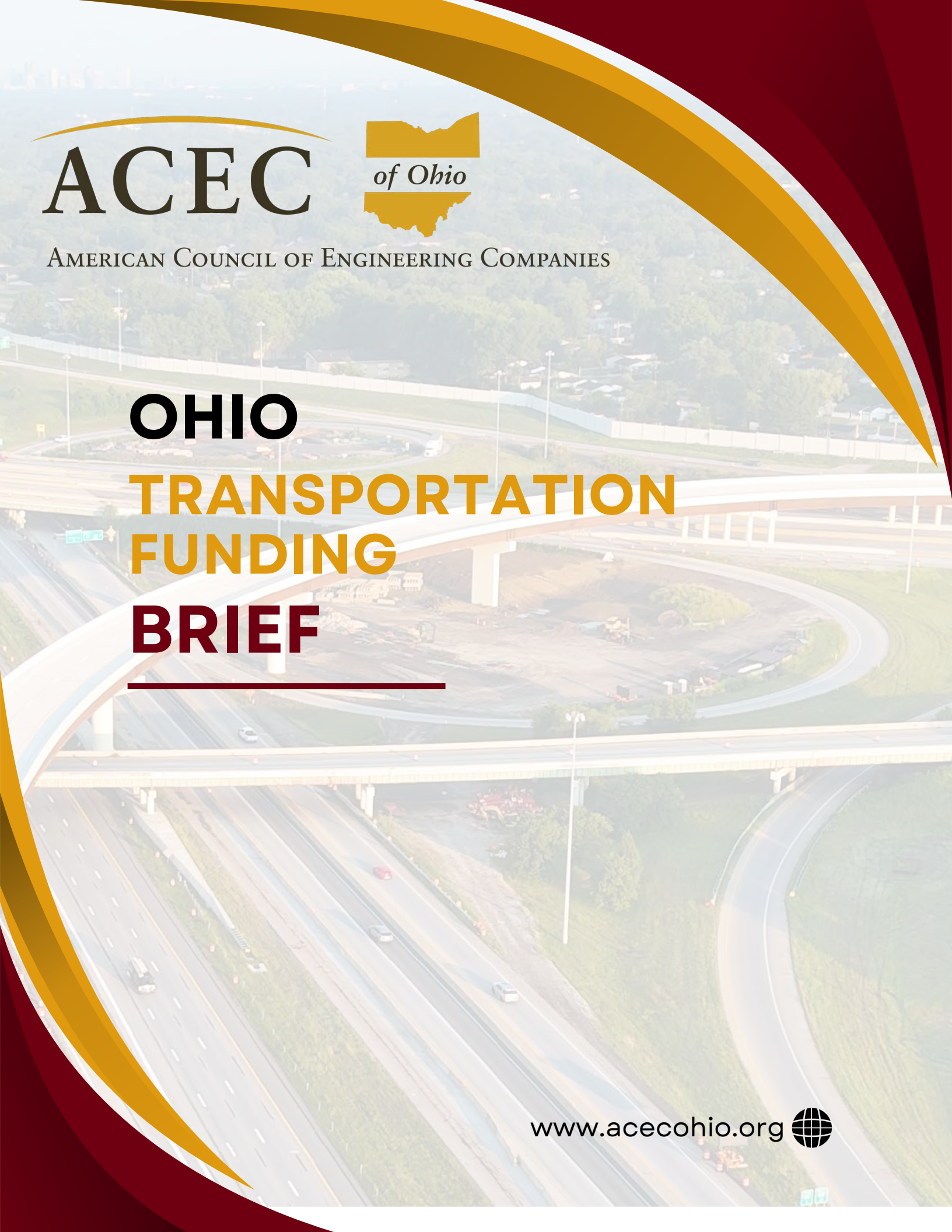
