

Ohio House of Representatives Finance Committee

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House Bill 62

Chairman Oelslager, Ranking member Cera, Vice Chairman Scherer, thank you for the opportunity to speak to you today about the benefits and importance of transportation funding.

My name is Jeff Linkous and I currently serve as the Clinton County Engineer and as the County Engineers' Association of Ohio's current President. Before becoming the county engineer in 2008, I was the Deputy County Engineer for Clinton County since 1980. I currently serve as the Chairman of the CSTP/LBR Committee, member of the Safety Sub-committee and a member of the Survey/Mapping/ GIS Committee, District 10 Integrating committee of the Ohio Public Works Commission and the Chairman of the Executive committee.

My mission as Clinton County Engineer is to design, build and maintain a safe, efficient, and accessible transportation system that will foster economic growth and personal travel. This includes 266 miles of roads, 297 bridges and over 1100 culverts on the Clinton county system.

With over \$400 million dollars' worth of infrastructure in Clinton county to maintain and repair and only a \$4.3 million dollar budget each year, we are constantly tasked to do more with less. Each spring, my staff and I travel every mile of Clinton county's roads and give them a pavement-condition rating. Based on these ratings, we determine which roads will be priority for resurfacing that year. I was only able to chip-seal approximately 35 miles of my inventory at the average cost per mile of \$12,719. Our challenge going forward on road maintenance is that we cannot continue to only do repairs and maintenance each year but need to pave and reconstruct in order to be able to keep up with the wear on the roads.

Rural Counties and Gas Tax

In general, gas taxes cannot provide adequate revenue for transportation infrastructure projects unless their tax rates are adjusted to keep pace with rising construction costs and to offset revenue losses from improvements in vehicle fuel-efficiency. Ohio's gas tax rate has not been updated in over a decade, causing significant declines in my purchasing power. Those declines are negatively affecting the funding of economically vital infrastructure projects not just in my county, but in all 52 rural counties.

Increasingly across the nation, state lawmakers are deciding that outdated gas taxes need to be raised and reformed to fund infrastructure projects that are vital to their economies. **In total, 28 states have raised or reformed their gas taxes since 2013.** (Appendix 1)

