



**Georgia Transportation Update:  
H.B. 170/106—The Transportation  
Funding Act of 2015**

**70<sup>th</sup> Southern Legislative  
Conference  
*July 9, 2016***

**State Senator Steve Gooch (SD 51)**

# Key Conditions for Transportation Funding Reform & Investment

- ▶ Why were the funds needed?
- ▶ How will the funds be generated?
- ▶ What is the guarantee that additional funds will be used on transportation?
- ▶ How will these additional funds improve the transportation system in Georgia?

# Why were the funds needed?

## *Historical Timeline of Efforts to Invest in Transportation*

- ▶ **1990s to 2009**—Transportation funding gap was partially addressed with bond funds backed by future state motor fuel and federal transportation revenues—effectively mortgaging transportation at the expense of future flexibility.
- ▶ **2007**—Joint Study Committee on Transportation Funding identified the need for governance reform and a more developed statewide strategic plan as part of any effort for additional funding.
- ▶ **2009**—S.B. 200: Transportation Governance Reform required the Transportation Planning Director to be appointed by the Governor and confirmed by the House & Senate Transportation Committees.
- ▶ **2010**—H.B. 277: Transportation Investment Act divided the state into 12 regions and authorized each region to put forth for referendum a 1% T-SPLOST.
- ▶ **2012**—3 (located in middle Georgia) of 12 regions adopted a regional T-SPLOST while the other 9 (including Metro Atlanta) did not.

# Why were the funds needed?

## *Historical Timeline of Efforts to Invest in Transportation*

- ▶ **March 2014**—Georgia House and Senate approved the Joint Study Committee on Critical Transportation Infrastructure Funding with a report of findings due at the end of the year.
- ▶ **Summer/Fall 2014**—Joint Study Committee met throughout the state and issued a final reporting identifying the various levels of need and potential options:
  - ▶ **Georgia’s level of dependence of federal funds as a percentage of its program (54%) was a significant liability.**
  - ▶ **\$74 billion “funding gap” over the next 20 year horizon based on the Statewide Strategic Transportation Plan for 2005 to 2035.**
  - ▶ **Additional \$1 billion annually needed to maintain the existing system.**
  - ▶ **Additional ≈\$2 billion to \$5.4 billion annually for medium to major system expansion.**

# Why were the funds needed?

## *Evaluation of Current Conditions*

- ▶ The Georgia Department of Transportation identified the areas of need and level of need annually by categories:
  - ▶ **\$128M** in additional funding for **pavements/resurfacing**.
  - ▶ **\$456M** in additional funding for **bridge replacements & maintenance**.
  - ▶ **\$200M** in additional funding for **routine maintenance**.
  - ▶ **\$35M** in additional funding for **traffic operations**.
  - ▶ **\$1.0B** in additional funding for **capital needs**.
  - ▶ **\$60M to \$500M** in additional funding for **managed lanes**.
  - ▶ **\$221M** in additional funding for **intermodal needs**.

# Why were the funds needed?

## *Evaluation of Current Conditions*

- ▶ There was an existing broad general legislative consensus about the need for additional funds based on current conditions and past efforts with diverse views on how best to address the shortfall and need.
- ▶ The Governor framed the dire circumstances in his 2015 State of the State Address:  
*“We are currently operating at a rate that requires over 50 years to resurface every state road in Georgia. If your road is paved when you graduate high school, by the time it is paved again you will be eligible for Social Security.”*
- ▶ Members of the General Assembly had access to detailed information about bridge conditions in their districts and other long-term needs to evaluate.

# How will the funds be generated?

## *Evaluation of Options & Developing Consensus*

The Joint Study Committee report included the following recommendations:

- ▶ Emphasized that a minimum of \$1 to \$1.5 billion in new annual transportation infrastructure funding is needed to address the State's maintenance challenges.
- ▶ Identified 12 options for potential funding including the following:
  - Debt service relief from the State General Fund
  - Conversion of the sales tax to an excise tax
  - Index the motor fuel tax
  - Implement 1% statewide sales tax
  - Increase excise tax
  - Annual fee for alternative fuel vehicles
  - Additional options including tolls, transit, motor fuel revenue diversion, and grants to local governments

