Transportation for America

CAPITAL IDEAS

WINNING STATE FUNDING FOR TRANSPORTATION: LESSONS FROM RECENT SUCCESSES

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Transportation for America is an alliance of elected, business and civic leaders from communities across the country, united to ensure that states and the federal government step up to invest in smart, homegrown, locally-driven transportation solutions — because these are the investments that hold the key to our future economic prosperity. t4america.org

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INTRODUCTION

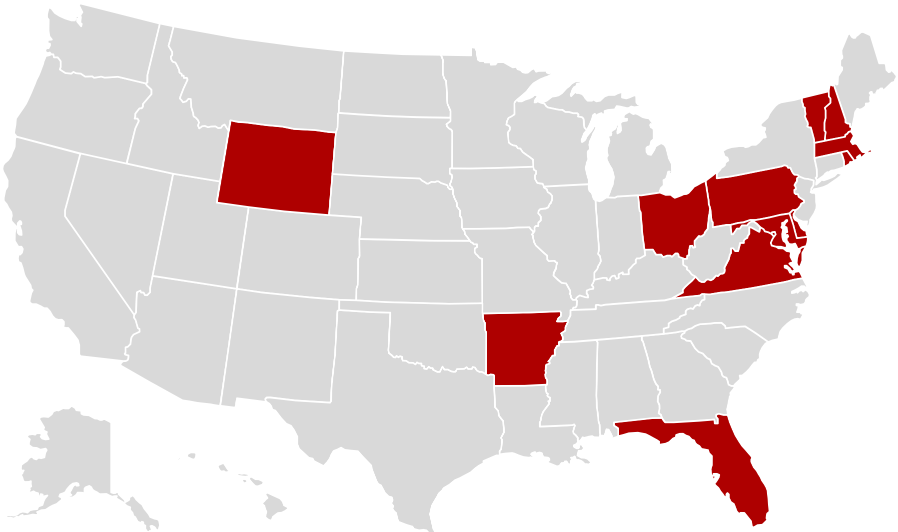
States face an increasing challenge in funding their mounting transportation needs. Their primary sources of revenue — taxes on gasoline and diesel fuel — have been depressed as vehicles become more efficient, per-person driving mileage declines and construction costs rise along with inflation.

Meanwhile, states are further challenged by uncertain federal funding, which has been squeezed by the same forces. Frozen at 1993 levels, the federal gas tax has lost approximately one-third of its purchasing power.[1] In 2012, Congress did something it had not done in decades, passing a federal transportation law that did not increase funding.

The same is true in many states. Twenty-four states have gone a decade or more without raising their gas taxes.[2] For example, before Massachusetts passed a transportation revenue package in 2013 the state gas tax had not changed since 1991 and as a result it had lost almost half of its purchasing power.[3] Meanwhile, an aging infrastructure in need of repair and the demands coming from demographic and economic changes mean states need more revenue, not less.

Since 2012, twelve states have responded to that challenge by enacting new revenue sources for transportation, while dozens more have considered such legislation. Each legislative package was crafted to respond to the unique challenges of the state where it was passed, but each contains lessons for other states looking to address their funding needs.

SINCE 2012 **TWELVE STATES** HAVE APPROVED PLANS TO RAISE THEIR OWN ADDITIONAL TRANSPORTATION REVENUES



1 www.itep.org/pdf/pb43fedgastax.pdf
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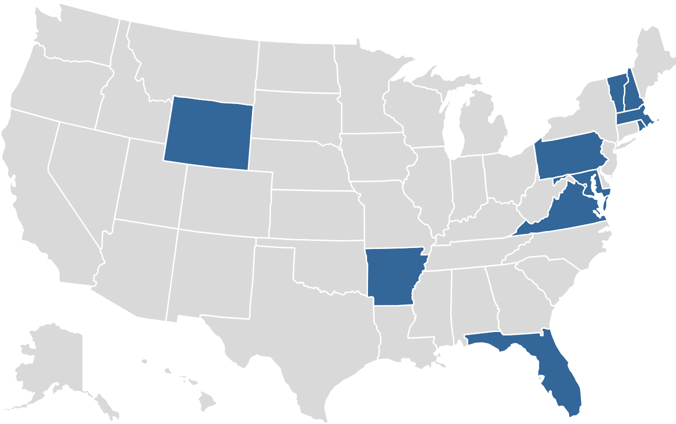
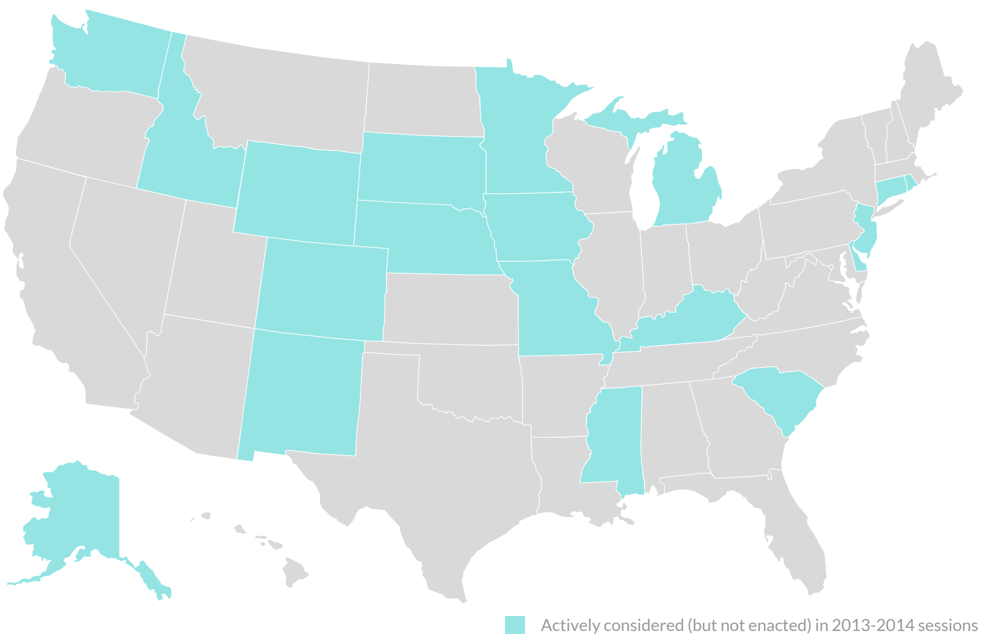


SINCE 2012, 98% OF REPRESENTATIVES IN THESE STATES VOTING **YES** ON BILLS TO RAISE TRANSPORTATION REVENUE WON THEIR NEXT PRIMARY

One key lesson worth noting up front: Legislators who supported such moves have met with little to no pushback at the polls. In fact, a Transportation for America analysis of the most recent election cycle found that 98 percent of the supportive lawmakers up for re-election won the primary following their vote — and we found no evidence that any lost as a direct result of their vote.[1]

Transportation for America has closely followed efforts in legislatures across the country to put transportation funding on sound footing.[2] This report highlights critical factors common to many of the campaigns and closely examines several successful campaigns. Learning successful strategies and tactics from other states can be a valuable way for advocates, legislators, and local leaders to build winning campaigns in their own states.

Legislation attempted to raise additional transportation revenue



1 www.t4america.org/maps-tools/state-transportation-funding/gas-tax-votes/

2 View T4America's full suite of resources on state transportation funding here: http://t4america.org/maps-tools/state-transportation-funding/.

