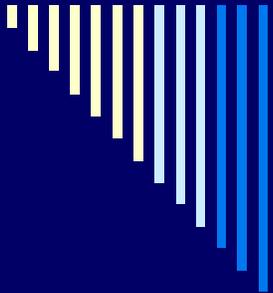


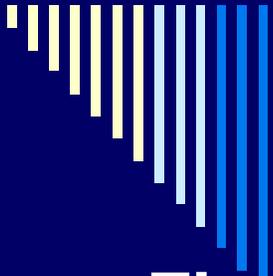
Equity Implications of Alternative Transportation Revenue Sources (P08-1059)

Michael F. Lawrence
Jack Faucett Associates



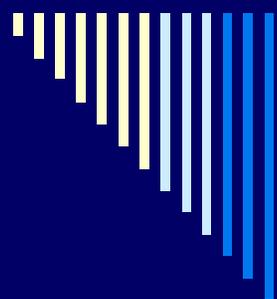
Acknowledgements

- Contributions from
 - Bill Ankner, Secretary of Transportation, Louisiana (Appointed)
 - Ongoing Project for AARP Public Policy Institute, Jana Lynott, Project Manager
 - Southern California Association of Governments (SCAG), Jennifer Sarnecki, Project Manager
 - New Mexico DOT, Mary Ann Caldwell, Project Manager
- Lawrence is responsible for all errors and omissions in this presentation



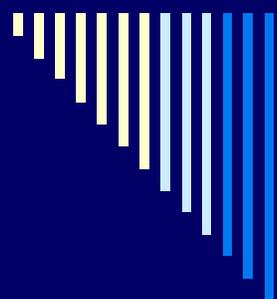
Transportation in Crisis

- **Financial Crisis** – Transportation Funding is Unable to Keep Pace with Auto and Truck Travel Demand Leading to Insufficient Road Supply and Congestion
- **Energy Crisis** – Transportation Energy Accounts for Almost 70% of US Oil Consumption and Growing at 1.6% per Year For Past Decade. GHG Emissions Growing at the Same Rate



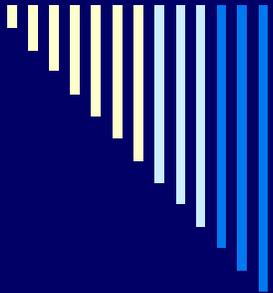
Two Communities with Linked Interests

- **Energy** – Key policy concerns related to vehicle fuel efficiency improvement and substitution of alternative fuels – petroleum independence. Now GHG reductions are driving policy
- **Finance** – Key policy concerns related to the adequacy of revenue stream to fund investment in identified needs and reduce congestion



What does each community need to know about the other

- Energy – will new revenue sources replace the current fuel tax structure and how will changes impact fuel demand. How will carbon taxes be structured
- Finance – will the financial crisis, or the evolution of the finance structure be impacted by changes in fuel efficiency and alternative fuels...and who get the proceeds of a carbon tax...



Where Do Transportation Revenues Come From

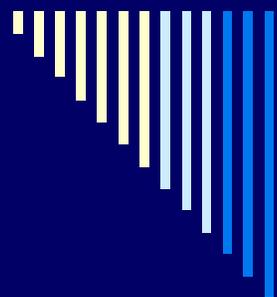
□ User Fees

- Fuel Taxes, vehicle registrations, licenses, title fees, fines, weight-distance fees, permits, tolls, miscellaneous fees, (some special sales taxes on fuel)

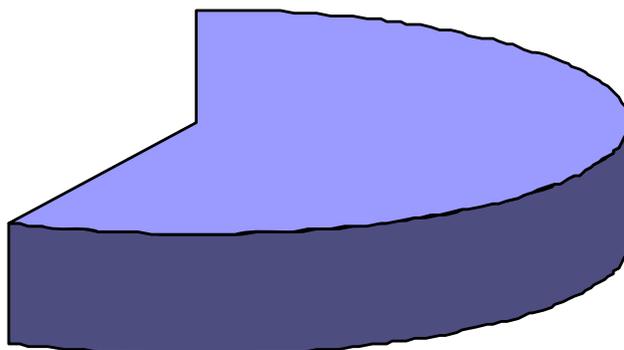
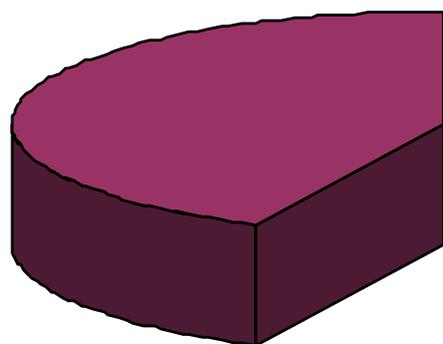
□ Non-User Fees

- Sales taxes, property taxes, general revenues, impact fees, etc.

