



A MOMENT OF TRUTH:

Ohio's Transportation Funding Problem,
and How to Solve It.

FOR  **HIO**
FIX OUR ROADS OHIO
Better Transportation for Working and Living

FIX OUR ROADS OHIO – CASE STATEMENT

As Ohio addresses the economic and social challenges of the 21st Century, the state faces a major shortage of reliable funding for our state’s roads and bridges. Unless action is taken soon to address the issue, the system will continue to fall into disrepair and become further congested – damaging the overall vitality of our state and the people who live here.

A diverse group of Ohioans with a shared interest in the future of our state’s economy and lifestyle has come together to ask Ohio policy makers to focus on our state’s transportation funding structure and enact solutions. Fix Our Roads Ohio (FOR Ohio) is a coalition of stakeholders that have united in an effort to educate state leaders on the critical needs of Ohio’s transportation infrastructure, and to advocate for a dedicated funding solution that provides long-term, smart investment in Ohio’s transportation future.

OVERVIEW

Ohio has one of the largest and most active transportation systems in the United States, with 262,350 total road lane miles and 44,657 bridges. Ohio is located within one day’s drive of 60% of the population of the United States and Canada and ranks near the top of the pack compared with all other states in many other measurements:

- ♥ 2nd largest inventory of bridges
- ♥ 3rd largest in freight volume
- ♥ 4th largest interstate highway system (based on lane miles)
- ♥ 6th in the country in total Vehicle Miles Traveled, at 118.6 billion miles annually

Our state’s economy and quality of life are directly tied to the quality of our transportation system. The high volume of passenger vehicles and commercial freight traffic flowing through the state every day supports businesses, provides jobs and ultimately drives Ohio’s economy. But population growth and economic development mean increased demands on our roads and bridges. As traffic congestion worsens each year, more and more roads suffer from potholes and rutted pavement. Congestion costs Ohio motorists an estimated \$4.7 billion each year in lost time and wasted fuel. Many of Ohio’s bridges are showing their age with structural deficiencies.

Annual Cost of Congestion in Ohio Cities

Urban Area	Cost Per Commuter		Total Cost	
	Annual Hours of Delay Per Commuter	Annual Cost of Congestion Per Commuter	Total Annual Hours of Delay (in thousands)	Total Annual Cost of Congestion (in millions)
Cincinnati OH-KY-IN	41	\$ 989	48,485	\$ 1,159
Cleveland OH	38	\$ 887	45,051	\$ 1,046
Columbus OH	41	\$ 933	40,025	\$ 921
Toledo OH-MI	38	\$ 920	15,905	\$ 381
Dayton OH	25	\$ 590	14,604	\$ 346
Akron OH	27	\$ 634	12,283	\$ 284
Youngstown OH-PA	20	\$ 466	7,744	\$ 181
Canton OH	16	\$ 367	4,761	\$ 107
Huntington WV-KY-OH	16	\$ 362	3,280	\$ 77
Lorain-Elyria OH	14	\$ 308	2,550	\$ 58
Lima OH	12	\$ 325	938	\$ 25
Wheeling WV-OH	11	\$ 275	954	\$ 24
Parkersburg WV-OH	14	\$ 317	965	\$ 22
Middletown OH	8	\$ 182	850	\$ 20
Mansfield OH	10	\$ 232	838	\$ 19
Weirton-Steubenville WV-OH-PA	10	\$ 239	742	\$ 18
Springfield OH	9	\$ 195	796	\$ 18
Newark OH	7	\$ 167	621	\$ 14
Total Ohio Cities			201,392	\$ 4,720

Source: Texas Transportation Institute 2015 Urban Mobility Scorecard



State

In the Ohio Department of Transportation’s preliminary budget plan for FY 2020 and 2021, the vast majority of highway revenues are allocated for highway maintenance rather than increasing capacity and building a transportation system that will carry Ohio into the future. Unfortunately, available funding is about to dramatically decrease with the expiration of Ohio’s Turnpike Bond program and the continuing influence of inflation. This is demonstrated by the decreasing size of the ODOT capital program from a high of approximately \$2.4 billion in FY 2014 to approximately \$1.7 billion in FY 2020.

