax collected per gallon sold (the current revenue generator), ODOT receives 15.19 cents. The remaining money is distributed to townships, counties, municipalities, LTIP/OPWC, and other state agencies. Lastly, 2.18 cents goes to taking care of the ODOT debt service.[6]

ODOT Funds are used not only for infrastructure projects, but also covers payroll and personal service, maintenance and materials, equipment, lands and buildings, snow and ice control, custodial service, trucks and equipment, building debt service, maintenance contracts, planning and research, and miscellaneous operations.

Over the last decade, fuel consumption has been decreasing. In FY2013, consumption was down by 1.3%. Rebounding slightly in FY2015, current consumption has still only recovered to FY2007 levels.[7]

Construction inflation has seriously eroded the buying power of Ohio's transportation revenue. While the Midwest Consumer Price Index has averaged about 3.2% over the past 25 years, construction inflation has at times been much worse. From 2005 to 2007, inflation increased 8.6%, 12.4% and 11.7% respectively. This increase was largely due to the global economy and heightened demand for construction materials in developing countries such as China and India.

Adjusted for inflation, a dollar spent in 2000 would be worth only $0.52 in 2016, due to inflation. In brief, the $1.7 billion program planned for 2017 is worth only $858 million in 2000 dollars.

STATE OF THE SYSTEM

The population of Ohio continues to see growth and experienced a total population increase of 0.7 percent from 2010 to 2015[8]. In addition, the economy grew by 2.1 percent in 2015. As it stands, Ohio has the 3rd largest number of urbanized areas in the country, only behind California and Texas. With these positive numbers comes increased demand on the transportation system. In terms of infrastructure assets, Ohio ranks as follows[9]:

- 10th largest highway network
- 7th largest state economy
- 5th highest volume of traffic
- 5th highest volume of trucks
- 4th largest interstate network
- 4th largest state manufacturing GPD
- 2nd largest number of bridges

TRENDS IN OHIO

- ✓ Freight volumes are projected to increase by 639 million tons annually by 2040
- ✓ Truck freight tonnage is expected to increase by 67 percent by the year 2040
- ✓ Ohio's 13 intermodal facilities support Ohio's $16 billion logistics industry
- ✓ Ohio vehicle miles traveled (VMT) is 5th largest in the nation
- ✓ Construction inflation increased construction costs by 62% January 2004 to June 2012

ACCESS OHIO 2040 TRANSPORTATION PLAN

Access Ohio 2040 is Ohio's long range transportation plan established a number of goals relating to continued investment in Ohio's transportation system, including

- **Preservation** – Promote cost-effective preservation of multimodal assets
- **Mobility and Efficiency** – Reduce congestion and increase travel reliability
- **Accessibility and Connectivity** – Increase customer access to Ohio's multimodal transportation system and improve linkages between modes
- **Safety** – Continue to improve transportation system safety

[5] ODOT Financial and Statistical Report, Fiscal Year 2015
[6] ODOT Financial and Statistical Report, Fiscal Year 2015
[7] ODOT Financial and Statistical Report, Fiscal Year 2015
[8] United States Census Bureau, 2015
[9] ODOT Facts Book 2016

- **Stewardship** – Advance financial, environmental, and social objectives for transportation investments
- **Economic Development** – Develop and operate a state transportation system that supports a competitive and thriving economy, attracts new businesses, and provides for predictable freight movements

ACCESS OHIO FINANCIAL SUMMARY

According to Access Ohio, "without additional funding, there will be a $14 billion financial gap between transportation needs and the resources to pay for them". In addition, **"the financial needs for Ohio's state owned highways, bridges and state transit services from 2014 through 2040 is estimated to total $55 billion"** versus a projected revenue of $41 billion.