FACTORS FOR SUCCESS

Seven noteworthy strategies and factors contributed to the success of campaigns in many states:

1. Support for local priorities
2. Ensuring transparency and accountability
3. Bridging the rural-urban divide
4. Leadership from the governor
5. Building a broad coalition
6. Creating new revenue mechanisms
7. Developing effective messages and messengers

Winning support by addressing local priorities

In most states the bulk of transportation decisions are made by the state department of transportation or transportation commission. Too often, these bodies prioritize large-scale state priorities and leave local leaders with little say over funding to realize innovative local and regional solutions. Moreover, state funding is often restricted to certain types of projects, leaving many local priorities without a funding source.

As a result, voters and their local leaders may be skeptical that any increase in transportation revenue at the state level will be spent on local priorities that strengthen local economies and quality of life. One innovative way to counter this skepticism is to establish a pot of money and allow communities to compete for grants to support their most important priorities, regardless of mode. This gives local communities control over a certain portion of funding raised and the ability to clearly see how the revenue in the broader package will help them. Competition requires applicants to sharpen their plans and build a broad base of support.

In **Pennsylvania**, for example, legislators passed a funding package in 2013 that created a Multimodal Fund to provide competitive grants to communities for projects including roadways, freight rail, passenger rail, ports and waterways, bicycle and pedestrian facilities and aviation infrastructure. The inclusion of the Multimodal Fund in the larger revenue bill allowed all communities in Pennsylvania to see a potential funding source for their priority projects, broadening support for the overall legislation.

Indiana took a different approach toward similar ends: Proponents of new funding for the Indianapolis region asked legislators to allow them to raise their own revenue through a local-option tax at the ballot box, rather than seeking funding from the state.

Establishing transparency and accountability

When most transportation decisions are made by state bureaucracies, citizens often get little explanation of why particular projects were funded and others were not. It is challenging to develop public support for new transportation funding when voters have no certainty that those funds will be put to the best possible use. One emerging strategy to address this issue is the adoption of performance measurement into transportation programs.[1] Measuring and reporting on the performance of transportation projects demonstrates to the public what they are getting for their tax dollars and can help to create public trust in a program that is a mystery to many.

A helpful new T4America report on performance measures will be available at http://t4america.org/maps-tools/ in late February 2015.

In 2013 **Massachusetts** passed a package of new transportation funding sources. The legislation also created a new process for selecting projects, creating a panel with appointees from the legislature, governor and state municipal league to develop measurable criteria that MassDOT will use to score, rank and prioritize projects.

Virginia legislators last year acted to strengthen support for transportation funding with a bill creating a transparent process for prioritizing projects and measuring success. The accountability measure requires the Commonwealth Transportation Board to evaluate and rank the safety, accessibility, environmental quality, congestion mitigation and economic development benefits of transportation projects in Virginia.

Bridging the rural-urban divide

To be successful in passing legislation to raise revenue, legislators must have broad support from their colleagues. This requires legislative champions to demonstrate that their package will meet needs across the state, in communities of all types. Bridging the gap between the transportation needs of urban and rural communities is often one of the hardest but most critical aspects of developing transportation revenue packages.

Failure to address this issue can scuttle funding proposals. In August 2014, **Missouri** voters rejected a ballot measure that would have raised the state sales tax from 4.25 cents to 5 cents for ten years, primarily to rebuild Interstate 70. The main supporters of the ballot measure included highway construction contractors, labor unions, engineering firms and others with a financial stake in the outcome. Opponents of the ballot

1 Read more about performance measures from Transportation for America here: http://t4america.org/tag/performance-measures.

measure included Gov. Nixon and a range of stakeholder groups. One of those groups, Missourians for Better Transportation Solutions, raised concerns that the state's two major population centers, St. Louis and Kansas City, would receive only a small share.[1]

On the other hand, demonstrating value across diverse regions of the state helps build broad support.

For example, Pennsylvania's Multimodal Fund, as discussed above and later in a detailed Pennsylvania case study beginning on page 18, helped communities in both metropolitan and rural areas gain a funding source directly available to them. At the same time, new funding specifically directed to rural, low traffic roads and to transit won support across the geographically diverse commonwealth.

In Virginia, legislators bridged regional divides and addressed the greater need in urban areas by raising additional revenue from these regions to be spent locally, and also by allowing different weights for project selection factors to be used in different areas to more closely match the particular needs of urban and rural regions of the commonwealth.

Leadership from the top

Strong leadership from the governor and legislative leaders can be a critical factor in advancing new transportation funding. When a governor makes transportation funding a signature issue and follows up with a true willingness to work with the legislature on a solution, it sends a strong message that transportation investment is a priority that is being taken seriously. Moreover, in cases where the governor and at least one branch of the legislature are not from the same party, transportation can be lifted from the realm of partisan politics, providing cover for legislators of all parties to support it.

In Massachusetts, **Maryland, Michigan, Vermont**, Virginia, and **Wyoming** — all states that have recently passed new transportation funding legislation — governors were strong, vocal advocates for transportation funding. On the other hand, in Missouri, Gov. Nixon's public opposition contributed to defeat at the ballot box.

Building a broad coalition

A common feature among successful transportation revenue packages is support from a broad coalition of stakeholders throughout the state. A broad coalition enables proponents to reach a variety of legislators and to demonstrate how the investment will benefit a wide range of constituencies, including the business community, local elected officials, transportation trades, and environmental, faith-based and public health constituencies.

For example, in Pennsylvania the Keystone Transportation Funding Coalition came together to advocate collectively for increased investment in transportation. Membership included:

- Regional chambers of commerce from across the state
- 10,000 Friends of Pennsylvania
- AARP

1 http://www.votenoamendment7.com/why-vote-no/

- Health advocacy groups, like the American Heart Association
- Pennsylvania chapters of trade associations with a stake in designing and building transportation projects
- Community development organizations from across the state
- Regional transit and rail providers
- Labor unions
- Local organizations supporting investment in bike and pedestrian infrastructure

With such wide-ranging representation in the coalition, members of the state legislature heard about the benefits of the legislation from many different perspectives, giving them certainty that they could support the legislation with support from many stakeholders.

Creating new revenue mechanisms

Traditionally, transportation revenue has come from gasoline taxes, typically seen as a user fee — those that use the roads pay for them directly via the gasoline they buy. While a few states, such as Vermont and Wyoming, have succeeded in raising their gas taxes, other states have found success by broadening their revenue base. Using new revenue sources can overcome the knee-jerk opposition that might arise to proposing increases in the gas tax while still providing predictable and dedicated funding for transportation. For instance, Virginia eliminated its 17.5 cents-per-gallon gas tax, replacing it with an increase in the general sales tax for all products, excluding groceries, and a new wholesale tax on gas and diesel.

Another successful strategy is combining increases in a variety of taxes and fees into a single package, rather than continuing to rely on just one funding source. This strategy helps to reduce the amount of the increase needed in any single tax or fee. For example, Massachusetts raised new revenue primarily for transportation through a combination of gas taxes, vehicle fees, and unrelated taxes on other products such as tobacco. There can be pitfalls in diversifying transportation funding, however; Massachusetts' package also raised taxes on certain business software. But once passed, the new software tax drew the ire of the state's important technology sector and was quickly repealed before taking effect.

Developing effective messaging and the right messengers

Effective messaging on transportation investment was crucial in all states that successfully raised revenue. Focusing on the economic benefits that come from investing in transportation has been effective in both "red" and "blue" states. Successful advocates have honed their messages to not only lay out the dire state of transportation infrastructure in their state, but also to make the connection between infrastructure and the state's economic competitiveness.

Finding the right messengers is also critical. Transportation agencies have an important educational role to play in providing the data justifying the funding increase, but proper consideration should be given to whether or not the agency should lead the advocacy efforts. It can appear self-serving and the public often has a low level of trust in these agencies in certain states. In some states, business leaders are the best advocates to carry the message, while in other states mayors or county leaders might be more effective. Perhaps the most effective are coalitions that link business, nonprofit and elected leadership.