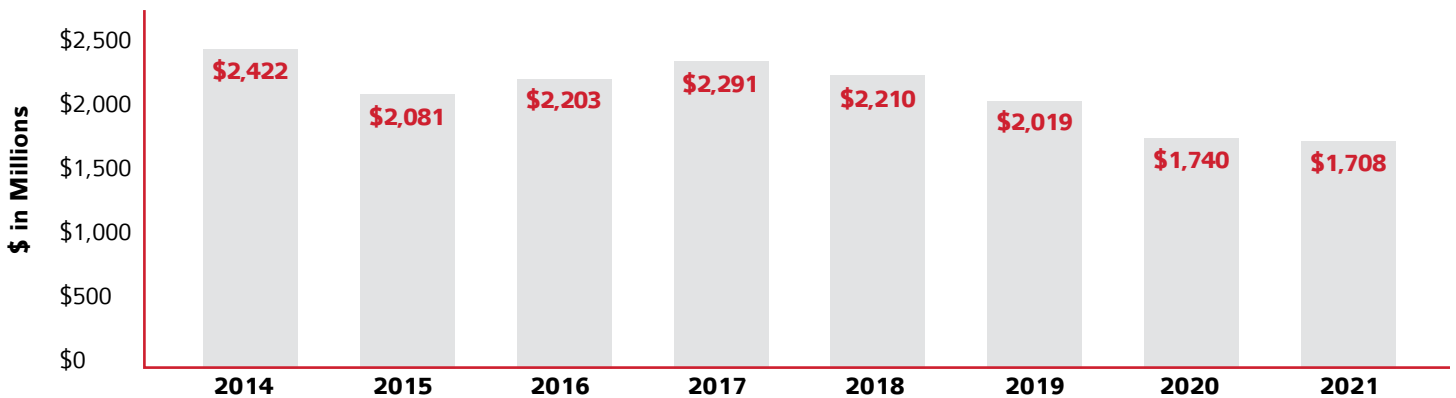
According to the TRIP transportation research group’s 2018 report, *Modernizing Ohio’s Transportation System*, 30% of Ohio’s major roads are in poor or mediocre condition. The FHWA National Bridge Inventory, which compiles data for bridges spanning more than 20 feet, rates 1,653 of Ohio’s bridges as structurally deficient, meaning there is significant deterioration of the bridge deck, supports or other major components. Without adequate funding, Ohio roads and bridges will continue to fall into disrepair.

Preliminary information from ODOT indicates that, absent new revenues, the agency will make significant program cuts in the next biennium in order to meet its requirement to present a balanced budget. The anticipated reductions will eliminate funding for new projects aimed to add capacity and relieve congestion on Ohio roads, as well as delay needed maintenance and upgrades to existing bridges and roadways. A cutback in transportation investment will negatively ripple through Ohio’s economy as road conditions worsen and construction jobs are lost.

Local

The predicament of insufficient funding for roads and bridges is not limited to the state-maintained system. The County Engineers Association of Ohio has reported that only 40% of the funds needed to bring aging roads to current standards, replace or repair all eligible bridges, pave county roads on a 10-year cycle, and perform ongoing maintenance, are currently available to perform this work. This deficiency in funding leads to a continuing

ODOT Capital Program Funding 2014-2021



Source: ODOT pro forma Budget 2020-2021 10/4/2018

downward spiral of deteriorating roadway and bridge conditions.

Technology

Beyond these critical existing needs, the future of transportation contemplates advanced technology such as autonomous vehicles and smart mobility. Ohio has been a leader in the development of this technology. At current funding levels, however, Ohio can't even maintain its existing system, and is ill-prepared to be a leader in constructing necessary infrastructure improvements for future needs.