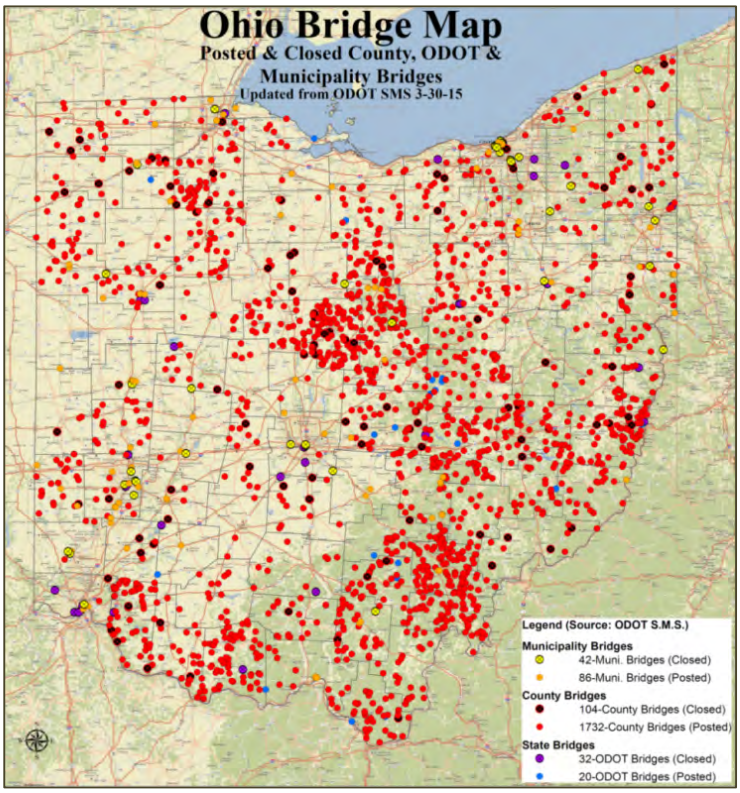
Before the passage of the Fixing America's Surface Transportation Act (FAST ACT), ODOT projected that by 2018, a funding shortfall would occur and preservation needs will outpace funding availability. By 2025, this deficient could reach $500 million.

The FAST Act will provide every state a 5.1 percent increase in formula funds in FY 2016. This is followed by annual increases ranging from 2.1 percent in FY 2017 to **2.4 percent in FY 2020** increases that will approximately offset the effect of projected inflation during those years.[10] The result is a relatively modest increase and flat investment through the life of the five-year bill.

INFRASTRUCTURE STATE OF CONDITION

BRIDGES

Of the 28,225 bridges in Ohio (13,941 greater than 10-foot span), 1,725 are rated as structurally deficient. Counties, with the largest inventory of bridges, also have 77 percent of the deficient structures in the state. An additional 16 percent of Ohio's locally and state-maintained bridges are functionally obsolete. Bridges that are functionally obsolete no longer meet current design standards, often because of narrow lanes, inadequate clearances or poor alignment.[11]



Maintenance Responsibility	Total Bridges	Number of Structurally Deficient Bridges
ODOT	10,484	285
Turnpike	465	5
Counties	15,882	1,324
Cities	1,394	111
Total*	**28,225**	**1,725**

*Total includes all highway and non-highway bridges

PAVEMENT

[10] ARTBA, 2015 "Fixing America's Surface Transportation Act" - A Comprehensive Analysis
[11] Ohio Statewide Progress and Challenges, TRIP, National Transportation Research Group, June 18, 2015

ODOT evaluates its pavement inventory annually, using a visual inspection system known as the Pavement Condition Rating (PCR). ODOT segregates its road inventory into freeways (primary), rural, two lane (general), and US and state routes in municipalities (urban) systems, with a goal for each. In summary, ODOT is meeting its goals for pavement conditions, but the forecasts predict a decline. **The problem is most acute with the urban pavements, where conditions will fall below state goals beginning in 2017.**

System	Pavement Condition Rating Goal	Pavement Condition Rating 2015 Actual	Projected PCR 2017 Rating
Primary (Interstate and Other freeways)	85	86.9	86.45
General (Rural, two lane US and State Routes)	80	82.1	83.18
Urban (US and State Routes in Municipalities)	80	80.1	78.43

HIGHWAY CAPACITY

The Federal Highway Administration (FHWA) released a report in September 2013 detailing the states most heavily traveled in the U.S. Ohio is 4th with over 31 billion interstate vehicle miles traveled in 2011. Ohio trails only California, Texas and Florida. According to recent numbers, Ohio has 8.5 million registered passenger vehicles in the state and 1.5 million non-commercial trucks. Ohio also has the 5th highest vehicle miles traveled (VMT). Interesting to note is that 80% of Ohioans live in metropolitan areas.