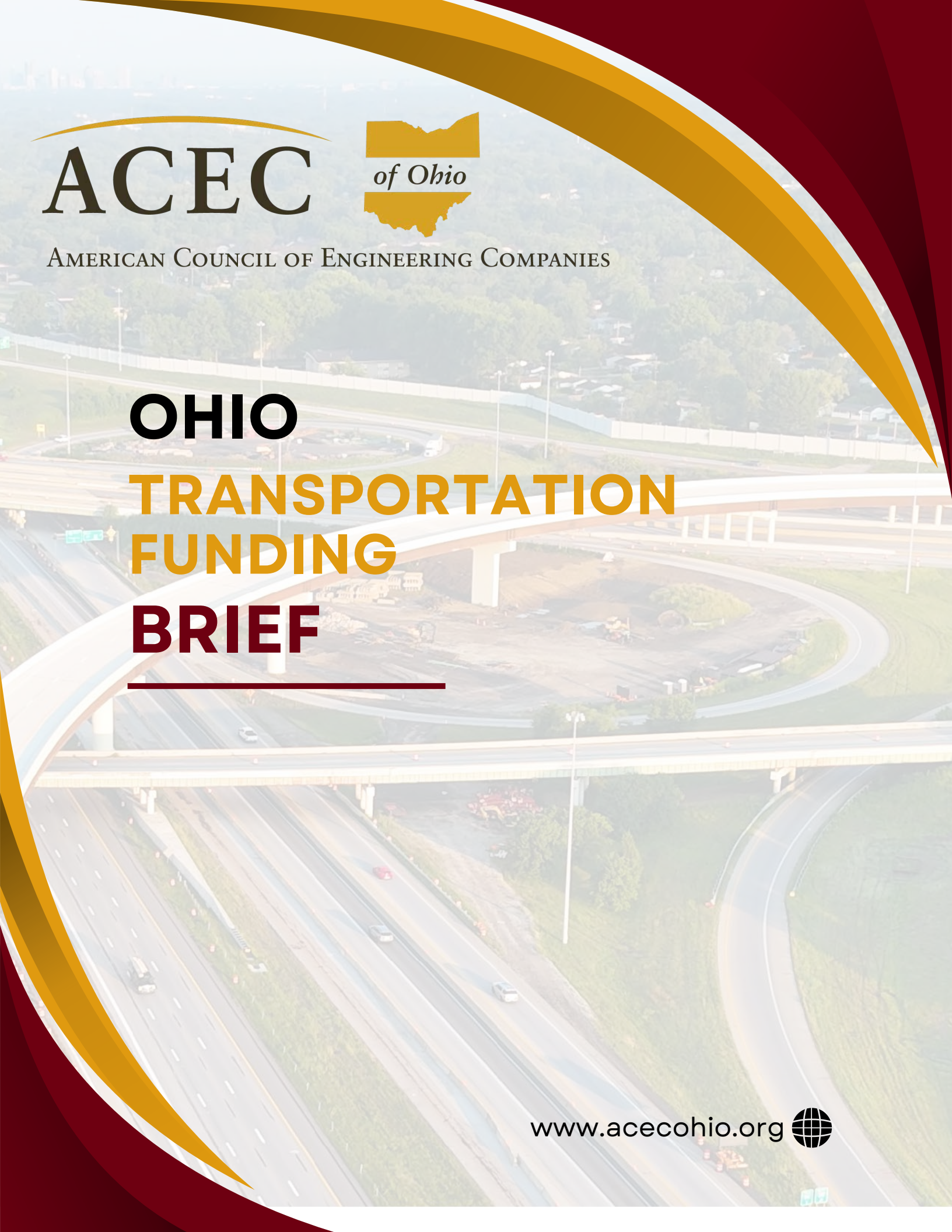




