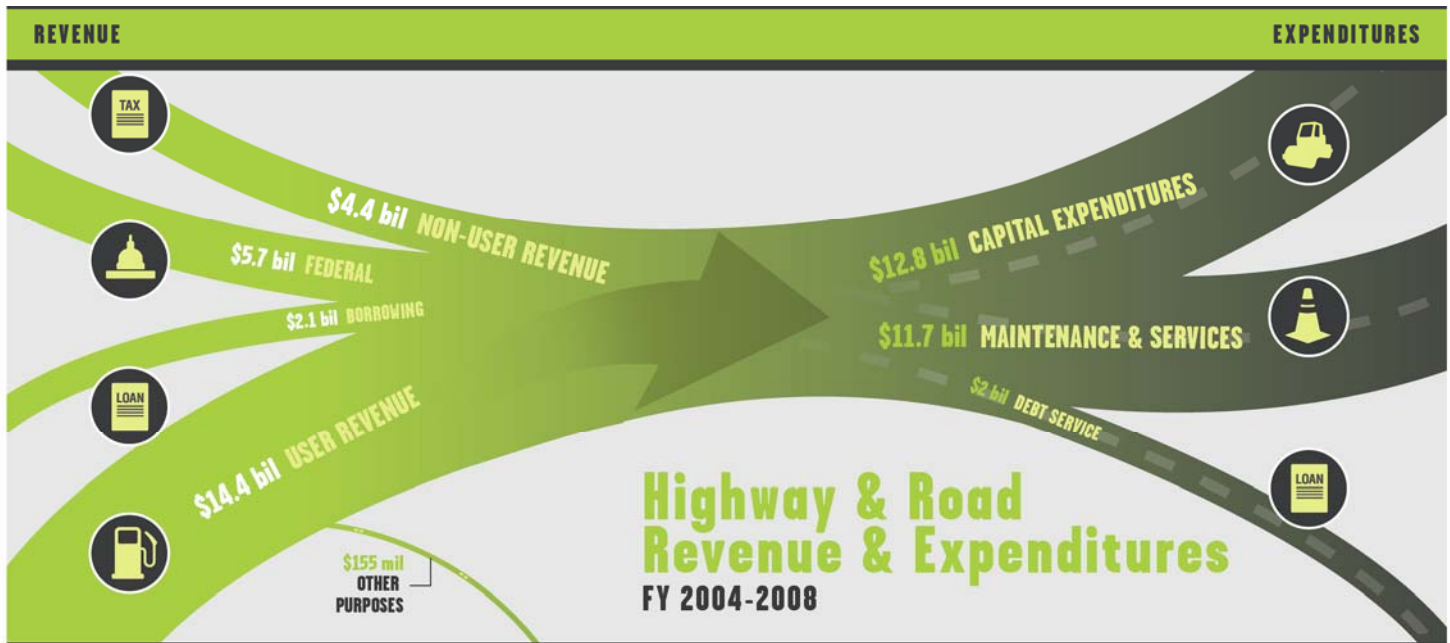


Who pays for roads in Ohio?

Transportation is expensive for citizens, business and government. The cost is high, but so is misunderstanding of who pays for what. And that leads to bad political and market decisions.



FACT

All forms of transportation require public subsidies, especially highways.

Cars depend on public roads. While drivers pay 60 percent of the cost for their travel, state, local, and federal government subsidies for road costs amount to 40 percent of the cost of driving. The 3-C interstate highway corridor from Cleveland through Columbus to Cincinnati cost 7.5 times more to build than the 3-C passenger rail corridor would have—at least \$3 billion in today's dollars—and requires 18 times the level of annual appropriations to keep the highway in good repair (more than \$200 million annually).

FACT

Highways do not pay for themselves.

