

Potential Funding Mechanisms for Highways

**Joint Transportation, Highways & Military
Affairs Committee**

Cheyenne, WY

August 13, 2019



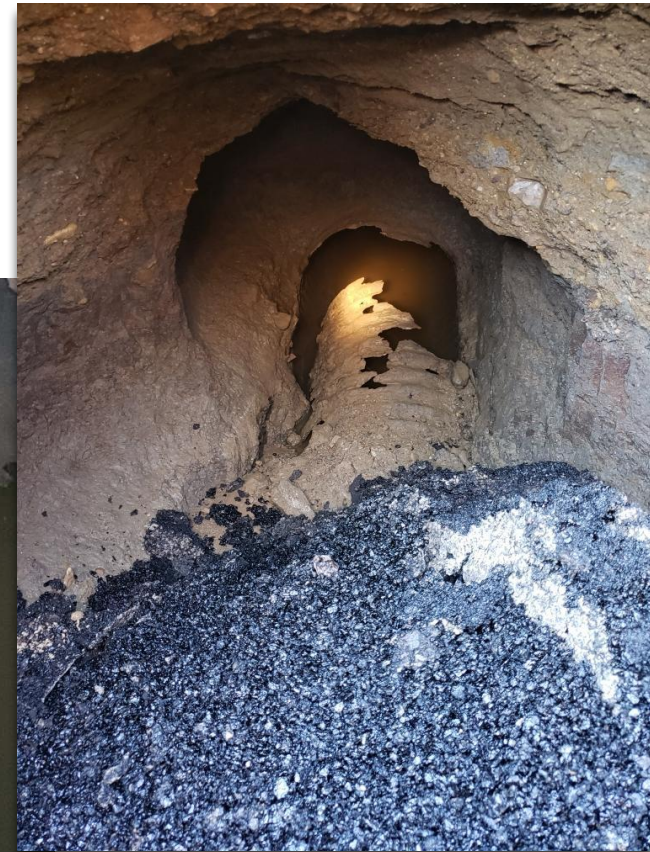
Potential Funding for Highways



Background

- WYDOT is currently \$135.6M short of maintaining mission, operating demands, equipment, facilities, and assets in their current condition
- It is critical that WYDOT receive additional revenue
- Additionally, it is crucial that WYDOT not lose any of its current revenue streams, in particular Federal Mineral Royalty (FMR's) and Severance Tax distributions
- WYDOT currently receives approximately \$66.8M in FMR's and Severance taxes

Hwy 16 between Osage and Newcastle



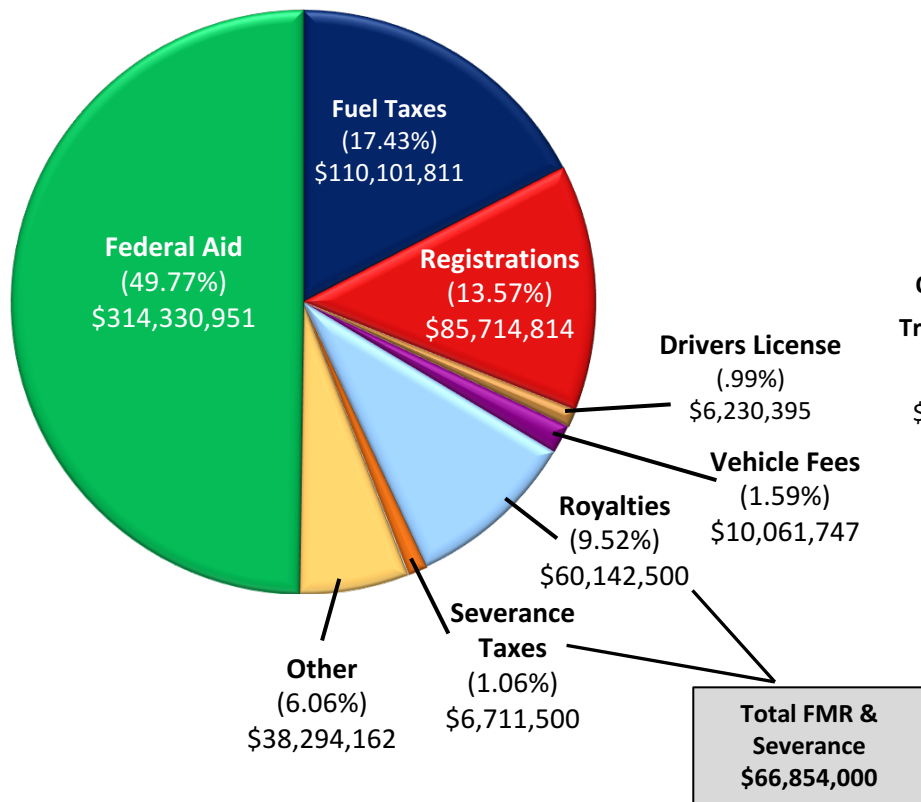
WYDOT Anticipated Revenue and Expenditures



