



**Joint Legislative Taskforce on Transportation Issues
Interested Party Testimony
Jason E. Warner, Greater Ohio Policy Center
November 15, 2016**

Chairs Grossman and LaRose and members of the Joint Legislative Taskforce on Department of Transportation Issues, I want to thank you for providing me this opportunity to speak to you today about transportation issues in Ohio.

My name is Jason Warner and I am the Manager of Government Affairs at the Greater Ohio Policy Center. Greater Ohio is a nonprofit nonpartisan organization that is valued for its data-driven research. Our mission is to champion revitalization in Ohio to create economically competitive communities.

As I am sure you are aware, Ohio is a cornerstone in our nation's transportation infrastructure. I would like to focus my testimony today on what Greater Ohio sees as a policy platform to support a robust, competitive transportation system that will continue to keep Ohio at the forefront of meeting the increasing demands for a 21st Century transportation system for a 21st Century economy. We do not consider these to be aspirational goals, but rather a blueprint and effective strategic plan.

Create a Dedicated Funding Stream for Public Transportation

Ohio boasts a strong and productive public transportation network, which includes 28 urban and 33 rural systems. Yet, 27 counties in Ohio feature no form of public transportation (either fixed route or on demand service) and the state spends only 63 cents per capita for public transit. That is why Ohio ranked 38th in the nation in terms of state investment in public transportation, below North Dakota.

Only 2% of ODOT's budget is dedicated to public transportation, which is why the department's own 2014 Transit Needs Study found that current service does not meet demand. Ohio's peer states dedicate between 10% to 20% of their state transportation budgets to transit and the state needs to do much to make up for this deficiency. Public transportation is critical to a number of sectors in Ohio, including the elderly, disabled, and is a key component in successfully supporting the state's priority of job creation, job growth, and workforce development. One way to meet this growing demand is to create a dedicated funding stream for public transportation.

Nationwide, 25 states along with the District of Columbia dedicate fees and taxes for the exclusive use of public transit. This, in turn, provides a relatively reliable source of assured funding for these systems. While local transit systems can seek support for dedicated sales tax funding from local voters, this is still not sufficient to meet all needs, and thus most systems rely on funding from the state.

There are several possible sources Ohio could dedicate to support transit-related equipment and vehicle investments; examples of potential funding sources include:

- Sales tax on rental vehicle sales

- Sales tax on motor vehicle sales
- Fees on the sale of new tires

Dedicated funding for capital improvements will increase the safety and reach of Ohio's transit agencies. In addition, dedicated funding will help to expand Ohio's existing transit services, including helping to reach residents in the 27 mostly rural counties that lack access to any form of public transportation.

Increase Federal Highway Administration Funding for Public Transportation

Dedicated funding is just one option that exists in helping to improve Ohio's public transportation network. Another option, which involves a simple reprioritization of goals and projects at the Department of Transportation is the idea of flexing Federal Highway Administration (FHWA) dollars.

Flexing FHWA dollars to transit would reallocate federal funding Ohio already receives. At present, this amounts to \$20 million per year. An additional \$30 million per year dedicated to public transportation would:

- Support 370 new rural transit vans or 107 new full sized buses per year. Ohio currently has 275 rural vehicles and 900 urban buses beyond their useful life and of the 27 counties I mentioned previously without any form of public transportation – 22 are in rural counties.
- Result in 7.5 fewer miles of highway expansion or 24 fewer miles repaired per year. For perspective, ODOT paved 5,564 lane miles in 2015.

Allocating \$50 million per year of FHWA fund to transit-related capital investments will have negligible impact on Ohio's crucial highway maintenance and construction programs, while significantly improving safety, performance, and use of Ohio's public transportation systems.

Adopt and Implement a Statewide Active Transportation Policy

Every day in Ohio, 2 pedestrians and 1 bicyclist dies or is seriously injured in roadway accidents. Nationally, elderly people and children are at greater risk of pedestrian fatalities than other age groups. A 2015 analysis of 37 active transportation projects across the country determined the projects avoided a total of \$18.1 million in collision and injury costs in one year alone.

An active transportation policy that ensures state roadways and municipal streets that receive ODOT investment can be safely traveled by all users' needs to be implemented. Active transportation, by definition any human-power transportation system such as walking or bicycling, is increasing in frequency across the state for a variety of reasons. Adoption of a policy that would be sensitive to context (rural vs. suburban vs. urban) and that would facilitate the safe and efficient movement of people and goods is key. At present, 33 states have an active transportation policy. Agencies such as ODOT and Department of Health have been working on a policy for some time -- and later this week I will be making a similar plea to the Joint Education Oversight Committee to do more to promote active

transportation as a part of school transportation policy. It is our hope that this task force will urge the Department and the legislature to pursue this policy and ensure safe travel for all Ohioans.

Comprehensive Funding Reform of the ODOT Budget

As I have previously mentioned, Ohio is a key component in our national transportation infrastructure system. Ohio's interstate highway system is the 12th largest in the nation, and ranks 5th in overall traffic volume and 4th in truck traffic volume. Ohio boasts the 2nd largest inventory of bridges in the nation. Beyond roadways, Ohio also ranks 4th nationally in freight rail mileage, hosting 35 freight railroads and 5,305 miles of rail. Ohio's maritime ports saw 48,267,276 short tons of cargo traded in 2013, and features 7 ports ranked in the top 100 nationally that year.

Despite these impressive statistics, the American Society of Civil Engineers has graded Ohio's 125,000 plus miles of roads a 'D', finding that 43% of Ohio's roadways are in critical, poor, or fair condition. Of greater concern is a finding that 2,242 of the state's 27,015 bridges (8% of total bridges), are structurally deficient. The overall cost to motorists in the state, the personal cost of driving on roads in need of repair, is \$3.3 billion per year, which amounts to \$413 per motorist.

Adequately maintaining and upgrading all modes of transportation in Ohio is becoming a challenge, as there are not enough resources available to ensure this is done effectively. The cost of transportation materials and equipment has increased substantially in the last decade, while local, state, and federal funds have flat-lined. This is not a problem that is unique to Ohio, but the state can look close by to see an effective model that is meeting the needs of the public and private sector in a strategic manner.