In making the case for greater investment in transportation, Massachusetts' then-Governor Patrick stressed the point that transportation investment enables economic development. The Transportation for Massachusetts coalition and other proponents focused their message on the economic value of better transportation options for communities across the state and highlighted both business and community voices.

The Let's Go VA campaign organized by the Virginia Transportation Construction Alliance highlighted the adverse impact on Virginia's economic development caused by under-investment in the state's transportation infrastructure. The campaign pointed out that Virginia had lost its ranking as the "#1 state for business" and blamed the decrease mainly on state's neglected transportation system. The campaign further pointed to the two million jobs in the state fully dependent on the transportation system.[1] The Let's Go VA campaign also developed a message linking transportation investment to improved quality of life by pointing out that reducing congestion will ensure residents are able to spend more time with their families and reduce extra vehicle maintenance costs caused by roads in poor repair.

1 https://www.youtube.com/watch?v=U1OMDRBkVBM

CASE STUDIES

The following case studies on **Virginia, Massachusetts, Pennsylvania, Indiana, Wyoming** and **Vermont** provide more detail on successful transportation revenue legislation. There are valuable lessons to be gleaned from each experience, but inclusion in this report does not imply that Transportation for America necessarily believes that the final legislation was the best possible outcome in each case.

VIRGINIA

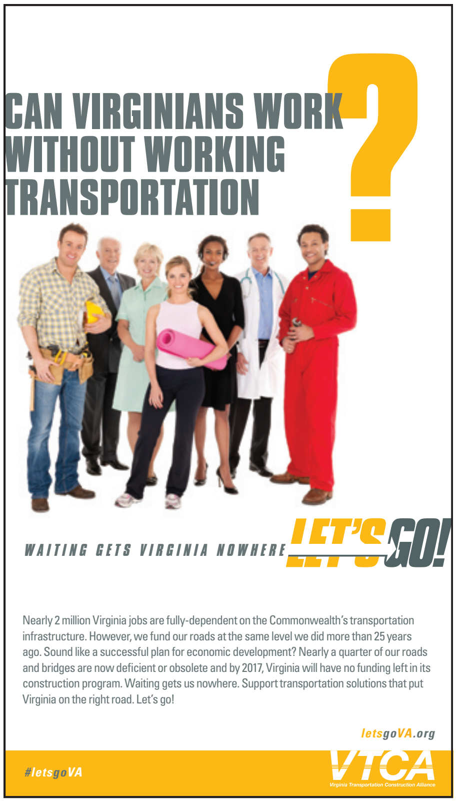
In 2013, then-Governor Bob McDonnell and the state legislature led an effort to create a more diverse mix of revenue for both roads and transit projects. The compromise bill was passed with support across political and geographic divides but also faced heavy criticism that almost brought the package down more than once. Virginia's bill was advanced through the strong support of the Republican governor, leaders on both sides of the aisle in the state legislature, and coalitions of major businesses and transportation interests.

The funding package replaced the 17.5 cents-per-gallon gas tax with a 5.1 percent sales tax on the wholesale price of fuel and a 6 percent sales tax on the wholesale price of diesel. In addition, state and local sales and use taxes rose from 5 to 5.3 percent and the tax on vehicle titles rose from 3 to 4.15 percent. At the time it was passed, the measure was projected to deliver an additional $3.4 billion over the next five years for highway construction and maintenance, as well as transit, intercity rail, airports and seaports.[1]

Business coalitions pushed for this legislation. The Virginia Transportation Construction Alliance (VTCA) partnered with the Virginia Department of Transportation (VDOT) to produce a supportive campaign dubbed "Let's Go VA", focusing on both the economic benefits and quality of life impacts of transportation.[2] To make the economic case, the campaign highlighted the importance of a well-maintained transportation network in attracting and keeping companies, especially in light of Virginia losing its rank as the Top State for Business according to the CNBC annual index. To make the quality of life argument, Let's Go VA highlighted the amount of time residents were spending in traffic away from their families and the added car maintenance costs associated with driving on roads in poor condition.

Virginians for Better Transportation, which included stakeholders representing multiple modes of transportation from across the state, also ran a campaign called "It's Time Virginia." Their messaging focused primarily on the quality of life argument for investing in a range of transportation options. Local chambers of commerce, small businesses, trade associations representing the various industries that contribute to the

1 http://www.virginiadot.org/newsroom/statewide/2013/governor_mcdonnell_ceremonially_signs69276.asp
2 http://letsgova.org/



construction of transportation projects and freight companies also strongly advocated for the bill. Smart growth and conservation groups were more cautious about new funding, seeking to ensure that a larger portion of funding went to transit and funds were tied to smart growth outcomes, as had been the case with 2007 transportation bond legislation.[1]

The Governor made transportation a significant priority of his administration. He urged fellow Republicans in the state legislature to act, noting that a failure to do so would only make necessary fixes costlier in the future. He also invoked Ronald Reagan, who signed the law increasing the federal gas tax in 1982, as a precedent.[2] Democrat Terry McAuliffe, who at the time was a candidate to succeed Gov. McDonnell, was also a champion and brought together strong support from Democrats in the legislature.

Although the result was a strongly bipartisan bill, it was also a compromise bill. Various interest groups staunchly opposed certain elements. Left on the cutting room floor in the final package were proposals to commit funding to local roads, to require the Virginia Department of Transportation to spend money more efficiently, and to invest more state funds in transit. Advocates for low-wage workers and vulnerable populations expressed concern over shifting the tax burden from gas purchases to taxes on all items. The final bill also specifically forbid Hampton Roads, one of Virginia's most populated regions, from spending its new regional funds on transit.

1 The 2007 bill included a requirement for adoption of Urban Development Areas by local governments. http://leg1.state.va.us/cgi-bin/legp504.exe?071+ful+CHAP0896. Section 15.2-2223.1 of Virginia State Code details the comprehensive plan to include urban development areas. http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+15.2-2223.1.

2 www.virginiadot.org/newsroom/statewide/2013/gov._mcdonnell_makes_amendments64795.asp

Additionally, some of the new projected revenue was to come from collecting sales tax on Internet sales — contingent on Congress passing a law permitting states to do so. As Congress has not passed this law to date, a provision in the 2013 law was triggered at the beginning of 2015, requiring an additional hike in the wholesale gas tax to cover that gap. Particular funding flows defined in the 2013 law means that less of that additional funding will go to transit.[1]

The revenue package also raised additional funds for the state's largest and most congested regions, Northern Virginia and Hampton Roads, which face greater and more expensive transportation needs. In order to compose a package that appealed to both urban and rural areas, Virginia legislators used regionally assessed taxation as a solution.

Under the package, Hampton Roads and Northern Virginia residents are assessed an additional 0.7 percent sales tax, a 2.1 percent wholesale fuel tax, a 2 percent transient occupancy tax, and a real estate transaction tax of $0.15 per $100 of the value of the property sold. Revenue raised from these additional sources will be directed to regional transportation bodies and spent only on local and regional transportation solutions in the two metros. The transportation bodies are made up of local elected officials, state legislators, and appointees of the governor. Northern Virginia's funds are flexible and can be used on road and transit projects, but as noted earlier, Hampton Roads is restricted to spending its funds only on road, bridge and tunnel projects. Over the next five years Northern Virginia is projected to have $1.55 billion and Hampton Roads is projected to have $1.02 billion in additional transportation revenue.[2]

In 2014 the legislature improved the law with a bill that set up criteria for prioritizing and evaluating state projects. This built a new level of transparency and accountability into the state's process for investing in transportation. The Commonwealth Transportation Board will prioritize projects based on their benefits to safety, accessibility, environmental quality, congestion mitigation and economic development. Projects that receive a favorable evaluation on these criteria will be included in the state's official Transportation Improvement Program (TIP). The five factors can be weighted differently according to each region's varying priorities, but each region must be transparent in doing so.

