

**Review of Transportation Funding Approaches Pursued by Other
States:
South Dakota's Campaign**

**Presented to the
Transportation Infrastructure Revenue Subcommittee
July 15, 2016**

By

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Disclaimer: The opinions and summary findings expressed or implied herein are based on a review of transportation revenue campaign strategy materials in preparation for this presentation. Legislative Council Service Policy No.7 requires me to state that I do not appear here in support of or opposition to the matter before the committee.

Summary and Structure of the South Dakota Needs and Funding Challenges and Successes presentation at the NCSL Western States Fiscal Leaders Conference June 23, 2016.

The South Dakota Presentation (Attachment A) is a kind of step by step guide/description of “how” South Dakota succeeded in building community support for, and broad political acknowledgement of needs. They developed a plan of action, and passed a tax increase for road maintenance and improvements. The presentation summarizes this process as the “Road to Success” (*slide 3*) which includes the logistics of the education campaign, the work of a bipartisan “Roads Funding Task Force”, media outreach, data collection (facts) and dissemination of costs and needs without saying “taxes”. The presentation emphasizes that it is important to determine needs and set goals with credible evidence before discussing any tax increases.

The coalition formed in South Dakota broadly included prominent industry groups in the state who use the roads, business organizations that include contractors and road builders and chambers of commerce, as well as government organizations like municipal leagues, and associations of counties.

Highway Transportation Funding: Strategies and Messaging

Core Requirements of a Successful Transportation Funding Initiative

1. Transportation Agency, Subcommittee or Task Force credibility
2. Accepted need established with good, credible analysis of the situation (*slide 20.*)
3. A coalition of influential organizations & industries in support of addressing needs (*slide 5.*)
4. Broad political support (legislature, executive, counties & municipalities).
5. Adoption or broad acceptance of goals and priorities. **Up to this point, no discussion of taxes.**
6. Centralize messaging development. **Talk about needs, not about taxes.**
7. Get the message out with support of influential organizations to spread the message (and advertising cost?) - radio, print & television.
8. Conduct opinion surveys of the public to gauge understanding of the needs and support for addressing the need.
9. Final Step: develop legislation to address the revenue problem – a “tax package” (*slide 22.*)

Factors to Consider

1. Stand Alone or Part of a Broader Package?
2. What Resonates? Safety? Modernization? Fairness? Jobs?
3. A List—Should It Exist?
4. Timing.



NCSL Western States Fiscal Leaders

South Dakota Needs and Funding Challenges and
Successes

June 23, 2016

Basics

- By Constitution all funds raised by “road” taxes (gas, excise, registration, & wheel) must go to roads
- By “tradition” **NO** State General Funds go to roads
- Gas tax was 22 cents; excise tax was 3%; registration was lowest in the nation; wheel tax \$4/wheel, max 4 wheels
- Gas and excise tax go to state roads; registration and wheel tax go to counties
- 83,650 miles of roads (3.5 times around the world); of that 8,850 miles are state roads
- However, 67% of VMT and 80% of heavy truck VMT are on state roads
- 31% of all bridges over 20 feet are either structurally deficient or functionally obsolete
- Poor and fair condition State roads go from 11% to 52% in 10 years (Poor indicates it needs to be dug up and rebuilt at \$1.4 million a two-lane mile)

Road to Success

- Bipartisan Roads and Funding Task Force with hearings around the State
- Alliance of interest groups – “Roads are Vital” Coalition (over 25 interest groups)
- Governor and SD Dept. of Transportation
- Determine Need & set goals with credible evidence before discussing increasing Taxes
- Just the Facts Letter – to all legislative candidates two months before election so debates and positions are framed around facts
- Take it on the road – Rotary, Lions, state conventions of interest groups, media outlets, etc. **Talk about needs, not taxes.**
- Be flexible – Work compromises that don’t adversely affect end goal

Bipartisan Roads and Funding Task Force



Alliance of Interest Groups

ATTACHMENT A. (Slide 5.)

“Roads are Vital” Coalition

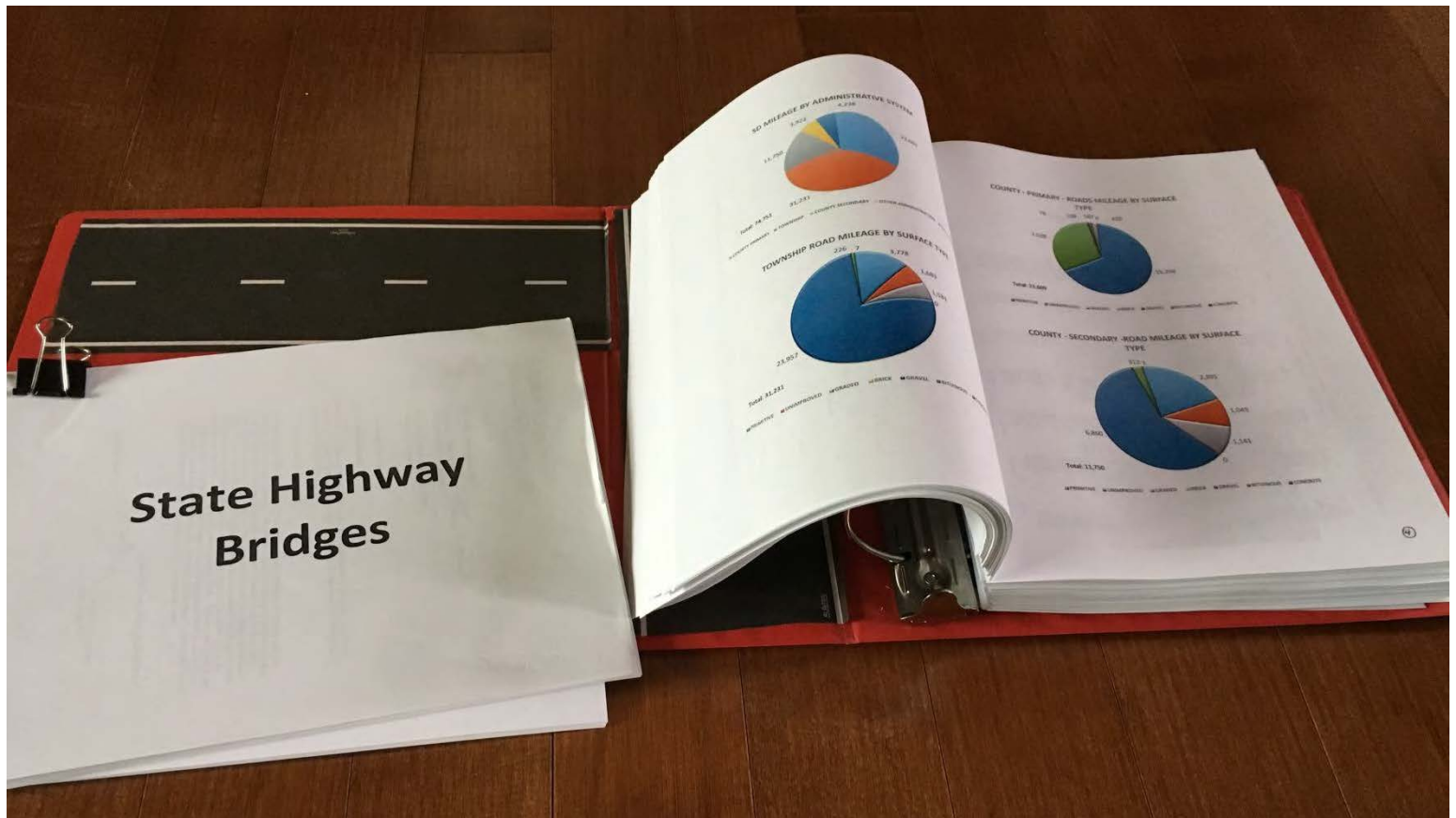
- AAA of South Dakota
- American Petroleum Institute
- SD Agri-Business Association
- SD Association of Cooperatives
- SD Grain & Feed Association
- SD Cattlemen’s Association
- SD Wheat Association
- SD Engineering Society
- SD Auto Dealers Association
- Rapid City Chamber of Commerce
- Sioux Falls Chamber of commerce
- SD Ready Mixed Concrete Association
- Absolutely Aberdeen!
- SD Trucking Association
- Associated General Contractors of South Dakota
- Sioux Falls Contractors Association
- SD Chamber of Commerce and Industry
- Land Improvement Contractors of SD
- SD Association of County Commissioners
- SD Association of Towns and Townships
- SD Asphalt Paving Association
- American Council of Engineering Companies
- SD Association of Concrete Paving
- Portland Concrete Paving Association
- SD Municipal League

