



**House Transportation Committee
House Bill 54 –Proponent Testimony
Written Only
February 12, 2025**

Chairman Willis Vice Chair Daniels, Ranking Member Grim, and members of the House Transportation committee. Thank you for the opportunity to submit proponent testimony on House Bill 54, the Transportation Budget Bill.

The American Council of Engineering Companies of Ohio (ACEC Ohio) is a professional association representing approximately 150 engineering firms and employing over 9000 + employees statewide. The member companies provide a wide array of engineering and other professional services for all types of construction and environmental improvement projects. The engineering industry, as a whole, in Ohio contributes \$15 billion to the GDP.

Ohio's transportation infrastructure is the backbone of our economy, connecting businesses to their customers, employees to their workplaces, and essential goods to markets across the state and beyond. A strong transportation network directly influences Ohio's competitiveness in the global market. As highlighted by Director Boratyn's testimony, the state's investment in transportation has helped ODOT net an additional \$1.6 billion in revenue from FY 2020 through FY 2024, despite not meeting initial projections following the motor fuel tax increase in 2019. However, the purchasing power of those funds has been nearly entirely eroded by inflation in construction costs, with key materials such as asphalt, structural steel, and concrete experiencing price increases of over 30% since 2019.

This inflationary pressure has had a profound impact on ODOT's ability to stretch its dollars as far as it once did. For example, ODOT's inflation-adjusted revenue for Fiscal Year 2024 stands at just \$1.217 billion, barely above the \$1.201 billion ODOT would have received without the fuel tax increase. Moreover, if the motor fuel tax revenue remains stagnant at \$1.58 billion annually, ODOT's inflation-adjusted revenue will plummet to just \$690 million—an alarming reduction of \$891 million in purchasing power. This shrinking revenue means that Ohio will struggle to meet its future transportation needs, potentially leading to delays in key infrastructure projects that are essential for the state's economic development. This fiscal pressure will start in FY 28.

The significance of this issue cannot be overstated. I had the opportunity of serving on the External Advisory Committee for the 2023 Alternative Revenue Study, which confirmed the concerns we've long had: the state's reliance solely on the motor fuel tax is no longer adequate to meet the increasing demands of our transportation infrastructure. Although the motor fuel tax is a user fee and remains the most reliable source of revenue for the transportation system, indexing this fee offers much-needed stability over time. According to the report, if the state's Motor Fuel Tax (MFT) were indexed to inflation starting today with a 2.5% annual adjustment, it would generate over \$3.1 billion by 2040. This approach would more than cover the projected MFT revenue shortfall.



Furthermore, ODOT's current budget priorities are focused on debt payments, maintaining and preserving the existing highway system, and addressing critical bridge replacements. These priorities ensure that Ohio's infrastructure remains safe and operational, but as Director Boratyn noted, new projects—such as those within the Transportation Review Advisory Committee (TRAC) queue—are often the first victims of declining revenues. At current funding levels, it would take approximately 14 years to complete the unmet needs for Major Rehab, Major New, and Major Bridge projects, which further exacerbates the strain on Ohio's transportation system.

Additionally, the Administration's emphasis on aligning transportation investments with the state's economic development goals is crucial. The findings of ODOT's comprehensive study on congestion, access to jobs, and roadway issues that impact economic site development further underline the need for continued and enhanced investment in Ohio's transportation infrastructure. The study dubbed the *Strategic Transportation and Development Analysis*, engaged over 500 stakeholders, identified several priority areas across the state where additional investment is needed to support future economic growth and address severe congestion that could hinder the efficient movement of goods and people. This analysis is vital for helping Ohio meet the transportation demands of the future and maintain its economic growth. We anticipate once the final report is released, there will be many infrastructure needs that funding cannot meet.

In conclusion, ACEC Ohio supports House Bill 54 and the continued efforts to ensure Ohio has a transportation system that is safe, reliable, and capable of supporting the state's economic development. The engineering community stands ready to partner with ODOT and the legislature to explore new funding mechanisms, promote innovation in project delivery, and ensure the continued success of Ohio's transportation infrastructure.

Thank you for the opportunity to share our support of HB 54. We look forward to continuing our work together to meet the transportation needs of Ohio and its residents.

Respectfully,

A handwritten signature in blue ink that reads "Beth Easterday". The signature is written in a cursive, flowing style.

Beth Easterday, President
ACEC Ohio