

States seek alternatives for highway, bridge funding

By David A. Lieb, Associated Press

JEFFERSON CITY, Mo. – Touted as one of the first interstate highways, a 200-mile span of Interstate 70 between suburban St. Louis and Kansas City stands as a prime example of the challenges facing the nation's roads.

Built in the 1950s and '60s with a 20-year-life expectancy, the four-lane highway is crumbling beneath its surface and clogged with traffic as it carries more than 30,000 vehicles a day on many of its rural stretches, requiring more frequent repaving. The cost to rebuild and widen it is estimated at \$2 billion to \$4 billion – as much as five times the projected yearly construction and maintenance budget of Missouri's transportation department.

And there is no easy way to pay for it. The state fuel tax hasn't risen in about 20 years, and voters defeated a 1-cent sales tax for transportation. Gov. Jay Nixon has since floated the idea of hiking the gasoline tax and reviving a previously failed plan to turn I-70's reconstruction over to a private entity that could charge tolls estimated at up to \$30 per car.

As legislatures convene across the country, lawmakers and governors are confronting similar realities in their own states: how to address an aging network of roads, highways and bridges during an era in which federal money for such projects has remained stagnant or declined.

Figures compiled by the Associated Press show the total amount of money available to states from the Federal Highway Trust Fund has declined 3.5 percent during the five-year period ending in 2013, the latest year for which numbers were available. During that span, the amount of inflation-adjusted

federal highway money dropped in all states but Alaska and New York.

In response, states have tried to devise ways to fill the gap. Governors and lawmakers in several states are proposing new taxes, tolls and fees to repair a road system whose historical reliance on fuel taxes no longer is providing enough money to cover its costs.

“You’re seeing states all across the country that are looking to do something, because they realize you can’t count on the federal government,” said Missouri state Rep. Dave Hinson, a Republican who supports the idea of raising the state sales tax for road improvements.

Roads, highways and their bridges form the basic framework of everyday life in America. They provide the crucial underpinning of daily commutes, the trucking industry’s transfer of food, computers and other goods from seaports to suburban strip malls, and summertime trips to beach towns and mountain getaways. They also are generally an afterthought until they no longer are up to the task.

Governors, lawmakers, local elected officials and engineers across the country say that is where the country has arrived, with a decades-old highway infrastructure that is not receiving enough money to match its needs.

About 20 percent of the nation’s 900,000 miles of interstates and major roads are in need of resurfacing or reconstruction, according to federal data analyzed by the American Road & Transportation Builders Association. A quarter of its 600,000 bridges are in such poor condition that they are rated as structurally deficient or are considered to be functionally obsolete because they have narrow lanes or other features not designed for today’s traffic.

The funding shortfall has led to rougher roads requiring more frequent, short-term repairs and jammed commuter routes that

simply have more vehicles than the roads were designed to carry.

On Missouri's I-70, the surface remains relatively smooth, but its weakening foundation means the state must pay to repave it more frequently. Whenever a lane closes, traffic backs up for miles.

On one fairly typical recent afternoon, the congestion forced Tom Crawford to drive his Dodge Durango about 10 miles under the speed limit. Behind him, two trucks with oversized loads were backing up traffic. In front of him was another long line of blinking red tail lights.

"We've got trucks and cars that are just bumper to bumper – people hitting their brakes," Crawford, president and chief executive of the Missouri Trucking Association, said in a cellphone interview from the highway.

The increased congestion on I-70 often makes trips longer for truckers, he said, potentially raising their costs.

Calls for greater funding have been getting louder in state and local governments. This year, transportation funding increases could be on the agenda in as many as one-third of state legislatures. That comes after roughly one-fourth of the states increased transportation taxes or fees during the past two years.

The state proposals stand in stark contrast to the inaction in Congress, where a temporary funding patch is scheduled to expire in May and lawmakers have been at odds over a long-term highway plan. A federal fuel tax increase appears unlikely.

Earlier this month, President Obama proposed a six-year, \$478 billion program to pay for highway, transit and infrastructure upgrades, with funding roughly split between the current fuel taxes and a tax on the foreign profits of U.S. corporations. How much of that plan survives Congress, where majority

Republicans seek to limit government spending and reduce taxes, will not be determined for months.

Obama's 2009 stimulus act provided a brief spike in transportation funding. But the annual amount available to states from the Federal Highway Trust Fund has hovered around \$40 billion since 2007 while the needs have continued to mount.

Even though total state and federal road funding exceeded the general rate of inflation over the past decade, the pace has tapered off in recent years as the amount coming from the federal government declined. The American Association of State Highway and Transportation Officials estimates that annual road and bridge spending by all levels of government is falling \$32 billion short of what is needed.

The flat federal funding is having an impact because states rely on federal dollars for an average of about half their capital expenses for roads and bridges, according to the American Road & Transportation Builders Association. The rest is covered with state money, which comes predominantly from fuel taxes.

Gasoline tax revenue has grown little since 2007 – and actually declined on an inflation-adjusted basis, according to some analysts – as vehicles have become more fuel-efficient and people cut back on driving.

“The method that we use to fund transportation – the primary method, the motor fuels tax – is a model that doesn't work anymore,” said David Ellis, the top infrastructure investment analyst at the Texas A&M Transportation Institute.

To compensate, lawmakers in Maryland, Massachusetts, New Hampshire, Pennsylvania and Wyoming passed gasoline tax increases during the past two years. But about half the states have not raised their gasoline taxes in at least a decade, and the federal gas tax has remained at 18.4 cents a gallon since

1993.

Although some members of Congress have expressed a willingness to consider an increase, House and Senate Republican leaders have said there aren't enough votes to pass a gas tax hike. Many states are now considering alternative ways of paying for roads.

Virginia recently scrapped its per-gallon gasoline tax in favor of a new tax on the wholesale price of gas and a higher tax on other retail sales. The state also has turned to public-private partnerships to build projects.

Among them are new express lanes that opened in December on Interstate 95 in northern Virginia, a \$925 million project financed partly by private investors who have a long-term contract to collect tolls.

Lawmakers in Minnesota, Utah and Missouri also are expected to consider proposals this year that could levy a sales tax on fuel, allowing the states to reap more money when the price of gasoline rises. And Michigan voters will decide in May on a 1 percent general sales tax for transportation.

In his inaugural address last month, California Gov. Jerry Brown cited \$59 billion of needed maintenance on roads and bridges in the nation's most populous state. He said the state was falling "further and further behind" but did not offer specifics on how to address the deficit.

Most state are simply looking to maintain their current highway system rather than add to it, said Jim Tyman, director of policy and management at the American Association of State Highway and Transportation Officials.

"A lot of those facilities are in need of really massive rehab, almost reconstruction from the ground up," he said.