Over the years, there have been a number of short-term efforts at the state and federal levels to provide transportation funding. In January 2019 Ohio will seat a new Governor and a new session of the General Assembly will begin. **Among the most critical decisions facing the new administration and legislature will be how to adequately provide sustainable, long-term funding of Ohio's transportation infrastructure at the state and local levels.**

AN INVESTMENT IN ROADS IS AN INVESTMENT IN OHIO'S ECONOMY

Ohio's roads, highways, and bridges are vital links for the state's residents, businesses, and visitors, providing daily access to homes, jobs, shopping, healthcare and social services, natural resources, and recreation. The quality of

our roads is directly related to our quality of life and to the economic competitiveness of our state.

A recent study by the American Road & Transportation Builders Association (ARTBA) studied the impact on economic benefits under two scenarios: 1) an Ohio Department of Transportation (ODOT) capital program at 2014 and 2015 levels of \$2.4 billion, and 2) an ODOT program of \$1.7 billion, a 29% decrease, as anticipated in ODOT's next biennium budget. The study found the difference in economic activity generated by these two scenarios to be significant. Specifically, the report found that over a 10 year period, should ODOT's budget decrease, the State of Ohio would forego \$2.4 billion per year in output, tax revenues, earnings and user benefits. The reduction in funding would deprive jobs to 8,710 Ohioans who would otherwise generate \$417 million per year in earnings. In addition, with the *higher* investment level, the percent of travel on deficient roadways would decrease from 22.3% of travel to 13.4% after 10 years. At the anticipated *lower* level of funding, the percent of travel on deficient roadways would increase to 25.4% of all travel.

Investing in Ohio's transportation future is about ensuring safe, effective, efficient transportation for all Ohioans. In combination with road and bridge improvements, FOR Ohio believes that any responsible funding plan must consider public transit systems to address urban and rural mobility needs in addition to highways, roads, and bridges.

Annual Economic Impacts and User Benefits of Two Highway and Bridge Investment Scenarios in Ohio

	ODOT Capital Program \$1.7 Billion	ODOT Capital Program \$2.4 billion	Foregone Benefits
Economic Impacts			
Employment	21,484 jobs	30,194 jobs	8,710 jobs
Total Output	\$ 3.8 billion	\$ 5.3 billion	\$ 1.5 billion
Earnings	\$ 1.0 billion	\$ 1.4 billion	\$ 417.2 million
Total Tax Revenues*	\$ 194.2 million	\$ 273.0 million	\$ 78.7 million
Total Economic Impacts	\$ 5.0 billion	\$ 7.1 billion	\$ 2.0 billion
User Benefits**	\$ 2.1 billion	\$ 2.5 billion	\$ 400.2 million
Total Economic Impacts and User Benefits	\$ 7.1 billion	\$ 9.6 billion	\$ 2.4 billion

*State Payroll Tax; Federal Payroll Tax; State & Local Income Tax; State and Local Sales Tax

**Safety Benefits; Operating Benefits; Travel Time Benefits; Maintenance Savings

Source: American Road & Transportation Builders Association December, 2018



CURRENT STATE OF FUNDING

First levied in 1925, the primary source of road and bridge funding in the state of Ohio is the Motor Fuel User Fee. The fee is a fixed per-gallon-purchased fee rather than a percentage of the price-per-gallon. This means that regardless of the price per gallon of gasoline, the fee remains constant: 18.4 cents per gallon for the federal fee and 28 cents per gallon for the state fee. (The federal fee has not changed since 1993. The last state adjustment to this motor fuel user fee was in 2005.)

According to the Ohio Department of Transportation, \$100 in construction in July 2005 cost \$152 in June 2018. Today's purchasing power of the state's 2005 28-cent motor fuel user fee now equates to 18-cents in 2018 dollars. At the state level, one cent of fuel fee generates approximately \$66 million in revenue.

Available funding for roads and bridges is decreasing by \$250 million on average per year, due to the conclusion of the Ohio Turnpike bonding program. The Ohio Turnpike and Infrastructure Commission issued bonds in August 2013 in the amount of \$1 billion and another issuance in 2018 for \$550 million. The entirety of that amount will be encumbered for specific projects by the end of State Fiscal Year 2019.

Bond programs necessarily come to an end. The unfortunate result is a large decrease in available funding and an ensuing fiscal and political scramble to ensure funding for the upkeep of Ohio roads.