# How will the funds be generated?

## *Evaluation of Options & Developing Consensus*

- ▶ There was strong consensus for simplifying the existing two-part excise (fixed at 7.5¢ per gallon) and sales taxes (3% for transportation and 1% to the general fund) on motor fuel.
- ▶ The Georgia Constitution required taxes on motor fuel to be exclusively dedicated to roads and bridges putting the 1% sales tax accruing to the general fund on questionable grounds.
- ▶ The sales tax portion of the motor fuel tax could widely fluctuate with the price of gasoline placing an added tax burden on consumers when the inherent cost of gas was already going up.
- ▶ Consolidating both taxes into a single excise tax would reduce the tax impact of gas price spikes and ensure that all motor fuel tax revenues were being used for roads and bridges per the state Constitution.
- ▶ The bottom line for many members of the General Assembly was that motor fuel taxes functioned more like user fees because of their dedication to transportation.



# How will the funds be generated?

## *Legislative Positions & Consensus*

- ▶ Though adopting different levels before conferencing, the House and Senate both recognized the need to simplify the current two-part motor fuel tax and identify other related user fees to ensure all transportation users help support the transportation fund.

Provisions	House	Senate	Conference
	Passed 3/5	Passed 3/20	Passed 3/31
Gasoline Excise Tax Rate (per gallon)	29.2¢	24.0¢	26.0¢
Diesel Excise Tax Rate (per gallon)	33.0¢	24.0¢	29.0¢
Index to CAFE (Fuel Efficiency)	X		X
Index to Highway Construction Costs	X		
Index to Consumer Price Index (CPI)		X	X*
Alternative Fuel Annual Fee \$200/\$300	X	X	X
Eliminate Alt. Fuel Vehicle Tax Credit	X	X	X
Eliminate Jet Fuel Exemption	X	X	X
\$5 per day vehicle rental fee		X	
\$5 per night motel/hotel fee			X
Heavy Truck Impact Fee \$50/\$100			X
\$250 Million in Annual Debt Relief		X	
No LOST/HOST on Motor Fuel	X		
SPLOST/E-SPLOST Dedication	X		
Limit for Local Motor Fuel Sales Tax		\$3.39/gal	\$3.00/gal
10-Year Strategic Plan		X	X
County T-SPLOST/TIA Reform		*	X*
Tax Reform Study Committee		X	X

# How will the funds be generated?

## *Transportation Funding Act of 2015 Timeline*

- ▶ **Jan 29th:** Introduced in the House.
- ▶ **Mar 2nd:** Passed by House Transportation Committee.
- ▶ **Mar 5th:** Passed House (123 to 46).
- ▶ **Mar 18th:** Passed by Substitute by Senate Transportation Committee.
- ▶ **Mar 20th:** Passed Senate by a vote of (29 to 25).
- ▶ **Mar 24th:** House disagreed, Senate insisted.
- ▶ **Mar 25th:** House insisted, Conference Committee Appointed.
  - ▶ House Conferees: Roberts, Smyre, & Hamilton
  - ▶ Senate Conferees: Gooch, Williams, & Shafer
- ▶ **Mar 31st:** Conf. Report passed House (129 to 41) & Senate (42 to 12).
- ▶ **Apr 6th:** Transmitted to the Governor.
- ▶ **May 4th:** Signed by the Governor.

# How will the funds be generated?

*Transportation Funding Act of 2015 Motor Fuel Tax Consolidation  
& Rate Adjustment*



**7.5¢ (Previous Excise)**

**+ 11.8¢ (Previous 3% & 1% “4<sup>th</sup> Penny”)**

**+ 6.7¢ (HB 170 Adjustment)**

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**26.0¢**

# How will the funds be generated?

## Transportation Funding Act of 2015 Motor Fuel Tax Revenue Projections

Additional Motor Fuel Revenue				
FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
\$665,950,000	\$740,700,000	\$791,750,000	\$824,250,000	\$837,050,000
Previous Motor Fuel Rates & HB 170 Rates				
Motor Fuel Type	Prior Law	H.B. 170	Difference	
Gasoline	19.3¢/gallon	26¢/gallon	+6.7¢/gallon	
Diesel	21.3¢/gallon	29¢/gallon	+7.7¢/gallon	

- ▶ Tax levied on distributors and NOT retailers.
- ▶ Net effect of H.B 170 = \$32.16 per year OR  
(@ 12,000 miles/year & 25mpg) **\$2.68 per month**
- ▶ Local sales tax capped and will NOT be assessed on the price of motor fuel above \$3.00 per gallon.