Ohio has 258,774 roadway lane miles and 123,247 centerline miles. ODOT maintains 8,129 interstate lane miles and 43,211US and SR lane miles of this network.

In 2014, the Texas Transportation Institute at Texas A&M University analyzed delay times in the top U.S. metropolitan areas.[12] A summary and estimated impacts of congestion on Ohio's top 14 cities is provided on the following table:

City	Annual Delay Per Commuter (Hours)	Annual Fuel Consumption (Gallons)	Annual Cost Per Commuter	Total Cost (Millions $)
Cincinnati	41	21	$989	$1159
Columbus	41	20	$933	$921
Cleveland	38	22	$887	$1046
Toledo	38	20	$920	$381
Akron	27	15	$634	$284
Dayton	25	13	$590	$346
Youngstown	20		$466	
Canton	16		$379	
Lorain-Elyria	14		$308	
Lima	12		$325	
Mansfield	10		$232	
Springfield	9		$195	
Middletown	8		$182	
Newark	7		$167	

ODOT, county and municipal governments all have a backlog of capacity projects—new roads, new interchanges, and major widening projects. Such projects reduce congestion and improve safety, but are also the most expensive due to the cost of property acquisition and construction.

While there is no single source of information for unfunded county and municipal projects, ODOT has a very good understanding of its unfunded capacity projects, via the Transportation Review Advisory Council (TRAC), which oversees ODOT's capacity projects. TRAC publishes an annual program of projects in Tier I (funded), Tier II (funded for engineering and right-of-way, but not necessarily construction), and Tier III (unfunded, but part of larger, multi-phase projects). **Unfunded Tier II and Tier III projects total $5.6 billion.**

[12] 2015 Urban Mobility Scorecard, Texas A&M Transportation Institute, August 2015

HIGHWAY SAFETY

Highway safety is a critical concern of state and local transportation agencies. Collectively, ODOT, county and municipal governments spend more than $100 million annually on safety projects, including upgrading hazardous roadways, installing guardrail, or improving intersections. Although there have been reductions in highway crashes in Ohio, there are still about 300,000 total crashes annually, and more than 1,100 people lose their life in a highway crash each year. The state's overall traffic fatality rate of 0.88 fatalities per 100 million vehicle miles of travel is lower than the national average of 1.09. **But, Ohio's rural non-Interstate roads have significantly higher rates of fatal crashes, with a traffic fatality rate of 1.91 fatalities per 100 million vehicle miles of travel, more than three times the 0.58 fatality rate on all other roads and highways in the state.**[13]

ECONOMY

Ohio is strategically located and is within 600 miles of 50 percent of the population of North America. **The efficiency and condition of Ohio's transportation system, particularly its highways, is critical to the health of the state's economy.**[14] Annually, $563 billion in goods are shipped from sites in Ohio and another $493 billion in goods are shipped to sites in Ohio, mostly by truck.[15]

> *"Our failing infrastructure is an embarrassment to our nation. Our ability to compete successfully in the global economy is being held back by roads and bridges in disrepair and ports and airports operating beyond capacity. America's infrastructure is vital to the future of manufacturing in America – to acquire materials for game changing products, to get our employee to work and to transport what we make to consumers in our country and around the world."*
>
> **National Associate of Manufacturers and Ohio Manufactures Association**

Ohio's economy grew in 2015 by 2.1 percent and was ranked 18th best in the country. There are a number of statistics to substantiate Ohio's continued upward growth and success:

- Since 2011, Ohio has realized a 31% growth in residential building permits.
- Per capita income has increased to $43,478, an 11% increase since 2011.
- Almost 20,000 new business starts in 2015.
- 3% increase in employees since 2011.
- 455,000 projected jobs gained by 2022.
- 2015 unemployment rate of 4.9%.

According to the *2010 IHS Global Insight TRANSEARCH* data base, Ohio experiences the sixth greatest tonnage of originated truck freight and the seventh greatest tonnage terminated compared to other states. According to *Access Ohio 2040*, truck volumes are expected to increase by 67 percent by 2040.

