

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

69th Southern Legislative Conference

July 19, 2015

Representative Bubber Epps (HD144)

2014 Joint Study Committee on Critical Transportation Infrastructure Funding

- Created by House Resolution 1573 during the Legislative Session and include Representatives, Senators, and citizen appointees.
- Held 8 open and public meetings throughout the state:
 - Atlanta (August 5th)
 - Columbus (August 18th)
 - Tifton (September 2nd)
 - Macon (September 3rd)
 - Augusta (September 30th)
 - Savannah (October 1st)
 - Blue Ridge (November 19th)
 - Rome (November 20th)

2014 Joint Study Committee Final Report

- Identified Georgia's dependence on federal transportation funds as a problem given current and future federal funding uncertainty and increased costs associated with federal funds.
- Contrasted **Georgia's** transportation budget of **54% federal funds** to **Florida's** transportation budget of only **27% federal funds**.
- Highlighted the reduced purchasing power of the excise tax due to increased costs and inflation—**over 40% reduction since 1993** and a **52% projected reduction by 2023**.
- Recommended “a minimum of \$1.0 – \$1.5 billion in new annual transportation infrastructure investment is needed to address the challenges...”

2014 Joint Study Committee Final Report

“Funding Gap”

- Cited the Statewide Strategic Transportation Plan for 2005 to 2035 and the \$74 billion “funding gap” over the next 20 years.
- Referred to the HNTB/Ernst and Young validation of this funding gap and identifies three different levels of need and the annual funding gap association with each:
 - **\$1.0 – \$1.5 billion** additional, annually to preserve the current transportation system at acceptable levels.
 - **\$2.1 – \$2.9 billion** additional, annually to address critical needs such as increasing regional mobility, interstate capacity, transit availability, and building new interchanges.
 - **\$3.9 – \$5.4 billion** additional, annually to address the full universe of needs including passenger rail systems.

2014 Joint Study Committee Final Report

Recommendations

- Issued its final report on December 30th stating that a minimum of \$1 to \$1.5 billion in new annual transportation infrastructure funding is needed to address the State's challenges.
- Identified in its final report 12 options for potential funding including the following:
 - Debt service relief
 - Conversion of the sales tax to an excise tax
 - Indexing 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

GDOT Identified Additional Needs

- During the fall of 2014 and 2015 Legislative Session, GDOT was asked to identify the additional ANNUAL funding needs:
 - **\$128M** in additional funding for **pavements/resurfacing**.
 - **\$456M** in additional funding for **bridge 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**.
- In total, **≈\$1 Billion** in additional annual funding would be necessary to just adequately maintain the existing infrastructure.
- In total, **≈\$2.1 Billion to 2.6 Billion** in additional annual funding would be necessary for maintenance AND capital expansions.

HB 170 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.

HB 170 Primary Fund Sources

- **State Motor Fuel Excise Tax Rate:** 26¢/gallon on gasoline; 29¢/gallon on diesel. Annually indexed for increased vehicle fuel efficiency. Additionally indexed from 2016 to 2018 for Consumer Price Index increases.
- **Hotel/Motel Nightly Fee:** \$5 per night lodging fee. (excludes extended stay occupants)
- **Heavy Vehicle Annual Impact Fee:** \$50 for vehicles 15,500 lbs to 26,000 lbs /\$100 for vehicles greater than 26,001 lbs.
- **Alternative Fuel Vehicle Fees/Tax Credits:** Institutes a \$200 noncommercial/\$300 commercial alternative fuel vehicle annual registration fee. Eliminates \$2500/\$5000 tax credits on low/zero emission vehicles.

The New Gasoline Excise Rate



$$\begin{aligned} & 7.5¢ \text{ (Pre-HB170 Excise)} \\ + & 11.8¢ \text{ (Pre-HB170 3\% \& 1\% "4th Penny")} \\ + & 6.7¢ \text{ (HB 170 Adjustment)} \\ \hline & 26.0¢ \end{aligned}$$

Current State Motor Fuel Rates vs. HB 170 Rates

Motor Fuel Type	Previous Law	H.B. 170	Difference
Gasoline	19.3¢/gallon	26¢/gallon	+6.7¢/gallon
Diesel	21.3¢/gallon	29¢/gallon	+7.7¢/gallon

- Motor fuel tax is a tax on distributors.
- The net effect of H.B 170 on an average motorist who drives *12,000 miles per year* (with an average fuel economy of *25 mpg*) is an additional \$32.16 per year OR an additional **\$2.68 per month**.
- Local taxes on motor fuel, though preserved, are now capped and **will NOT be assessed** on the price of motor fuel above \$3.00 per gallon.