Governor and SD Dept. of Transportation

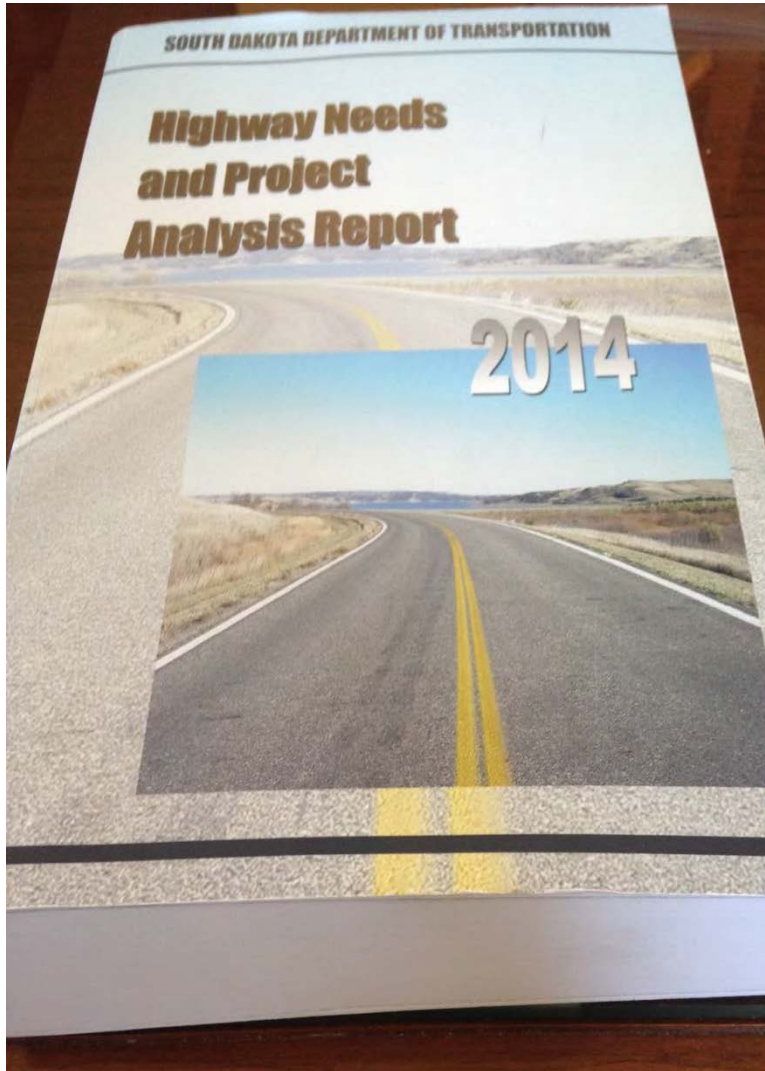


Source: SDPB

Determine **Need** & set goals with credible evidence **Before** discussing **Tax** increases



Over 60 road condition line items on every mile of State Road



HIGHWAY 014 E
Begin MRM = 112.30
End MRM = 128.00

RURAL

IDENTIFICATION	NHS-NI MAJA R.P.A	NHS-NI MAJA R.P.A	NHS-NI MAJA R.P.A	NHS-NI MAJA R.P.A	NHS-NI MAJA R.P.A
Functional Classification	113.35	113.74	113.74	123.14	123.00
Beginning MRM	0.000	0.000	0.000	0.000	0.000
Ending MRM	112.4	113.4	113.4	123.0	123.0
Year Last Improved	2012	2012	2012	2012	2012
Year Last Inspected	2012	2012	2012	2012	2012
ROADWAY CONDITIONS					
Surface Condition Index	4.33	4.30	4.30	4.57	4.56
Structural Index	4.51 (12)	4.80 (13)	4.82 (13)	4.57 (13)	4.48 (13)
ASPHALT INDEX VALUES					
Wetness Index	4.84 (13)	4.84 (13)	4.84 (13)	4.84 (13)	4.84 (13)
Skid Resistance	3.30 (13)	3.30 (13)	3.30 (13)	3.30 (13)	3.30 (13)
Friction Index	4.33 (13)	4.33 (13)	4.33 (13)	4.33 (13)	4.33 (13)
Rolling Resistance	4.23 (12)	4.23 (12)	4.23 (12)	4.23 (12)	4.23 (12)
Rolling Resistance Index	0.20 (2)	0.20 (2)	0.20 (2)	0.20 (2)	0.20 (2)
CONCRETE INDEX VALUES					
Surface Condition Index					
Structural Index					
Skid Resistance					
Friction Index					
Rolling Resistance					
Rolling Resistance Index					
STRUCTURAL DESCRIPTION					
Surface Type	THK	THK	THK	THK	THK
Subgrade	AC/NO	AC/NO	GRV/LND	GRV/LND	GRV/LND
Base Course	24 (024)	24 (024)	24 (024)	24 (024)	24 (024)
Surface Course	10 (010)	10 (010)	10 (010)	10 (010)	10 (010)
Number of Layers	2	2	2	2	2
3 YEAR AVG MAINTENANCE COSTS					
Mileage	\$107	\$611	\$611	\$613	\$613
Shoulders	\$0	\$0	\$0	\$0	\$0
Other	\$414	\$0	\$4	\$37	\$37
Total	\$421	\$611	\$615	\$650	\$650
TRAFFIC					
Number of Trucks	0	1,680	1,680	1,680	1,680
Accidents	0	156	157	166	166
Number of Property Damages	0	0	2	1	1
MAINLINE IMPROVEMENTS					
Estimated	\$0	\$0	\$0	\$0	\$0
Mill AC OVLY	\$0	\$0	\$0	\$0	\$0
ROUTE/SEAL	\$0	\$0	\$0	\$0	\$0