# How will the funds be generated?

## *Transportation Funding Act of 2015 Other Fee Revenue Projections*

### Hotel/Motel \$5 Nightly Fee

FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
\$158,100,000	\$158,100,000	\$158,100,000	\$158,100,000	\$158,100,000

### Heavy Vehicle Impact Annual Fee: \$50 for 15,500 & 26,000 lbs and \$100 for 26,000+ lbs

FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000

### Alternative Fuel Vehicle Impact Annual Fee: \$200 passenger vehicle/\$300 commercial vehicle

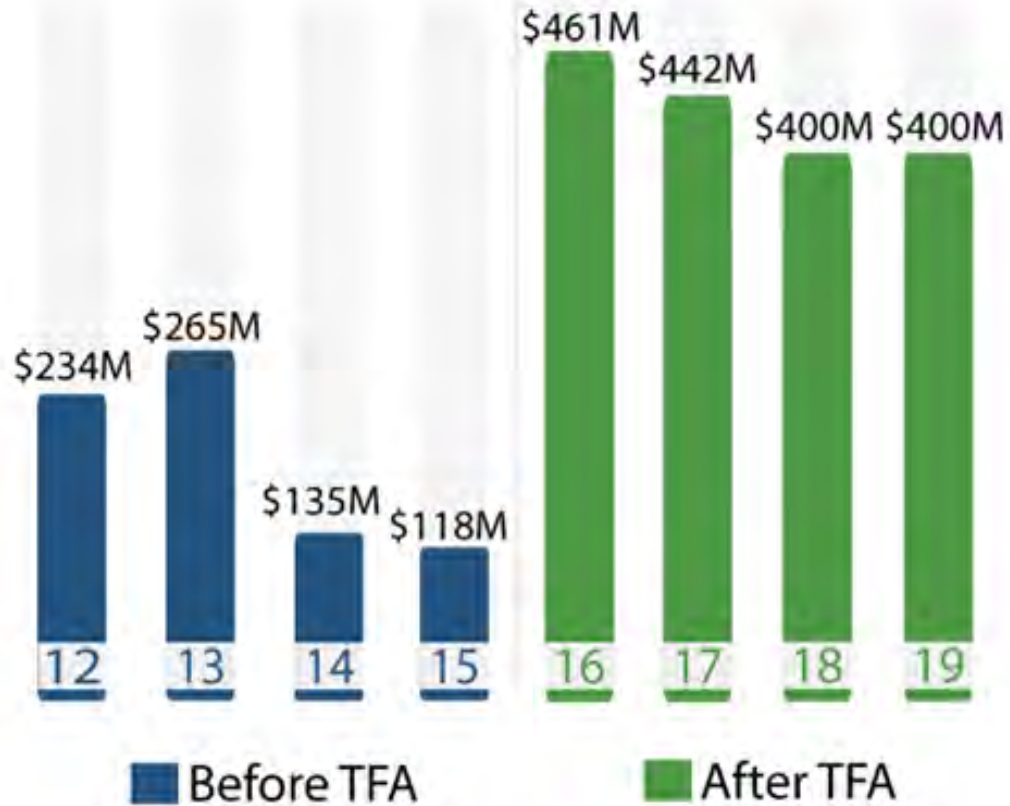
FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
\$3,400,000	\$3,600,000	\$3,900,000	\$4,250,000	\$4,650,000

