



Brett Boothe, P.E., P.S., Gallia County Engineer, CEO Government Affairs Chair
Testimony – House Bill 26
Ohio House of Representatives Finance Committee
February 14, 2017

Chairman LaRose, Ranking Member Tavares, Vice Chairwoman Kunze and members of the Senate Transportation, Commerce and Workforce Committee, thank you for the opportunity to speak to you today about the benefits and importance of Sub. House Bill 26, the 2018-2019 State Transportation budget.

My name is Brett Boothe and I am the current Gallia County Engineer. Before becoming the county engineer in 2009, I worked in the private sector and also as the ODOT, District 9, Transportation Engineer. I have expertise in administering structural, transportation, stormwater, solid waste, and land surveying projects. I currently manage and invest nearly a \$10 million-dollar annually in Gallia county infrastructure.

Historically, on a 10-year replacement plan, I am able to replace 4 bridges a year (40 total); leaving my county 108 bridges behind in that same 10-year period. Gallia County would need to replace 15 bridges a year for 10 years, to meet the current needs of my county... A Shortfall of \$2,455,500 per year.

Gallia County has 454.85 miles of roads to maintain: 208.92 miles Asphalt; 128.17 miles chip and seal; 117.76 miles gravel.

- Asphalt Roads (15 year life)*
 - $208.92 \text{ miles asphalt} / 15 = 13.9 \text{ miles need paved every year to maintain cycle.}$
 - Averaging 4 miles per year(not including grants), therefore, shortfall of 9.9 mile x $\$70,000/\text{mi} = \underline{\$693,000/\text{year}}$
- Chip and Seal (5 year life)*
 - $128.17 \text{ miles chip and seal} / 5 = 25.6 \text{ miles need chip and sealed every year to maintain cycle}$
 - Averaging 7 miles per year(not including grants), therefore, shortfall of 18.6 miles x $\$18,000/\text{mi} = \underline{\$334,800/\text{year}}$
- Gravel to upgrade to Chip and Seal
 - $117.76 \text{ miles} \times \$150,000 = \$17,664,000. \text{ Over 10 year shortfall of } \underline{\$1,766,400/\text{year}}$
- * Assumes solid base, no extra work, and no road damage by heavy vehicles.

Material Comparison (2006-2013)

• Asphalt in Place (ton):	100% increase
• Asphalt Pickup (ton):	129% increase
• Tack (gal):	186% increase
• #8 stone Delivered (ton)	68% increase
• Gasoline (gal)	190% increase
• Low Sulfur Diesel (gal)	188% increase
• MC-30 (gal)	174% increase
• RS-2 (gal)	170% increase
• Concrete (yard)	64% increase

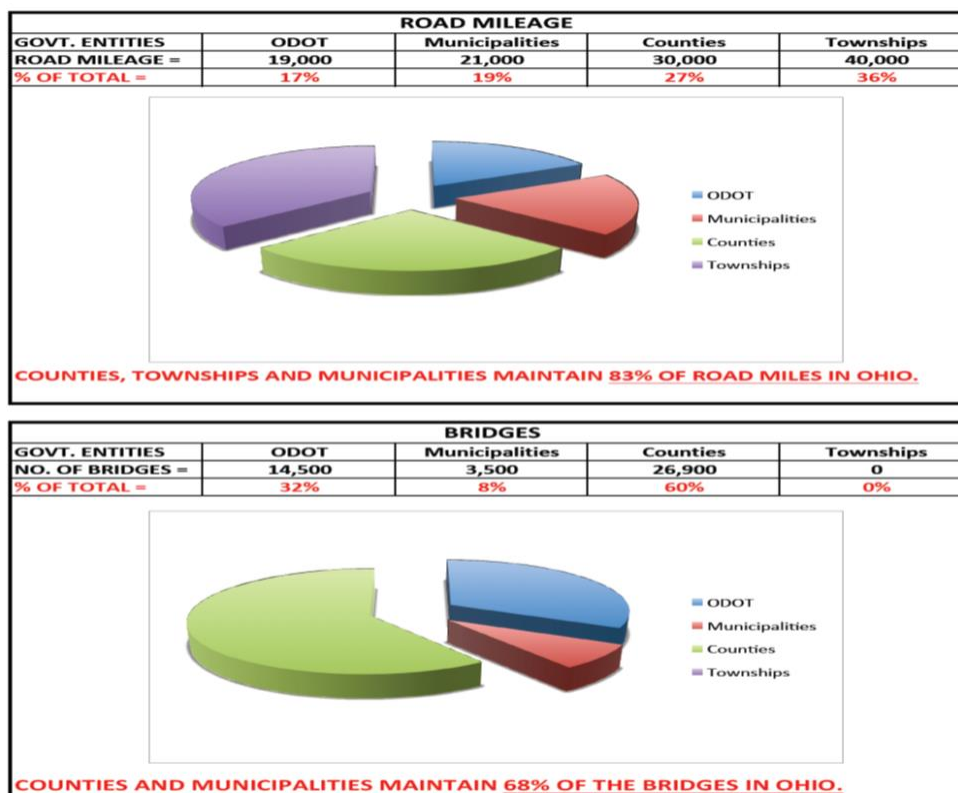
County Engineer's Cost Saving Methods/ Grants