In 2012, Pennsylvania had been found to have the most dire of infrastructure systems in the nation; the bridges were rated as the most structurally deficient, roadways were crumbling and there was a growing, unmet demand for public transportation. Through a comprehensive 5-year transportation budget package enacted in 2013, Pennsylvania is now producing \$2.1 billion in additional funds and recalibrating resources to better support all modes of transportation. The state has now adopted a **Fix-It-First Policy** that focuses on funding repairs and maintenance programs on existing infrastructure, doing more to improve asset management and limiting capital expansions.

Like Ohio, Pennsylvania restricts its gas tax to highways and bridges, so in order to provide for the needs of additional transportation systems like transit, rail, aviation, and maritime ports, the state instituted new fees and aggregates small increases on existing taxes and fees to provide additional funding to expand transit services, modernize ports and airports and generate additional revenue for traditional maintenance programs. Among these revenue generators were:

- A New \$1 fee on all new tires sold
- A higher fine for lapsed vehicle insurance in lieu of license suspension
- A flat \$150 fine for disobeying traffic control devices
- A \$2 per day vehicle rental fee

- A 3% vehicle lease tax
- A clear formula for assessing the gas tax on alternative fuel vehicles
- A switch from taxing at the pump to taxing “at the rack”

GOPC believes that elements of the Pennsylvania reform package can and should be considered in Ohio, in order to ensure the state’s economic stability in the years ahead.

Thoughts on the Gas Tax

Last, I would like to comment on the motor fuel tax. The gas tax has not been raised since 2005 and annual revenues collected from the gas tax have barely increased since 2010. Since the last increase, the cost of supplies, equipment and labor have gone up; what cost ODOT \$1 in 2006 now costs the Department \$1.65. If Ohio’s gas tax had been indexed to inflation since its last adjustment in 2005, Ohio would collect \$0.34 per gallon instead of \$0.28 per gallon. Since 2013, 15 states have increased taxes on motor fuel and the average increase has been 6 cents per gallon.

While GOPC is most interested in solutions that directly support public transportation and active transportation modes, we recognize that adjustments to the gas tax can reduce the pressure on other funding sources that can be utilized for multi-modal improvements. The motor fuel tax is a long standing source and will remain an important resource for the Department of Transportation, so to meet the demands on Ohio’s transportation system, we do encourage the state to take a second look at the gas tax.

In conclusion, it is crucial that Ohio support and maintain a system supporting all modes of transportation. Such a robust, competitive system as is outlined here today can serve as a blueprint for addressing our states’ critical infrastructure needs while simultaneously enhancing Ohio as a place where businesses can thrive and where people want to live.

Thank you for your time and thoughtful consideration. I am happy to answer any questions the committee may have.



County Engineers Association of Ohio

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Fredrick B. Pausch
Executive Director

County Engineers Association of Ohio Testimony before the Joint Legislative Task Force on Department of Transportation Issues

Co-Chairs Representative Cheryl L. Grossman and Senator Frank LaRose

DATE: Tuesday, November 15, 2016

Co-Chairs and members of the committee:

Thank you for allowing me to testify before you today. My name is Fredrick Pausch and I'm the Executive Director of the County Engineers Association of Ohio (CEAO).

County engineers rely on the state gasoline tax and license plate fees to fund our transportation infrastructure needs. I am speaking today from a County Engineer perspective here in the state of Ohio. Not ODOT and not from the municipalities or townships perspective. County Engineers are responsible for 26,326 bridges and 28,971 miles of urban and rural roadways that are vital to the combined growth and prosperity of the state of Ohio.

Meeting those needs is increasingly difficult as vehicles have become more fuel efficient and inflation in the construction industry erodes the purchasing power of gas tax revenues. In fact, over the last 8 years County Engineers have received an average of \$8 million dollars less in Ohio Gas Tax revenue than we did in 2008 \$212 million dollars to \$207 million dollars in 2015. Split evenly per County \$2.3 million dollars.

Over the last 4 years there have been many national studies and media reports that reflect our crumbling infrastructure. Just recently, 60 minutes did an expose that America's Infrastructure is in dire straits and upwards of \$200 billion a year is needed to fix our transportation system. I encourage every one of the committee members to go and watch the segment.

The number one job of a County Engineer is to make sure county road and bridges are safe for the travelling public. Bottom line if they are unsafe they are closed. The Federal Highway Administration has established a rating scale for the National Bridge Inventory. This includes bridges that are rated

The County Road to Success and the Bridge to the Future

Structurally Deficient (SD) and Functionally Obsolete (FO) status. SD bridges include deck, superstructure, substructure or culverts that are in poor conditions or are load rated to not be able to withstand a full load of 80,000 pounds. FO are bridges that are outdated with narrow shoulders or less clearance for the Federal Definitions. Only problem is where to find the money needed to replace these bridges. Bridge replacement needs at the local level far exceed that of the state level.

Just talking Ohio County Bridge inventory out of 26,326 county bridges:

- 2,357 are SD and 3,440 are FO for a total of 5,797.
- County Bridges that are over 50 years old total over 9,600 bridges.
 - Usually most bridges are built to at least last 50 years, the general life expectancy of a bridge. These bridges are not getting any younger and will only exacerbate the crisis we are already in Ohio.
- Over 4,600 of our county bridges are one lane in width.
- 3,206 bridges to replace now (posted, closed and SD)
- County Engineers currently replace an average of 175 bridges per year
- 280 bridges recommended replacement level per year
- Equal 105 bridges per year that shortfall in replacements.
- Ohio Counties have replaced 5700 bridges since 2000
 - Back in the early 2000's Counties were replacing many more bridges because costs were lower. Now it costs 2-3 times more to replace so they are replacing much fewer bridges.