# What is the guarantee that additional funds will be used on transportation?

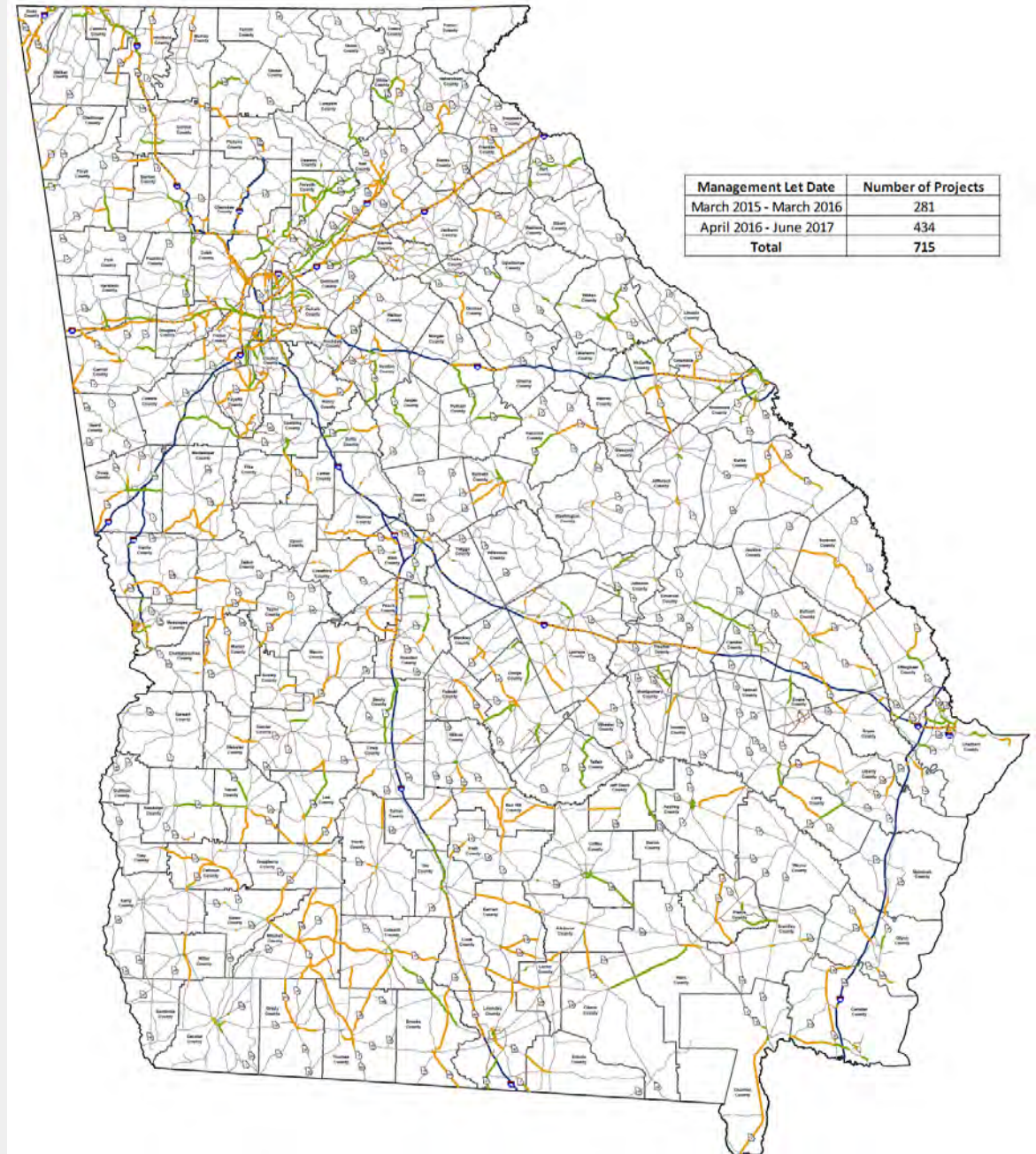
- ▶ The Georgia Constitution binds all motor tax revenue to roads and bridges—ensuring this revenue as a bona fide user fee and not general tax.
- ▶ The Transportation Funding Act of 2015 requires all other fees to be appropriated to a transportation purpose. If they are not, then they will be automatically repealed and no longer collected.