Ohio has become a logistics hub. As detailed on the Columbus 2020 website, the Columbus Region is a strategic location for the movement of goods and has greater access to the U.S. market within a 10-hour drive than any other major metro. More than 4,100 logistics establishments employing over 80,000 employees thrive on the Columbus Region's ultra-modern interstate highway system, third-party logistics companies and multiple rail terminals. Columbus is also home to multimodal logistics hub Rickenbacker Inland Port, the 10th-largest Foreign Trade Zone. Other regions of the state are also experiencing logistics growth, including the CSX

> *"In Ohio, employment numbers show the industry is one of the top 10 private industries in terms of employing workers. A study performed for AGC by Professor Stephen Fuller of George Mason University found that $1 billion in nonresidential construction spending adds about $3.4 billion to Gross Domestic Product (GDP), about $1.1 billion to personal earnings, and creates or sustains 28,500 jobs."*
>
> **Associated General Contractors of Ohio**

[13] Ohio Statewide Progress and Challenges, TRIP, National Transportation Research Group, June 18, 2015
[14] Ohio Statewide Progress and Challenges, TRIP, National Transportation Research Group, June 18, 2015
[15] Ohio Statewide Progress and Challenges, TRIP, National Transportation Research Group, June 18, 2015

facility in North Baltimore, Queensgate Yard in Cincinnati, and lakefront terminals in Cleveland and Toledo to name a few.

The Federal Highway Administration estimates that each dollar spent on road, highway and bridge improvements results in an average benefit of $5.20 in the form of reduced vehicle maintenance costs, reduced delays, reduced fuel consumption, improved safety, reduced road and bridge maintenance costs and reduced emissions as a result of improved traffic flow.[16]

BENCHMARKING OTHER STATES' SOLUTIONS

According to Transportation for America, an alliance of elected, business and civic leaders from communities across the country, since 2012, **23 states have approved plans to raise additional transportation revenues.** States have explored and implemented a wide range of options for improving the reliability and long term sustainability of funding sources for transportation.

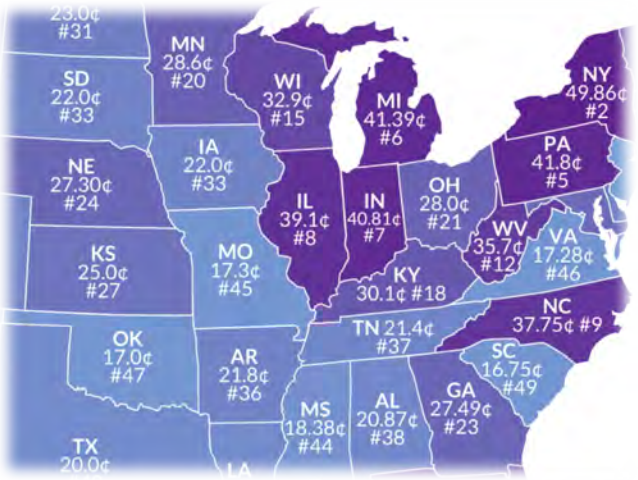
A sampling of state initiatives is summarized below:

Virginia - Legislation enacted in 2013, raised both state and local funds from a variety of sources. The legislation switched the state's per-gallon gas tax to a percentage tax on gas and an increase of the statewide general sales tax.

Minnesota - A bill passed in 2013 expands counties' ability to impose a "wheelage tax," a fee on vehicles registered in the county. The bill expanded the taxing authority from just the metropolitan Twin Cities counties to all counties in the state and increased the fee from $5 to $10 in 2014 and up to $20 in 2017. Forty-seven counties in Minnesota currently impose the fee, which is used to fund highway projects in the county.

South Dakota - In 2015 South Dakota's legislature passed legislation that increased motor fuels taxes by six cents-per-gallon (to 28 cents per gallon) to raise an extra $40.5 million annually; increases vehicle sales tax by one percentage point, for an extra $27-$30 million annually; increases vehicle registration and weight fees; expands abilities for counties and townships to levy local option property taxes for road and bridge repair and construction (with approval by voter referenda) and increases optional county vehicle registration fees; and creates a local bridge improvement competitive grant fund.

