

# **Joint Transportation, Highways, & Military Affairs Committee**

## **Practical Solutions to Revenue Challenges**

**Casper, WY  
May 19, 2021**



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# Revenue Recommendations Development History



## How We Got Here – Legislative Efforts

1. WYDOT has enacted a policy of asset preservation and is delaying road surface projects on the State Transportation Improvement Plan (STIP) that are beyond maintaining what we currently have.
2. October 2019 – Joint Transportation interim committee considered a draft bill creating a highway funding task force.
  - The committee ultimately decided WYDOT could organize a working group without creating a formal task force.
3. December 2019 – WYDOT established an informal working group with stakeholders and legislators.
4. May 2020 – WYDOT presented 9 potential revenue options to the Joint Transportation interim committee.
  - Only 3 had the potential to raise enough revenue without solely impacting state residents: Sales Tax, Fuel Tax and Road Usage Charge (RUC).
  - Vehicle registration increase also has significant potential but would be only be paid by residents.
  - Assumption that WYDOT needed close to ~ \$135 million annual shortfall or \$201 million total when shared with counties and municipalities.
5. September 2020 – Joint Transportation voted to sponsor the RUC bill
6. November 2020 – Independent consultant briefed the Joint Transportation interim committee on WYDOT Needs Study
  - The actual annual WYDOT revenue shortfall is closer to ~\$354 million (including \$44 million for aeronautics).
7. General Session 2021 – Road Usage Charge and Fuel Tax bills did not advance; I-80 Tolling bill laid back to the interim.

# Common Misperceptions of WYDOT Funding and Budget



1. Delays now will save money.
  - Delays now increase future costs (more damage / more wear / more expensive).
2. WYDOT can budget cut its way out of the problem.
  - Not if we want to have a maintained transportation system.
3. WYDOT can get more federal funds.
  - Wyoming is already a federal fuel tax recipient state, many federal projects require state matching funds, and federal funding currently supplies ~58% of total WYDOT revenue.
  - Restricted in grant applications based on lack of state matching funds.
4. Out-of-state drivers pay for most of the fuel tax receipts and would supply most of the revenue from I-80 tolling.
  - In-state traffic accounts for 85% of total passenger vehicle traffic, 38% of total heavy truck traffic, and provides ~65% of fuel tax revenue.
  - Precise I-80 ratios are unknown.
5. All highway user fees collected go to roads.
  - WYDOT uses all funding as required by the Wyoming Constitution.
  - Most of the highway funds are used for road and bridge maintenance and construction.
  - WYDOT is also statutorily required to fund drivers/motor vehicle services, state emergency communications, Wyoming Highway Patrol, and Aeronautics.

# Transportation Funding Options

## Significant Additional Revenue Required



Funding Mechanism	Mechanism Yield (if currently enacted)	Rate	WYDOT 2019 Revenue	Additional Annual Revenue
Sales Tax on Fuel	1% @ \$2.50/gal	1%	\$0	\$8,386,315
Transportation Related Items Tax	Not Expected to Be Significant		N/A	UNK
Vehicle Registration	\$1 increase = \$859,733	\$5	\$90,000,306	\$4,298,665
Vehicle Sales Tax	1% Sales Tax	1%	N/A	\$15,000,000
Rental Car Usage Tax	1% increase	1%	\$252,288	\$39,000
Fuel Tax Dealer License Fee	Increase from \$25 to \$100	\$100	\$36,500	\$102,500
<b>Total</b>			<b>\$90,289,094</b>	<b>\$27,826,480</b>

All options on this page except Rental Car Usage Tax have a greater impact on in-state taxpayers