# How will these additional funds improve the transportation system in Georgia?

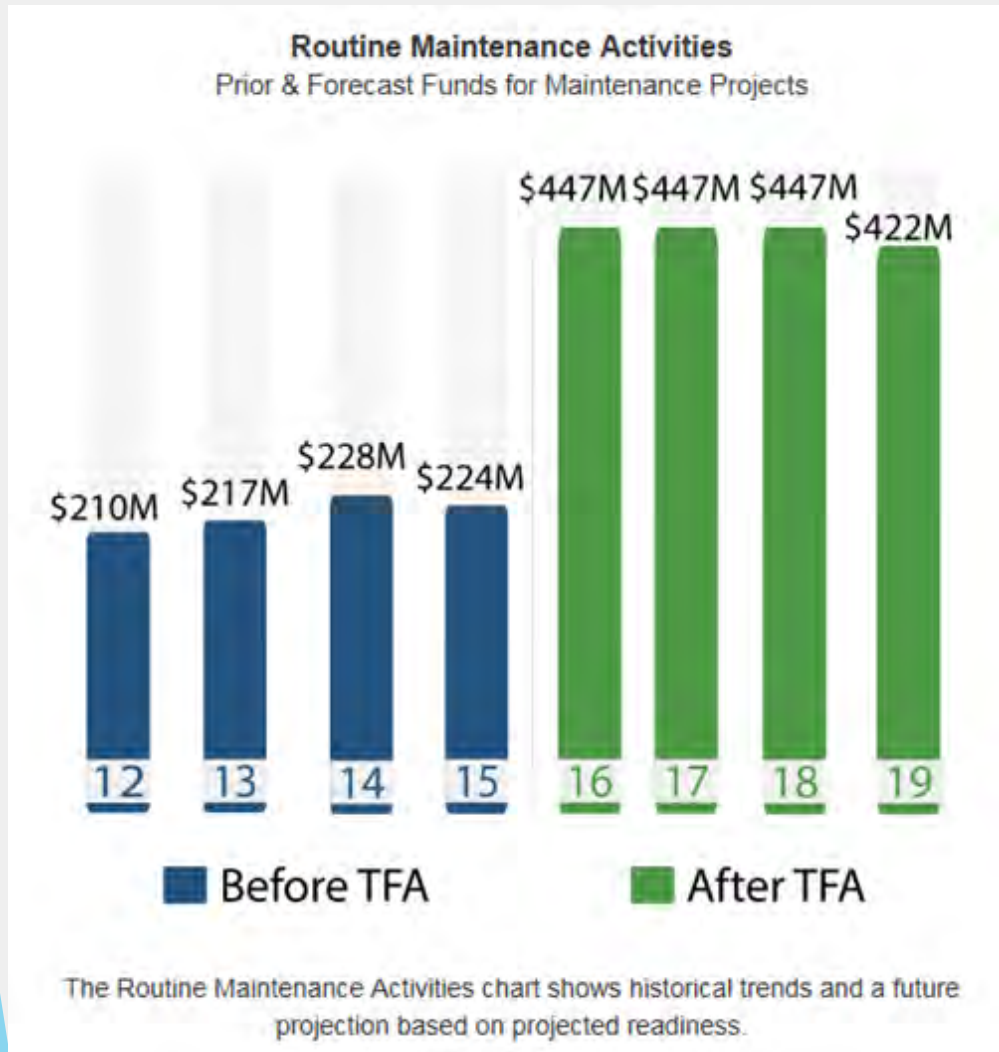
**Capital Maintenance Projects**  
Prior & Forecast Funds for Resurfacing Projects



The Capital Maintenance Projects chart shows historical trends and a future projection based on projected readiness.