Michigan – In 2015, Michigan passed legislation to increase funding for transportation. The plan included shifting $600 million from the general fund into roads, which would be phased in beginning in 2019, increasing the tax on diesel fuel by 7.3 cents and on regular gas by 3.3 cents to raise another $200 million, to tie the gas tax to inflation, starting on Oct. 1, 2022, generating $400 million in new revenue by a 40% across the board hike in registration fees for passenger cars, vans, light trucks and large commercial trucks, creating a new surcharge for electric-powered vehicles, and expanding the number of people and the amount that can be claimed under the Homestead property tax credit to help lower-income Michiganders and roll back the state income tax, when state revenues exceed inflation, beginning in tax year 2022.



State gas tax collected per gallon and state ranking

Pennsylvania – The state enacted a funding package in 2013 that raises an additional raises an additional $2.3 billion per year, including $1.65 billion for highways and $476 million for transit, creates a $144 million annual multimodal transportation fund for local economic development. The package

[16] Ohio Statewide Progress and Challenges, TRIP, National Transportation Research Group, June 18, 2015

eliminated the per gallon gas tax, substituting an increase in the sales tax on gasoline assessed at the wholesale level.

Arkansas – The State took a unique approach working with voters to pass a statewide 0.5 percent sales tax used to support a debt issuance of $1.5 billion for highway improvements including a set aside for local and county governments to repair local and rural roads.

Georgia – The state permitted county governments to implement a 1 percent sales tax to fund road, bridge, transit, rail, port and airport projects. Counties were also given legislative authority to bond against the revenues. A trend for states reluctant to mandate increases is to remove barriers and explicitly enable governments, primarily counties, to determine if the funding mechanism is right for their county.

OPTIONS FOR OHIO

There are a range of options to improve the long-term reliability and sustainability of transportation funding. Motor fuel tax, vehicle mile traveled tax, sales tax and license fees are all sources that are tools for states and locals to secure the safety and economic competitiveness of its residents and businesses. Additionally, each funding option comes with nuances that will ensure the dependability of the funding source long term and grow as our population and highway system needs grow.

MOTOR FUEL TAX

The motor fuel tax or the "gas tax" has been Ohio's "go to" source for revenue to fund transportation programs in Ohio. Ohio last raised the gas tax in July 2005. The current rate is 28 cents for every gallon sold and is not indexed to inflation. Ohioans are familiar with this **user based fee** and it is paid at the pump. The revenues are distributed by formula to ODOT, counties, townships, cities and other agencies.

Across the board, states acknowledge the motor fuel tax as a valuable source of revenue and many of those states that have successfully raised transportation revenues since 2012 have raised the gas tax and indexed it to inflation.

MOTOR VEHICLE FUEL TAX
HISTORY OF MAJOR CHANGES | OHIO

1925	**2 cents per gallon tax enacted**	**2 cents**
1927	1 cent increase	3 cents
1929	1 cent increase	4 cents
1933	1 cent decrease	3 cents
1947	1 cent increase	4 cents
1953	1 cent increase	5 cents
1959	2 cent increase	7 cents
1981	3.3 cent increase, Ohio Motor Vehicle Use Tax becomes effective July 1, 1980	10.3 cents
1982	1.4 cent increase	11.7 cents
1983	0.3 cent increase	12 cents
1987	2.7 cent increase	14.7 cents
1988	0.1 cent increase	14.8 cents
1989	3.2 cent increase	18 cents
1990	2 cent increase	20 cents
1991	1 cent increase	21 cents
1993	1 cent increase	22 cents
1995	Ohio joins the International Fuel Tax Agreement (IFTA)*	
2003	2 cent increase	24 cents
2004	2 cent increase	26 cents
2005	2 cent increase	28 cents

* IFTA is a pact between the lower 48 states and Canadian provinces that simplifies the reporting of fuel taxes by carriers operations in more than one of these jurisdictions. IFTA is administered by the International Fuel Tax Association, an Arizona non-profit corporation. IFTA audits are conducted for Ohio by the Ohio Department of Taxation.

VEHICLE REGISTRATION FEES

The license plate fee is an optional tax that can be levied by counties, municipalities, and townships on vehicle registrations for the purpose of: Planning, constructing, improving, maintaining, and repairing public roads, highways and streets, as well as for maintaining and repairing bridges and viaducts.