□ Bonding and Asset Sales

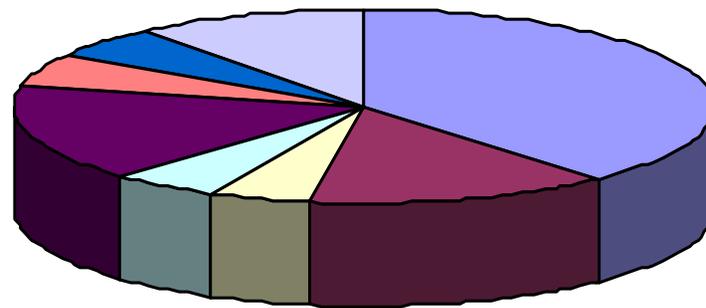


Distribution of Highway Revenue Sources

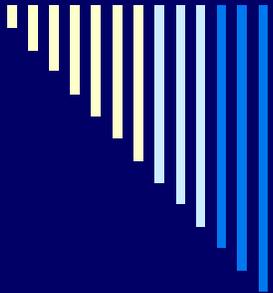


- User Fees (57.1%)
- Other Revenue (42.2%)

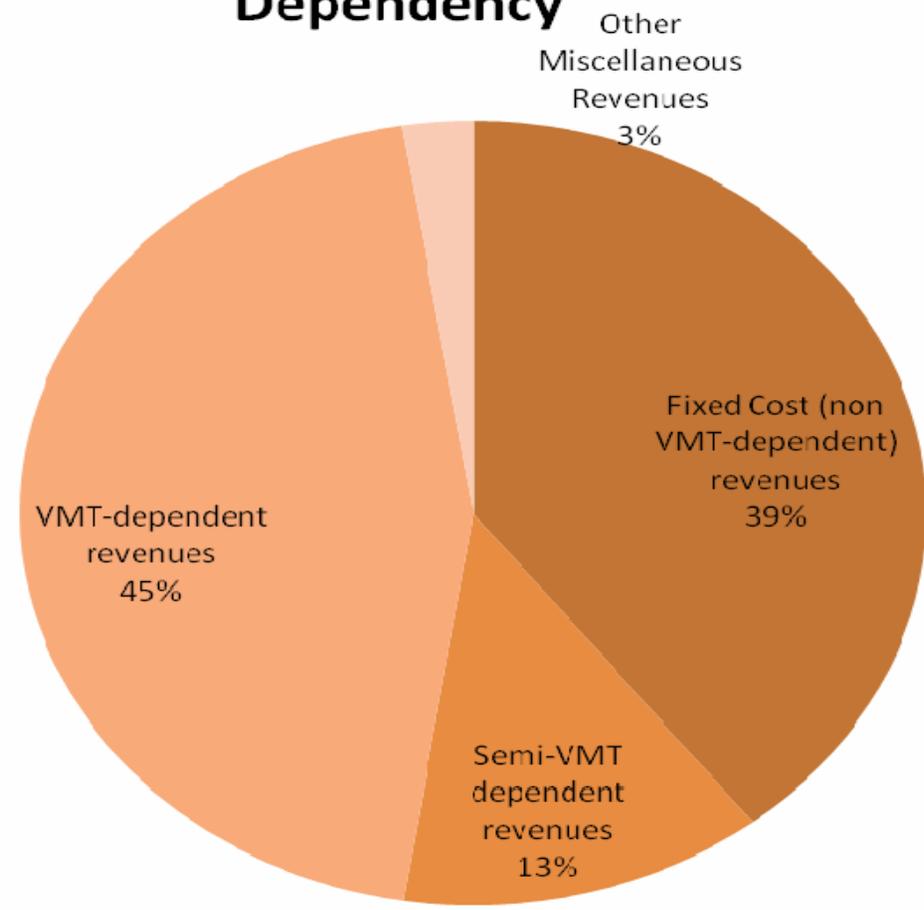
Key Revenue Sources



- Motor Fuel Taxes (38.3%)
- MV Taxes & Fees (14.3%)
- Tolls (4.5%)
- Property Tax (5.1%)
- General Fund (16.2%)
- Other Taxes & Fees (5.5%)
- Investment Income (5.2%)
- Bond Issue Proceeds (10.9%)