Background (cont.)

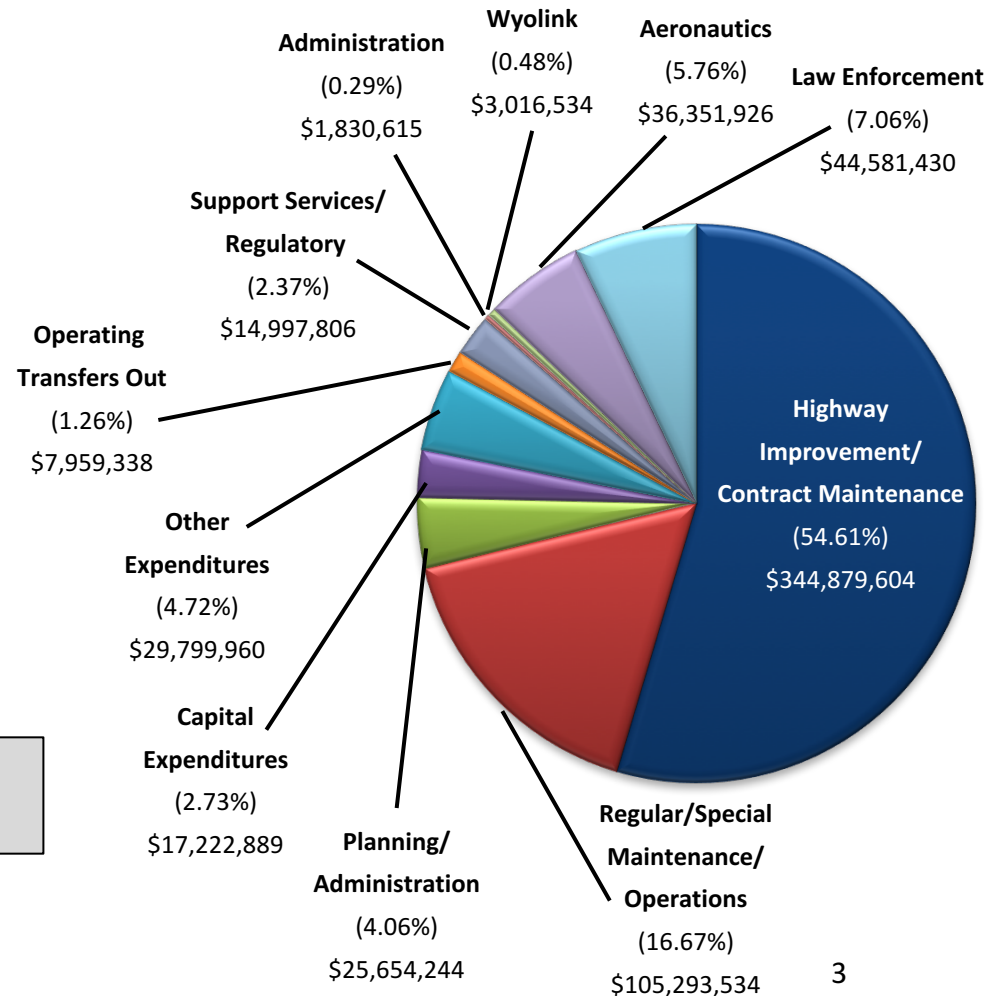
Revenues

Fiscal Year 2019 – \$631,587,880



Expenditures