Spider Van



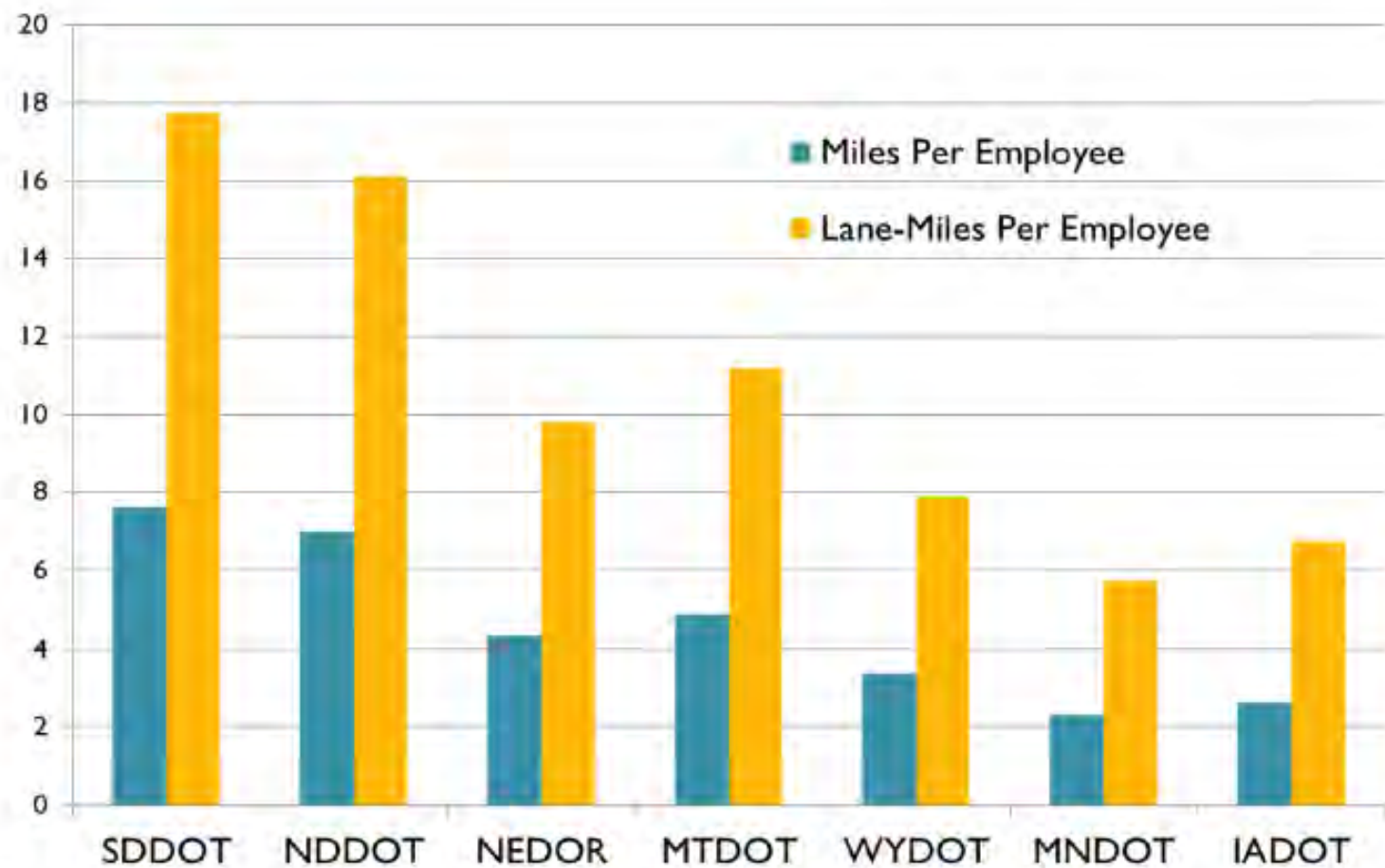
Take it on the road – Rotary, Lions, interest groups, media outlets, etc.