1 http://wamu.org/news/14/11/25/why_virginias_gas_tax_will_go_up_next_year
2 www.ncsl.org/documents/summit/summit2013/online-resources/Watkins_State_Transportation_Leaders_Summit_2013.pdf

MASSACHUSETTS

By 2013, transportation stakeholders in Massachusetts had been warning for years that the state's investment in transportation was falling far behind the need. The situation grew so dire that transportation debt threatened to consume all the money available for system maintenance and improvements.[1] To make matters worse, the state had been borrowing to cover its annual transportation operating budget for years. In 2013, the governor and legislature, with support from a broad-based campaign by their constituents, took up the issue.

1 www.t4ma.org/site/wp-content/uploads/Maxed-Out.pdf

In addition to recognizing the need for increased investment in transportation, the Massachusetts legislature also understood the importance of reforming how Massachusetts invests in transportation. The legislature passed two bills in the early 2000s that helped to lay the groundwork for successful revenue legislation in 2013.

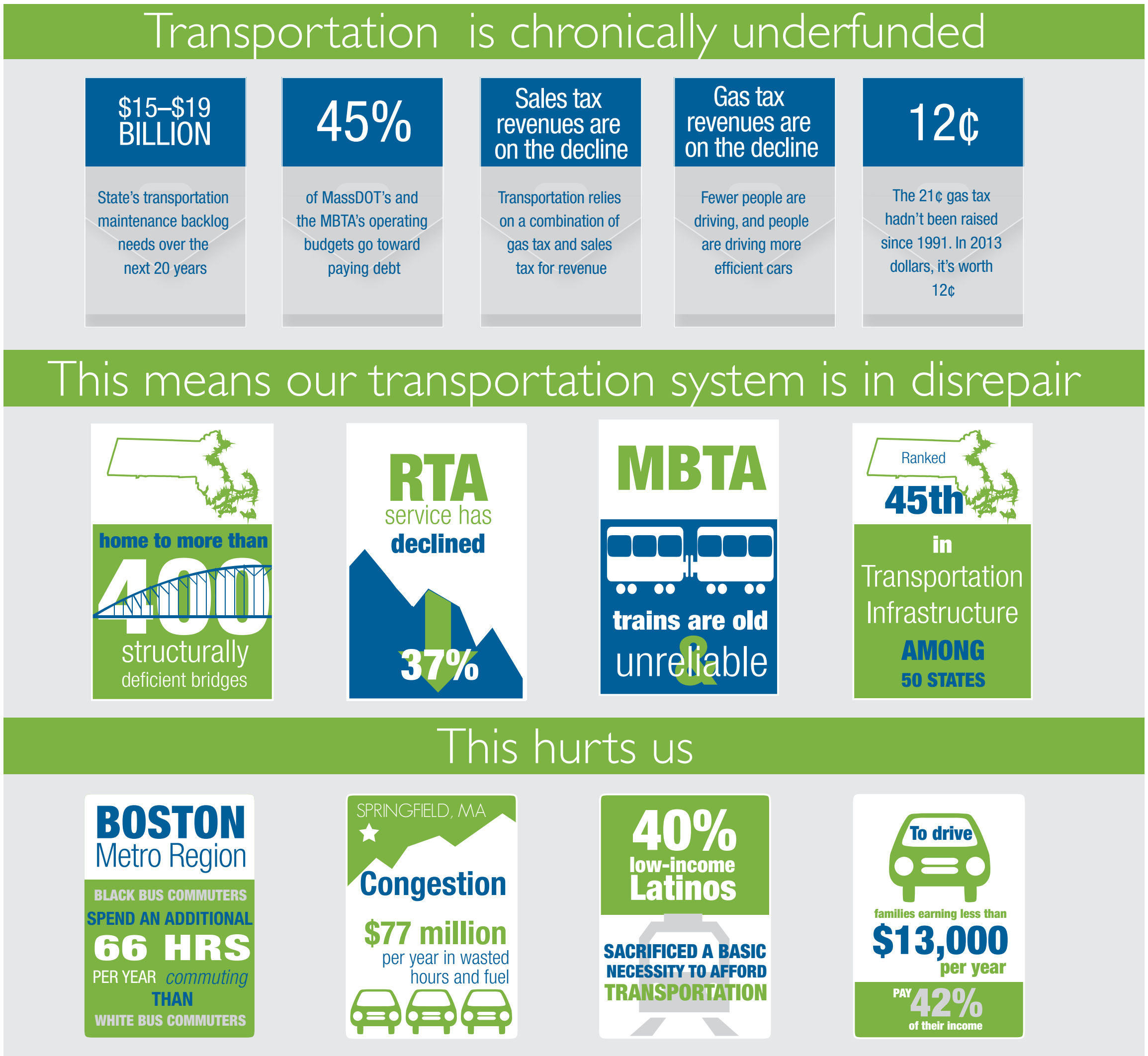


Image from Transportation for Massachusetts' storybook on the 2013 campaign, A New Day for Transportation in Massachusetts. *www.t4ma.org/site/wp-content/uploads/T4MA-2013-Campaign-Storybook.pdf*

The first, in 2000, restructured the Massachusetts Bay Transit Authority (MBTA) budgeting practices. Historically, the MBTA would spend money and then send the state an annual bill. The legislation provided the MBTA with its first-ever fixed revenue stream: revenues from one cent of the state's then five percent sales tax. However, even with a dedicated source of funding, MBTA's finances did not improve as much as anticipated, in part because sales tax revenue growth fell short of projections.[1]

The second measure, enacted in 2009, restructured how Massachusetts' transportation agencies and offices. Specifically, the legislation merged the Executive Office of Transportation and several other transportation agencies into a multimodal department of transportation, the Massachusetts Department of Transportation (MassDOT). Merging seven different transportation agencies into a single agency with one Secretary enabled Massachusetts to realize greater efficiencies and cost savings.[2] This legislation also restructured MassDOT's funding sources of gas taxes, motor vehicle fees, sales taxes and toll revenue, with a portion of the funding appropriated by the legislature.

Both Governor Deval Patrick and the legislature recognized that simply restructuring how Massachusetts operates and funds its transportation system was not going to overcome a projected shortfall of up to $19 billion just to maintain the system over 20 years.[3] The urgency grew in early 2012, when the MBTA — operator of Boston's "T" transit system — announced it would hike fares as much as 43 percent and cut service to balance its books. Transportation advocates argued this was not a one-time problem, but the result of chronic underfunding. The crisis cast a spotlight on the need to stabilize the agency's finances and also mobilized many advocates whose support would prove to be instrumental.

At one point, 100% of MBTA fare revenues went to paying down debt, in part because Big Dig-related debt largely ended up on the MBTA books. Flickr photo by Josh Jackson. https://www.flickr.com/photos/joshsjackson/451919861/

"The T cannot balance the budget on the backs of riders. There has to be a broader policy solution that really involves addressing the revenue questions," said transit advocate Joan Tighe, co-coordinator of the Fairmount/Indigo Line Coalition, following a legislative hearing on the issue.[4]

In January 2013 Gov. Patrick's state budget proposal included $1.9 billion in new annual revenue, with a substantial amount dedicated to transportation. Patrick argued that the increased revenues dedicated to transportation would fully fund the state's regional transit authorities, reduce the state's transportation-related debt and create economic opportunity across the state. To pay for the increased investment, the governor proposed a wide variety of revenue raisers largely unrelated to transportation. His proposal would have also

1 www.t4ma.org/site/wp-content/uploads/Maxed-Out.pdf
2 https://www.massdot.state.ma.us/portals/0/docs/InfoCenter/leg_reports/IntegrationReport_020110.pdf
3 www.t4ma.org/site/wp-content/uploads/Maxed-Out.pdf
4 www.boston.com/yourtown/news/downtown/2012/01/riders_protest_t_cuts_fare_hik.html

raised transit fares, tolls and registry fees and implemented electronic tolling throughout the state.

