



Tax & Budget

Testimony on HB 62 before the House Finance Committee

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Good morning, Chairman Oelslager, Ranking Member Cera, members of the committee. My name is Amanda Woodrum and I am a Senior Researcher for Policy Matters Ohio, a nonprofit, nonpartisan organization with the mission of creating a more prosperous, equitable, sustainable and inclusive Ohio. We are also a member of the coalition MOVE Ohio, one of more than 40 organizations, diverse both organizationally and geographically, representing the interests of transit riders across the state, including organizations representing older adults, people with disabilities, historically disadvantaged communities, environmental advocates, riders of public transit, transit union workers, pedestrians and bicyclists.

We have heard much in the last few weeks about how the state of Ohio's roads are in a funding crisis. I would ask members of this committee to recognize that Ohio's 61 public transit systems have been in crisis for decades.

For decades, Ohio has underinvested in public transportation and other alternative transportation options. We spend billions of dollars each year to build out our transportation system, but only roughly 1 percent of those dollars goes toward public transit each year. The vast majority of those dollars goes toward roads and highways. As a result, we have created a transportation system that is difficult to navigate without a car. However, cars are expensive to own and expensive to operate. Prohibitively expensive for many low-income families. For the elderly and people with disabilities, driving may not be an option at all.

Transportation is the link to jobs. It's how we get to the doctor's office, the grocery store, child care, education, training, and other essential places. By limiting our transportation options, we limit access to education and opportunity, jobs, health care, healthy foods, and much more. This hurts job seekers, workers, employers, the elderly and people with disabilities. Ohio must start investing to build a transportation system that works for everyone. Despite the fact that Ohio is the seventh most populated state, we rank 40th among states for commitment to public transit.¹ We can and should do better.

Ohio needs a 21st century transportation system that includes roads and highways but also public transit, passenger and freight rail, and walk-able, bike-able streets. Investing in alternative transportation options will put drivers and building tradespeople to work while helping commuters get to work and all Ohioans get wherever they need to go, safely.

¹ American Association of State Highway and Transportation Officials (2018)

If Ohio chooses to increase its gas tax, setting aside 20 percent of these new revenues for the Transportation Choice fund would be a good start in the direction of building our 21st century transportation system. Ohio's constitution does limit gas tax revenues for highway purposes. However, the constitutional provision allows these revenues to go towards "other statutory highway purposes." That means this legislature could declare, by statute, public transportation has a highway purpose, as does safe pedestrian and bicycling infrastructure. Investing in public transportation and other alternatives modes of transportation is a decongestion, preservation and highway safety strategy. The more people who take public transportation, walk or bike, the fewer cars on the road there will be, and the less wear and tear on the roads and highways.

Policy Matters Ohio recommends at least \$180 million in dedicated revenues be set aside annually into a Transportation Choice fund. The Ohio Department of Public Transportation, as part of its 2015 [Transit Needs Study](#), recommended the State of Ohio fund public transportation at \$120 million annually, starting in FY2015.² By FY2025, the study recommended increasing the amount to \$185 million. Since we are approaching FY2020 and FY2021, we recommend funding levels at the total amount of \$150 million for public transit. We also need to invest in safe pedestrian and bicycling infrastructure. We recommend an additional \$30 million in transportation funds be set aside for these purposes.

Investing in public transportation is one way to counter the regressive nature of an increase in the gas tax, by providing more affordable transportation options. Expanding Ohio's Earned Income Tax Credit would also help counter this effect. Ohio's state tax system increasingly burdens low- and moderate-income families as we increase sales taxes and cut income taxes. Ohio already has an Earned Income Tax Credit, but it needs reform to be effective. In conjunction with any increase in the gas tax, Ohio should expand its Earned Income Tax Credit, make it available to more moderate-income families by removing the existing income cliff, and make the credit refundable to put dollars back in the hands of the people most in need. The amount of the credit should also be increased. These three reforms: increasing the EITC from 10 percent of the federal credit to 20 percent, removing the income cliff, and making the credit refundable would cost an estimated \$427 million a year and potentially benefit nearly 900,000 working Ohioans. This would help make Ohio's tax system more fair. A gas tax credit on income tax returns that is targeted towards low- and moderate-income families, is another way to ameliorate this disproportionate burden. A gas tax credit is a refundable income tax credit. It could be structured in different ways, but at its essence, the credit would be a fixed dollar amount for low-income tax filers, that gradually reduces as incomes rise. This would be another targeted way to offset some or all of the additional gas tax you'd have to pay. Seven states have such a credit.

Lastly, while we recommend a portion of the gas tax goes toward public transit as well as safe pedestrian and bicycling infrastructure, there are a number of other potential revenues sources can contribute to a Transportation Choice fund. Funding for public transit could come from closing tax breaks in Ohio's \$9 billion tax expenditure budget or from flexing federal transportation funds. We hope to be a resource as you consider ways to create the transportation system Ohio needs for today and tomorrow. Thank you for this opportunity to testify. I would be happy to take any questions.

² Ohio Department of Transportation Transit Needs study at <http://www.dot.state.oh.us/Divisions/Planning/Transit/TransitNeedsStudy/Pages/StudyHome.aspx>