- **1967** – The General Assembly granted counties the authority to enact a permissive motor vehicle license tax of not more than $5 per vehicle to be used for highway related purposes.
- **1987** – The General Assembly, through a transportation budget that also increased the gas tax, authorized counties to enact two new and additional $5 permissive motor vehicle license taxes, thus increasing the total amount of county permissive motor vehicle license tax authority from $5 to $15. The Legislature also authorized municipalities and townships to each enact a $5 municipal and township permissive motor vehicle license tax.
- **2017** – The General Assembly**,** through a transportation budget, permits a county board of commissioners, by resolution, to levy and retain an additional $5 annual license tax per motor vehicle that is registered within the county.

The gas tax increase and the additional authority for local governments to enact motor vehicle license taxes are supported by the Ohio Municipal League (OML), the County Commissioners Association of Ohio (CCAO), the Ohio Township Association (OTA), and the County Engineers Association of Ohio (CEAO) to address local governments' unmet needs. This was a coordinated effort with an all-hands-on-deck approach, with everyone pulling in the same direction (The climate of opinion in 1987 was very different toward taxes and tax increases). The local license plate tax rates have not been adjusted in over 20 years and are extremely outdated in terms of inflation and costs to maintain local roads (The only state increase was an $11 increase in 2003 for the Public Safety Fund, i.e., The Department of Public Safety).

The distribution of each of the three $5 taxes, if enacted by the county, is different. For the original $5 tax, a fund must be established for the deposit of all revenues from municipal registrations for use by the municipalities upon application. The remaining revenues are allocated to the county and deposited into the county motor vehicle license and gas tax fund. In addition, municipalities and townships have various authorities to levy their own permissive motor vehicle license taxes. The total combined local government permissive motor vehicle license taxes by all combined local governments may not exceed $20.[17]

Many states collect vehicle registration fees that are dedicated to funding transportation. States are increasing the cap on local option registration fees that local governments (typically counties) can collect when owners register a vehicle. Additionally, some states are using vehicle registration fees to create parity in user support for hybrid and electric vehicle owners with those owners that own traditional gas powered vehicles. For example, Georgia imposed new registration fees for electric vehicles ($200/yr for noncommercial, $300/yr commercial) and Michigan – anticipates $200 million in new revenue will come from a 20% increase in vehicle registration and new fees on hybrid and electric vehicles, beginning in 2017.

VEHICLE MILES TRAVELED FEE

Improved CAFE standards (higher miles per gallon vehicles) have been trending for years. And with the popularity of hybrid and electric vehicles, there is an impact to the programs funded by the motor fuel tax. There are an estimated 3,814 electric vehicles on Ohio roads. Ultimately, improved fuel efficiency and electric vehicles decrease the revenues from fuel sales.

Recognizing the realities that the motor fuel tax declines as fuel efficiency improves and more electric vehicles take to the road, states are exploring use of the vehicle miles traveled fee. Oregon has been the leader in piloting and implementing a program. First piloted in 2012, Oregon's Road Usage Charge Program, OReGO, became operational on July 1, 2015. The program is voluntary, implements a 1.5 cent per mile fee and partners with the private sector to provide the technology that collects the mileage data.

[17] MORPC License Plate Fee Task Force

SALES TAX

As a use tax, Ohio's motor vehicle fuel tax revenues decline when consumption decreases, such as when cars get more fuel efficient, or the fleet converts from gasoline engines to electric motors. As a hedge against consumption decreases, some states augment their fuel usage tax with a sales tax. A motor vehicle fuel tax produces more revenue when fuel prices rise, but obviously decrease when fuel taxes decrease.

Ohio has a state sales tax rate of 5.75%, which is not levied on gasoline sales, but does apply to transportation related expenditures such as new and used motor vehicles, and motor vehicle parts.

ACEC Ohio's research revealed some states have implemented sales taxes on selected vehicle-related goods and services such as automobiles, rental cars and gas. Many states, including Maryland, Pennsylvania, Vermont and Virginia have directed these fees to fund transportation projects.