Be Flexible – Work compromises that don't adversely affect end goal

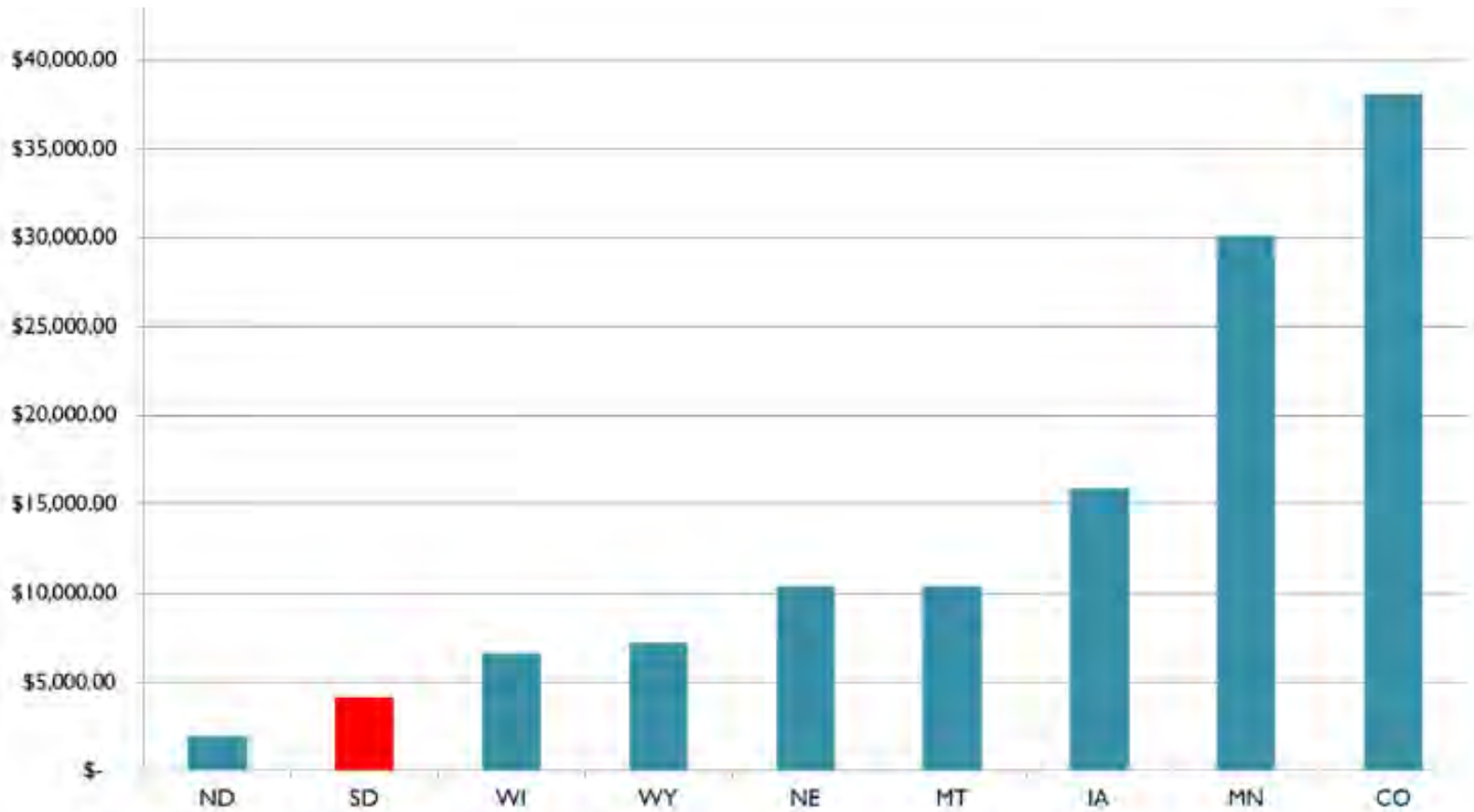


Size of State Highway System Compared to Number of DOT Personnel



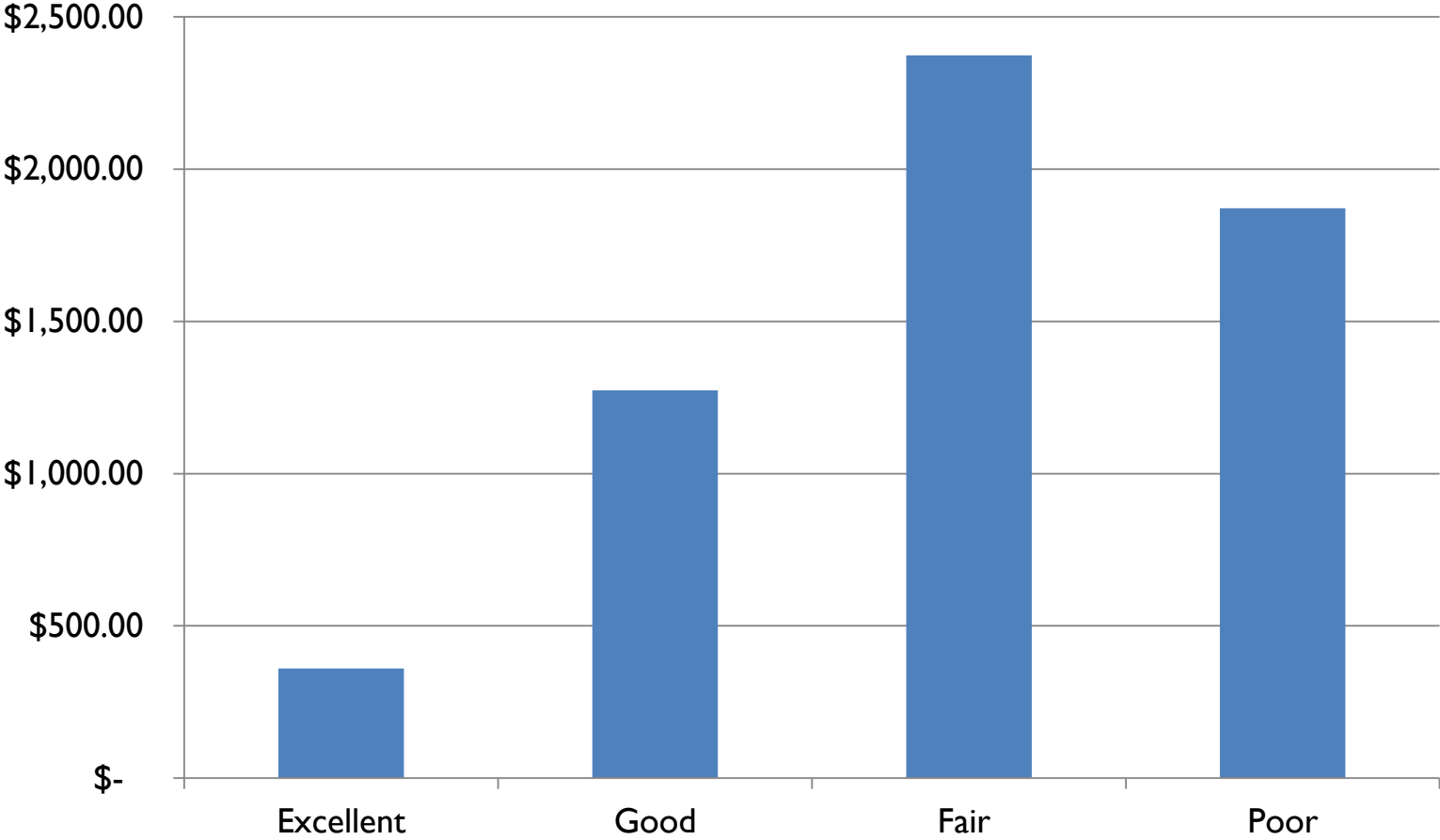
Source: FHWA Statistics (2011) & AASHTO Transportation Governance and Finance (2011)