Legislative leaders responded by announcing a much smaller funding package that would direct approximately $500 million annually to transportation. Transportation advocates quickly denounced that sum as inadequate and rallied hundreds of grassroots calls to legislators. Gov. Patrick said he would veto such a bill because it would not meet the state's needs. In just 12 days, both the House and Senate passed versions of that funding package without major changes from the first legislative proposal. The legislature's final agreement, which would raise an average of $600 million per year, was passed over Gov. Patrick's veto.

The legislation raised revenue through a variety of funding mechanisms, some directly related to transportation and others not. The transportation-related measures included:

- Hiking the gas tax by 3 cents per gallon, raising about $90 million per year.
- The tax also was to be indexed so that it would rise automatically with inflation, raising an additional $1 billion over ten years. Indexing was subsequently repealed by a voter initiative in 2014.[1]
- Dedicating 2.5 cents of the underground storage tank fees to the Commonwealth Transportation Fund and indexing the fees to inflation to raise approximately $80 million per year.
- Dedicating all revenues raised from the motor vehicle sales tax, about $415 million a year, to the Commonwealth Transportation Fund.
- Reintroducing tolls at several exits of the Massachusetts Turnpike to raise $15 million annually.[2]

The legislation required MassDOT and the MBTA to raise a percentage of their annual budget from tolls, registry of motor vehicles, fares, and efficiency measures, which resulted in increased vehicle registration fees. In addition, the law raised revenue from several sources unrelated to transportation, some of which was to help offset a transfer from the general fund to the Commonwealth Transportation Fund. These revenue sources were:

- Increasing taxes on cigarettes, cigars and other tobacco products to raise $150 million annually.
- Eliminating the utility tax classification to raise $48 million annually.
- Taxing services sold in Massachusetts by out-of-state companies to raise $35 million annually.[3]

Additionally, the legislation as passed also would have applied the state's 6.25 percent sales tax to a variety of computer software, generating an estimated $160 million a year. Though little noticed during the law's adoption, it later triggered fierce opposition from the state's technology community, who complained that vague wording meant it could impose a $500 million annual tax burden on Massachusetts companies. Facing vocal opposition from an important sector, the legislature quickly repealed this provision of the revenue package.[4] However, the "tech tax" revenue was not strictly dedicated to transportation to begin with, so its repeal had little to no effect on transportation funding.

1 http://t4america.org/2014/11/05/important-transportation-ballot-measures-decided-yesterday/
2 www.t4ma.org/site/wp-content/uploads/T4MA-Summary-of-H3535.pdf
3 Ibid.
4 www.bostonglobe.com/business/2013/08/14/state-senator-moves-repeal-software-tax/DxD5JajbDTvYJ4JqVSynbJ/story.html

T4America partnered with Transportation for Massachusetts (T4MA) on a conference to support and encourage their efforts in pioneering a more inclusive, sophisticated approach to picking projects through the newly created Project Selection Advisory Council. www.t4america.org/2014/07/30/massachusetts-is-attempting-to-lead-the-way-on-a-performance-based-system-for-selecting-transportation-projects/

To bring greater transparency to how the new dollars would be spent, the law also created a Project Selection Advisory Council tasked with developing uniform criteria for developing the comprehensive state transportation plan, which guides MassDOT's five-year spending plan. The eight-member council is made up of three members appointed by the Governor, one member each appointed by the president of the Senate, the minority leader of the Senate, the speaker of the House of Representatives and the minority leader of the House of Representatives, and a representative of the Massachusetts Municipal Association.

Stakeholders in Massachusetts who supported increased investment brought together a broad set of constituencies to make the case, including business, environmental, health and equity constituencies, metropolitan planning organizations across the state, and local elected officials. Transportation for Massachusetts (T4MA) organized a coalition including:

- The 128 Business Council and the Alliance for Business Leadership
- Regional transit authorities from across the state
- The Massachusetts Association of Community Development Corporations
- Environmental organizations, such as the Conservation Law Foundation and the Environmental League of Massachusetts
- Regional planning agencies
- Grassroots organizations, such as Neighbor to Neighbor and Alternatives for Community and Environment
- Advocacy groups, including WalkBike Worcester, the Livable Streets Alliance and the MBTA Advisory Board

Transportation for Massachusetts mobilized members to make the case for greater investment in transportation to editorial boards, elevating the issue with residents and building support. Transportation for Massachusetts leveraged public hearings on the funding shortfall, turning out residents to testify about the importance of addressing shortfalls in funding and some of the critical components of this legislation. Coalition members also testified before the Joint Committee on Transportation on the benefits of greater investment in transportation.[1]

1 For more on Transportation for Massachusetts's campaign from start to finish, see their campaign storybook, A New Day for Transportation in Massachusetts. www.t4ma.org/site/wp-content/uploads/T4MA-2013-Campaign-Storybook.pdf.

Image from Transportation for Massachusetts's storybook on the 2013 campaign, A New Day for Transportation in Massachusetts
www.t4ma.org/site/wp-content/uploads/T4MA-2013-Campaign-Storybook.pdf

Proponents of increased investment pointed out that the state gas tax had not been raised since 1991 and had since lost almost half of its purchasing power, leading to the overwhelming maintenance backlog.[1] In making the quality of life argument, proponents highlighted the variety of constituencies that would benefit. "Throughout the campaign," Transportation for Massachusetts leaders wrote in a post-campaign report, "our message focused on the economic value of better transportation for residents across the state. We stressed that every person, whether rural, urban, low-income, young, old or disabled, deserves good transportation choices."[2]

For commuters and shippers, for example, proponents calculated that congestion costs $77 million per year in wasted hours and fuel. In addressing the burdens on low-wage workers, they highlighted that families earning less than $13,000 a year spend 42 percent of their income on transportation. These messages helped to create broad support for the legislation from around the state.

Transportation for Massachusetts and its growing number of allies quickly learned that continuing adequate funding for transportation requires an ongoing effort. After the 2013 revenue package passed, organized conservative opposition mounted a ballot measure campaign to repeal the requirement to automatically index the gas tax in the future. Voters were persuaded to eliminate these future tax increases; the measure passed with 53% in favor in November 2014.[3] The 2013 revenue campaign and the subsequent referendum demonstrate the need for a broad-based coalition to continue advocating for and protecting transportation revenue.

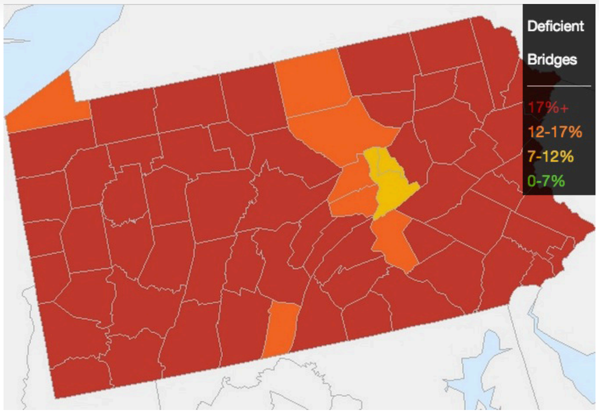
1 www.t4ma.org/site/wp-content/uploads/Maxed-Out.pdf
2 Ibid.
3 http://electionstats.state.ma.us/ballot_questions/search/year_from:2014/year_to:2014

PENNSYLVANIA

In 2013, Republican Governor Tom Corbett and the legislature worked together to pass legislation raising an additional $2.3 billion per year to invest in transportation, including $1.65 billion for highways and $476 million for transit. The law eliminated the 12 cents-per-gallon state retail gas tax, converting it over five years to a tax applied to wholesale oil sales.[1]

1 http://www.pacounties.org/GovernmentRelations/Documents/TransportationSummary20131121.pdf

Gov. Corbett, citing major unmet repair and investment needs, kicked off the push for more revenue in his budget address of February 2013. He opened the discussion by proposing to cut taxes at the pump while replacing that revenue — and then some — by lifting a cap on wholesale taxes on oil.