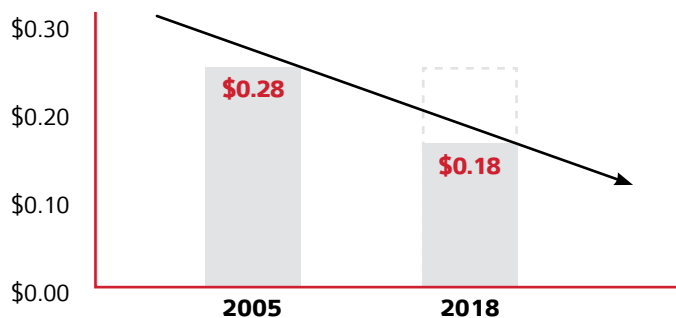
Additionally, the Ohio Turnpike bond program (and before it, federal stimulus funding), benefited state and interstate systems, but did little to meet local highway and bridge funding needs. In fact, the County Engineers Association

of Ohio has identified \$1.12 billion in needs on the county-maintained system alone.

During the stimulus/bond program periods, the traditional and most productive source of road and bridge funding — the motor fuel user fee (gas tax) — provided the bulk of funding for maintaining roads at the state and local levels.

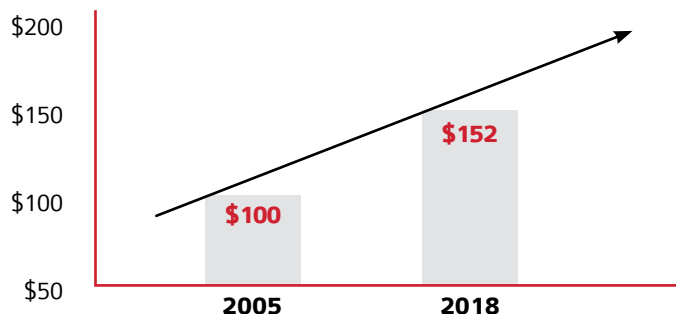
Impact of Inflation on Ohio Motor Fuel User Fee 2005 vs. 2018

(Buying Power, Cents-per-Gallon)



Source: Modernizing Ohio's Transportation System TRIP, June 2018

Impact of Inflation on Construction Costs 2005 vs. 2018



Source: ODOT



FUNDING SOLUTION OPTIONS

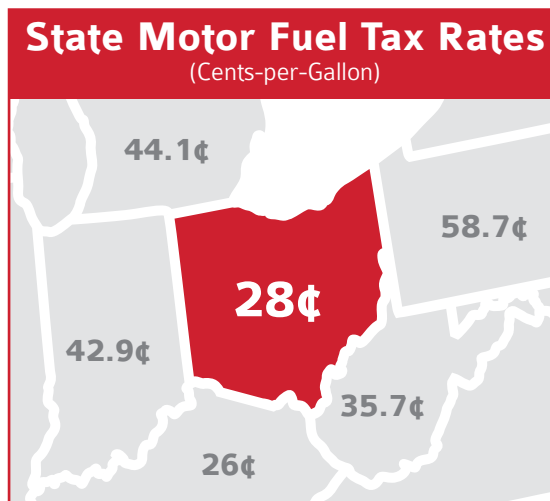
Given the ongoing maintenance and construction needs of Ohio’s roads and bridges, and the decline in available funding being generated to meet those needs, FOR Ohio offers a package of revenue-raising options to provide a sustained and reliable funding stream to maintain and improve Ohio’s state and local transportation system. The options include:

Increase the Motor Fuel User Fee.

One of the most obvious solutions is an adjustment to the motor fuel users’ fee (motor fuel tax), which is the primary source of Ohio’s highway construction revenue. At 28 cents per gallon, Ohio currently ranks 29th in the nation, and is much lower than border states Indiana, Michigan, and Pennsylvania. The gas tax collection mechanism is already in place. And by indexing the fee so that it keeps up with inflation, it will not require lawmakers to continually make changes over time. Ohio’s motor fuel tax is an inherently fair user fee – those who use the roads pay for better and safer roads. Finally, the fee is the only identified revenue

source that supports necessary funding on a long-term, sustainable basis.