- In-house engineering and inspections
- Scrap Pipes
- Cinders
- DEF Tank Purchase
- Buy Filters when on sale only
- Purchasing stone with contract
- Pugmill for coldmix
- Roadside Mowing
- Roadside Spraying
- Yard Mowing
- Culvert Replacements
- Dust Control and Roadside Spraying Applications
- In-house bridge replacements
- Clean Burn
- Tires – Health Department
- JFS Program Employees
- Work force reduction through attrition.
- OPWC Grants – Typically \$500k - \$600k
- Federal Grants – Nearly 11 million in Federal Grants since 2009
 - ODOT Local Project Coordinator Andrea Stevenson, Columbus Office said Gallia County has received more Federal Grant dollars than any county in southern Ohio and more than some of the most urban counties in Ohio.)

How would increased revenues be used?

Funding continues to be a major factor in future decision makings. We continue to see all material costs increase every year while revenue remains stagnant. We are buying less for our money every year. Grants have become increasingly more competitive at the state and federal levels. We continue to focus on leveraging local dollars in order to maximize state and federal dollars, actively pursue all grants, efficiency in operations, and project return on investments.

- Shortfalls in replacing deficient bridges
- Shortfalls in paving/chip and seals.
- Leverage local money to obtain State and Federal Funds.
- Upgrade gravel roads to chip and seal.
- Maintain existing level of service with material increases.



What Increasing Ohio's Gas Tax Means to Rural Counties

Ohio's 28-cents-a-gallon tax on gasoline and diesel fuel **has not been increased in nearly 12 years.**

The state motor-fuels tax is the second-largest source of funding for roads, after money from Washington generated by the 18.4-cent federal gasoline tax (which has not changed since 1993) and the 24.4-cent diesel tax.

Since the state gas tax last increased, cars and trucks have become more fuel-efficient. As of 2013, 19 states and the District of Columbia have enacted legislation that will increase or may increase overall state gas taxes. A key consideration for policymakers is the implications of a fixed cent-per-gallon fuel tax compared to a variable rate or indexed tax structure.

Of these 19 states and the District of Columbia, 11 states—Georgia, Kentucky, Michigan, Massachusetts, Maryland, North Carolina, Pennsylvania, Rhode Island, Utah, Vermont and Virginia—and D.C. chose to keep or implement indexing provisions within their fuel tax structure, presumably to ensure revenues kept pace with inflation and fuel consumption patterns. Eight states chose to implement a fixed cent-per-gallon increase.

Increase gas tax (Every 1 cent/gallon ~ \$83,000 to the county)

- Federal \$0.19 per gallon 1993
- State \$0.22 per gallon (Gas Excise Tax)
- State \$0.06 per gallon (HB 87) 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/\text{gal}/88 = \0.0003526)

Forms of Variable-Rate Gas Taxes

Examples of variable-rate gas taxes used by states include:

