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# Let the Renaissance Begin

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With state governments and regional agencies leading the way, America might just be entering a renaissance in highway construction, reconstruction, and financing.

Over the last year, more than 35 state legislatures have taken up bills to address the transportation funding gap. The trend extends to every part of the country, crossing the line between red and blue states. In the absence of federal policy action, as Kevin Robillard of *Politico* wrote earlier this year, states are coming up with their own prescriptions to deal with our national transportation woes.

Solutions have ranged from excise taxes, to sales taxes, to lottery funding, to user financing. The specific programs and solutions vary widely, but they have one feature in common: They all involve state legislatures, regional mobility authorities, or local transportation agencies finding creative ways to fund the safe, reliable transportation services we need and expect as voters, taxpayers, and highway users.

Most recently, on October 31, the Virginia Supreme Court upheld the state department of transportation's authority to toll the Midtown and Downtown Tunnels, bringing new momentum to the argument that a toll is not a tax.

"The court's decision means the facilities can be tolled so project development and construction can continue, which will bring significant improvements to the region's transportation network," said Gov. Bob McDonnell. The project "will make a huge impact on reducing traffic delays and congestion in Hampton Roads."

## Highway Funding in Crisis

The Virginia court decision may some day stand as a turning point in the effort to address a looming national crisis. Gas tax revenues are eroding, and the annual shortfall is expected to intensify. By the end of next year, Congress will have transferred \$53.6 billion from the general fund since 2008, just to keep the federal Highway Trust Fund solvent. Without another cash infusion, the HTF will be bankrupt sometime next year.

And we know the result: The American Society of Civil Engineers (ASCE) estimated that the United States will have to spend an additional \$846 billion by 2020 to bring its surface transportation infrastructure up to a B grade, compared to the C+ for bridges and D for roads in its 2013 Report Card for America's Infrastructure. Earlier this year, Michael Barone of the *Washington Examiner* argued that highways are in dire need of alternative funding options like tolling:

The solution needs to be found outside the box. Federal funding may have been necessary to coordinate the design of the interstate system and to fund it in many states. But the interstates have been located and built, and differences in state income levels were much greater in the 1950s than they are today.

## The States to the Rescue

State and local government is where the rubber literally hits the road on highway policy. When poor road conditions become a serious safety issue [Morello, page 2], or congestion costs billions of dollars and gallons of fuel in lost productivity, the pain shows up most acutely at the community level. So it's no surprise that the leadership on transportation financing is coming from the ground up, or that highway tolling and other forms of user financing have been at the center of the conversation.

Consider these innovative transportation efforts across the country:

- Earlier this year, Oregon became the first North American jurisdiction to pilot a road user charging system. When the plan takes effect in 2015, the state transportation department will charge 1.5 cents per mile for up to 5,000 cars and light commercial vehicles and issue an equivalent gas tax refund to users.
- The Georgia State Transportation Board showed the value of enabling legislation for critical highway infrastructure with the award

of a design-build contract for the Northwest Corridor managed lane extension project. Construction will begin in 2014. New toll lanes should be open to traffic by 2018.

- Virginia, Maryland, and Massachusetts developed sophisticated, integrated policy packages to address the need for highway infrastructure funding.
- Maryland and Delaware reached an agreement on reciprocal toll collection, and Pennsylvania is considering similar legislation.
- Over the last couple of years, states like Virginia, Texas, Indiana, and Colorado have passed enabling legislation allowing private concessionaires to operate toll facilities.
- South Carolina adopted a long-term, comprehensive plan to fund highway maintenance, interstate widening, and bridge projects.
- New York State included transportation projects in the criteria for a proposed green infrastructure bank, designed to spur a clean economy and bring sustainable energy projects to scale.
- Puerto Rico added to its reputation as a leader in public-private partnerships (P3s) by approving a new agreement for San Juan Airport.
- Wyoming and Vermont increased their state gas taxes.

### Choosing from the Ground Up

We shouldn't expect this flurry of activity to point to a single silver bullet that will solve the transportation funding crisis. Apart from the blacktop on the ground and the dollars required to build and maintain it, there are very few similarities between a commuter lane in Georgia, a bridge in Delaware, a freight corridor in Pennsylvania, and a rural highway in Wyoming.

It follows that state governments, regional mobility authorities, and local agencies are in the best position to come up with the right mix of financing solutions to meet their own transportation needs. As their analysis unfolds, they'll find that tolling is one of the most important tools in the highway funding toolbox.

So as Congress prepares for the 2014 transportation reauthorization bill, what can legislators do to support this nascent renaissance in highway infrastructure funding?

It won't take an across-the-board mandate to give communities the tools to get the job done. All that's needed is for federal legislators to remove the restrictions that prevent other jurisdictions from choosing to toll when the option fits their circumstances. If we see this change come out of the next round of legislation, a new era of enlightened transportation planning will be upon us.

*This piece is cross-posted on InfrastructureUSA's InfraBlog*

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