

Beyond the Gas Tax

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The American Society of Civil Engineers has, for more than a decade, graded our nation's infrastructure – highways, bridges, water systems – at “C” or less. The huge capital investments made post WW2 are coming to the end of their design lives; State and Local DOTs do not have the necessary funds to maintain all of our roads and bridges at a State of Good Repair, let alone invest in a new generation of smart roads and bridges, transit systems and the electronic infrastructure emerging in the 21st C to manage them.

New York State is not unlike the rest of the US, except that it is home to the Worlds Financial Capital, NYC, while having a maritime home on the Great Lakes at Buffalo; it is home to world class tourist Mecca's including Niagara Falls and the Adirondacks; it is home to the emerging and important nanotech industry in Albany, and is a gateway to Canada. Finance, manufacturing, high tech, culture, recreation – no wonder New Yorkers are boastful! But, in order to move our goods and people efficiently our infrastructure must be in world class shape.

This conference is concerned with asking questions and posing answers concerning the state of New York's transportation infrastructure and our ability to keep it in world class condition. There is one simple question that must be asked; where will the money come from to meet these needs?

We will concentrate on funding the needs under state DOT jurisdiction, roads and bridges, suburban and upstate transit and rail. ; the Ravitch Commission in NYC is concentrating on the MTA. Just 2 years ago, NYSDOT and UTRC convened a conference addressing PPPs; that approach to infrastructure management was just coming into the transportation vocabulary. the state has not used this tool yet but Governor Patterson has just created a commission to study and make recommendations on PPP.

But we recognize that there is still much to be discussed about public and private roles in providing public infrastructure. Today we will look at a variety of funding mechanisms – some public, some private and see how they might be applied to meeting the costs of building and maintaining our roads and bridges in 2008 and beyond.

In the most fundamental terms we can assign revenues generated as coming from one of three sources:

- Beneficiaries
- Polluters
- All citizens

In looking for funding solutions, policy makers will ask, “Who benefits, who pays?”, and “What are the costs – economic, social, and political?”

In 1956 – as later speakers will point out – the Highway Trust Fund (HTF) came into being. Filled with revenues from a variety of highway user taxes, the HTF was – for some time – able to support much of the federally sponsored highway programs. But the dollars from the gas taxes are now far short of those needed to sustain, let alone grow these programs. Both the public sector and the private sector have now come up with a laundry list of tools to meet this gap. These tools include:

- Tolls
- Fees
- Taxes
- VMT taxes
- Environmentally based taxes including carbon taxes
- TIF
- Debt Issuance
- Infrastructure Banks, leases, loans
- General fund transfers

Unlike mandated and formula driven allocations from the HTF, these approaches stress local innovation and application. Private Activity Bonds for Missouri’s bridges – just cancelled due to the credit crunch, TIFIA credits for a Dallas toll road, GARVEES in Idaho for its growing highway program, the Kansas Revolving Transportation Fund, New Mexico’s DOT developing carbon credits and Cap and Trade under FHWA emerging guidelines – these are all innovations being used by State DOTs to insure that their commitments to maintaining State roads and bridges is maintained. And, of course, NYC has made their first –unsuccessful - attempt at trying to institute congestion charges. Perhaps, in this fiscal environment we may yet see congestion charges or some types of user charges to help sustain and improve our infrastructure.

So – what is good for NY State; and, what is good in this economic climate? Our program today will begin a needed discussion among our infrastructure stakeholders. We have organized the afternoon into three parts addressing the theme questions:

1. What is the nature and urgency of the current funding crisis?
 2. How did it arise?
 3. How are other States addressing this crisis?, and
 4. What can NY State do?
- The symposium, given its charge by Commissioner Glynn , will begin with a keynote by Emil Frankel, former Commissioner of Connecticut DOT and now

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It will be followed by 2 panels. The first will be moderated by Dr. Allison de Cerreno, who will open with some thoughts on how we arrived here.

The second panel will be moderated by Ken Orski, who will also discuss the current funding landscape and innovations being applied.

The moderators will introduce their panels; bios of all are in your folder.