Roadway Maintenance Cost Per Mile



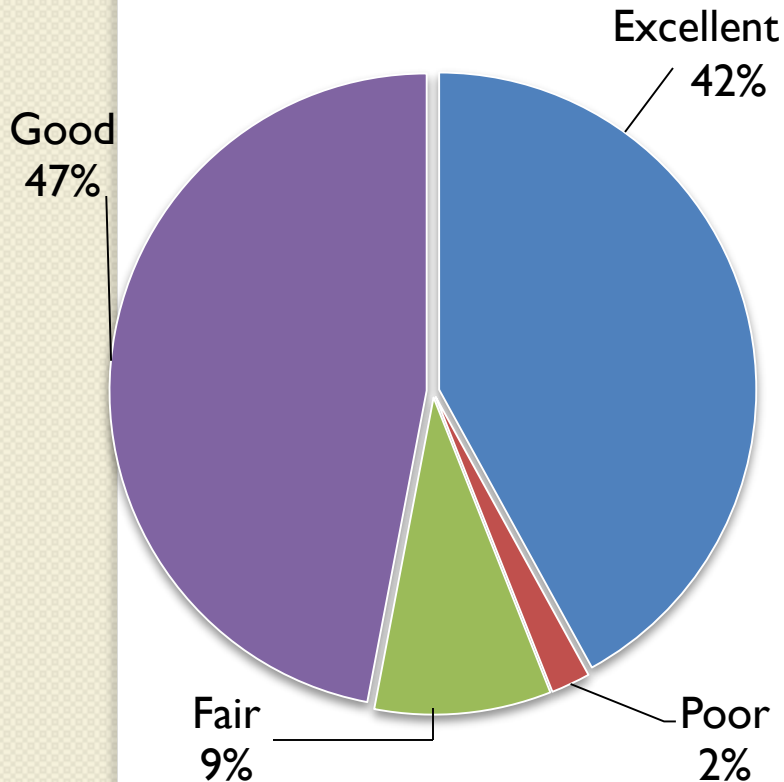
Source: 2012 Highway Statistics FHWA

Pavement Maintenance Costs

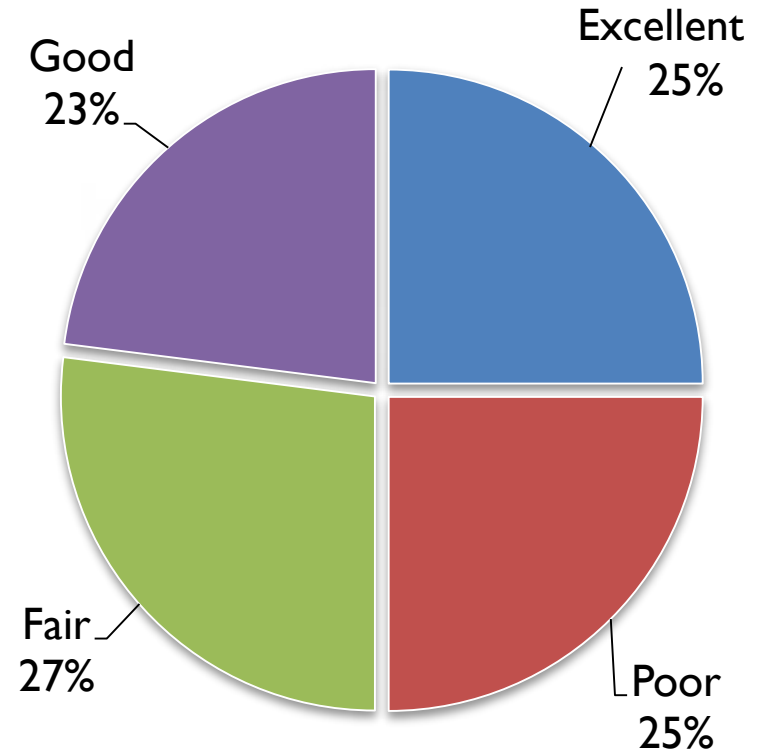


Current and Future State Pavement Condition

2014 Condition



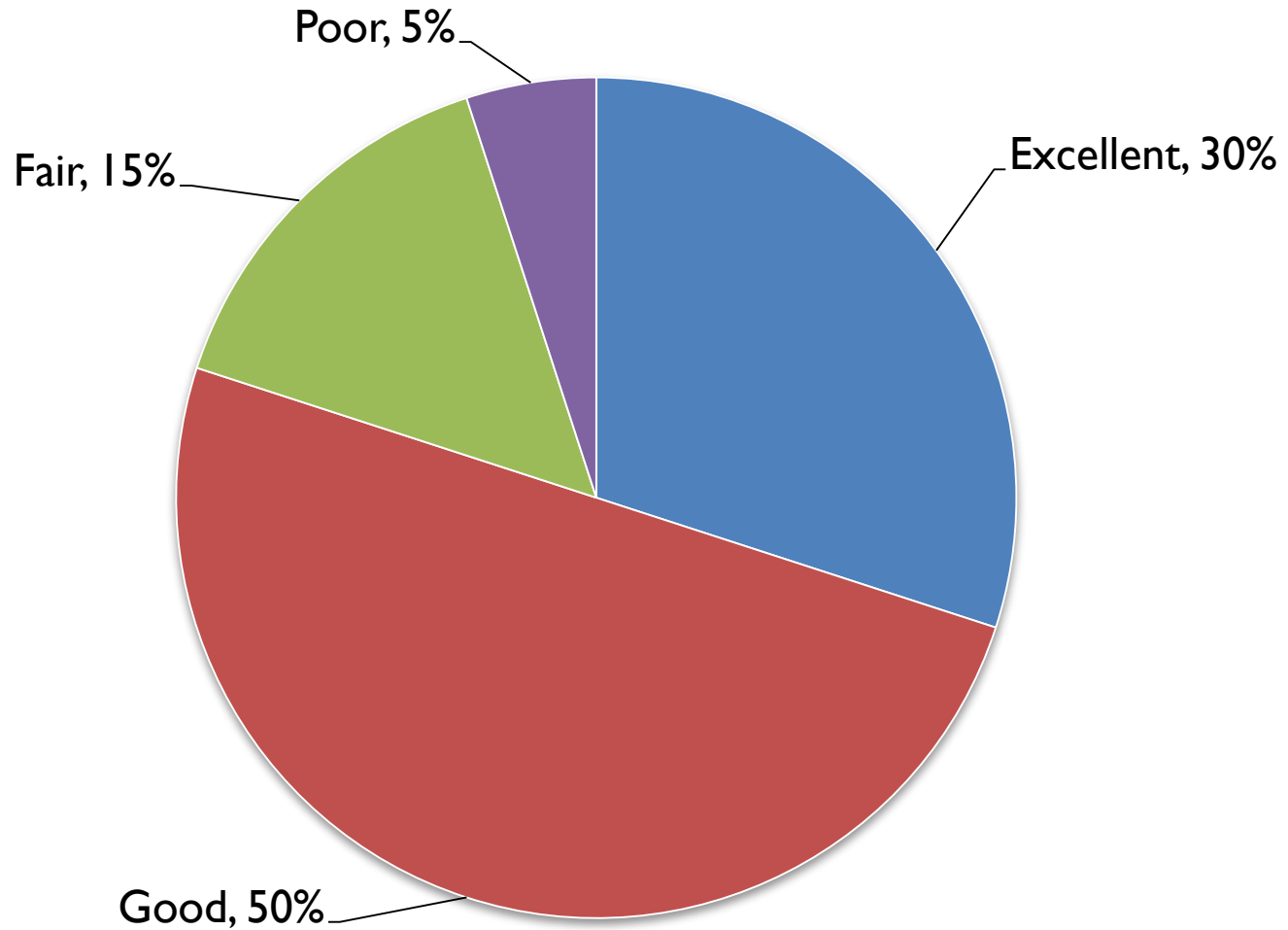
2024 Projected Condition



(Poor indicates it needs to be dug up and rebuilt at \$1.4 million a two-lane mile)