# Transportation Funding Options

## Significant Additional Revenue Sources

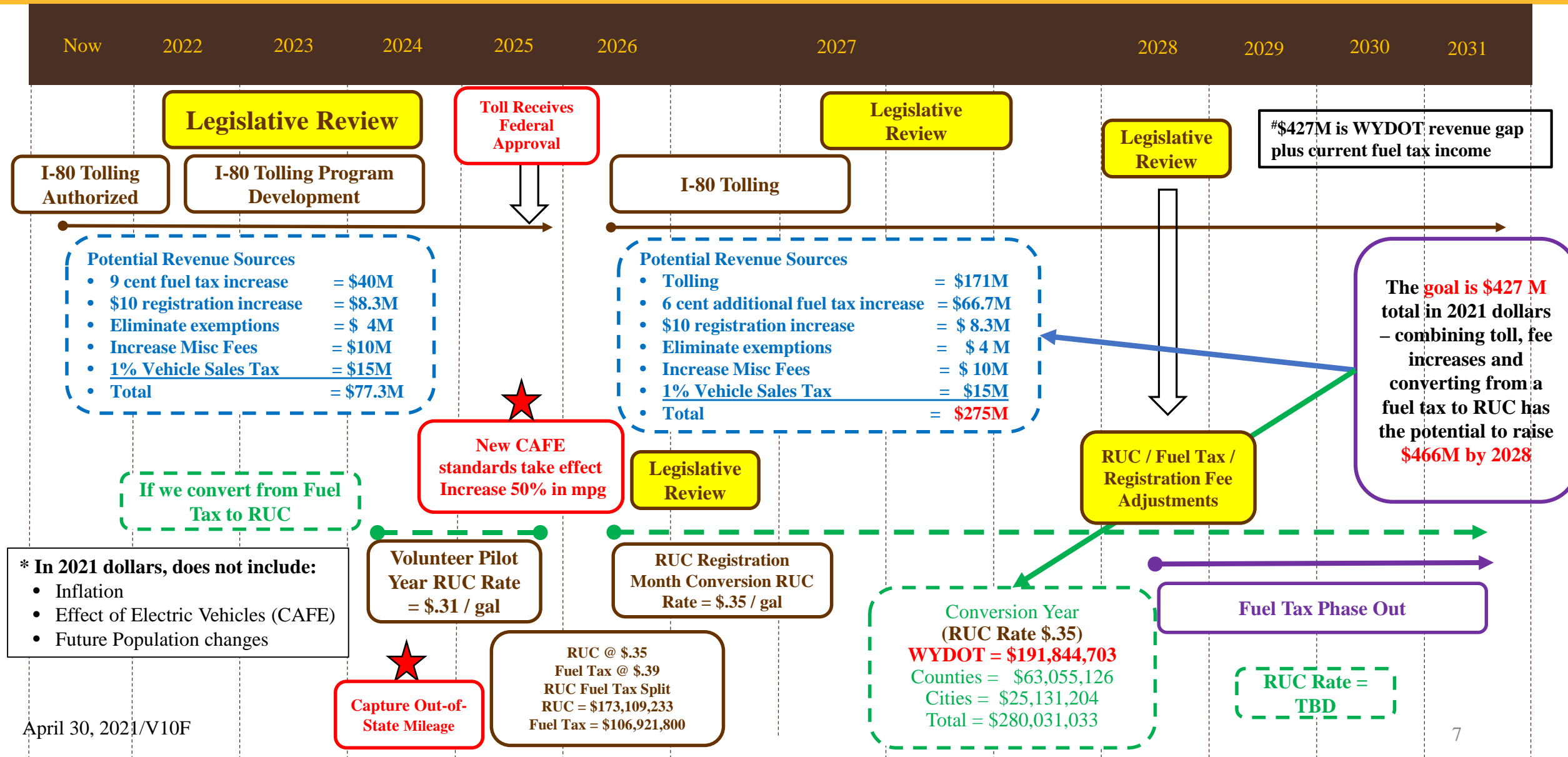


<b>Funding Mechanism</b>	<b>Mechanism Yield (if currently enacted)</b>	<b>Rate</b>	<b>WYDOT 2019 Revenue</b>	<b>Additional Annual Revenue</b>
Fuel Tax	\$.01/gal = \$4,459,000	\$.30 per gal	\$117,193,703	\$133,770,000
Sales Tax	1% increase	1%	\$0	\$104,495,891
Vehicle Registration	\$1 increase = \$859,733	State portion \$130 per year	\$90,000,306	\$111,765,290
Road Usage Charge	\$.01 / mile (2018 Data)	\$.01 per mile	\$0	\$104,380,000
I-80 tolling	\$.025 / mile (passenger vehicles) \$.25 / mile (heavy trucks)	\$.025/\$.25 per mile	\$0	~\$171,000,000

# Ten -Year Funding Strategy Example



Requires an additional ~\$310M\* or \$427M# total per year for surface maintenance



# Questions