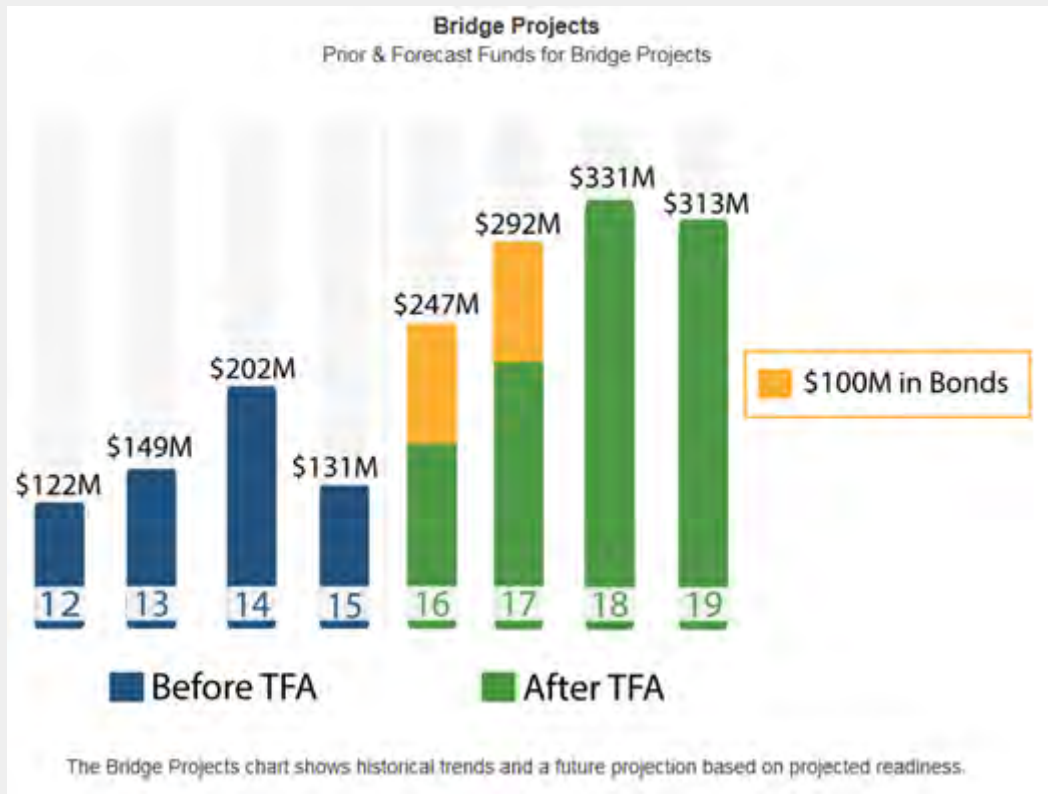
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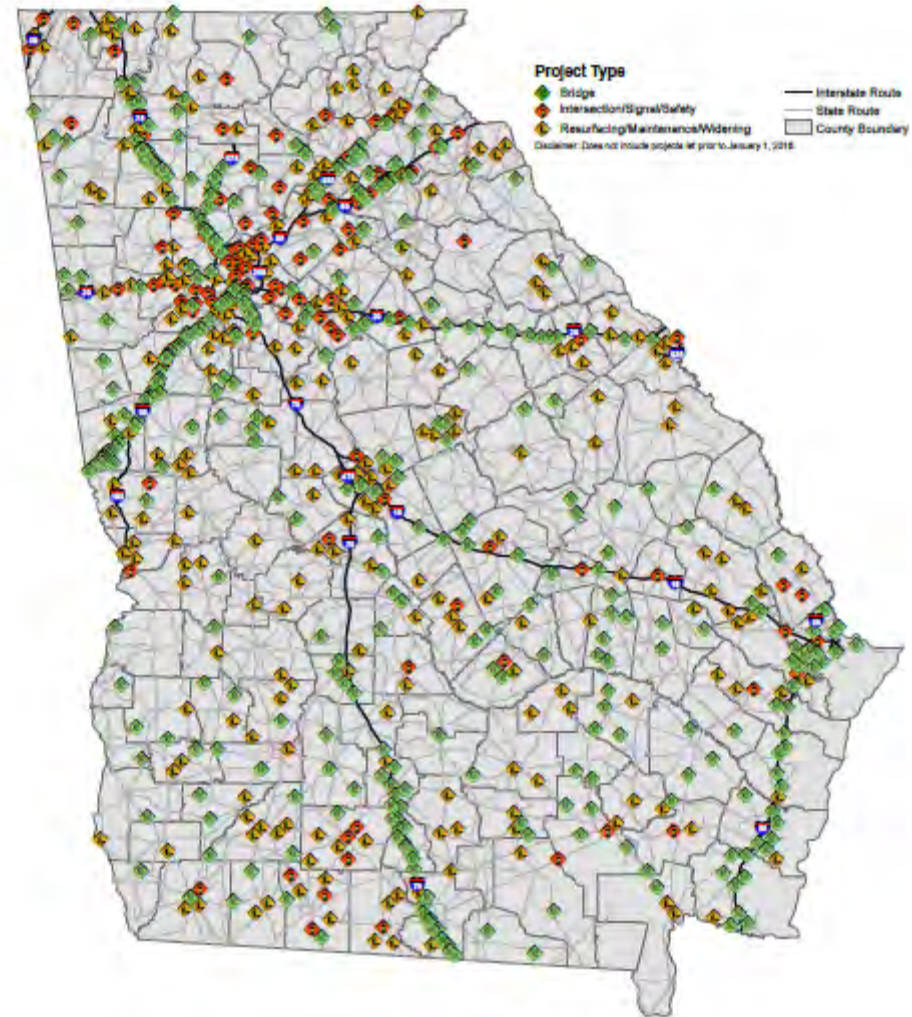
- ▶ Doubling routine maintenance investment to improve the condition and appearance of Georgia's roads by without increasing headcount required an innovative delivery strategy.
- ▶ Contractors pre-qualify to be a part of pool of bidders by service type and can respond to any and all invitations to bid as they are issued maximizing competition and reducing contracting time.
- ▶ Since February 2016, 90 service contracts totaling \$148.5M have been awarded through this process enabling a dramatic increase in the routine maintenance of Georgia's roadways from pavement preservation/concrete slab replacement to increased mowing cycles on interstates and state routes.