GOAL – Dashboard Indicator

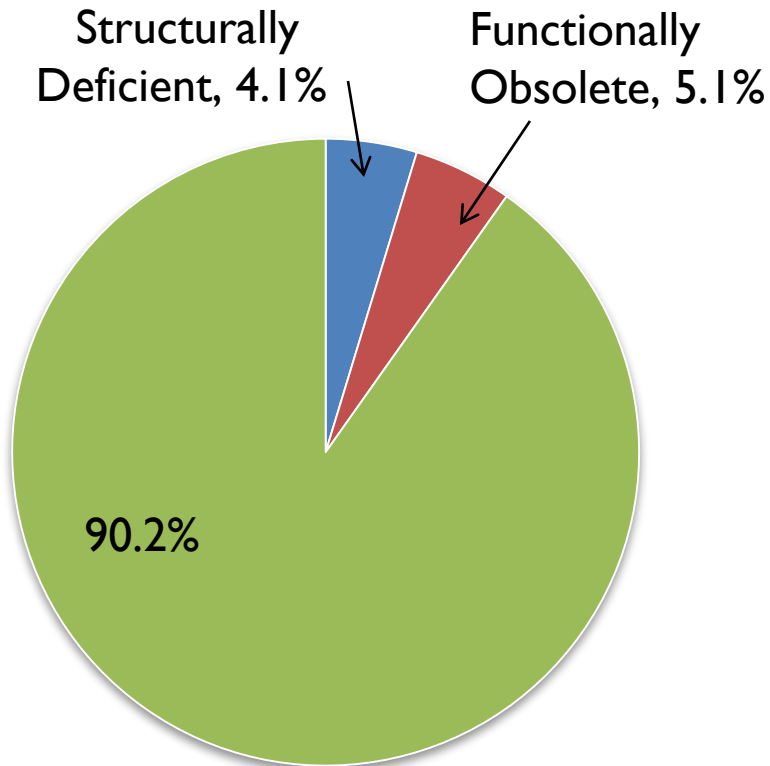
Pavement Distribution



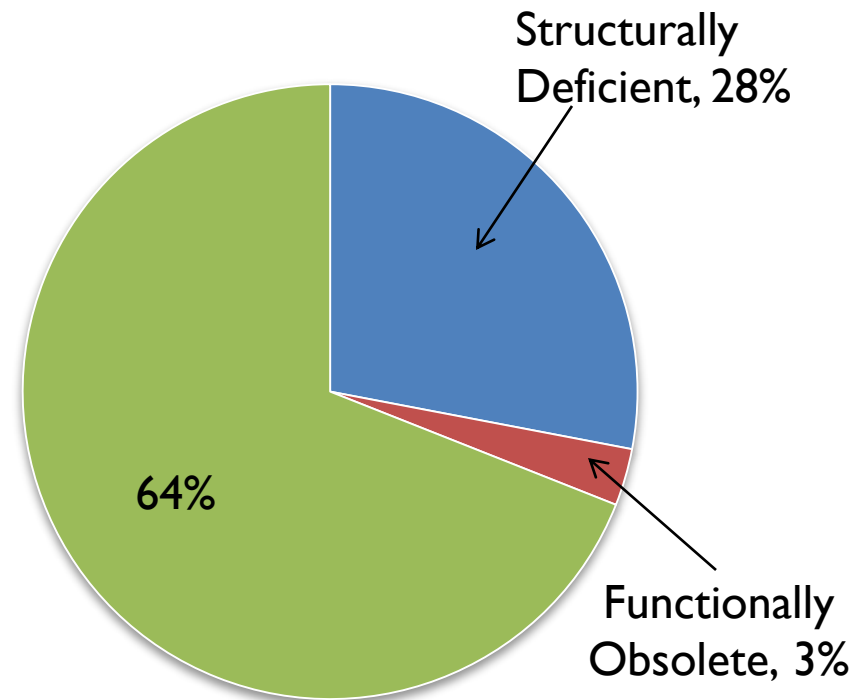
Bridge Needs

- Structurally Deficient - an indicator of when certain elements of a bridge need replacement or repair
- Functionally Obsolete - substandard feature within a structure relative to its design