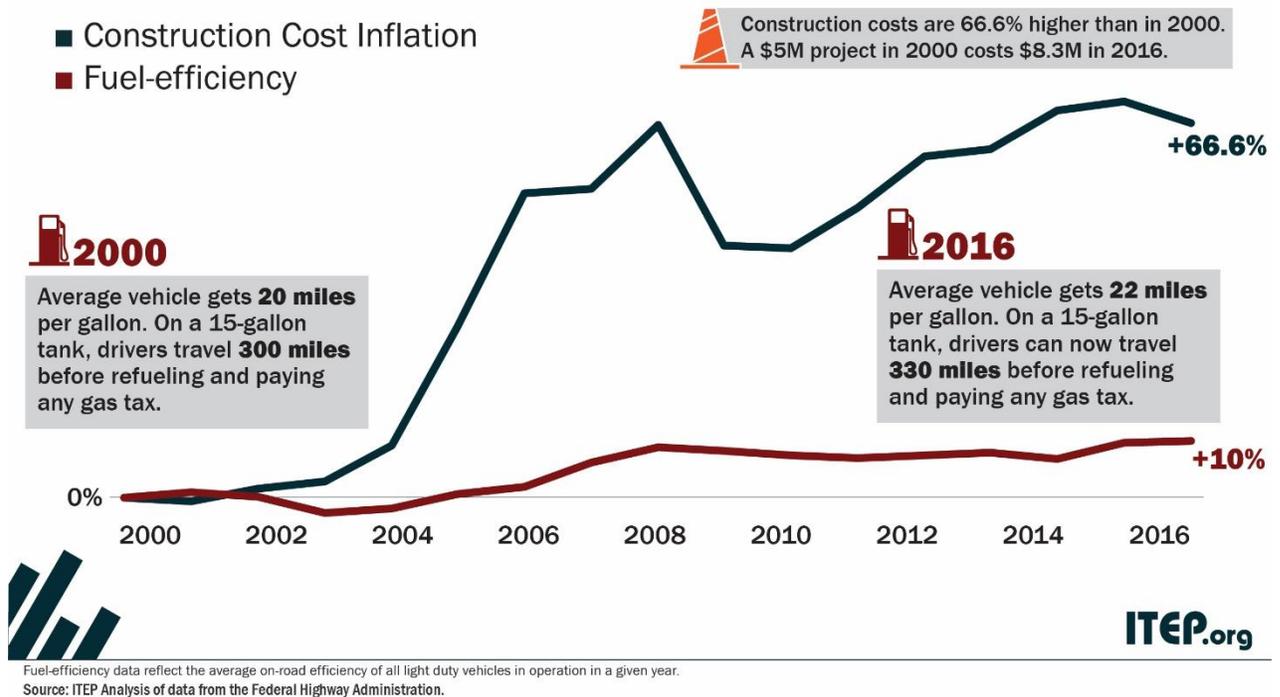
Gas Tax Purchasing Power On A Decline

The single largest source of funding for Ohio's rural county's transportation system comes from the state gas tax. However, the purchasing power of that tax has dramatically dropped over the years, leaving funding for local roads and bridges in a precarious fiscal situation.

Rising construction costs and the growing needs of aging local roads and bridges have placed a greater strain on our infrastructure. Furthermore, increased fuel efficiency in motor vehicles and projected decreases in motor fuel consumption by Ohioans have combined to accelerate the downward pressure on revenues coming into the

counties. This has led to consistent funding shortfalls in recent years, and looking ahead the problem will only get worse.

Two Trends Have Eroded Gas Tax Purchasing Power



Material Inflation (Clinton County 2006-2013)

Asphalt in Place (ton):	100% increase
Asphalt Pickup (ton):	80% increase
Tack (gal):	135% increase
Stone pickup (ton)	50% increase
RS-2 (gal)	110% increase
Concrete (yard)	64% increase

Gasoline Excise Tax Breakdown (Every 1 cent/gallon ~ \$83,000 to county roads)

Federal	\$0.19 per gallon 1993
State	\$0.22 per gallon (Gas Excise Tax)
State	\$0.06 per gallon (HB 87 – increase the tax by \$0.02 per gallon over a three year phase in during 2006, 2007, 2008)

28 cents is distributed per the following formula

- 23.8 cents is distributed – 75% to ODOT, 10.71% to Municipalities, 9.29% to Counties and 5% to Townships
- 2.7 cents is distributed – 42.84% Municipalities, 37.16% Counties and 20% Townships
- 1.0 cent is distributed – LTIP (Ohio Public Works Commission)
- 0.5 cents distributed – ODNR, PUCO, Ohio Turnpike

County Portion is \$0.032 per gallon (not a % of the price)

County Portion is distributed by county as opposed to mileage.
(Each County receives \$0.032/gal/88 counties = \$0.0003526/gallon per county)

Motor Vehicle Registration permissive Fees

The motor vehicle registration permissive fee is an optional tax that can be levied by counties, municipalities, and/or townships on vehicle registrations. Permissive tax revenue is to be used by the counties and taxing districts per ORC Chapter 4504, which includes planning, constructing, improving, maintaining and repairing public roads, highways, streets, and for the maintaining and repair of bridges and viaducts.

Clinton County is currently ranked 59th (41,887 people) out of all Ohio's counties in population. Raising our county's motor vehicle registration fees to the max limit permitted under Ohio law would not even generate enough funds have an any discernable impact on Clinton County's transportation system.

Alternatives to Fuel Tax: Compressed Natural Gas, Hybrid, Electric Vehicles

Clinton County, like most rural counties, does not have a single electric charging station or compressed natural gas station in the county. Using natural gas vehicles, hybrids, and electric cars as a tax option to a gasoline excise tax increase is not a viable option for rural counties. However, addressing the proper assessment of these types of vehicles would provide stability in infrastructure funding in the future.

County Engineer's Cost Saving Methods/ Grants

- Partnering with various government entities
- Creative road material purchasing
- Acquire stone and sand to mixed with salt
- Heat facilities by recycling used motor oil
- Creative Financing
- Working with heavy haulers to find the best route to do the least amount of damage.
- In-house cold mix production/partner with neighboring counties/townships
- Dispose of tires through Health Department/Solid Waste District
- Bulk fuel purchase with other county partners
- Sharing Services and Equipment with surrounding counties, cities, and ODOT
- Roadside Mowing and Roadside Spraying Applications
- Seasonal Employees
- Work force reduction through attrition
- OPWC Grants
- Federal Grants

Appendix 1



2018 Enacted Legislation

- **Missouri:** Lawmakers approved a gas tax increase of 10 cents in May of 2018.
- **Oklahoma:** The gas tax increased by 3 cents and the diesel tax by 6 cents on June 27, 2018.