Pennsylvania's bridges have been amongst the worst in the country for years. In 2013, more than 24% were structurally deficient.
http://t4america.org/maps-tools/bridges/states//?state=pa

The ensuing debate endured a number of swings before a compromise measure passed with support from both parties. A Republican faction had supported funding only for new highways and repair of existing roads and bridges; a Democratic faction aggressively fought for increased transit funding. While Republicans controlled both chambers, they relied on Democratic votes to move the legislation. When Democratic opposition brought down the bill in June of 2013, both sides continued negotiations and arrived at a broader bill that met the needs of legislators across the state.

In a larger state with several major cities and more remote rural areas, it was critical to demonstrate how the new revenue would help meet a broad variety of needs. The final package supports local roads and bridges, public transportation, multimodal transportation projects, expansion of the Pennsylvania Turnpike and low-volume road projects.

The governor and the legislature recognized the importance of getting local communities' support for the proposal. One way the legislation did this is by creating a Multimodal Transportation Fund to award funding on a competitive basis to local roadway, aviation, freight rail, passenger rail, ports and waterways, and bicycle and pedestrian projects in communities across the state. (See detailed sidebar on page 20.)

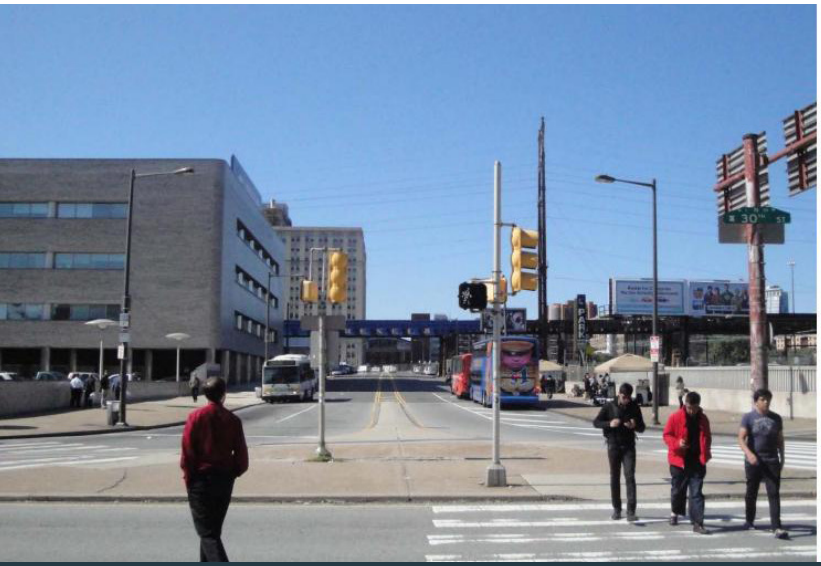
In addition to revenue raised at the state level, the legislation enables counties to raise transportation revenue locally by assessing a $5 vehicle registration fee. The measure also provides up to $220 million a year for local roads and bridges — a 60 percent increase over previous allocations for local governments. Collectively these provisions will empower communities across the state to develop multimodal solutions to their transportation challenges.

Labor provisions were another critical, highly political issue in the funding bill — one that nearly brought down the bill yet again. Ultimately the bill included a compromise from pro-labor Democrats to increase the threshold for projects subject to the prevailing wage requirement.

The Keystone Transportation Funding Coalition brought together a broad set of stakeholders to make the case for solving the state's transportation funding problem, including the highway construction industry, public transit agencies, labor interests, local chambers of commerce, the environmental community, health interests, freight interests and advocates of greater investment in bicycle and pedestrian infrastructure.

Through a campaign dubbed ReConnect, the coalition made the case that increased investment in transportation was critical to the state's economic competitiveness against neighboring states.[1] The coalition's messages also emphasized safety and quality of life, pointing to the danger lurking in the state's overcrowded and poorly maintained transportation system and noting that congestion costs Pennsylvanians an average of $2,900 a year in wasted time and fuel. The coalition focused attention on dangerous intersections across the state, the need for greater investment in roads, transit, airports, bicycle, and pedestrian projects, and the need to reduce congestion so Pennsylvanians can spend more time with their families and friends. These messages helped build bipartisan support for the transportation revenue package and pushed the Pennsylvania legislature to reach a compromise that the Republican governor would sign.

1 www.reconnectpa.org/DOCS/ApprovedPA%20TransFundPackage.pdf



PENNSYLVANIA'S MULTIMODAL FUND

Pennsylvania announced the first round of winning projects for grants from the Multimodal Fund in October 2014. A total of 86 projects in 35 counties received $84 million in funding.[1] In future years more multimodal projects like these will continue to empower communities across the state to develop cross-cutting solutions to transportation challenges.[2]

- Three Crossings in Pittsburgh, a mixed-use development consisting of office and residential units, a transportation facility with vehicle and bicycle parking, EV charging stations, and a transit station.
- A new multimodal terminal serving regional buses, local buses, vans, and ACCESS paratransit, along with a bicycle trail and park-and-ride lot, led by the Port Authority of Allegheny County.
- A project in the Township of Abington to improve two SEPTA stations to enhance vehicular and pedestrian access to the area, and act as a catalyst for future residential and commercial redevelopment projects.
- In the largest city, Philadelphia, the water department is leading a funded project to install two new bus shelters, double the width of 5 pedestrian islands, build 27 stormwater planters, upgrade 20 curb ramps, and add one mile of bike lanes.
- In northern Pennsylvania, the City of Williamsport is constructing a new intermodal facility, led by River Valley Transit.

1 Read more from T4America on Pennsylania's fund on the T4America blog: http://t4america.org/2014/10/29/new-competitive-grant-programs-in-pa-and-or-provide-blueprint-for-a-different-approach/.