Shortfalls considering all available revenue:

Ohio Gas Tax, License Plate Fees, Ohio Public Works, LBR Federal Programs, Other local options (sales tax)

County roadways 28,971 miles

County Engineers are way behind schedule for resurfacing county roadways. The resurfacing schedule for county highways is now averaging 17 years statewide. The average goal of most engineers is to repave roads on a 7-10-year cycle. Cost of asphalt replacement is \$75,000 per land mile and chip n seal

is \$13,000 per lane mile. County Engineers have turned county roads back to gravel. Gallia County now has 112 miles of gravel roads.

Alternative methods for funding the construction and maintenance of Ohio's roadways and infrastructure.

1. Extend the Ohio Bridge Partnership Program that has become a model bridge building program in the nation tackling the most urgent needed county bridges.
2. Change the Ohio gas tax distribution formula. Currently Ohio Counties get 11% of the gas tax
 - a. ODOT is responsible for only 16% of public roads in the state, which leaves local governments responsible for the majority of the public roads at 84%. Local governments include counties, townships and municipalities.
3. Capture electric cars/CNG vehicles in a paying system.
4. Explore VMT tax (vehicle mile travel) We can't afford to wait on Washington DC anymore.
 - a. Oregon is the first state to pilot this project.
5. Look at different options for tolling.
 - a. Illinois, Florida, and West Virginia are prime examples.
6. Public-Private partnerships.
 - a. Canada, U.K. and Australia have strongly implemented these policies and have companies share the cost of local infrastructure. Already authorized in 32 states including Ohio.
7. Allow more local options for taxation HB 528 (Ruhl) increase local permissive license plate fees.
8. Allow individual counties and cities to implement their own gas tax. Local option Fuel Taxes 29 states already do this.
 - a. City of Portland is one of the latest ones to take advantage for their infrastructure needs.
9. Ohio should evaluate our current gas tax collections whereas gas prices are the lowest we've had in 12 years and far below many surrounding Mid-West states.

Why is Ohio falling behind other states in evaluating new efforts on transportation funding?

- New Jersey just passed 23 cents increase in their state gas tax.
- Iowa increased their state gas tax 10 cents a gallon.
- Alabama just authorized tolling authority in some of their counties.
- Missouri is talking about raising the state sales tax by a penny to generate \$8 billion dollars over the next 10 years.
- Oregon has already perfected a Vehicle Miles Traveled fee (VMT) to deal with hybrids and electric cars and other alternative fuels of the future.
- Virginia is talking about scrapping their state gas tax and replacing it with an increase in the state sales tax.
- Maryland is talking about raising their gas tax by 15 cents and phasing it in over a number of years. They expect to raise \$800 million over the next 20 years.
- Even our neighbor to the north, Michigan, just passed a \$1.2 billion roads and bridge package increasing state gas tax by 7 cents and diesel tax to the same point as the gas tax. With 60% of that money solely designated for local and county roads. And, also increase license registration fees \$20 per vehicle.
- Finally, Texas has just introduced two bills to dedicate to TxDOT the 6.25% sales tax levied on new and used vehicle purchases. This proposal would raise \$3 billion per year to build roads, bridges and other infrastructure needs.

One final point:

CEAO wants Ohio to be open for business, to be the leader in the nation for commerce and services but to do that we need a strong infrastructure. The need for adequate, consistent and reliable funding for Ohio's local infrastructure is now more critical than ever, and CEAO wants to be partner in this transformation.

Thank you and I'll be happy to answer any questions that you might have today.

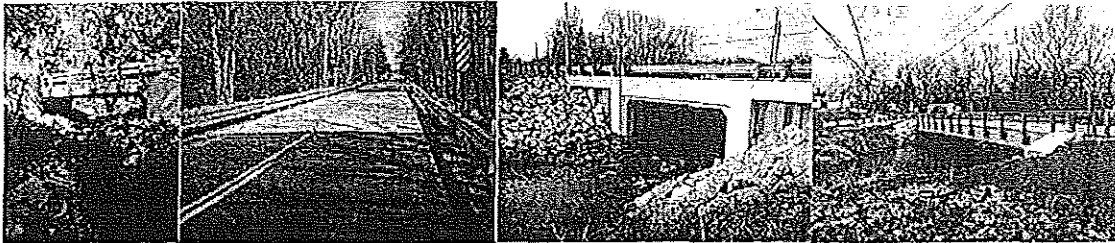
Five attachments:

- Ohio Bridge Partnership Program
- County Engineers Ohio Gas Tax Revenue
- Taxpayer Political Cartoon
- State Gasoline Taxes
- Map of Current state of county bridges

