



262,350
total road lane miles

44,657
bridges

2nd
largest inventory
of bridges

3rd
largest in
freight volume

4th
largest interstate highway
system *(based on lane miles)*

6th in the country
in total Vehicle
Miles Traveled

HOUSE BILL 62: Ohio Transportation Funding Follow-up

OVERVIEW

Ohio is home to one of the largest and most active transportation systems in the nation. Our state is located within one day's drive of 60% of the population of the United States and Canada, and ranks near the top of the pack when it comes to many other transportation measurements.

As Governor Mike DeWine was sworn in to office in January, the Ohio Department of Transportation (ODOT) was facing a massive funding shortfall in FY 2020-21. The expiration of Ohio's Turnpike Bond program, ever increasing debt repayment and the continuing influence of inflation had combined to create a projected budget hole of three-quarters of a billion dollars. Without action, the department would have trouble simply maintaining Ohio's extensive road and bridge infrastructure. Major new construction projects to increase safety and ease congestion would have been out of the question.

Additionally, local governments, which rely on state investment in local projects, had gone underfunded for years.

Fix Our Roads Ohio (FOR Ohio), a diverse group of Ohioans with a shared interest in the future of our state's economy and lifestyle, came together in 2018 out of concern for this looming funding crisis. The group worked quickly to educate Ohio policy makers about the magnitude

of the problem, urging them to focus on the state's transportation funding structure and enact solutions that would provide a long-term, smart investment in Ohio's transportation future.

On a bipartisan basis, the Governor and legislators responded responsibly. The result was enactment of House Bill 62, the state transportation budget for the FY2020-21 biennium. By increasing Ohio's motor fuel user fees, HB 62 injects an additional \$840 million per year into the state's transportation infrastructure system. The bill addressed ODOT's immediate funding shortfall, and counties, cities, villages, and townships also receive a funding boost for badly-needed road and bridge maintenance and improvements in Ohio communities.

The increased funding will allow ODOT and local governments to repair, maintain, and improve Ohio's surface transportation infrastructure, making our roads and bridges safer and more efficient for all motorists.





INCREASED FUNDING— STATE & LOCAL

First levied in 1925, the motor fuel user fee is the primary source of road and bridge funding in the state of Ohio. The fee is a fixed per-gallon fee rather than a percentage of the price-per-gallon. This means that regardless of the price per gallon of gasoline, the fee remains constant.

Prior to HB 62, the most recent update to the state motor fuel user fee was in 2005, which set the fee at 28 cents per gallon for both gasoline and diesel fuel. The revenue generated by this fee is split 60%–40% between the state and local governments, respectively. (The federal government also imposes a motor fuel user fee, currently 18.4 cents per gallon. This fee has not changed since 1993.)

Inflation has also taken a toll on highway and bridge construction project costs. The purchasing power of the pre-HB 62 28-cent state motor fuel user fee equates to approximately 18 cents today. ODOT calculates that \$100 worth of construction in July 2005 now costs \$152 (as of June 2018). These factors, along with the expiration of the Ohio Turnpike Bond program and the resulting debt spending combined to create a funding shortfall of nearly three-quarters of a billion dollars.

This shortfall came at a time when national transportation experts had rated 30% of Ohio’s major roads to be in poor or mediocre condition¹ and 1,653 of Ohio’s bridges as structurally deficient² (meaning there is significant deterioration of the bridge deck, supports, or other major components).

Given the urgent and ongoing maintenance and construction needs of Ohio’s roads and bridges, and the decline in available funding being generated to meet those needs, FOR Ohio offered a package of revenue-raising options to Ohio policymakers that would provide a sustained and reliable funding stream to maintain and improve Ohio’s state and local transportation system.

State leaders addressed the funding crisis by increasing Ohio’s motor fuel user fee—something that hadn’t been done in nearly 15 years. HB 62 increased Ohio’s motor fuel user fee by 10.5 cents per gallon for gasoline (from 28 to 38.5 cents per gallon) and 19 cents per gallon for diesel fuel (from 28 to 47 cents per gallon). It also established a new annual fee for hybrids (\$100) and alternative fuel vehicles (\$200).