# How will these additional funds improve the transportation system in Georgia?

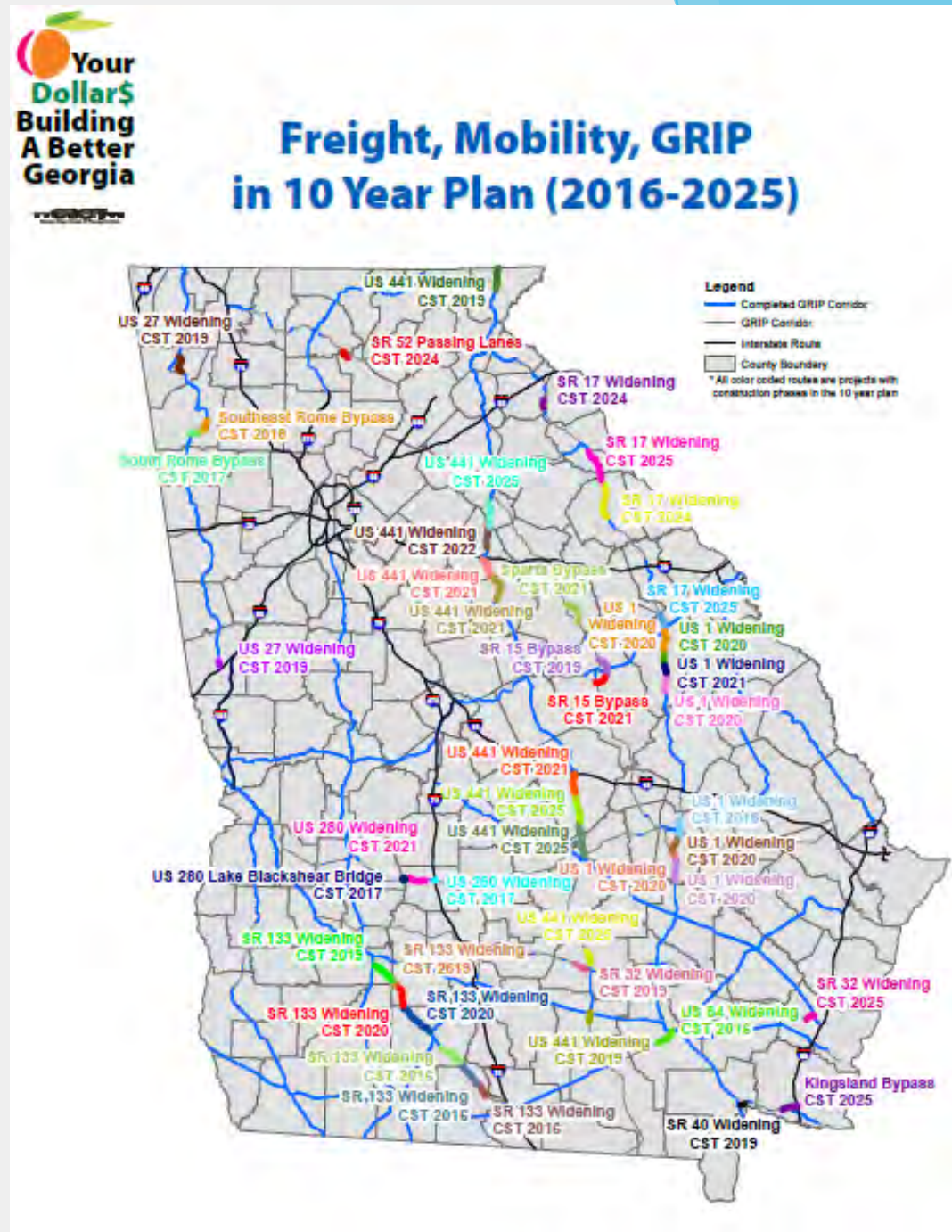


## First 18 Months Of Projects



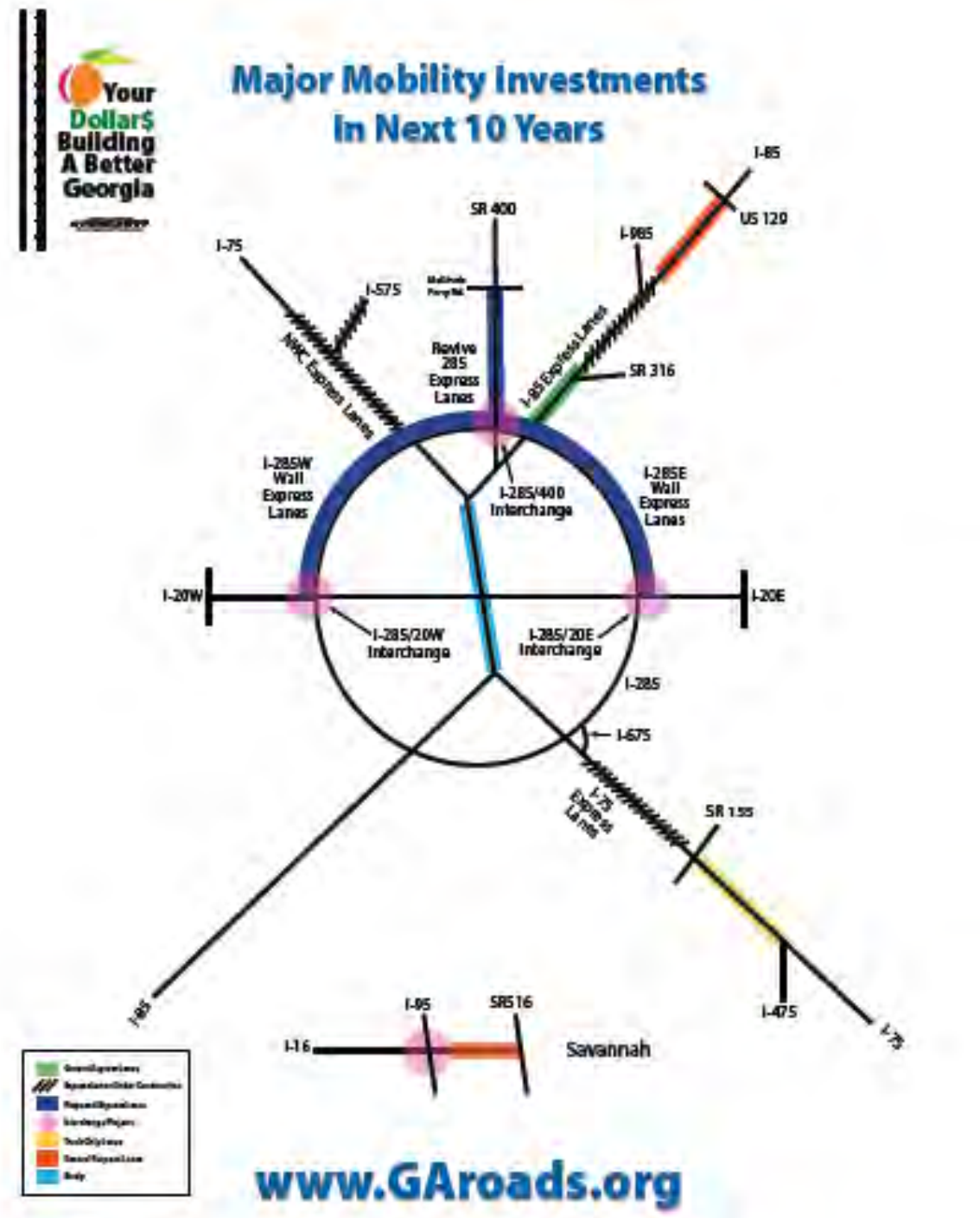
# How will these additional funds improve the transportation system in Georgia?

- ▶ Additional funds enabled the advancement of planned mobility and freight capital projects over the next 10 years.



# How will these additional funds improve the transportation system in Georgia?

▶ Additional funds leveraged with innovative methods such as Design-Build and Design-Build-Finance (P3) will enable the advancement of \$14B major mobility capacity projects in the Metropolitan Area, Middle GA and at the Port of Savannah.



**Questions?**