OHIO BRIDGE PARTNERSHIP PROGRAM

SUMMARY

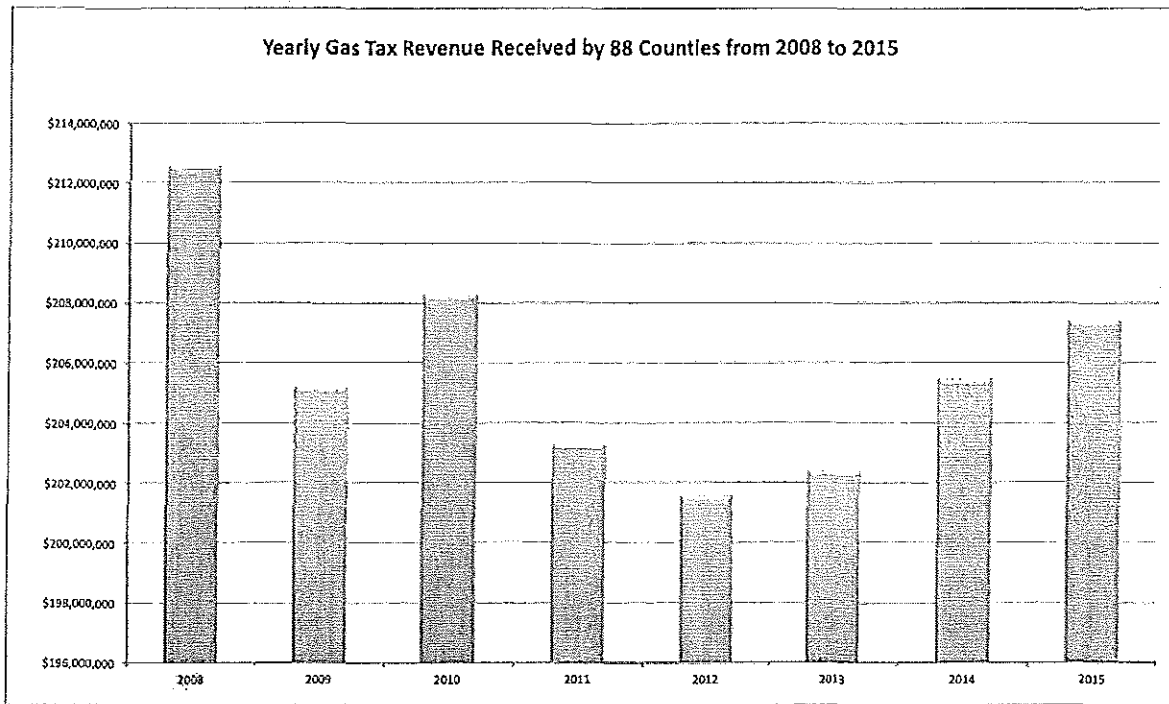
- **Governor Kasich announced in October 2013 that Ohio would invest \$120 million to repair or replace more than 225 county and city-owned bridges between SFYs 14-17.**
 - Ohio #2 in nation with number of bridges
 - Ohio's bridges are better than national average, but many are waiting for much needed repair
 - Objective was to address immediate needs
 - Identify quick and effective solutions
- **Partnered with Ohio CEAO, Ohio General Assembly, OCA, ACEC and MPOs**
- **Commitment to build 226 bridges**
 - Design-build and sold in packages
 - Coordinated with locals and MPOs
- **Initial program all phases funded 100%**
 - \$120 million for construction; 80/20 split Garvee Bonds and Toll Revenue Credit
 - \$10 million for consultant support with NEPA, ROW and Design Scope processes
- **Bridge Selection Criteria**
 - Structurally Deficient
 - Meets Federal Definition (greater than 20 ft.)
 - Carries Vehicular Traffic and Open
 - Local Maintenance Responsibility
 - Not funded by other programs
 - No historic bridges
- **Program Provisions**
 - Bridges remain under local ownership upon completion
 - Some local preferences accommodated, if warranted
 - Keys to successfully bundling include a consistent approach and meeting timeframe expectations
- **Beyond the original commitment**
 - Phase 2 SFY 16/17 – ODOT funded \$10M, 10 county-owned bridges
 - Phase 3 SFY 18/19 – ODOT will fund \$10M, 10 county-owned bridges



OHIO'S 88 COUNTY ENGINEER'S GAS TAX REVENUE HAS DECLINED

YEARS

Yearly Gas Tax	2008	2009	2010	2011	2012	2013	2014	2015
Revenue-88 Counties=	\$212,592,072	\$205,189,776	\$208,273,472	\$203,298,128	\$201,579,928	\$202,389,968	\$205,470,672	\$207,390,736
CHANGE FROM 2008 REVENUE=		(\$7,402,296)	(\$4,318,600)	(\$9,293,944)	(\$11,012,144)	(\$10,202,104)	(\$7,171,400)	(\$5,201,336)



In the last seven years, Ohio's 88 counties collectively have received an average of \$7,800,000 less per year than was received in 2008 from gas tax revenue.

Source of data: Ohio Department of Taxation



JUST
LOOK AT HOW
WORN DOWN
THIS BRIDGE IS!

MORE EVIDENCE
THAT WE
DON'T SPEND
ENOUGH ON
INFRASTRUCTURE.