Fiscal Year 2019 – \$631,587,880

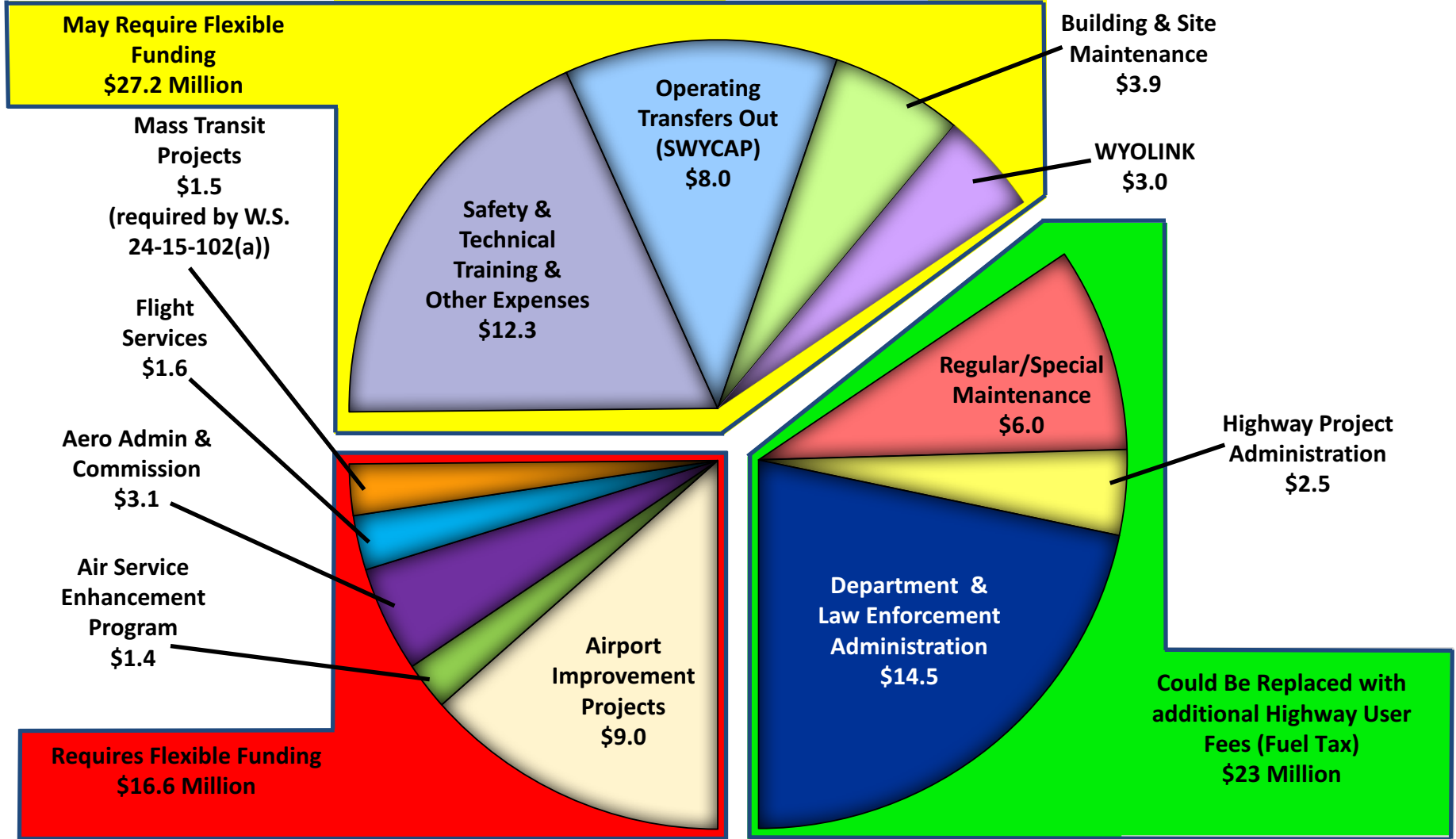


WYDOT's current annual unfunded need is \$135.6M.

