

November 3, 2017

THE
CENTER
FOR
STATE
AND
LOCAL
FINANCE

Dr. Peter Bluestone
Selma Dogic

Infrastructure Funding in Georgia and Other Southeastern States

Transportation Roads and Transit: No New Funding



- Metro Atlanta voters rejected a 10-year T-SPLOST of 1 percent in 2012
- The tax would have raised an estimated \$7.2 billion
- Proceeds for transit and road projects across the region.
- There was no major Plan B on the horizon

Water: Florida filed a lawsuit in long running water wars in 2013



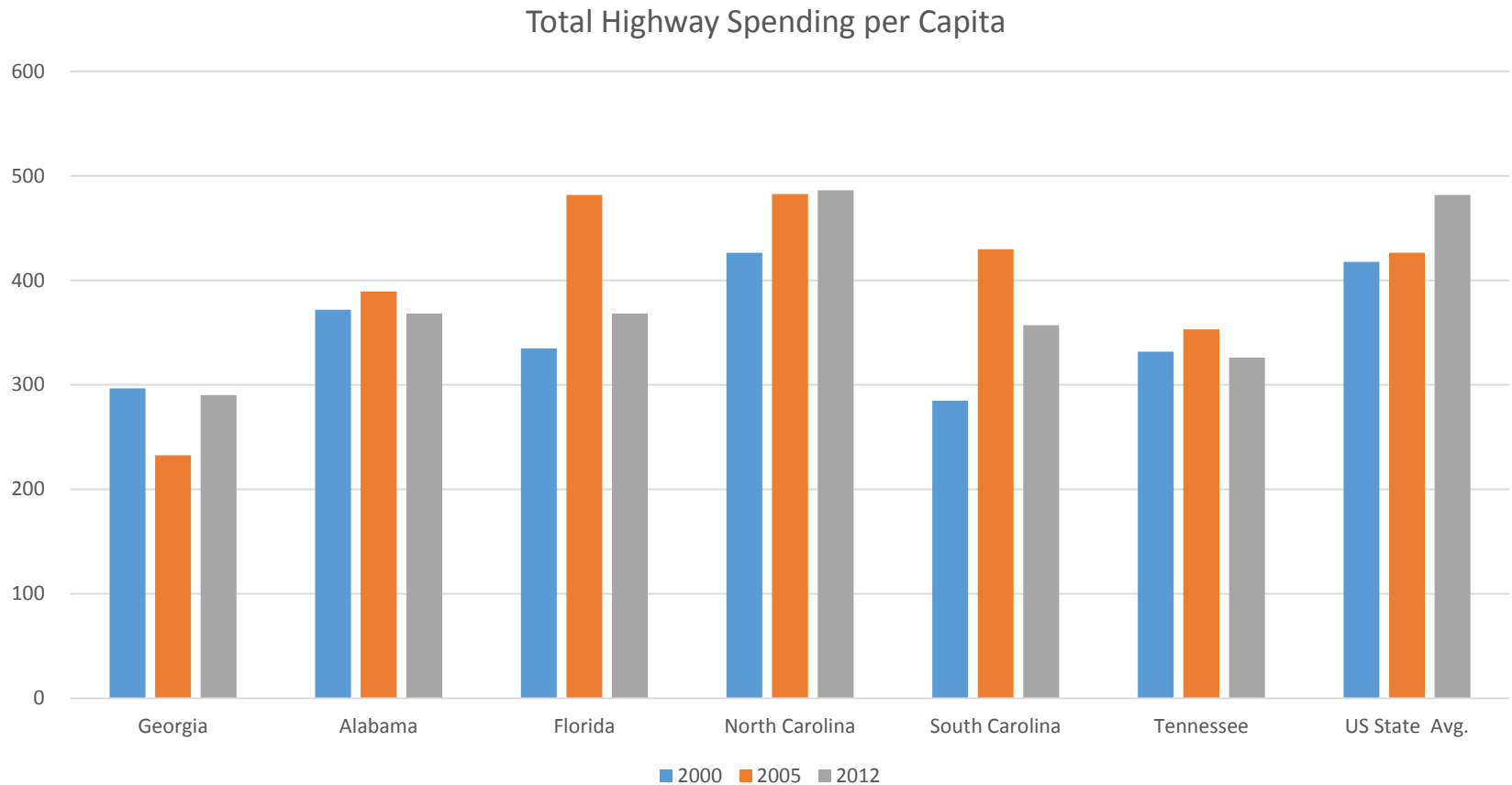
- Claimed Georgia hoarded water during the 2011-12 drought to the detriment of oysters and endangered fish and mussels in the Apalachicola River basin.
- Florida sought a cap on Georgia's overall water consumption, Plus a 40 percent increase in water flowing from Georgia.
- Estimated Economic Impact on Georgia if Florida granted relief sought: **\$-18 Billion**

Road Map for Presentation

- How Georgia Compares to S.E. neighbor states for various Road and Transit funding and spending metrics
- Discuss ASCE recommendations for Roads, Transit
- Progress Georgia has made in these areas