CAUTION
BRIDGES ONLY
DRIVE CUTE
OF MONEY

SPENDING

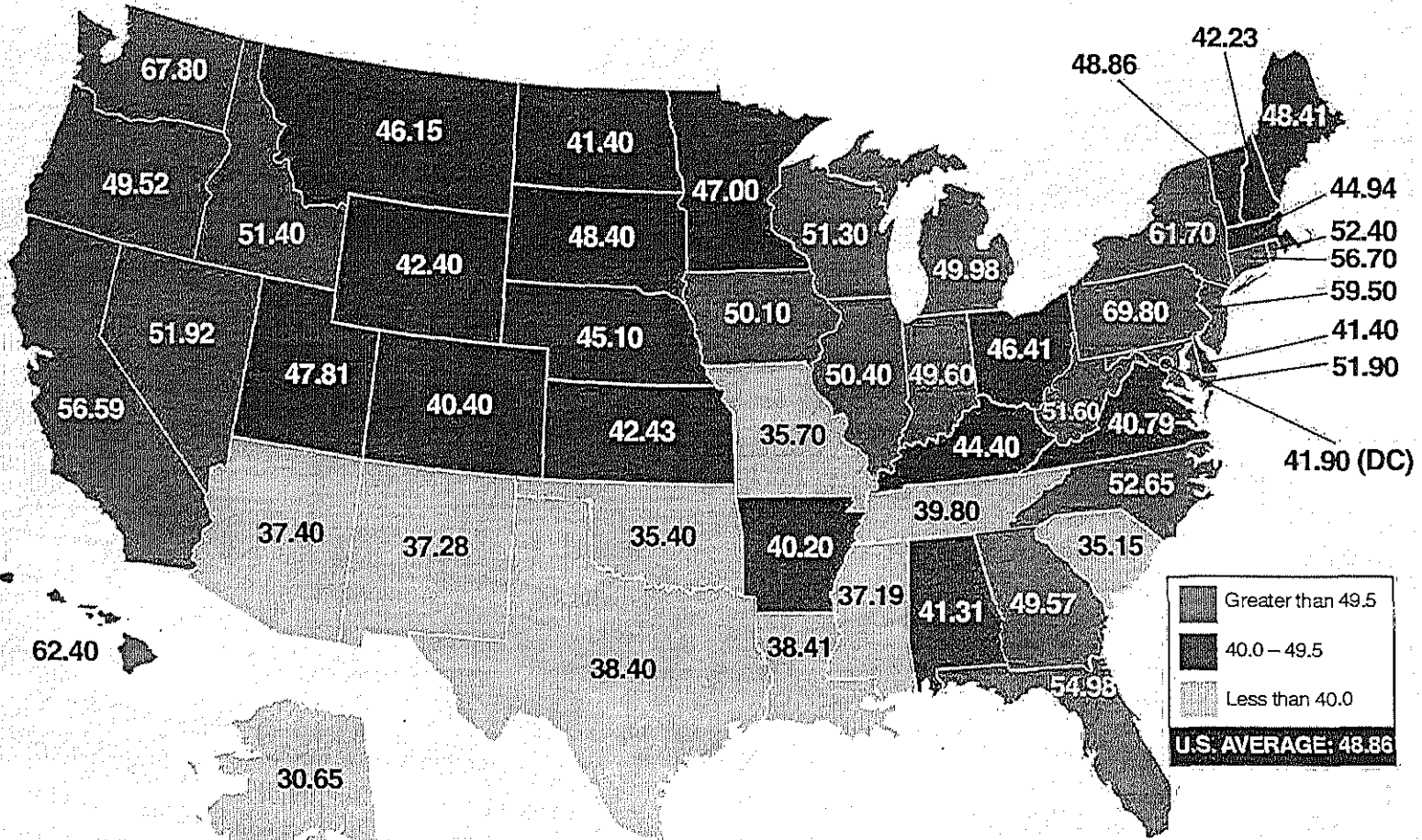
TAXPAYER



AMERICAN PETROLEUM INSTITUTE

GASOLINE TAXES

COMBINED LOCAL, STATE AND FEDERAL (CENTS PER GALLON)
RATES EFFECTIVE 11/1/2016



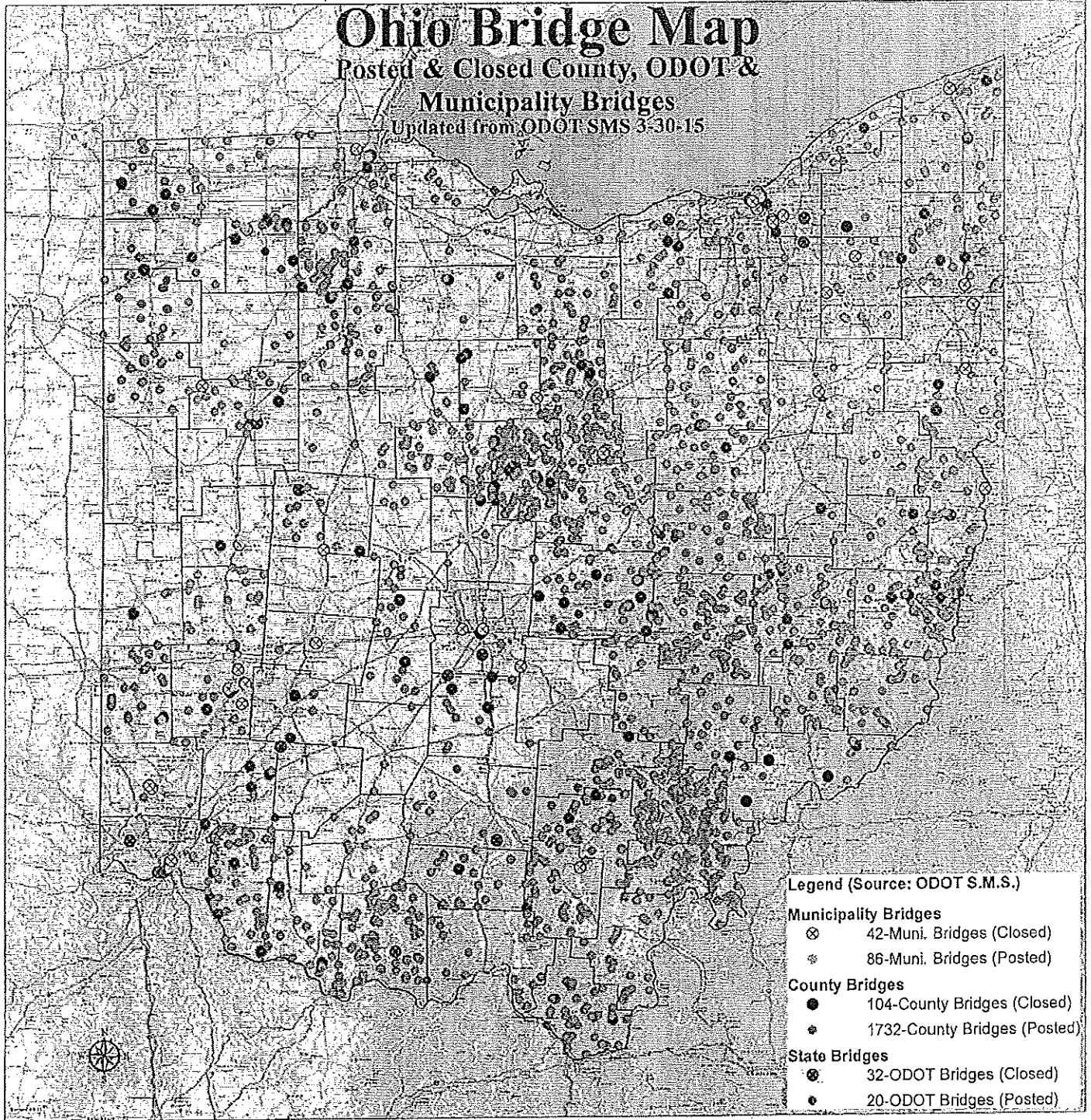
Disclaimer: This report is posted for informational purposes only and should not be relied upon or used for compliance purposes.

Ohio Bridge Map

Posted & Closed County, ODOT &

Municipality Bridges

Updated from ODOT SMS 3-30-15



Legend (Source: ODOT S.M.S.)