Additional Motor Fuel Collections

(Averaged Estimate)

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

- These revenues are subject to the Constitution and dedicated to the explicit purpose of “roads and bridges.”
- Motor fuel funds are appropriated in the Fiscal Year AFTER they are collected. Therefore, the additional motor fuel revenue from H.B. 170 will not be first appropriated for use until July 1, 2016.

Hotel/Motel \$5 Nightly Fee

(Based on UWG College of Business Estimate)

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

- These fees will be collected via the General Fund but **MUST** be appropriated to “transportation purposes.”
- “Transportation purposes” are defined as roads, bridges, public transit, rails, airports, buses, seaports, accompanying infrastructure and services to provide access to transportation facilities, and general obligation debt and other multiyear obligation issues to finance such purposes.
- If **NOT** appropriated to this purpose, the fees are reduced by ½ after the first year and **REPEALED** after the subsequent year if not appropriated.

Heavy Vehicle Impact Fee

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

- DOR Registrations as of 03/15/15: 38,022 vehicles between [15,500 lbs and 26,000 lbs] and 32,780 vehicles [over 26,000 lbs].
- These fees will be collected via the General Fund but MUST be appropriated to “transportation purposes.”
- “Transportation purposes” are defined as roads, bridges, public transit, rails, airports, buses, seaports, accompanying infrastructure and services to provide access to transportation facilities, and general obligation debt and other multiyear obligation issues to finance such purposes.
- If NOT appropriated to this purpose, the fees are reduced by ½ after the first year and REPEALED after the subsequent year if not appropriated.

Other Revenues Generated

Source	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Alt. Fuel Fee	\$3,400,000	\$3,600,000	\$3,900,000	\$4,250,000	\$4,650,000
Alt. Tax Credit	\$16,400,000	\$90,100,000	\$124,300,000	\$155,600,000	\$187,200,000
Jet Fuel Tax	\$21,400,000	\$26,100,000	\$28,900,000	\$30,200,000	\$31,600,000
Total	\$37,800,000	\$116,200,000	\$153,200,000	\$185,800,000	\$218,800,000

- The \$200/\$300 Alternative Fuel Vehicle Annual registration fee has the same index as motor fuel but fees are not explicitly dedicated.
- Revenues derived from the elimination of the exemption on jet fuel tax on or after July 1, 2017 are intended to “be used for a state aviation program or airport related purposes” to comply with the requirements of federal law (49 U.S.C. Sections 47107(b) and 47113. Any portion in excess of the federal requirement may be appropriated for other purposes.

HB 170 Total Additional Revenues

(Based on Averaged Estimates)

FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
\$870,250,000	\$1,023,600,000	\$1,111,950,000	\$1,177,400,000	\$1,223,600,000

These additional total revenues include additional dedicated motor fuel collections, dedicated fees, and non-dedicated fees.

Annual 10-Year Strategic Plan

- Requires the department to submit for the review and approval of the House and Senate Transportation Committees a 10-Year Strategic Plan which the Transportation Committees could submit as a recommendation to the Appropriations Committees for the development of the annual budget.
- The plan is not project specific and does not constitute a “project list.”
- The plan should include target funding levels and fund sources based on the following categories: (1) construction of new highway projects; (2) maintenance of existing infrastructure; (3) bridge repairs and replacements; (4) safety enhancements; and (5) administrative expenses.
- Prioritizes congestion relief, economic development, and identifying operational efficiencies that can be used for road construction.

Regional & County 1% T-SPLOSTs

- Amends the 2010 Transportation Investment Act to streamline the regional T-SPLOST process and authorize individual counties to proceed with a T-SPLOST.
- Allows the regions to proceed with a regional T-SPLOST referendum by majority of the counties in the region without additional authorization from the General Assembly.
- For the Atlanta Regional Commission starting July 1, 2016 and all other regions starting July 1, 2017, individual counties can proceed with a county T-SPLOST if a regional T-SPLOST is not enacted. The following guidelines apply:
 - County-only T-SPLOST can be for period of **up to** 5 years.
 - County-only T-SPLOST can be levied in any increment of .05% up to a maximum of 1%.
- No County T-SPLOST in a TIA-approved region and no TIA regional tax when even one county has approved a T-SPLOST.

Special Joint Committee on Revenue

- Establishes a joint committee to identify tax and revenue reforms for the State of Georgia for the 2016 legislative session.
- Creates a 14 member committee: Senate President Pro Tempore, House Speaker Pro Tempore, Senate and House Majority Leaders, Senate and House Minority Leaders, Senate Finance Committee and House Committee on Ways and Means Chairpersons, 3 senators (2 majority party, 1 minority party) appointed by the Lt. Governor, and 3 representatives (2 majority party, 1 minority party) appointed by the Speaker of the House.
- The legislation proposed by the Committee would receive an up or down vote without amendment in the House of Representatives, and if passed by the House, it would receive an up or down vote without amendment in the Senate.



QUESTIONS?