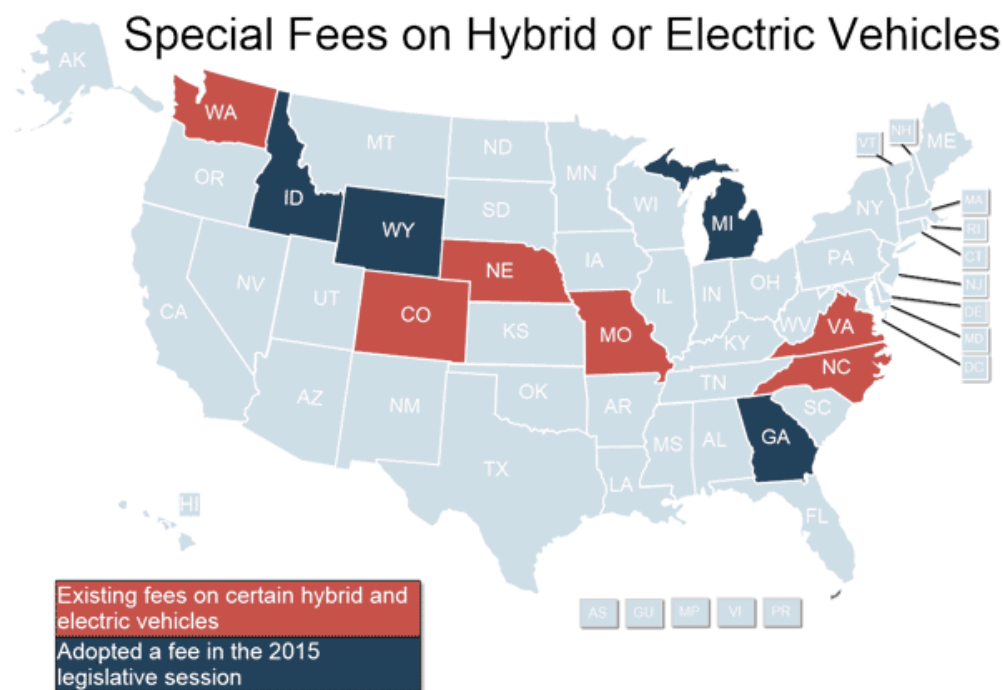
- A percentage tax on either the wholesale or rack price of gasoline. Proponents argue that this structure will allow for increased tax revenues as inflation causes gas prices to increase. Conversely, states will also see decreased revenues as gas prices drop and the volatile price of oil can create problems for long-term revenue forecasting.
 - In 2015, Kentucky and North Carolina adjusted their percentage based gas taxes in response to dramatic decreases in revenues due to falling gas prices.
 - Similarly California has recently introduced legislation to increase their gas tax as a result of decreased revenues due to the falling price of gasoline.
- Other approaches utilized by states include:
 - Statutory provisions to automatically adjust a cent-per-gallon tax to the consumer price index (Florida, Maryland, North Carolina and Rhode Island);
 - Tying the gas tax to a state's inflation (Michigan); or
 - Linking the gas tax to other metrics such as population (North Carolina) or appropriation decisions (Nebraska).
- Hawaii, Illinois and Indiana apply the state's general sales tax to gasoline and therefore revenues are affected by prices.
- In 2015, Georgia became the first state to enact legislation linking its gas tax to the efficiency standards of motor vehicles, potentially alleviating any lost revenue because of more fuel efficient cars.

If Ohio is not going to raise the gas tax, the time is now to create new revenue stream from compressed natural gas vehicles, hybrids, electric cars

A major reason for the state governments' difficulty in maintaining funding is declining gas tax revenue, on which we relied heavily on to pay for transportation. This revenue has fallen substantially in real terms over the past decade as a result of changing driving habits and increased fuel efficiency. In

addition, the federal and Ohio gas taxes remain at fixed per-gallon amounts, even as transportation construction costs increase.

Many states are addressing concerns regarding the effect that the growing use of electric vehicles may have on funding for transportation infrastructure, which relies heavily on gasoline taxes. Georgia, Idaho, Michigan and Wyoming enacted legislation in 2015 requiring new fees on certain hybrid and electric vehicles. Colorado, Nebraska, North Carolina, Virginia and Washington adopted fees for electric vehicles during previous legislative sessions. Additionally, Oregon began a 5,000-vehicle opt-in program that allows drivers to pay a fee based on miles driven rather than gallons of fuel purchased. The Road Usage Charge System adopted in Oregon has the potential to separate transportation revenues from gasoline consumption.



Other CEAO Issues of Interest

Sub. HB 26 as passed by the House of Representatives

Proposed Amendment: Bridge definition from 10 feet to 20 feet.

The definition of a bridge should be 20 feet in conformity with the federal definition as the Ohio definition is an unfunded mandate. ORC 5501.47(B)(1)(c)

*Amendment Attached

CEAO Supports: Transportation Improvement Districts (TIDs) Increase

Increases the amount for Transportation Improvement Districts (TIDs) in each of FY 2018 and FY 2019, from \$3.5 million to \$4.5 million, from Highway Operating Fund (Fund 7002) appropriation item 772421, Highway Construction – State.

CEAO Supports: Sale of national forest timber

Requires the Director of Natural Resources to distribute money received by the state pursuant to federal law from the sale of national forest timber and other national forest products to the applicable county or counties in which the national forest is situated.

Requires each county that receives money from the Director to use 50% of the money for maintaining county roads and bridges and 50% for the benefit of public schools.

In closing, I, like all my fellow county engineers, am very proud of what our employees have accomplished year over year with limited funding. Our employees take pride in county service and truly work hard for Ohio's county. Your questions, comments and suggestions, as always, are most welcome and appreciated.