We spend more than \$5 billion every year to operate and maintain Ohio roads. Tolls provide only 4 percent of that total. Another 48 percent comes from Ohio's gas tax, and license and registration fees; 22 percent from federal funding including a federal gas tax. State and local general revenue funds, sales, property and other taxes provide another 18 percent (\$922 million annually), while \$422 million is borrowed each year. Gas tax, license and registration fees are sometimes called "user fees," but urban drivers pay a disproportionate share to subsidize rural roads, and local general revenue funds and borrowing are necessary supplements. To cover the cost of Ohio's roads entirely with user fees, we would have to raise the gas tax by over 75 percent, from 28¢ to 50¢ per gallon. Instead, some propose to sell the Ohio Turnpike, the only road in Ohio not requiring public subsidies (due to tolls), and use the proceeds to subsidize other roads in Ohio.

FACT

Some transit investments are more economical.

The total cost to drive a car is at least \$1 per mile travelled (55¢ for vehicle costs and 47¢ for roads after adding costs like pollution). Vehicle-operating costs are 20¢ per mile for gas, maintenance and tires for a medium sedan, and 35¢ per mile for capital costs including insurance, depreciation, and financing. Road costs are 15¢ per vehicle mile for construction, 8¢ for maintenance, and 6¢ for parking. Social costs include at least 18¢ per mile for air pollution, crashes, congestion, land use impacts, and noise. While dial-a-ride (which picks up riders with disabilities at home) is costly, compare \$1 per mile for driving to 67¢ per passenger mile for commuter rail (18¢ for the fare, 48¢ for capital and operating costs). Trends toward higher gas prices and increased transit ridership mean rail will continue to get more economical relative to driving (raising the cost of driving while reducing cost per transit rider).

FACT

Ohio's transportation system is the result of political decisions on how to allocate public resources.

Routinely, less than 1 percent of our state's multi-billion transportation budget goes to public transit. Our near-exclusive focus on building roads and highways while underinvesting in transit has made it difficult to get by without a car. But cars are expensive to own and operate, and rely on polluting fossil fuels. If we start making different decisions about how to spend transportation dollars, we could have more choices for getting around, including environmentally sound, convenient public transit. If we improve options enough to allow 10 percent of households to forego a second car, Ohio households could save up to \$400 annually.

Transportation Revenues and Expenditures FY 2004-2008

REVENUE

	STATE	LOCAL
User-Revenue ^{1,5}	\$14,436,683,558	\$0
Non-User Revenue ^{2,6}	\$518,901,000	\$3,873,919,000
Federal ^{3,7}	\$5,749,261,000	\$81,000
Borrowing ^{4,8}	\$1,458,705,000	\$650,134,000
TOTAL	\$22,163,550,558	\$4,524,134,000

INTERGOVERNMENTAL TRANSFERS

	STATE	LOCAL
Transfers of State Highway-user Fee Revenue to Local Governments ⁹	⇒	\$5,240,491,000
Transfers of State Non-User Revenue to Local Governments ¹⁰	⇒	\$219,201,000
Transfers of Local Government Revenue to State Government ¹¹	\$357,081,000	⇐
Net transfer from the State to Local Governments	⇒	\$5,102,611,000

DISBURSEMENTS

	STATE	LOCAL
Capital Expenditures ^{12,19}	\$9,551,058,000	\$3,240,409,000
Maintenance and Services ^{13,20}	\$2,139,399,000	\$3,274,655,000
Other Services ^{14,21}	\$2,402,867,000	\$2,888,265,000
Interest Payments ^{15,22}	\$435,162,000	\$138,416,000
Collection of User Revenue ¹⁶	\$946,560,558	
General ¹⁷	\$181,753,000	
Bond Retirement ^{18,23}	\$1,227,050,000	\$248,437,000
TOTAL	\$16,883,849,558	\$9,790,182,000