ACEC



AMERICAN COUNCIL OF ENGINEERING COMPANIES

OHIO TRANSPORTATION FUNDING BRIEF

www.acecoho.org



WHY THIS MATTERS

Transportation infrastructure underpins Ohio's economy, freight movement, and quality of life. Without adequate, reliable funding, infrastructure delivery falls short of the pace and scale needed to support site readiness, business expansion, and broader economic development. Ohio moves approximately \$1.1 trillion in goods annually, primarily by truck. Current funding relies heavily on the motor fuel tax (approximately \$3 billion annually), which is declining in effectiveness due to increased fuel efficiency, electric vehicle adoption, and inflation.

The Ohio Department of Transportation (ODOT) faces structural budget shortfalls beginning in Fiscal Year 2027, requiring policymakers to evaluate sustainable, long-term funding alternatives.

THE CORE PROBLEM WITH THE GAS TAX

- Not indexed to inflation, resulting in declining purchasing power over time
- Does not capture electric or highly fuel-efficient vehicle usage
- Construction costs increased approximately 24% from 2020–2025
- Creates a widening gap between system preservation needs and economic development investments

ALTERNATIVES TO THE GAS TAX

MILEAGE-BASED USER FEE (VEHICLE MILES TRAVELED – VMT)

- Charges drivers per mile driven (e.g., ~\$0.02/mile)
- Aligns directly with road usage
- Captures all vehicle types, including EVs
- Requires new administrative systems and raises privacy considerations

VEHICLE REGISTRATION FEE INCREASES

- Example: \$50 increase per vehicle (~\$560 million annually)
- Simple to administer using existing systems
- Provides a stable, broad-based revenue source
- Less directly tied to road usage

VEHICLE EXCISE TAX

- Annual tax based on vehicle value, age, or weight
- Scalable and predictable revenue source
- Can better align with vehicle impact on infrastructure
- Requires statutory changes and thoughtful equity considerations

ELECTRIC AND HYBRID VEHICLE FEES

- Expansion of existing fees (\$200 EV / \$100 hybrid)
- Addresses equity concerns among users
- Limited revenue potential in the near term

TOLLING AND MANAGED LANES

- Strategic tolling on major corridors or new capacity projects
- Provides project-specific funding
- Can capture revenue from out-of-state users
- Requires federal approvals and public acceptance

PUBLIC-PRIVATE PARTNERSHIPS (P3S)

- Leverages private capital for infrastructure delivery
- Can accelerate timelines and transfer risk
- Requires strong oversight and project selection

LOCAL AND REGIONAL FUNDING MECHANISMS

- Sales taxes or transportation districts
- Enables fast-growing regions to advance projects
- May create regional funding disparities

KILOWATT-HOUR (KWH) TAX ON EV CHARGING

- Fee on electricity used for EV charging
- Establishes a direct user-pay model for EVs
- Scales with EV adoption over time
- Currently generates modest revenue

POLICY CONSIDERATIONS

- No single solution will close the funding gap
- A diversified portfolio approach is recommended:
 - User-based fees (VMT, EV, kWh)
 - Broad-based fees (registration, delivery)
 - Project financing tools (tolling, P3s)

Effective policy should emphasize:

- Fairness (all users contribute appropriately)
- Transparency and simplicity
- Protection of household affordability
- Long-term sustainability and economic competitiveness

ECONOMIC IMPACT OF THE ENGINEERING & DESIGN INDUSTRY

The engineering and design services industry plays a critical role in delivering Ohio's infrastructure and supporting economic growth.

*Key Economic Contributions of the industry: - \$13.6 billion contributed to Ohio GDP - \$2.2 billion in federal taxes generated - \$990 million in state and local taxes collected - 158,400 jobs supported - \$12.5 billion in total wages.

This industry is essential to planning, designing, and delivering the built environment that supports Ohio's economy and communities.

ACEC OHIO AS A RESOURCE

The American Council of Engineering Companies of Ohio (ACEC Ohio) is a nonpartisan resource for gubernatorial candidates and policymakers.

ACEC Ohio provides: - Data-driven insights on economic and infrastructure impacts - Technical expertise on project delivery and cost efficiency - Workforce development and infrastructure sustainability guidance.

Transportation funding is not only an infrastructure issue—it is a jobs strategy, a cost-of-living issue, and a competitiveness imperative. ACEC Ohio stands ready to support the development of practical, durable funding solutions.

BOTTOM LINE

Ohio's transportation system is at an inflection point. Sustainable funding solutions will require leadership, a willingness to consider modern funding mechanisms, and a balanced approach that reflects how Ohioans live, work, and move today.

**Source: ACEC Research Institute 2024 Economic Assessment of the Engineering - Design Services Industry, October 2024*