♥ **Option:** Phase in an increase to Ohio’s Motor Fuel User Fee. The goal should be to recover the losses caused by inflation since 2005 and the expiring turnpike bond program and to index the fee (using the ODOT Construction Materials Index) in order to provide long-term stability. Alignment with the corresponding rates in neighboring states would be a sensible guideline.



Source: American Petroleum Institute, December 2018
<https://www.api.org/oil-and-natural-gas/consumer-information/motor-fuel-taxes/gasoline-tax>

Levy an Alternative Fuel Vehicle Fee. Construction and maintenance of Ohio’s road and highway system comes largely from users of the system via the motor fuel user fee. With the advent of alternative fuel vehicles, there is a rapidly-growing cross section of motorists who are using the roads,

but because they don’t purchase gasoline, they are not contributing toward the maintenance and construction of the system. Now is the time to assess system maintenance to these unique vehicles. To date, nineteen states have

implemented some form of fee collection from alternative fuel vehicle owners.

Option: Adopt an annual Alternative Fuel Vehicle Fee to put Ohio in line with other states. Alignment with fees in neighboring states would be a sensible guideline.

Study alternatives to the motor fuel vehicle user fee. The threat of constrained oil supplies and an ever-increasing number of alternative-fueled vehicles make it clear that the long-term use of petroleum-based fuels will be dwindling. Ohio must engage in the ongoing national discussion related to alternative funding methodologies.

Option: Engage in future funding discussion through research, debate and, when appropriate, pilot project activities for a primary funding alternative.

Identify a dedicated funding source for public transit. Public transit is a major user of roads and bridges. Transit operates for the benefit of Ohio’s citizens and for assisting in the efficient operations of our highway system. Given the high concentration of metropolitan areas and the great needs for rural mobility among various segments of our population, Ohio can no longer remain 41st in the nation for state assistance in funding transit.

Option: The legislature must identify a dedicated funding source that, in combination with transit user fees and existing local funding sources, broadens the positive impact that transit provides in both urban and rural areas of our state. State general revenue funding for transit has been reduced drastically since its peak in FY 2000 at \$44 million. While even more money is needed, the state should at least restore the spending power equal to the appropriation at the beginning of this century.

CONCLUSION

Addressing the massive funding gap facing Ohio’s transportation system will require strong leadership from the Governor and the General Assembly to ensure Ohio’s economic vitality. FOR Ohio stands ready to be part of the solution.

State Transit Investment by Per Capita Funding

State	State Transit Funding FY 2016	Per Capita FY 2016
DC	\$ 531,633,000	\$ 776.86
Massachusetts	\$ 1,729,471,556	\$ 253.45
New York	\$ 5,011,381,700	\$ 252.64
Alaska	\$ 173,199,886	\$ 233.57
Illinois	\$ 2,574,752,065	\$ 200.59
Maryland	\$ 1,125,249,671	\$ 186.77
Connecticut	\$ 582,693,314	\$ 162.41
Delaware	\$ 138,327,530	\$ 145.20
Pennsylvania	\$ 1,647,371,630	\$ 128.83
Minnesota	\$ 416,207,000	\$ 75.33
California	\$ 2,301,559,553	\$ 58.57
Rhode Island	\$ 54,521,504	\$ 51.55
New Jersey	\$ 349,353,029	\$ 38.91
Virginia	\$ 275,122,201	\$ 32.70
Michigan	\$ 265,995,916	\$ 26.78
Wisconsin	\$ 110,737,500	\$ 19.18
Florida	\$ 346,922,736	\$ 16.79
Vermont	\$ 7,616,974	\$ 12.22
Washington	\$ 85,568,222	\$ 11.75
Indiana	\$ 62,437,577	\$ 9.41
Oregon	\$ 37,221,670	\$ 9.11
North Carolina	\$ 87,843,069	\$ 8.65
North Dakota	\$ 5,182,054	\$ 6.86
Tennessee	\$ 45,182,784	\$ 6.80
Wyoming	\$ 3,025,405	\$ 5.17
Iowa	\$ 15,751,761	\$ 5.03
Kansas	\$ 11,000,000	\$ 3.78
Nebraska	\$ 6,297,705	\$ 3.30
New Mexico	\$ 6,643,800	\$ 3.19
Colorado	\$ 15,000,000	\$ 2.71
Oklahoma	\$ 5,750,000	\$ 1.47
West Virginia	\$ 2,347,569	\$ 1.28
South Carolina	\$ 6,000,000	\$ 1.21
Arkansas	\$ 3,492,826	\$ 1.17
South Dakota	\$ 1,000,000	\$ 1.16
Texas	\$ 30,341,068	\$ 1.09
Louisiana	\$ 4,955,000	\$ 1.06
New Hampshire	\$ 1,265,548	\$ 0.95
Maine	\$ 1,147,845	\$ 0.86
Montana	\$ 675,000	\$ 0.65
Ohio	\$ 7,300,000	\$ 0.63
Mississippi	\$ 1,628,000	\$ 0.55
Kentucky	\$ 1,875,297	\$ 0.42
Georgia	\$ 3,071,913	\$ 0.30
Idaho	\$ 312,000	\$ 0.22
Missouri	\$ 1,045,875	\$ 0.17
Alabama	\$ 0	\$ 0
Arizona	\$ 0	\$ 0
Hawaii	\$ 0	\$ 0
Nevada	\$ 0	\$ 0
Utah	\$ 0	\$ 0
Totals	\$ 18,095,478,753	