OTHER FUNDING SOURCES

As some states and municipalities struggle to keep pace with transportation funding, there is growing trend to use tolls as a highway financing mechanism. From 2005 to 2015, the Federal Highway Administration notes that toll road mileage in the U.S. has increased by almost 20 percent. Ohio's only toll road is the 241-mile Ohio Turnpike, but state leaders have passed legislation in the past six years to allow more toll roads and private investment in transportation facilities. However, no new projects have been financed with tolls to date in Ohio.

CONCLUSION

ACEC Ohio and its member companies and employees are dedicated to meeting the needs of our clients, and as such support infrastructure funding investments to meet shortfalls in the system. In the case of transportation funding, it is clear that investment is needed to ensure that Ohio is economically competitive, ensures safety, maintains conditions, and improves operational efficiencies.

The primary funding mechanism for Ohio transportation—the motor vehicle fuel tax—does not keep revenues on par with inflation. The last gas tax increase in Ohio was in 2005, which brought the total state tax up to 28 cents. In 2016, one dollar in 2000 transportation funding is worth only $0.52 in 2016.

Although a gas tax increase alone is not the answer long term, it is a system which is in place and familiar. Other considerations should be given to increasing revenue in the longer term, including a Vehicle Miles Traveled (VMT) charge, tolling, sales tax, registration fee increase, and others. A solid plan should be developed to meet the current and projected demands.

ACEC member companies ask that Ohio lawmakers convene to review the state's transportation needs and review policy alternatives that will keep our roads and bridges safe, while addressing congestion and quality of life issues. A short- and long-term approach should be developed to meet the ongoing and future revenue needs of the state.

Through the review of published data, ACEC Ohio has identified the following needs across Ohio:

- There are more than 1,700 deficient bridges in the state.
- ODOT predicts that urban pavement conditions will fall below goals in 2017, with rural two-lane roads and interstate highway pavements falling below acceptable goals by 2022.
- There is currently $5.6 billion in unmet requests for major capacity expansion projects.
- Neighboring states are investing more aggressively than Ohio, raising their level of economic competitiveness.
- Through 2040, Ohio projects a $14 billion financial gap between transportation needs and the resources to pay for them.
- By 2018, Ohio will not have enough money available to maintain the current system, let alone make any operational improvements.

RECOMMENDED STRATEGIES TO REACH SUCCESS

ACEC Ohio urges the legislature undertake discussions regarding comprehensive funding reform. There is an obligation to meet not only the current transportation infrastructure obligations in the state, but also identify and implement long term improvements to serve users and maintain Ohio's competitive edge. A lack of a long-term plan to not only maintain our roadway network, but also enable future expansion needs will be detrimental to the citizens and economy of the state.

According to ODOT, one penny of motor fuel tax equates to $64.2M in revenue.[18] Assuming the Access Ohio projected deficient by 2040 to be $14 billion, the state would need to identify nearly $520 million a year to meet needs. A short-term solution would be to raise the gas user fee 10 cents to cover the revenue gap and tie automatic increase to inflation to ensure appropriate and predictable levels of funding.

A second, more immediate option is to support the increase in vehicle registration fees. An increase of $5 per vehicle would equate to upwards of $50 million in revenue.

A third option is to ensure that sub-state regions and jurisdictions are given the flexibility to enact local option taxes to generate revenue. This can be in support of current enacted authority, such as Transportation Improvement Districts (TIDs), or newly developed authority to encourage local participation and investment.

The fourth option is to explore a long-term VMT revenue stream. With VMT increasing in the state, this may be a more viable and productive long term option. This approach would also capture revenue from more energy efficient and alternative fuel vehicles who are also benefitting from a more efficient system.

Finally, revenue intended for highway improvements is competing with non-motorized facility investment, such as bikeways. An equitable revenue stream to capture non-motorized investments should be explored to eliminate the redirecting of highway funding.

ACEC acknowledges that a longer term and more sustainable solution would need to be developed and replace the existing gas user fee alone structure.

ACEC
American Council of Engineering Companies
of Ohio

For additional information please contact:

Beth Easterday | ACEC Ohio President
beth.easterday@acecohio.org
1650 Lake Shore Drive, Suite 200
Columbus, Ohio 43204-4895
614-487-8844
www.acecohio.org

[18] ODOT Financial and Statistical Report, Fiscal Year 2015