Recognizing that local governments have gone underfunded for too long, the General Assembly

ODOT Statewide Projects Planned SFYs 2020-2021 (before and after HB 62)

	Pavement Maintained	Bridges Treated	Safety Projects
Before	6,815 lanes miles	1,716	145
After	8,289 lane miles	2,169	221
Increase	21%	26%	52%

Source: ODOT 2019

designated that 45% of the increase go to local governments. This generates approximately \$381 million per year for counties, townships, cities, and villages.

HB 62 received strong bipartisan support in both the House and the Senate, and successfully filled Ohio's massive transportation budget shortfall. It keeps funding levels steady, allowing the state and local governments to address critical existing needs, boost safety programs, and address some of Ohio's most dangerous intersections.

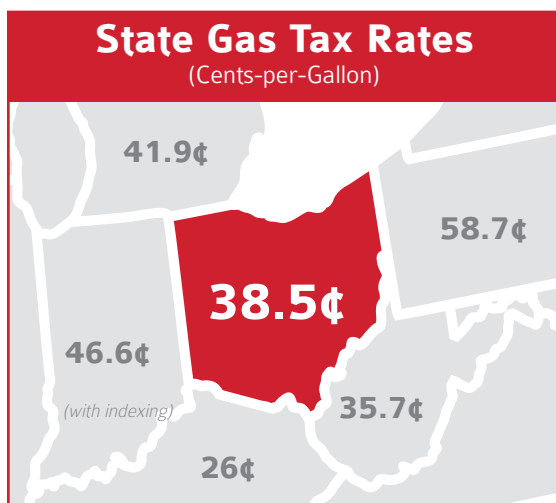
IMPACT ON THE ECONOMY

The ability to maintain Ohio's transportation infrastructure spending is – first and foremost – about keeping motorists safe on Ohio roadways. But it goes beyond that. A safe, effective system of roads and bridges has an enormous impact on the economic vitality of our state.

According to a 2018 ARTBA study, reduced infrastructure spending over a sustained period of time would have caused Ohio to forgo \$2.5 billion in economic activity and benefits each year, including:

- ♥ \$1.6 billion per year in lost sales for Ohio establishments,
- ♥ 8,963 lost jobs which translates to \$430 million in lost wages per year, and
- ♥ \$400 million per year to Ohio drivers and businesses in costs related to congestion and poor road conditions.

Maintaining a robust investment in Ohio's extensive transportation network protects the jobs of more than 17,000 individuals working in this industry. HB 62 not only promotes safety, it's a jobs and economic development bill.



Source: American Petroleum Institute, October 2019
<https://www.api.org/oil-and-natural-gas/consumer-information/motor-fuel-taxes/gasoline-tax>

Transit

HB 62 also recognized the need to adequately fund our public transportation systems, which collectively provide nearly 120 million rides each year. The bill dedicates \$70 million to boost our public transit systems throughout the state. Of the \$70 million, \$16.6 million goes directly to Ohio's 27 transit systems. The remaining funds will be available through multiple grant programs aimed at assisting with preserving transit capital needs (i.e. vehicle purchases and preventative maintenance projects) and programs to enhance mobility for seniors and individuals with disabilities.

Prior to passage of HB 62, Ohio ranked 41st in per-capita spending for transit services. The additional investment brings Ohio's rank to 25th in the nation.

Closing

HB 62 was a responsible answer to the severe funding shortfall in Ohio's transportation budget. Rather than rely on short-term borrowing, Ohio leaders made the difficult choice to raise Ohio's motor fuel user fee, which will generate the funds necessary to properly maintain Ohio's roads and bridges. Needed highway repairs will be made, scheduled improvements to the state highway system will be completed, and local roadways will be upgraded.