Municipality Bridges

- ⊗ 42-Muni. Bridges (Closed)
- ⊛ 86-Muni. Bridges (Posted)

County Bridges

- 104-County Bridges (Closed)
- ⦿ 1732-County Bridges (Posted)

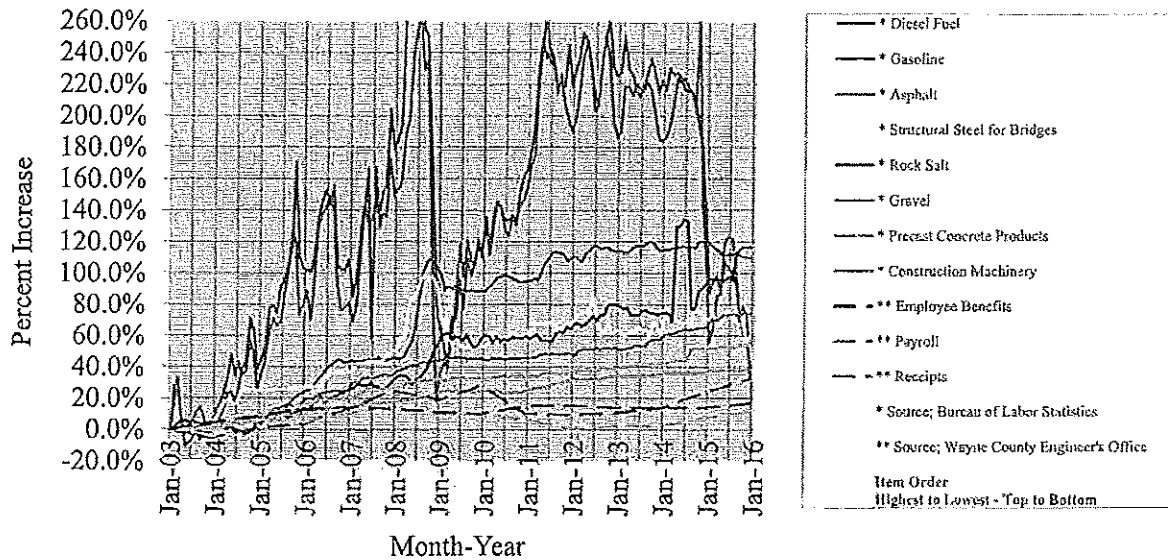
State Bridges

- ⊗ 32-ODOT Bridges (Closed)
- ⦿ 20-ODOT Bridges (Posted)

Wayne County Engineer's Office

Major Expenses and Receipts
Percent Increase since 2003

(* <http://data.bls.gov/iif/oshddp/oshddc/jsp/survey.jsp>)
(** www.wayne-county-engineer.com)





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JOINT LEGISLATIVE TASK FORCE ON DEPARTMENT OF TRANSPORTATION ISSUES

NOVEMBER 15, 2016

ANGELA E. VAN FOSSEN, OHIO CONTRACTORS ASSOCIATION

Chair Manning and Chair Grossman, thank you for the opportunity to address this Joint Legislative Task Force today on the funding needs of the Ohio Department of Transportation and local governments, and the efficacy of the state's motor fuel tax in meeting those needs. I am Angela Van Fossen, the Directors of Legislative Affairs for the Ohio Contractors Association. OCA represents Ohio's heavy and highway construction industry throughout the state.

Ohio is a transportation leader, with the 2nd largest inventory of bridges, the 3rd largest freight payload, the 4th largest Interstate Highway System, the 5th highest Vehicle Miles Traveled and the 8th highest in total road miles. Each year, more than \$550 billion in goods are shipped into Ohio and \$587 billion in goods are shipped outbound from Ohio sites. Freight volume is expected to increase by 67% by 2040.

The condition of our system affects Ohioans' daily lives. Its effect on safety is clear. Consider that the average annual number of fatalities in Ohio from 2011 to 2015 was 1049. Estimates suggest that roadway features are a contributing factor in 1/3 of fatal traffic crashes.

Road congestion and disrepair can also cause significant damage to Ohioans' wallets, affecting commuters and commerce. In the Cleveland/Akron area, congestion costs drivers 38 hours annually at a cost of \$887 per year. In Cincinnati, it's 41 hours per year at a cost of \$989 per year. Pothole damage nationally costs drivers \$3 billion annually, with the average repair cost being \$300.

Many people are surprised to learn that Ohio actually spends 93% of the state's transportation funding on preserving and maintaining our system, rather than expanding it. The Ohio Department of Transportation does a good job of maintaining our system with the dollars they have. Governor Kasich and Director Wray have been visionary in their efforts to enhance available funding by using Turnpike revenue to support hundreds of millions of dollars of new bonds and by introducing efficient operational improvements. This allowed ODOT to increase its construction investment from \$1.6 billion in 2011 to \$2.4 billion in 2014 and 2015. Unfortunately, the revenue stream from the turnpike bonds will soon be winding down, while the system needs will continue to compound. Ohioans will need an adequate future funding source to help us address the needs of our transportation needs.

Local governments also struggle to maintain their systems. This is in spite of the fact that ODOT contributes more to the local governments' transportation programs than they are required to, and that Governor Kasich has implemented a county bridge program to ensure local bridges are maintained. Yet more funding is needed to maintain streets, roads and bridges in our counties, cities and townships.

Ohio has three main funding sources for our transportation system: state revenue, federal revenue, and bonding. State and federal highway revenues – primarily from motor fuel user fees – are the two largest components by far, providing 42% and 44% respectively of Ohio's approximately \$3 billion revenue total for fiscal year 2016. Bond revenues provide 9%. As you may know, the federal government has not increased its 18 cent motor fuel user fee since 1993 and they are using federal general revenue funds to fill the hole in the federal highway program. Even with passage of the federal FAST Act, there is no federal plan for sustainable long-term highway funding.

Ohio's motor fuel user fee has been 28 cents per gallon since 2005. A bipartisan majority of Ohio's General Assembly last passed an increase in the state's motor fuel user fee in 2003 and 2 cents per year were phased in over a three year period, ending in 2005. Ohio's 28 cent motor fuel user fee produces 92% of the state's funding, which is approximately \$1.2 billion.

