

# **Financing our Transportation Future: The County Perspective**

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# Presentation Outline

- The Case for Financing Alternatives
- Current Innovative Action by Counties
- Future Innovative Action by Counties
- Q & A

# **The Case for Financing Alternatives**

# The Case for Financing Alternatives

- If transportation is ‘appropriately financed’ local governments ultimately benefit
  - Uniformity across jurisdictions
  - Increased price transparency and predictability for citizens
  - Potential for increased transportation funding
- There are economic and political reasons to support moving away from the status quo

# The Case for Financing Alternatives

## – Economic Reasons

### – Using the gas tax to finance transportation creates mismatched goals

- Government Goal #1: Maintain highway infrastructure
  - Government Goal #2: Increase auto fuel efficiency
  - **Result: Achievement of Goal #2 reduces gas tax revenue and decreases the likelihood of achieving Goal #1.**
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- Government Goal #1: Encourage the use of public transit
  - Government Goal #2: Decrease vehicle miles travelled (VMT)
  - **Result: Achievement of Goal #2 reduces gas tax revenue and decreases the likelihood of achieving Goal #1.**

# The Case for Financing Alternatives

## – Political Reasons

- Inflationary erosion of the gas tax over time
  - Unwillingness to index gas tax to inflation
- Inadequate gas tax financing requires officials to raise revenue from a wide variety of sources
- Proliferation of weight limit exemptions requires additional funding to maintain infrastructure
- Environmental goals targeted at reducing gasoline consumption reduces gas tax revenue

# Current Innovative Action by Counties

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- The gas tax will likely remain the primary source of funding into the near future, and counties therefore seek solutions within that paradigm
- Examples include:
  - Took the politically-difficult position of supporting the 2008 gas tax increase
  - \$5 wheelage tax in Anoka, Carver, Dakota, Scott, Washington for county roads and bridges

# Current Innovative Action by Counties

- In addition to advocating for increased gas tax revenue and seeking new funding sources, counties have also tried to increase cost predictability and project efficiency
- Examples include:
  - Design-build procurement for select local projects
  - Electronic advertising for construction bids

# **Future Innovative Action by Counties**

## Future Innovative Action by Counties

- Counties have expressed a willingness to be fully involved in the discussions about the future of transportation financing in MN
- A coalition of hard-working individuals representing diverse perspectives will be required to develop an appropriate financing model

# Future Innovative Action by Counties

- Most important step is to receive policy direction from the federal reauthorization
  - It is widely agreed that economies of scale will be required for future financing models to prove cost-effective
  - Opportunities to get involved in pilot projects, studies or task forces would provide for better understanding of what will work for MN
- Like the feds, counties need to set goals that can be achieved through the chosen financing model before weighing specific options

# Conclusions

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- Transportation advocates must recognize that there are significant issues and challenges to address before determining a specific future transportation financing model
  - Example: Complimentary goals must first be set
- The federal reauthorization will hopefully set goal and priorities for states and local governments to follow

# Conclusions

- Counties are excited to be involved in this process and in the meantime will work within the current financing structure to improve the state's transportation infrastructure

*“You can always amend a big plan, but you can never expand a little one. I don't believe in little plans. I believe in plans big enough to meet a situation which we can't possibly foresee now.”*

-President Harry Truman

# Thank You for Listening

## Questions or Comments?

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