State Structures

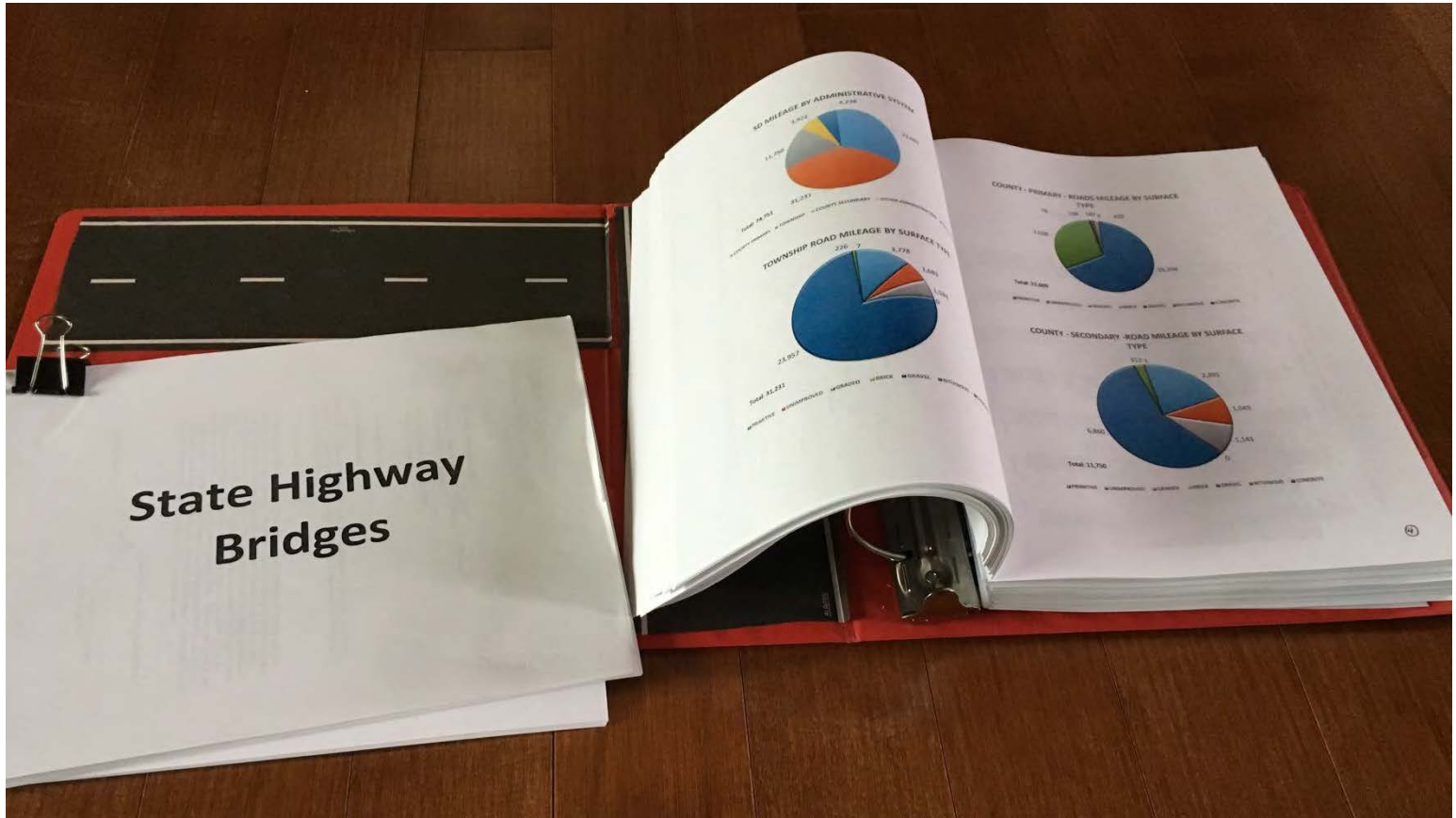


County Structures

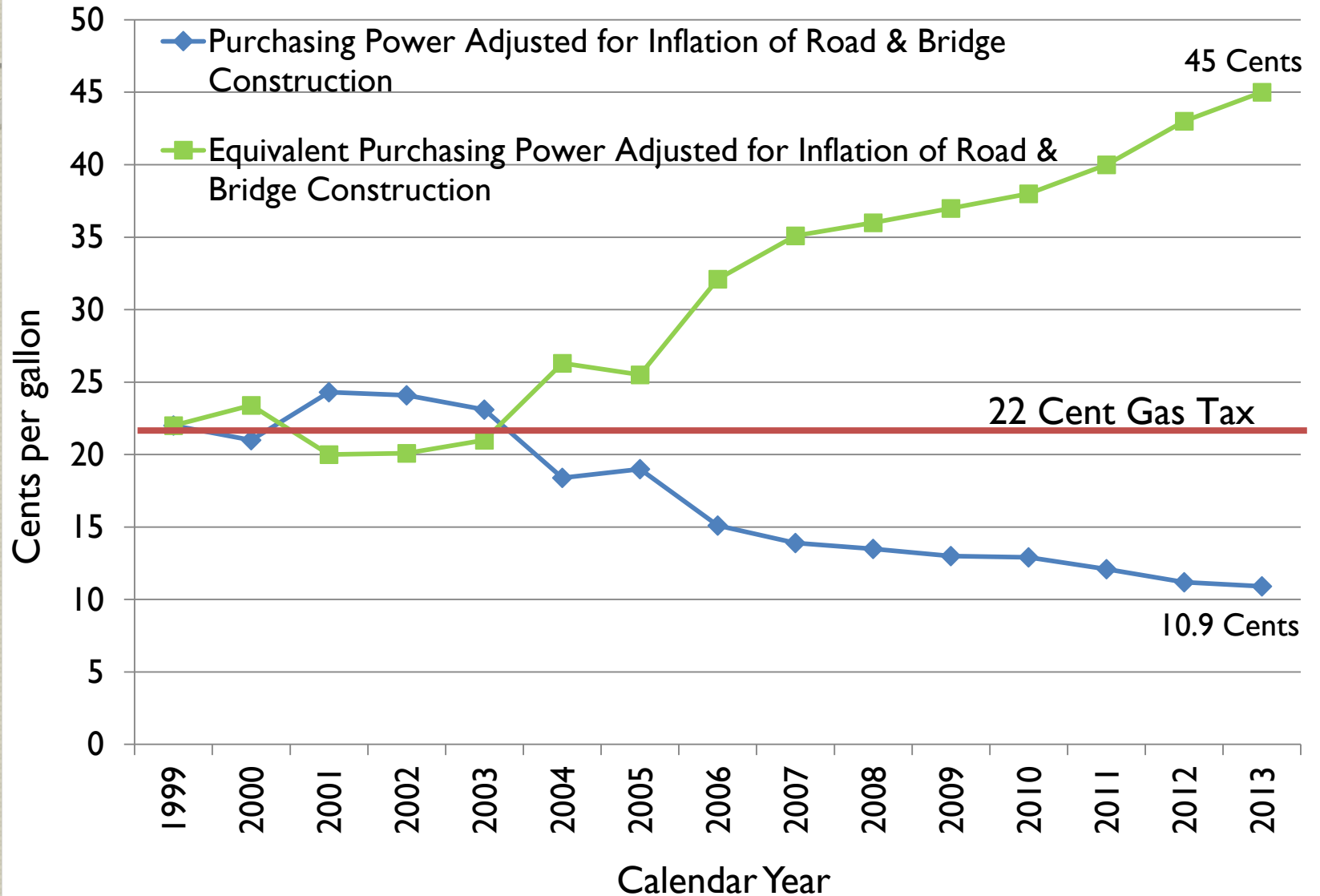




Comprehensive Data Outlining Road Needs (4-inch binder)