Unfortunately, inflation causes us to lose ground on what we can accomplish with the revenue generated by the state's motor fuel tax. Consider that what cost \$1 in 2006 now costs \$1.56.

Access Ohio 2040, Ohio's long-term transportation plan, has identified \$14 billion in ODOT funding needs between 2104 and 2040. That doesn't include the needs of local governments. Now is the time to consider options to help Ohio meet its funding needs.

OCA has always been a proponent of user fees. Those who use the roads and bridges should help pay for them. This "user pays" system seems to be fair for both users and non-users. The user fee system has been in place nationally and in Ohio, for decades. Collection of a user fee is efficient and a very small increase can raise a large amount of revenue quickly, when spread over all of the users. Bonding is not an effective long-term solution for meeting our ongoing preservation needs. It can be effective for a limited number of project-specific solutions but we must have the funds to maintain our current infrastructure system. Bonding creates debt that eats into the revenue of our future generations' ability to perform their system maintenance. With that in mind, here are some of our suggestions for revenue enhancements:

-Raising the state's user fee on motor fuel, as many states (including Pennsylvania, Michigan, Nebraska, Georgia and Iowa) are now doing. Based on 2015 revenue of \$1.88 billion, each penny generates approximate \$64 million. Phasing in an increase over a period of years would generate hundreds of millions in annual revenue. For example, a 15 cent per gallon increase phased in over three years would add nearly \$2 billion over three years and \$960 million annually after that.

-Addressing the hybrid vehicles and alternative fuel vehicles that use our roads and bridges but don't pay their fair share of fees to support the system.

-Ending diversions of ODOT's funding streams. Due to a statutory change, ODOT is now losing over \$100 million over a biennium in Commercial Truck Registration (IRP) fees to another state agency. Directing those dollars back to ODOT would be helpful.

-Other funding options exist and should be considered for state and local government needs, such as Vehicle Miles Traveled (VMT) fees, vehicle registration and/or drivers' license fees, and indexing the motor fuel user fee.

Ultimately, with additional funding, Ohio could reduce congestion, increase safety, facilitate economic development by supporting our role as a logistics leader, and create jobs in the construction workforce and throughout the economy. We encourage you to consider ways to ensure that Ohio has a sustainable funding source that Ohioans can count on for the long term. That solution may be a single funding method or a combination of funding mechanisms but now is the time to have the conversation about how to pay for an Ohio transportation system that will meet our current and future needs.

Thank you, and I will be happy to answer any questions you may have.



Ohio Contractors Association

Written Testimony of David Pritchard, P. E.

Submitted to Joint Legislative Task Force on Department of Transportation Issues

Representative Cheryl Grossman, Co-Chair/Senator Frank LaRose, Co-Chair

November 15, 2016

Chair Grossman, Chair LaRose, and members of the Joint Legislative Task Force on Transportation Issues, thank you for the opportunity to speak to you today about how to improve the funding stream for Ohio roadways and infrastructure.

The Ohio Motor Fuel Tax is a major source of funding for highways in the State at 28 cents per gallon for gasoline. This was last increased by 6 cents to account for inflation in construction costs in the period 2003 - 2006. Since this time inflation and increased engine efficiencies have cut the effective yield of the tax by about 1/3 . It has been possible to continue a significant roadwork program by means of debt, using Ohio Turnpike revenues and private partnership financing, but these sources have limitations, with the turnpike bonds largely spent as of 2016. To pay off these debts and commitments will also become a draw on future tax incomes. And the level of funding achieved even with these approaches that involve borrowing Ohio does not significantly catch up to deferred maintenance. Evaluations of the infrastructure systems conducted Nationally and in Ohio have indicated a major shortfall in the funding of infrastructure and a corresponding deterioration in the quality, efficiency and safety of our roadways. With Ohio's gas tax providing far less than it did when the last increase was instituted, further deterioration can be expected unless funding is increased.

While efficiency and economic benefits are important reasons to maintain and improve transportation infrastructure, safety is a consideration that should be an important factor as well. Many Bridges in Ohio are ranked structurally deficient or functionally obsolete, the latter term being seriously misleading. What it typically means is "dangerously narrow", as for example the Brent Spence bridge over the Ohio River in Cincinnati. Locals joke that the safest thing to do if your car stalls on the bridge is to get out and jump into the river.

And major projects yield big safety improvements. The US rt. 33 bypass at Nelsonville is reported by ODOT to have reduced accidents on that stretch of highway by 80%. As a frequent user of that particular roadway, I consider the bypass to be a real benefit to me and the thousands of folks that drive there. Other roads in Southeast Ohio need upgrades as well. While extensive freeway-type roads may not be warranted in lower traffic areas with rough terrain, there are many 2-lane highways that carry significant semi-truck freight traffic that have no berm, other than the width of the white line.

The current level of gas tax collection and method of its distribution fall short in another area - roadways inside municipalities. In my community about 3/4 of the cost of street maintenance comes from city general funds that are not generated from user charges like the gas tax. Gas tax funds distributed by the

State, license fee shares, and other grant funds only cover about 25% of the total expended in recent years, which does not appear to be keeping up with the rate of wear and tear. While there might be a justification for some local street funding to be property based, it seems that the share paid by gas tax as a user fee should be much more than 25% as the total. While a municipality might prefer to rely on its own vehicle user fees, it is impractical, and largely prohibited by State law, to enact its own tax on gas or license fees.

Future methods of transportation funding may make use of updated technology such as a vehicle mile tax, but that is likely 15 to 25 years in the future (given the number of 15 year - old vehicles on the road nowadays). In the interim, the gas tax, combined with limited reliance on license fees, is the best source. This approach requires realistic adjustments for inflation and vehicle efficiency, and separate charges for electric vehicles. Adjusting for inflation in construction cost since 2005 justifies an additional 10 cents gas tax, and adjusting for improved gas mileage 6 cents. To increase the State's contribution to local community roadway expenditures from the current 25% State funding to 50% State funding may involve an additional 10 cents. While this is a significant increase, it results in gas taxes a fraction of those in most developed nations, nations in which have strong and competitive economies and an additional benefit; highway fatality rates a fraction of the fatality rates in the US.