FOOTNOTES

- ¹ All fuel tax, motor vehicle tax, motor carrier tax, and toll revenue collected by the state. Source: Table SDF, Disposition of State Highway-User Revenue, FHWA.
- ² Revenue identified as coming from the state's general fund, from other state taxes and fees, or from miscellaneous sources. Source: Table SF-1, Revenues Used by States for Highways, FHWA.
- ³ Funds from the FHWA and other Federal agencies provided to the state for highways. Source: Table SF-1, Revenues Used by States for Highways, FHWA.
- ⁴ Revenue from original bond issues. Bonds issued for and retired by refunding are excluded. Source: Table SF-1, Revenues Used by States for Highways, FHWA.
- ⁵ Highway-user fee revenues from local fuel taxes and tolls. Source: Table LDF, Disposition of Local Government Receipts from State and Local Highway-User Revenues, FHWA.
- ⁶ Revenue from local property taxes, special assessments, other taxes and fees, miscellaneous sources, and general fund appropriations. Source: Table LGF-1, Revenues Used by Local Governments for Highways, FHWA.
- ⁷ Funds from the FHWA and other Federal agencies provided to local governments for highways. Source: Table LGF-1, Revenues Used by Local Governments for Highways, FHWA.
- ⁸ Revenue from bond issues. Bonds issued for and retired by refunding are excluded. Source: Table LGF-1, Revenues Used by Local Governments for Highways, FHWA.
- ⁹ Table LGF-1, Revenues Used By Local Governments for Highways, FHWA
- ¹⁰ Table LGF-1, Revenues Used By Local Governments for Highways, FHWA.
- ¹¹ Table SF-1, Revenues Used By States for Highways, FHWA.
- ¹² Total capital expenditures by the state for state highways and local roads and streets. Source: Table SF-2, State Disbursements for Highways, FHWA.
- ¹³ Total expenditures for maintenance as well as services, such as lawn mowing and snow removal, by the state for state highways and local roads and streets. Source: Table SF-2, State Disbursements for Highways, FHWA.
- ¹⁴ Administration, research, planning, law enforcement, and safety. Source: Table SF-2, State Disbursements for Highways, FHWA.
- ¹⁵ Source: Table SF-2, State Disbursements for Highways, FHWA.
- ¹⁶ State user fee revenues used for user fee collection. Source: Table SDF, Disposition of State Highway-User Revenue, FHWA.
- ¹⁷ User fee revenues allocated for non-highway purposes. Source: Table SDF, Disposition of State Highway-User Revenue, FHWA.
- ¹⁸ Current revenues or sinking funds for bond retirement. Bond refunding excluded. Source: Table SF-2, State Disbursements for Highways, FHWA.
- ¹⁹ Total capital expenditures by local governments for roadways. Source: Table LGF-2, Local Government Disbursements for Highways, FHWA.
- ²⁰ Total roadway maintenance expenditures by local governments. Source: Table LGF-2, Local Government Disbursements for Highways, FHWA.
- ²¹ Law enforcement, snow removal, administration, safety, miscellaneous, and other services. Source: Table LGF-2, Local Government Disbursements for Highways, FHWA.
- ²² Source: Table LGF-2, Local Government Disbursements for Highways, FHWA.
- ²³ Current revenues or sinking funds for bond retirement. Bond refunding excluded. Source: Table LGF-2, Local Government Disbursements for Highways, FHWA.

Other Sources

1. For Maintenance Costs: Ohio Turnpike Commission, *Focusing on the Future: Comprehensive Annual Final Report For the Year Ended December 31, 2010* at <http://www.ohioturnpike.org>
2. For Vehicle Expenses: AAA, *Your Driving Costs* (2011) at http://www.aaanewsroom.net/Assets/Files/20114572420_DrivingCosts2011.pdf. Consider also IRS 2011 Standard Mileage Rates at <http://www.irs.gov/newsroom/article/0,,id=232017,00.html> (51 cent per mile rates account for depreciation or lease payments, maintenance and repairs, tires, gasoline and all taxes thereon, oil, insurance, and license and registration fees; but do not include parking fees and tolls). VTPI study cited below estimates external costs at 59 cents per vehicle mile.
3. For New Highway Construction and Maintenance costs, and passenger rail: Victoria Transport Policy, *Transportation Cost and Benefits Analysis* (March 2011), a very thorough analysis of transportation costs for all modes, regularly updated at www.vtppi.org.
4. For external costs of Auto Travel: Sudhakar Raju, Rockhurst University, *Project NPV, Positive Externalities, Social Cost-Benefit Analysis—The Kansas City Light Rail Project*, Journal of Public Transportation (2008)