Source: AASHTO, Survey of State Funding for Public Transportation 2018

FIX OUR ROADS OHIO COALITION

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LOCAL GOVERNMENT

Ohio Municipal League
County Commissioners Association of Ohio
County Engineers Association of Ohio
Ohio Township Association
Ohio Mayors Alliance
Northeast Ohio Mayors and City Managers Association
Cuyahoga County Mayors and City Managers Association
Central Ohio Mayors and Managers Association
Ohio Rural Economic Development Alliance
Ohio Public Transit Association

BUSINESS

Cincinnati USA Regional Chamber
Columbus Chamber of Commerce
Greater Cleveland Partnership
Greater Akron Chamber of Commerce
Dayton Area Chamber of Commerce
Toledo Regional Chamber of Commerce
Youngstown/Warren Regional Chamber of Commerce
Ohio Hotel and Lodging Association
AAA Clubs of Ohio
Dayton Area Logistics Association
Ohio Restaurant Association
Ohio Manufacturers' Association

TRANSPORTATION

American Council of Engineering Companies of Ohio
Flexible Pavements of Ohio
Ohio Trucking Association
Ohio Aggregates and Industrial Minerals Association
Ohio Contractors Association
Transportation Advocacy Group of Northwest Ohio
Ohio Association of Movers
Ohio Prestressers Association

REGIONAL COUNCILS

Ohio Association of Regional Councils
Akron Metropolitan Area Transportation Study (AMATS)
Belomar Regional Council and Interstate Planning Commission
Brooke-Hancock Jefferson Metropolitan Planning Commission
Buckeye Hills Regional Council
Clark County-Springfield Transportation Coordinating Committee
Eastgate Regional Council of Governments
Erie County Regional Planning Commission
KYOVA Interstate Planning Commission
Licking County Planning Commission; Licking County Area Transportation Study
Lima-Allen County Regional Planning Commission
Logan-Union Champaign Regional Planning Commission
Maumee Valley Planning Organization
Miami Valley Regional Planning Commission (MVRPC)
Mid-Ohio Regional Planning Commission (MORPC)
Mid-Ohio Valley Regional Council
Northeast Ohio Areawide Coordinating Agency (NOACA)
Northeast Ohio Four-County Regional Planning & Development Organization
Ohio Mid-Eastern Governments Association
Ohio Valley Regional Development Commission
Ohio-Kentucky-Indiana Regional Council of Governments (OKI)
Richland County Regional Planning Commission
Stark County Regional Planning Commission
Toledo Metropolitan Area Council of Governments (TMACOG)
Wood-Washington-Wirt Interstate Planning Commission



For more information about Ohio's transportation infrastructure, visit us today at FixOurRoadsOhio.com