HB 62, however, does not adequately address the cost of future transportation needs such as advanced technology, autonomous vehicles, and smart mobility. Ohio has been a leader in the development of these technologies, but without long-term funding solutions that keep pace with inflation and increases in construction costs, the state will find it difficult to be a leader in constructing the necessary infrastructure improvements for future transportation needs.

FOR Ohio coalition members will continue to ask the General Assembly to adopt a reasonable indexing provision to allow motor fuel fees to keep pace with inflation. While not in the final bill, such an indexing provision was included in HB 62 as proposed by the administration. Indexing is in place in several surrounding states.

Notes

¹ TRIP report

² FHWA National Bridge Inventory

FIX OUR ROADS OHIO COALITION

Fix Our Roads Ohio (FOR Ohio) is a diverse group of Ohioans with a shared interest in the future of our state's economy and lifestyle. The state's economy and quality of life are directly tied to the quality of our transportation system. The high volume of passenger vehicles and commercial freight traffic flowing through the state every day supports businesses, provides jobs, and ultimately drives Ohio's economy.

LOCAL GOVERNMENT

Ohio Municipal League
County Commissioners Association of Ohio
Ohio Council of County Officials
County Engineers Association of Ohio
Ohio Township Association
Ohio Mayors Alliance
Northeast Ohio Mayors and City Managers Association
Cuyahoga County Mayors and City Managers Association
Central Ohio Mayors and Managers Association
Ohio Rural Development Alliance
Ohio Public Transit Association

PUBLIC SAFETY

Ohio Fire Chiefs' Association
Buckeye State Sheriffs' Association
Emergency Management Association of Ohio
Ohio Association of Public Safety Directors

BUSINESS

Cincinnati USA Regional Chamber
Columbus Chamber of Commerce
Greater Cleveland Partnership
Greater Akron Chamber Of Commerce
Dayton Area Chamber of Commerce
Toledo Regional Chamber of Commerce
Youngstown/Warren Regional Chamber of Commerce
Ohio Hotel and Lodging Association
AAA Clubs of Ohio
Dayton Area Logistics Association
Ohio Restaurant Association
Ohio Manufacturers' Association
Clean Fuels Ohio
UPS
Ohio Chemistry Technology Council
FedEx
Ohio Coal Association
Ohio Insurance Institute
Ohio Corn & Wheat Growers Association
Ohio Agribusiness Association

TRANSPORTATION

American Council of Engineering Companies of Ohio
Flexible Pavements of Ohio
Ohio Trucking Association
Ohio Aggregates and Industrial Minerals Association
Ohio Contractors Association
Transportation Advocacy Group of Northwest Ohio
Ohio Association of Movers
Ohio Prestressers Association
American Society of Civil Engineers
Ohio Concrete
UNITED Equipment Dealers Association
Ohio Equipment Distributors Association
COTA

REGIONAL COUNCILS

Ohio Association of Regional Councils
Akron Metropolitan Area Transportation Study (AMATS)
Belomar Regional Council and Interstate Planning Commission
Brooke-Hancock Jefferson Metropolitan Planning Commission
Buckeye Hills Regional Council
Clark County-Springfield Transportation Coordinating Committee
Eastgate Regional Council of Governments
Erie County Regional Planning Commission
KYOVA Interstate Planning Commission
Licking County Planning Commission; Licking County Area Transportation Study
Lima-Allen County Regional Planning Commission
Logan-Union Champaign Regional Planning Commission
Maumee Valley Planning Organization
Miami Valley Regional Planning Commission (MVRPC)
Mid-Ohio Regional Planning Commission (MORPC)
Mid-Ohio Valley Regional Council
Northeast Ohio Areawide Coordinating Agency (NOACA)
Northeast Ohio Four-County Regional Planning & Development Organization
Ohio Mid-Eastern Governments Association
Ohio Valley Regional Development Commission
Richland County Regional Planning Commission
Stark County Regional Planning Commission
Toledo Metropolitan Area Council of Governments (TMACOG)
Wood-Washington-Wirt Interstate Planning Commission



For more information about Ohio's transportation infrastructure, visit us today at FixOurRoadsOhio.com