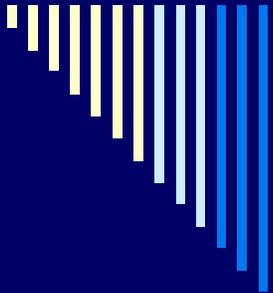
Distribution of Major 2006 Transportation Revenues by VMT Dependency



1-16-2008

TRB Energy & Finance

For New Mexico Collected Highway Revenues.



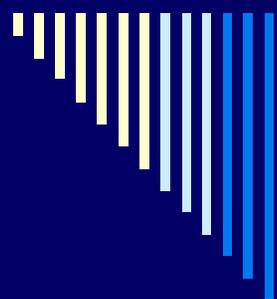
Paying For Road Use

□ Today

- Two cents per mile driven on average, independent of time of day, distance, facility type, level of service, environmental damage, etc

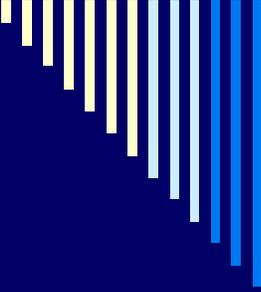
□ The Future

- Range from near zero to **several dollars per mile driven depending on** time of day, distance, facility type, level of service, environmental damage, etc
- **A taste of the future today - SR 91 at \$1/mile...equivalent to \$25 per gallon!!**



Options for Future State Transportation Funding (NGA)

- Tax-Based strategies
- Toll and other road pricing
- Debt financing
- Asset leases
- Asset sales
- Reductions in future demand



Future Revenue Sources

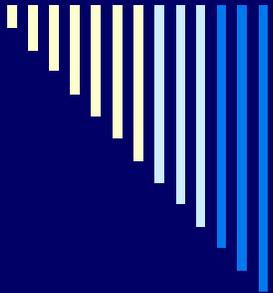
□ User Fees

- Fuel Taxes, vehicle registrations, licenses, title fees, fines, weight-distance fees, permits, tolls, miscellaneous fees, (some special sales taxes on fuel)

□ Non-User Fees

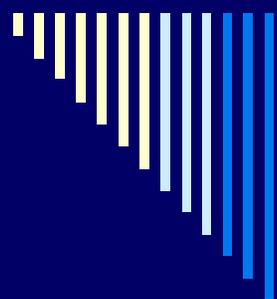
- Sales taxes, property taxes, general revenues

□ Bonding and Asset Sales



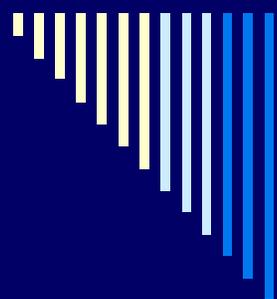
How Do We Select Sources

- Is transportation a public or private good?
- Public Finance Evaluation (TRB SR-285 +)
 - Adequacy (yield verses needs, inflation, stability, flexibility)
 - Equity (cost occasioned, ability to pay, benefits received, geography, age, EJ, perceived fairness)
 - Efficiency (improved user choices, non-users, environment, economic growth)
 - Simplicity (admin cost, compliance, enforcement, evasion)



Focus on Equity

- May be most important when major structural changes are contemplated
- Must move beyond traditional measures of equity such as income
- Must not measure equity against current system as standard
- Must recognize tradeoffs between equity and economic efficiency