(In Millions)



Background (cont.)



Potential Funding for Highways

Background (cont.)



- The removal of WYDOT's current FMR's and Severance Tax distributions, in part or in whole, would cause the agency to make significant cuts to its current budget.
- The likely result is a significant reduction in the following areas:
 - Air Service Development
 - Airport Improvement Program
 - Mass Transit Projects
 - Highway Construction and Maintenance Projects

Potential Funding for Highways

Potential Revenue Mechanisms



- At the June 4, 2018, Joint Transportation, Highways and Military Affairs Committee (JTC) Meeting, Kevin Pula from the National Conference of State Legislatures (NCSL), provided the committee with a report on funding for highways.
 - The information in the report was based, in part, on data collected by the American Association of State Highway Officials (AASHTO), and included information from all 50 states.
- Mr. Pula's report outlined 50+ funding mechanisms for transportation needs.

Potential Funding for Highways

Potential Revenue Mechanisms (cont.)



- From the 50+ potential funding mechanisms, WYDOT has identified 11 that potentially might be candidates for further future study.
- The 11 potential funding mechanisms identified are:
 - Fuel Tax
 - The Fuel Tax was last increased in the 2013 legislative session. The legislature increased the tax by 10 cents per gallon.
 - The Joint Revenue Committee has currently drafted a bill that would increase the per gallon fuel tax by 3 cents to offset the effects of inflation since the 2013 legislative session.
 - Vehicle Registration
 - The Vehicle Registration was last adjusted during the 2017 legislative session to offset the removal of general fund dollars to WYDOT.

Potential Funding for Highways

Potential Revenue Mechanisms (cont.)



- Mileage Based User Fees (MBUF)
 - Trucks
 - There may be an opportunity to utilize existing International Fuel Tax Agreement (IFTA) data to establish a relatively easy collection system.
 - Cars
- Highway Use Tax
 - State fee added as a percentage of cost when registering a vehicle
- Specific Sales Tax on Consumable Transportation Related Items
 - This would be a tax on items such as car batteries, tires, brakes, windshield wipers, etc.
- Sales Tax on Fuel
 - Could be in place of per gallon tax or in addition to per gallon tax.
 - This method would increase and decrease with the price of fuel and is therefore self-indexed.
- Innovative Financing Options (Project Specific)
 - Bonds
 - Loans
 - Special Purpose Tax

Potential Funding for Highways

Potential Revenue Mechanisms (cont.)



- Weight-Distance Tax
 - This method would be based on the weight of a vehicle in combination with the distance the vehicle travels in a given year.
- Tolling
 - JTC currently looking at the potential to toll I-80.
- Increased Fuel Tax License Fees
 - The current \$25 per license fee could be increased. Limited revenue potential.
- Specific User Fees
 - Public Safety Communication Fee to support the total cost of WYOLINK.
 - JTC directed a bill to be drafted at the May 2019 meeting
 - JTC discussing potential legislation regarding an user fee for the total cost RIS
- Other Revenue Options
 - Federal Mineral Royalties (FMR)
 - Severance Tax
 - General Funds

Potential Funding for Highways

Recommendation



- Based on current legislative consideration to increase funding for Transportation
 - Public Safety Communication Fees for WYOLINK
 - Consumer Fee for R.I.S.
 - 3 cent Fuel Tax Increase to offset impacts of inflation
 - Tolling of I-80
- WYDOT recommends that the Legislature take up Sustainable Funding Mechanisms for Highways as an Interim Topic in calendar year 2020.



Question and Answer