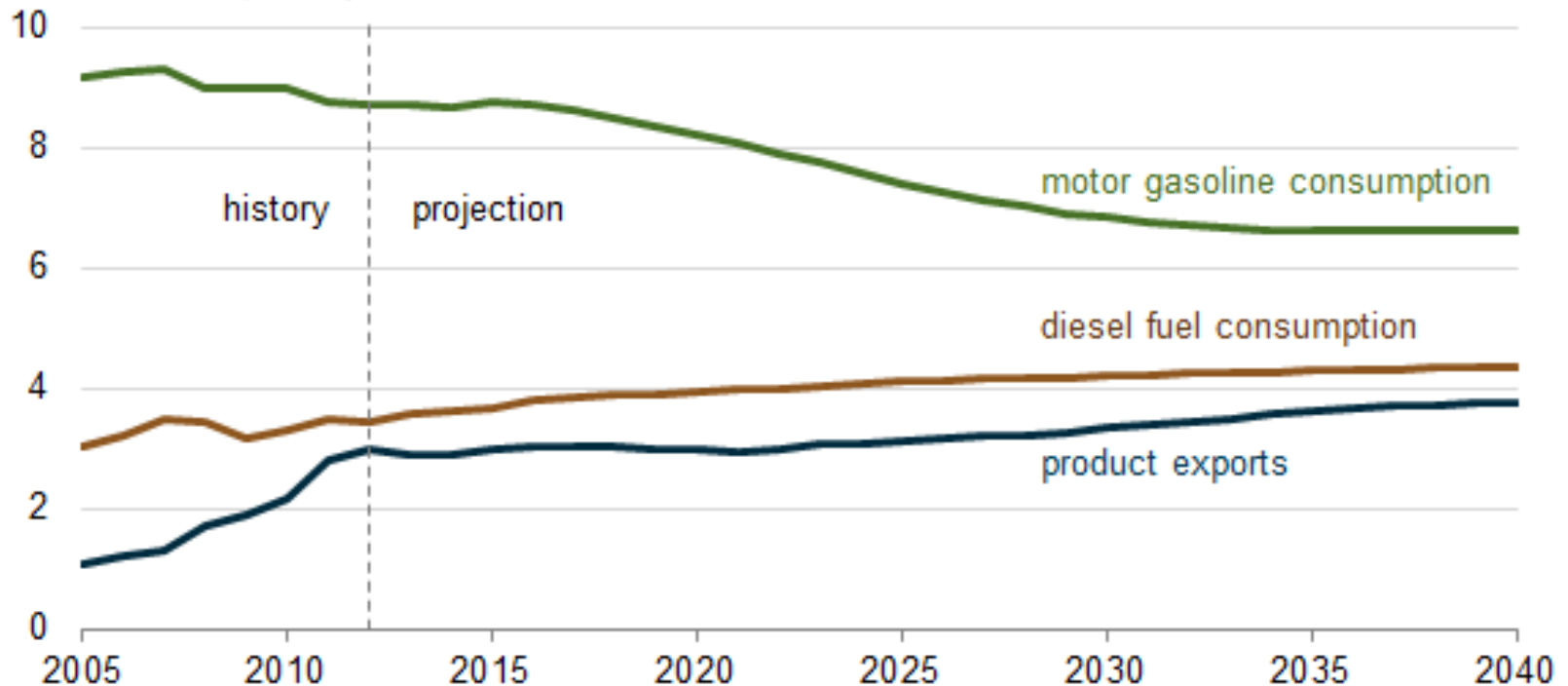


SD Gas Tax Purchasing Power



Motor Gasoline & Diesel Fuel Consumption

U.S. motor gasoline and diesel fuel consumption and product exports (2005-40)
million barrels per day

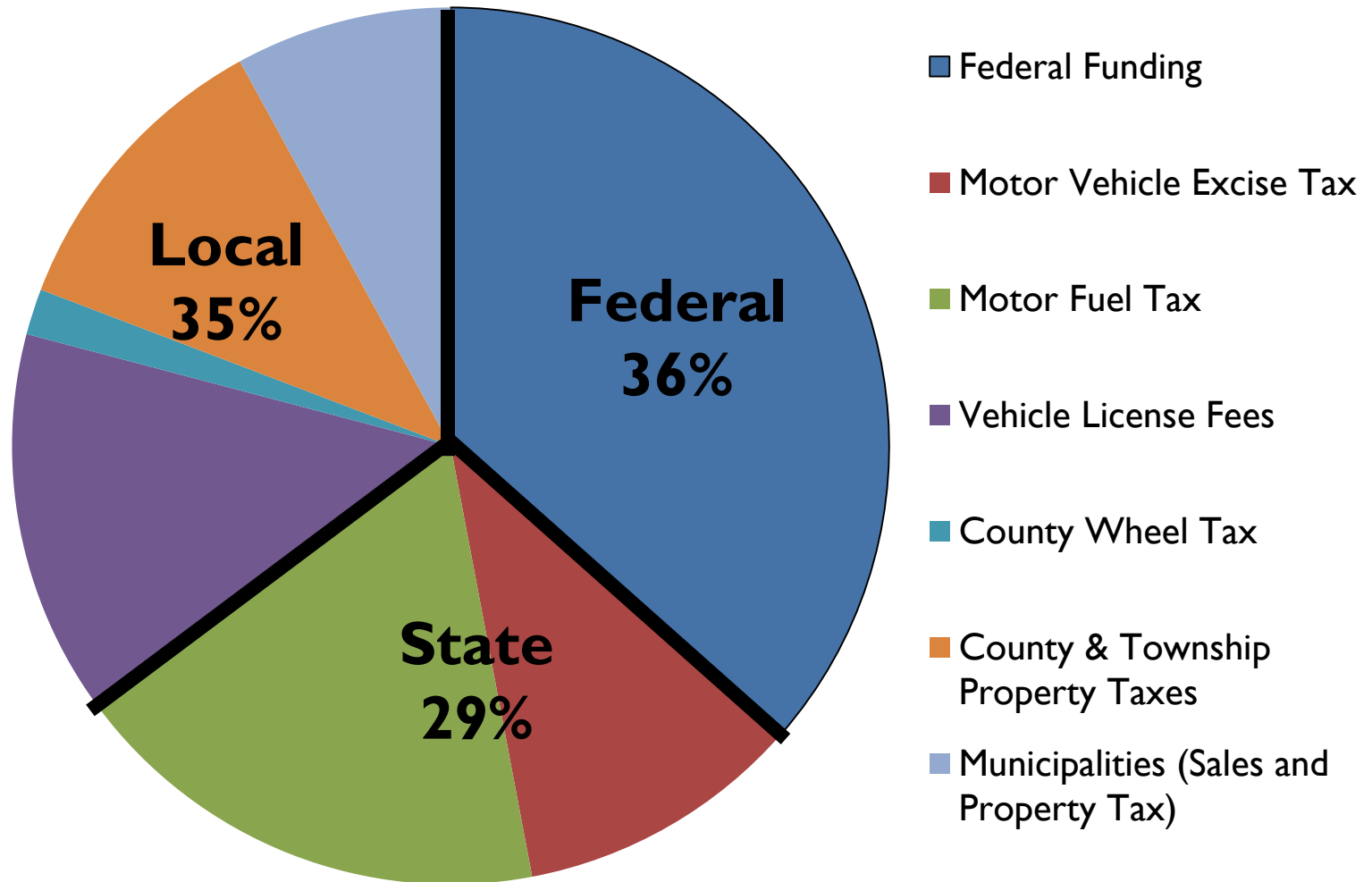


Source: US Energy Information Administration, *Annual Energy Outlook 2014* Reference case

SB1: Comprehensive Solution

	Provisions
1	Local Bridge Improvement Grant Fund - Requires: 1) Wheel Tax and 2) 5-Year County Road and Bridge Plan (Updated Annually)
2	Annually allocates \$7 million from Vehicle Registration Fees and \$8 million from SDDOT to the Bridge Grant Fund = \$15 million annually
3	Motor Vehicle Excise Tax - 1% increase (from 3% to 4%)
4	Motor Fuel Tax - 6 cents per gallon increase (gas, diesel, and ethanol)
5	Ethyl Alcohol and Methyl Alcohol (6 cents per gallon increase)
6	Motor Vehicle Registration Fees (20% increase)
7	Noncommercial Motor Vehicle Registration Fees (over 10 Ton - Assessed 70%/80% of Commercial Rate)
8	Optional Property Taxation - graduated levies \$1.20, \$.90, & \$.60 per thousand dollars of taxable valuation; to be used ONLY for roads and bridges
9	Optional Township Capital Outlay Levy - \$.50 per thousand dollars of taxable valuation; to be used ONLY for roads and bridges
10	Optional Wheel Tax - \$1.00 increase (\$4 to \$5) per wheel and increase wheels to be taxed from 4 to 12 wheels
11	SDDOT 10-Year Road and Bridge Condition vs. Goal (Annually Updated)
12	Move speed limit on interstate from 75 mph to 80 mph
13	Repeal the Provisions regarding an Inventory Tax on Motor Fuel when the Rate is Adjusted
14	Emergency Clause

Revenues Collected in FY 2014



**If you got it, a road
brought it. Not much
is parachuted in!**

