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OHIO HOUSE FINANCE COMMITTEE  
TESTIMONY ON HOUSE BILL 62

STEVE STOLTE  
UNION COUNTY COMMISSIONER  
February 21, 2019

Good morning Chairman Oelslager, Vice Chair Scherer, and Ranking Member Cera. My name is Steve Stolte, and I serve on the Union County Board of Commissioners, a position I have held for over 8 years. Before that I served as the Union County Engineer for 24 years. Thank you for the opportunity to share my views on the challenges facing Ohio's road transportation infrastructure. The County Commissioners Association of Ohio is a member of the Fix Our Roads Ohio (FOR Ohio) coalition, a partnership of public and private sector stakeholders who have united in an effort to educate state leaders regarding the critical needs of Ohio's transportation infrastructure, and to advocate for a dedicated funding solution that will yield long term, smart investment in Ohio's transportation future.

County governments across the state are very concerned about the condition of Ohio's transportation infrastructure. The quality of our infrastructure has a tremendous impact on the economic development potential of our state. Counties are responsible for the maintenance, repair and replacement of over 26,000 bridges and 29,000 county road miles. They rely on a strong partnership with the state in order to meet this responsibility, but this partnership is being slowly eroded over time as state revenues stagnate, construction inflation increases costs, and our aging infrastructure is in need of replacement or major renovation. In 2017, counties received a total of \$210.3 million in motor fuel tax revenue from the state, but the motor fuel tax rate has not been increased since 2005. Counties also received \$246.5 million in distributions from state license registration fees, but the basic \$20 fee for passenger cars has not changed in decades.

In the context of stagnant state support, counties are doing what they can to finance additional road and bridge work. Some counties are enacting permissive license fees. In 2017, permissive license fees brought in a total of \$103.2 million statewide for counties that utilized them. Although revenue from this source will increase as more counties adopt the latest \$5 fee authorized by the 132nd General Assembly, the usefulness of this revenue source is limited in most rural counties and even in some urban counties.

In Union County, voters approved in 2008 a sales tax increase of one-quarter of one percent (.25%), half of which is allocated to the improvement and construction of county roads and bridges, which generates about \$1.4 million annually for such purposes. Union County recently increased its transfer tax by \$2, which will generate close to \$2 million, a portion of which will be allocated to infrastructure improvements such as roads and bridges.

"Local permissive fees and other locally enacted taxes alone cannot address the huge challenges of replacing our aging infrastructure and constructing new infrastructure. From a county perspective, there is simply no substitute for a strong state financial partnership to address the needs of our transportation infrastructure."

We encourage the Finance Committee to explore all options available for addressing Ohio's transportation infrastructure challenges. In the short term, however, an increase in the motor vehicle fuel tax, with future indexing for inflation, is the best option to increase revenue for road construction and maintenance. Twenty-seven states have adjusted their motor vehicle fuel taxes in some manner since 2013, including all of Ohio's neighbors. In 2015, Michigan increased the state motor fuel tax on gasoline by 7.3 cents per gallon, the motor fuel tax on diesel by 11.3 cents per gallon and indexed both to inflation starting in 2022. In 2017, Indiana increased its gas tax by 10 cents per gallon and indexed it to inflation. Ohio's motor fuel tax is now lower than all of our surrounding states except Kentucky. Given the projected growth in demand for electric and other energy efficient vehicles, consideration should also be given to leveling the playing field between electric, hybrid or fuel cell vehicles and conventional gasoline or diesel-powered vehicles.

It is clear that Ohio must improve and expand its transportation infrastructure to meet the economic challenges of the 21st century, and Ohio's counties are committed to partnering with the state to ensure this happens.

Thank you for allowing me to testify today. I would be pleased to answer any questions you may have.