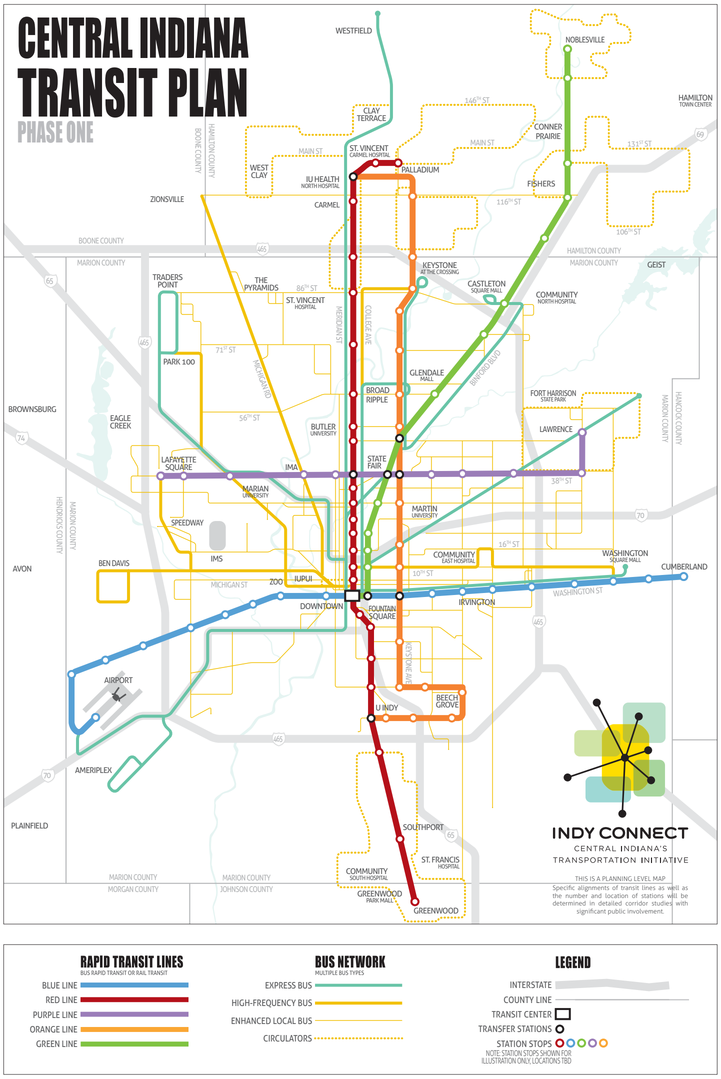
2 ftp://ftp.dot.state.pa.us/public/Bureaus/press/MTF_Selection_List_for_web_31OCT2014.pdf

INDIANA

For several years, Indianapolis government officials and many in the metro region's business community have identified an improved public transit network as critical to growing the region's economy and strengthening its competitiveness. In 2014, after three years of debate and false starts, the state legislature finally granted the region authority to put transit funding to a vote.

.Indianapolis Mayor Greg Ballard, a Republican, had made a compelling case that in order to attract business and keep young people from leaving the state, the metro region needed a 21st-century public transportation network. Compared to other metropolitan regions, Indianapolis lags far behind at 84th for number of buses, 71st for vehicle hours in service, and 92nd for the number of passenger trips.[1] As Mayor Ballard said:

> *"Today, our cities face a much different transportation need — one of connecting people to each other and unique experiences. New urban dwellers want to be connected to their neighborhood and their city through means other than a car. ... The battle for the future of American cities will be won by the place that attracts and retains talent."*[2]



Map courtesy of Indy Connect

Over the past 25 years, the Indianapolis metropolitan region has created multiple plans for expanding bus service, but not until recently was there a comprehensive strategy to improve transit service in the region. The comprehensive plan, known as Indy Connect, is designed to provide residents access to a multimodal transportation network of bus routes, rapid transit lines, walking and biking paths and roadways.

Inhibiting the region's ability to put the plan into action is the lack of a dedicated revenue source for transit. The first step in addressing this challenge was convincing the state legislature to give the six-county Indianapolis region the authority to advance a ballot measure to raise revenues for Indy Connect through an increase in local taxes. In Indiana there is no local sales tax option and a constitutional cap on property taxes. While the region already had authority to raise

1 www.flyergroup.com/news/local_news/proposed-bus-route-could-expand-service-to-airport-plainfield/article_4c4b9cdb-463e-54aa-93a6-cd079de658fc.html?mode=jqm

2 www.peopleforbikes.org/blog/entry/indianapolis-gop-mayor-on-bikes-and-the-great-revival-of-us-cities

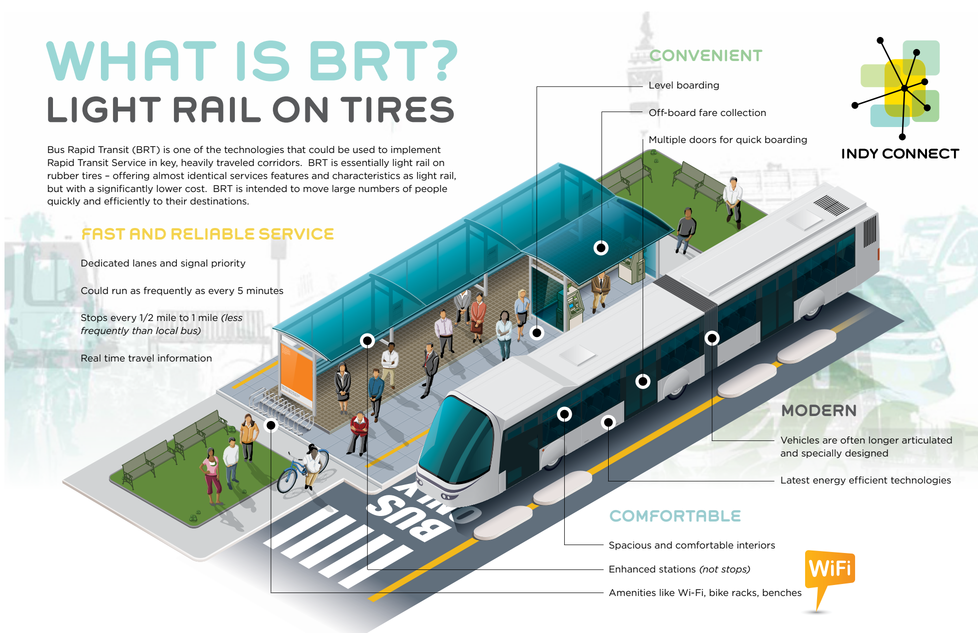
local income taxes for public safety, state legislation was required to allow their proposal to increase local income tax rates by between 0.1 and 0.25 percent and devote the additional revenue dedicated to transit.

For three years supporters of Indy Connect made the case to the state legislature to give them this authority. Progress was slow: In 2012, the legislation never made it out of committee. In 2013 the legislation made it out of the House, but was stuck in a Senate study committee. To advance the legislation, supporters of Indy Connect adopted a very broad advocacy strategy, communicating the importance of local control and decision-making to legislators from across the state. Recognizing the conservative bent of the legislature, the diverse coalition of supporters framed their messaging around local empowerment and the economic benefits of transit: better access to jobs, healthcare, education, and cultural events; increased potential for Indianapolis to access and retain jobs and talent; neighborhood growth, and reduced regional congestion. The coalition in support of Indy Connect included business (e.g., Indy Chamber of Commerce), environmental, labor, healthcare, higher education, religious organizations, and AARP.

Supporters had to counter the national conservative group Americans for Prosperity (AFP), which also was working in the legislature. While AFP and its like-minded supporters were effective in convincing some members, the legislature voted in early 2014 in support of the legislation by about a two-thirds majority in the House and Senate.

Signed into law by Republican Governor Mike Pence, the legislation gives authority to the six counties in the Indianapolis region to increase local income tax rates by up to 0.25 percent and dedicate the revenue to transit — except for rail transit — if approved by a county voter referendum. The legislation also allows adjoining municipalities to increase taxes and join the transit district by local referendum if the county-wide vote in their county fails. The legislation also requires that 25 percent of the transit system's revenue come from fares and 10 percent from business contributions through a non-profit organization.[1]

This legislation is a significant step in empowering local communities in the Indianapolis region to work with their residents to develop and invest in the transportation solution that is right for them.



Graphic courtesy of Indy Connect

1 www.letsgetmoving.org/images/uploads/pages/Indy-Connect-presentation-Apr24-14.pdf

WYOMING

With the strong support of Governor Matt Mead, Wyoming's state legislature in 2013 voted overwhelmingly in favor of increasing the state gasoline tax by 10 cents per gallon. This marked the first increase in the gasoline tax in Wyoming since 1998. The increase was expected to raise around $72 million in the first year for Wyoming's state and local roads.