2017 Enacted Legislation

- **California:** A 12-cent gas tax increase and 20-cent diesel tax increase took effect on Nov. 1, 2017.
- **Indiana:** A 10-cent increase took effect on July 1, 2017. Further adjustments will occur between 2018 and 2024 based on a new formula that considers both inflation and the rate of growth in Indiana's personal income.
- **Oregon:** A 10-cent increase will take effect in four stages, starting with a 4-cent increase that took place on Jan. 1, 2018, and ending with a 2-cent increase on Jan. 1, 2024.
- **South Carolina:** The legislature overrode Gov. Henry McMaster's veto to enact a 12-cent-per-gallon increase in the tax rate on both gasoline and diesel. The increase will be phased in over 6 years, with the first increase (of 2 cents per gallon) taking effect on July 1, 2017.
- **Tennessee:** The gas tax rose by 6 cents and the diesel tax by 10 cents on July 1, 2017.
- **Utah:** A new law modifies the variable-rate gas tax formula enacted by Utah lawmakers in 2015 in a way that will allow for somewhat more robust revenue growth. The new formula is expected to result in a roughly 0.6-cent-per-gallon tax increase in 2019 and a 1.2-cent increase in 2020.
- **West Virginia:** The gas tax rose by 3.5 cents on July 1, 2017.

2016 Enacted Legislation

- **New Jersey:** A 22.6-cent per gallon increase in the gasoline tax took effect on Nov. 1, 2016. The diesel tax rose by 26.7 cents under a two-stage increase that took effect on Jan. 1 and July 1, 2017.

2015 Enacted Legislation

- **Georgia:** A 6.7-cent increase took effect July 1, 2015. A new formula for calculating the state's tax rate will allow future rate increases alongside inflation and vehicle fuel-efficiency improvements. This will allow the tax to retain its purchasing power in the years ahead. The first such increase (0.3 cents) under this formula took effect on Jan. 1, 2017 and the second increase (0.5 cents) took effect on Jan. 1, 2018.
- **Idaho:** A 7-cent increase took effect July 1, 2015.
- **Iowa:** A 10-cent increase took effect March 1, 2015.
- **Kentucky:** Falling gas prices nearly resulted in a 5.1-cent gas tax cut in 2015, but lawmakers scaled that cut back to just 1.6 cents by setting a minimum "floor" on the state's gas tax rate. The net result was a 3.5-cent-per-gallon increase relative to previous law.
- **Michigan:** The state's gasoline and diesel taxes rose by 7.3 cents and 11.3 cents, respectively, on Jan. 1, 2017. Beginning in 2022, the state's gas tax will begin rising annually to keep pace with inflation.
- **Nebraska:** A 6-cent increase was enacted over Gov. Pete Ricketts' veto. Nebraska's gas tax rate is rising in 1.5 cent increments over four years.
- **North Carolina:** Falling gas prices were expected to trigger a gas tax cut of 7.9 cents per gallon, but lawmakers scaled that cut down to just 3.5 cents, resulting in a 4.4 cent increase relative to previous law.

- **South Dakota:** A 6-cent increase took effect April 1, 2015.
- **Utah:** A 4.9-cent increase took effect on Jan. 1, 2016. Future increases will occur under a new formula that considers both fuel prices and inflation. This formula was modified under legislation enacted in 2017 to allow for faster gas tax revenue growth.
- **Washington State:** An 11.9-cent increase was implemented in two stages: 7 cents on Aug.1, 2015, and a further 4.9 cents on July 1, 2016.

2014 Enacted Legislation

- **New Hampshire:** A 4.2-cent increase took effect July 1, 2014.
- **Rhode Island:** The gas tax rate was indexed to inflation. This resulted in a 1-cent increase on July 1, 2015, and will lead to further increases in most odd-numbered years thereafter.

2013 Enacted Legislation

- **Maryland:** A significant gas tax reform, which tied the tax rate to inflation and fuel prices, was implemented in stages starting on July 1, 2013. Since then, the state's tax rate has increased by 10.3 cents above its early 2013 level.
- **Massachusetts:** A 3-cent increase took effect July 31, 2013.
- **Pennsylvania:** A significant gas tax reform, tying the rate to fuel prices, took effect in stages starting on Jan. 1, 2014. As a result of this reform, the gasoline tax rate has increased by 26.4 cents per gallon while the diesel tax has increased by 36 cents.
- **Vermont:** A 5.9-cent increase and modest gas tax restructuring took effect May 1, 2013.
- **Virginia:** As part of a larger transportation funding package, lawmakers raised statewide diesel taxes effective July 1, 2013, as well as gasoline taxes in the populous Hampton Roads region. The new formula included in the law will cause the tax rate to rise alongside gas prices in the years ahead.
- **Wyoming:** A 10-cent increase took effect July 1, 2013.