2006 Consumer Expenditure Survey

- **Average income before taxes**
- **Average amount of expenditure spent on:**

Sales tax / average gross income

Gasoline and motor oil / average gross income

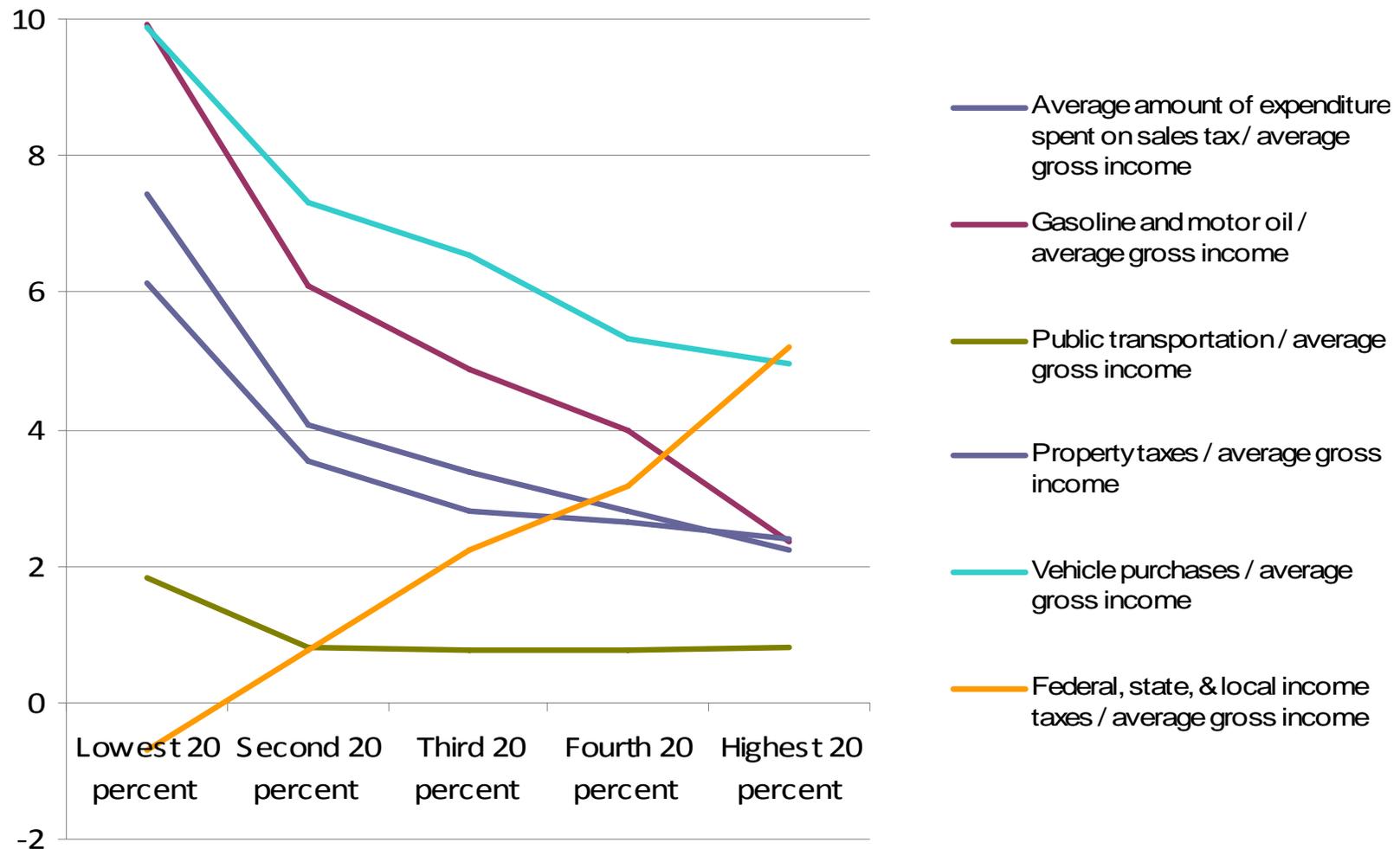
Public transportation / average gross income