Following Gov . Mead's leadership, the solidly Republican House and Senate voted with nearly a two-thirds majority in support of the 10-cents per gallon gas tax increase. This strong showing followed an effective campaign by a business and trade association coalition that demonstrated the need for new revenues, and the Wyoming Department of Transportation (WYDOT) demonstrating a growing shortfall.

The governor began making the case by laying out a long-term plan for highway maintenance. He argued that fuel taxes are one of the least expensive and fairest ways for Wyoming citizens to pay for highways and roads. He rejected an alternative proposal for a $50 million infusion from the general fund, arguing that the state need long-term, dedicated funding for transportation:

> *"Every part of Wyoming's economy relies on an effective, well-maintained and continually improved highway system. WYDOT projects are planned years into the future — good planning, reasonable costs and effective management can only be achieved through reliable, long-term funding."*[1]

Several coalitions of businesses and associations came together to push the state legislature to act. Online efforts, such as savewyomingroads.com, and advertisements urged Wyoming residents to get behind the increase and to reach out to state legislators in support. The associations and coalitions involved in these efforts included:

- Wyoming Lodging and Restaurant Association
- Wyoming Petroleum Marketers Association
- Wyoming County Commissioners Association
- Wyoming Contractors Association
- Wyoming Mining Association
- Wyoming Travel Industry Coalition
- Wyoming Association of Realtors
- Johnson County Woolgrowers Association
- Wyoming Pathways (a statewide bicycling, walking and public land trail advocacy group)[2]

Opponents of the measure included the Wyoming Farm Bureau Federation, National Federation of Independent Businesses, and Wyoming Freedom, a libertarian advocacy group. Though vocal, opponents lacked the broader coalition of those in favor of raising transportation revenue.[3]

1 http://governor.wy.gov/media/pressReleases/Pages/GovernorBuildsfortheFuturewithBudgetProposal.aspx
2 www.wyopath.org/
3 www.transportationinvestment.org/wp-content/uploads/2014/01/Case-Study-Wyoming-2013.pdf

The campaigns for and against the gas tax increase came only after the governor made the fuel tax increase one of his major priorities, which the legislature took on and advanced with the passage of HB 69. The governor showed a commitment to the issue by declaring that he would seek an alternative means of funding transportation if the fuel tax was not raised.[1] Advocates for the gas tax increase noted that Wyoming's tax rate was lower than its neighbors, but because fuel costs were set regionally, the state was not seeing lower prices. Instead, Wyoming drivers were, in effect, subsidizing fuel prices in neighboring states.[2]

Concerns over damaged infrastructure and a governor who directly and publicly pressed the importance and obligation of repairing roads and bridges helped to bring together legislators to pass a transportation revenue increase.

Campaign graphics courtesy of Warehouse Twenty One. http://warehousetwentyone.com/portfolio/fuel-tax-logo/

1 http://governor.wy.gov/media/pressReleases/Pages/GovernorBuildsfortheFuturewithBudgetProposal.aspx
2 www.sheridanmedia.com/news/representative-madden-explains-gas-tax-hike63032 and http://trib.com/business/energy/analysis-wyoming-gas-prices-didn-t-jump-cents-after-tax/article_ff8747ce-bf57-56da-b76e-dd65bd17ec70.html

VERMONT

In 2013, with the support of Governor Peter Shumlin, Vermont boosted transportation funding by enacting a 4 percent sales tax on gasoline, while reducing the existing 19-cent-per-gallon tax. The result was an improved yield of roughly 6.5 cents per gallon, based on gas prices at the time of passage. The measure resulted in a mix of revenue sources designed to better respond to inflation. The bill also increased the diesel tax by 3 cents per gallon, phased in over two years. The expected revenues from these changes are an additional $28 million per year to support road and bridge improvements.

Groundwork for the package was laid in 2012, when the state legislature established a Committee on Transportation Funding to assess the gap between the state's needs and projected revenue and to evaluate alternative funding sources.[1] The committee's report showed an average gap of $240 million a year from 2014 to 2018 needed to operate, administer and maintain Vermont's transportation system in a state of good repair.[2] Moreover, if the state did not come up with new funding, it would not be able to provide the required matching funds to receive $56 million in federal funding.[3]

The "pro" campaign could point to some high-profile examples of the impacts of inadequately funded infrastructure. In 2009, the state had to close the Crown Point Bridge across Lake Champlain unexpectedly when engineers found the structure to be severely compromised. Drivers were forced to take a 100-mile detour until a ferry crossing opened. While the replacement bridge was still under construction, Tropical Storm Irene caused extensive damage in towns throughout Vermont.

The Crown Point Bridge during replacement in 2011 (left) and the Route 73/Route 100 bridge in Rochester, Vermont after its collapse during Tropical Storm Irene in August 2011. Left Flickr photo by Doug Kerr. https://www.flickr.com/photos/dougtone/6785141518 Right Flickr photo by belvidesigns. https://www.flickr.com/photos/45631932@N03/6106160352

1 www.leg.state.vt.us/reports/2013ExternalReports/292520.pdf
2 www.leg.state.vt.us/reports/2013ExternalReports/292520.pdf
3 www.governing.com/blogs/view/gov-how-vermont-raised-its-gas-tax.html

Governor Shumlin, a Democrat, made transportation funding a substantial priority and pushed the state legislature to act quickly. Although he had enough support from his own party to adopt the measure, he worked with both sides of the aisle and was able to win bipartisan support, brokering a compromise when the House and Senate version clashed.

The resulting bill was passed by a 107-36 House vote and won nearly unanimous passage in the Senate. Instrumental to the passage of the bill was Democratic House Speaker Shap Smith and Republican Chairman of the House Transportation Committee Rep. Patrick Brennan, who worked together on the compromise bill with the governor.

The bill overcame opposition from the Vermont Grocers Association, Vermont Petroleum Association, and the Vermont Truck and Bus Association (who opposed only the diesel tax increase), largely because their opposition did not take hold more broadly and the business community was not actively working to oppose it. Cities and towns became key allies in the fight for transportation funding and the Vermont League of Cities and Towns strongly advocated for increased state transportation funds.

CONCLUSION

Across the country states are raising revenue to not only bring their transportation infrastructure into a state of good repair but also to better meet the growing needs of their cities and towns. States are trying to provide greater flexibility to ensure that the best projects are selected — the projects that will bring the greatest benefits and best return on investment.

The number of states that have successfully passed transportation revenue packages demonstrates the broad bipartisan appeal for increased investment in transportation across the country. Successful states have raised revenue through a variety of funding sources. Proponents have made a strong case for how the legislation responds to the challenges of bringing their infrastructure into good repair and ensuring the state will be able to continue to attract residents and businesses to keep their economies strong.

In 2015, Congress will once again debate transportation funding at the federal level. It would be in the best interests of the nation for them to fix the perpetual shortfalls in the Highway Trust Fund and set the country on a path toward a 21st century infrastructure. **It is important to note that all of the states that have acted thus far, and those working to do so this year or beyond, are doing so in expectation of ongoing federal support**.

Governors and legislators have acted because states face growing needs and static or falling revenues. The situation has been made worse by federal funding that has remained flat as costs have risen, and could grow disastrously worse should Congress reduce federal support in the upcoming renewal of the national program.

Regardless of what happens in Washington, states know that Congress will never appropriate enough support to close the gap needed to address maintenance backlogs and build for the future. Governors and legislators recognize that they can be leaders on this issue, working across party lines, generating new funding mechanisms, and creating new coalitions in support of transportation investment. The strategies and examples discussed in this report are intended to be a helpful guide for those emerging leaders as they navigate the unique context of their own individual states to pass transportation revenue legislation, and in turn, set an example for others to follow in the future.

For more current information on states attempting and succeeding at passing new funding legislation, turn to Transportation for America and our resources on the issue at www.t4america.org/maps-tools/state-transportation-funding/