As an engineer and a "seasoned" user of our transportation system, I have experienced the death of half a dozen acquaintances over my life, a number that most Americans are statistically likely to see in their lifetime as well. While better funding, and resulting better infrastructure, will not eliminate all traffic fatalities, it might result in one or two or three of your friends surviving to enjoy a deserved retirement rather than dying at the age of forty, or 30 , or twenty, as some of my friends have.

I hope the Legislative Task Force can make use of this material. I can provide further information on specific areas if needed. As a concerned citizen of Ohio I hope that this Task Force will find ways to bring Ohio's transportation up to a level of efficiency, safety and competitiveness that is needed in the 21st century.

Thank you.



American Society of Civil Engineers
Ohio Council of Local Sections
Akron · Central Ohio · Cincinnati · Cleveland · Dayton · Toledo

Written Testimony of Brooks Vogel
Representative of the American Society of Civil Engineers

Submitted to Joint Legislative Task Force on Department of Transportation Issues
Representative Cheryl Grossman, Co-Chair/Senator Frank LaRose, Co-Chair
November 15, 2016

Chair Grossman, Chair LaRose, and members of the Joint Legislative Task Force on Transportation Issues, thank you for the opportunity to speak to you today about how to better fund Ohio roadways and infrastructure.

Evaluations of US and Ohio infrastructure by the American Society of Civil Engineers have been "D" for roads and "C+ to B-" for bridges. While many of ODOT's bridges are in satisfactory condition, a much larger portion of the county/local bridges are in poor condition, with over 6,000 being either structurally deficient or functionally obsolete, and 200 closed to traffic.

This is not good for a state in which the economy, as well as the convenience and safety of its citizens, depend heavily on good transportation systems. While Ohio has been able to keep many projects moving by borrowing against toll funds and by private partnerships, these are temporary, not permanent fixes and may be reaching their practical limit. They also require future payments from funds that may be needed in future years. Lack of adequate and reliable funding for Ohio's transportation system is a drain on Ohio's economy and society, costing citizens over \$200 per year per driver. It also may cost driver's lives due to narrow bridges and roadways and poor roadway conditions.

The Ohio fuel tax was increased by 6 cents per gallon in the 2004-2006 time frame, which helped adjust for inflation in the previous years. Over the intervening 10-plus years construction costs have increased substantially, eroding the value of the gas tax and its effectiveness in meeting transportation needs. This justifies a proportional increase in transportation funding. However, the actual amount of funds brought in by the gas tax is also being reduced by the successful effort to increase the gas mileage of new vehicles. This is certainly a boon to drivers, the environment and our energy import balance. However this success inadvertently affects transportation funds and so the health and safety of travelers. So bringing transportation funding up to levels that at least equal funding when the last increase was enacted means we must adjust for both of these factors.

In bringing Ohio's transportation infrastructure up to meet actual needs, there are sources other than the gas tax that can contribute, and uses of funds for transportation other than at present that can be considered. Increasing the allowable vehicle license fees at the local level (not increased since the late 1980s) should be considered as this places sources and uses of the funds with the local leaders who are most familiar with the needs and resources in their communities. Also, new directions to consider should include means of charging electric and CNG drivers equitably for roadway use. On the outlay side, there should be an assessment of where income from various sources should be used, especially where roadways are currently being funded from non-user sources such as sales, property and income taxes rather than user fees.



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I hope that this material is helpful to the task force. Our Ohio members of the American Society of Civil Engineers, over 3,000 in all, are ready to assist in any way we can to help develop an effective and responsible program to increase funding of Ohio's lagging transportation system.

Thank you.

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Written Testimony of Patrik G. Bowman, AICP
Representative of the City of Grandview Heights, Ohio

Submitted to Joint Legislative Task Force on Department of Transportation Issues
Representative Cheryl Grossman, Co-Chair/Senator Frank LaRose, Co-Chair
November 15, 2016

Chair Grossman, Chair LaRose, and members of the Joint Legislative Task Force on Transportation Issues, thank you for the opportunity to submit this testimony today about the transportation funding needs for Cities in Ohio. This testimony only reflects my views and not that of Grandview Heights decision makers.

Grandview Heights is a suburb of Columbus, in central Franklin County. It is very close to downtown Columbus and has several streets that, while not State or Federal highways, serve to a large extent as commuting routes from outer suburbs to downtown Columbus. Transportation spending is approximately 11% of the total city budget, with about 3/4 of that coming from general funds and the remaining quarter from non-city sources such as gas tax, license fees and grants. Total transportation spending is approximately \$1.3 million out of a \$11.6 total City budget.

Evaluations of Ohio's transportation infrastructure indicate that our infrastructure is generally not in good condition. While cities such as Grandview Heights have devoted substantial resources to keeping roadways in safe and effective condition, older cities like ours, continually struggle to maintain our aging roads and utilities. State funding for roadways is critical but is limited because it is totally reliant on the State to administer a user fee that is diminishing. Local funding from license fees are also limited by legislated maximums.

In the City of Grandview Heights, approximately 75% of road-related expenses are paid from local taxes not related to vehicles and associated user fees, with the remaining 25% coming from user-based charges such as the gas tax, license fees, or grants. Using general funds to maintain local streets and bridges that provide residential access is expected but all levels of government need to maximize gas user revenue for arterial streets and thoroughfares that carry regional traffic and freight.

With no increase in the Ohio gas tax for more than 10 years, available purchasing power for all Ohio transportation facilities have steadily diminished for the State and the cities. Both inflation and the increase in gas mileage efficiency have contributed to a very substantial loss of value. I ask that you consider bringing the purchasing power of the gas tax and the permissive license fee at least up to the levels of the last increase 10 years ago. We feel that the legislature should consider including an increment in any gas tax increase to expand the user-based funding of city roadways and associated facilities.

I hope the Legislative Task Force will find this material helpful. I am ready to assist however I can in developing a program to increase funding and upgrade the transportation system of Ohio and its Cities.

Thank you.

Patrik G. Bowman, City of Grandview Heights, Ohio