Property taxes / average gross income

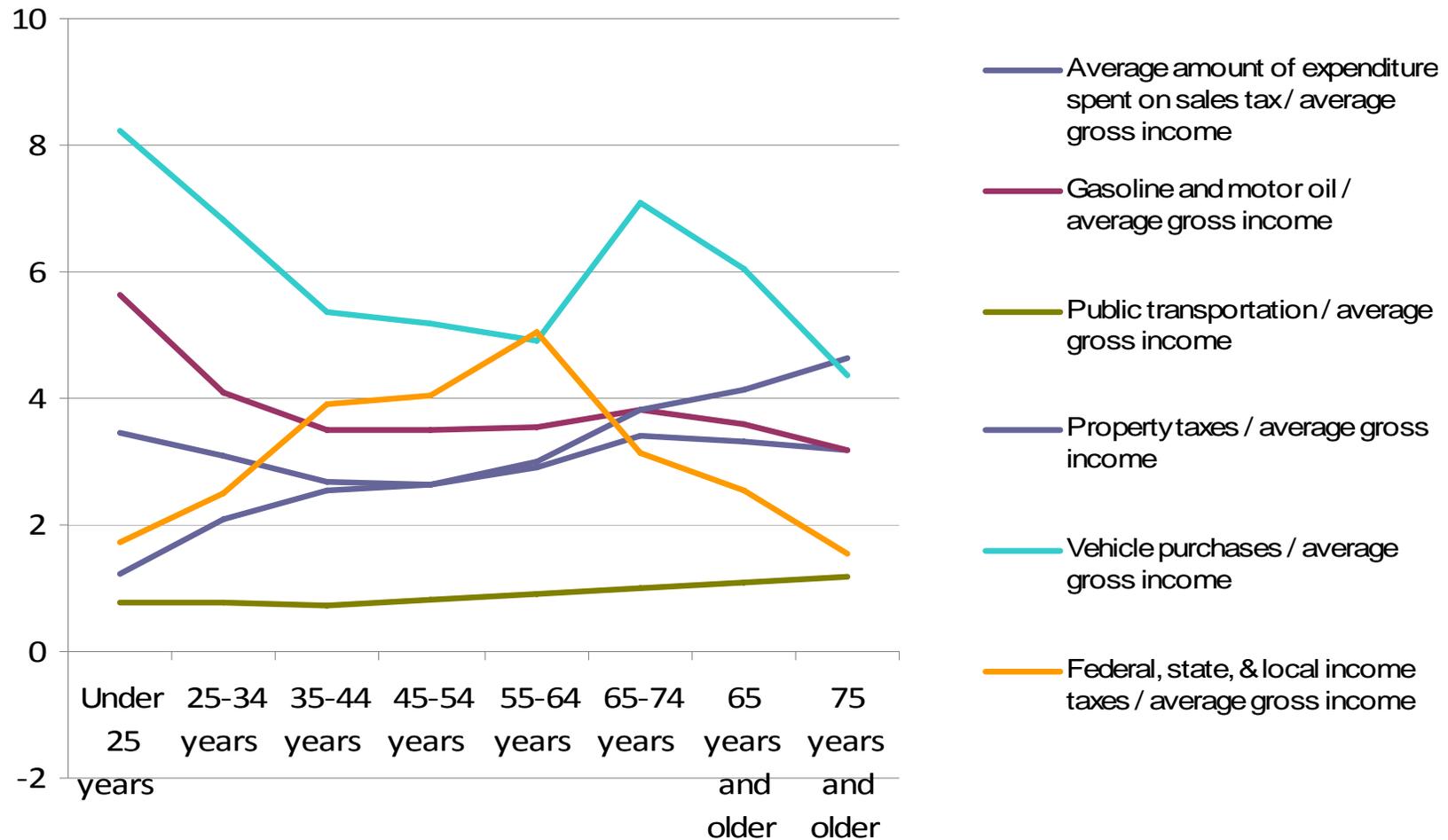
Vehicle purchases / average gross income

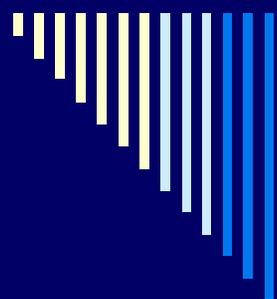
Federal, state, & local income taxes / average gross income

Income Equity Measurement



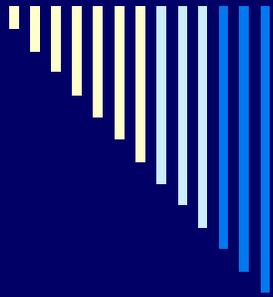
Age Equity Measurement





Conclusions

- What do we need to know
 - Energy – not much, but if the market will determine outcomes, (efficient road pricing) travel choices may change
 - Finance – not much, but do need to know how long petroleum will be main transportation fuel and how efficiency will change



Thank You!

Questions???

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