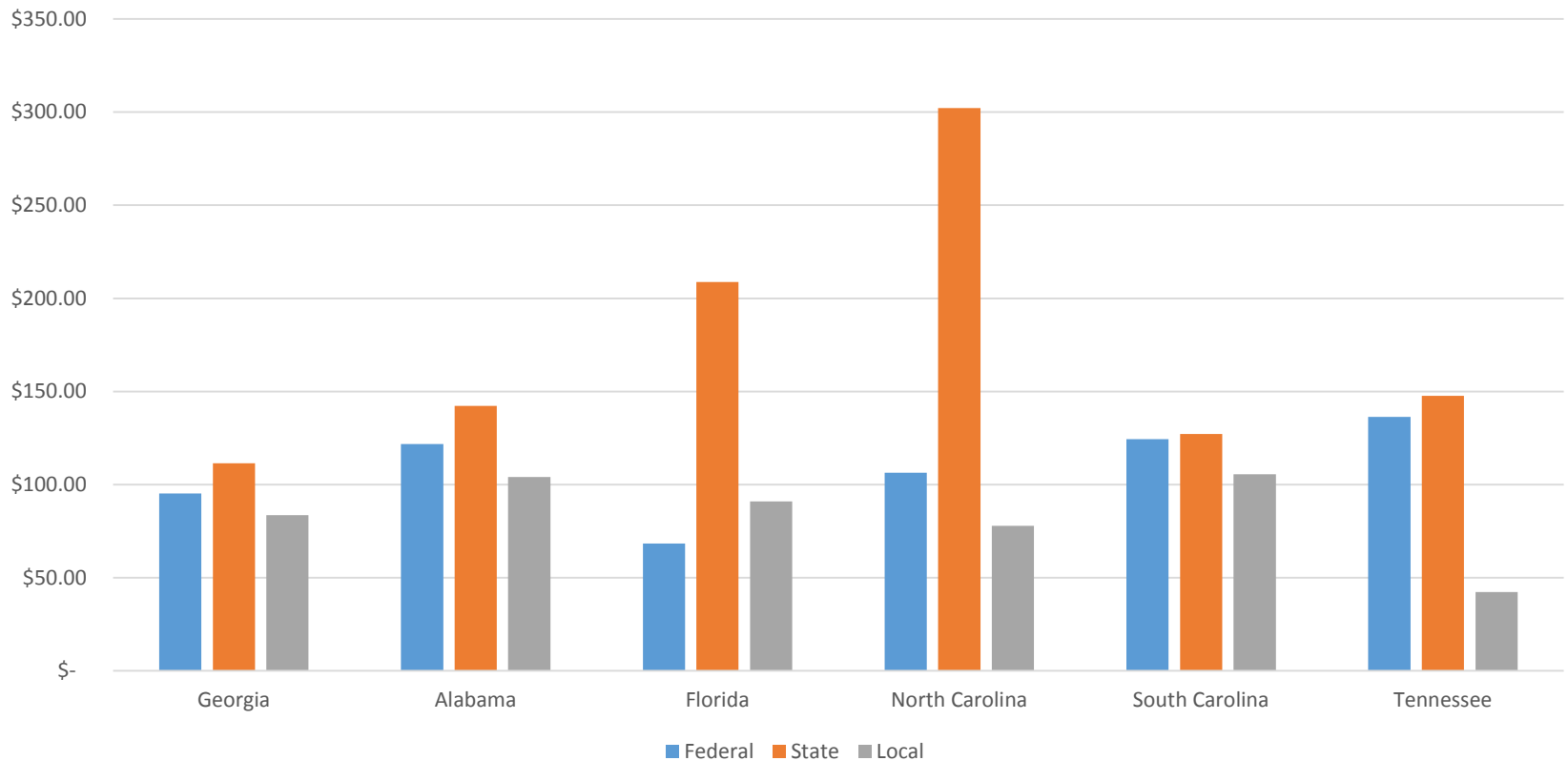
Highway Spending by State

Per Capita for Years 2000, 2005, 2012



S.E. States Sources of Funding Per Capita: Federal, State and Local

2012 Highway Spending per Capita by Source



GA Roads ASCE 2014 improvements

- Fix the Funding to Ease Congestion:
 - Increase funding to make needed improvements in 2010 GA ranked 49th in per capita transportation expenditures.
 - All potential funding sources should be considered: gas tax, user fees based on mileage, T-SPLOSTs, HOT lanes and public private partnerships.

GA Roads ASCE 2014 improvements

- Improve Transit Availability to Commuters:
 - Access and expand
- Make Improvements to Allow Efficient Movement of Freight:
 - Add capacity to strategic long-haul freight corridors
 - Freight carriers should look to the rail network to shift more long hauls off the highway system

Transportation Funding Act of 2015

- Old motor fuels tax
 - 7.5 cents excise tax on gas and diesel
 - 3% sales tax called prepaid tax
 - 1% sales tax charged that went to general fund
- From 2012-15 averaged about 20 cents per gallon
- Changes to state motor fuels tax:
 - 26 cents-per-gallon state excise tax on gasoline
 - 29 cents-per-gallon state excise tax on diesel
- Prepaid tax and 1% eliminated
- Created an indexing formula tied to CAFÉ standards and Consumer Price Index

Motor Fuel Collections (in Millions \$ Nominal)

Actuals FY*	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Prepaid Motor Fuel Tax	\$573	\$547	\$569	\$564	\$50
Motor Fuel Excise Tax	<u>\$432</u>	<u>\$428</u>	<u>\$448</u>	<u>\$457</u>	<u>\$1,605</u>
Total	\$1,005	\$975	\$1,017	\$1,021	\$1,655
Forecasts for HB 170 FY	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2023</u>
Low Estimate	\$1,621	\$1,653	\$1,717	\$1,763	\$1,884
High Estimate	\$1,626	\$1,663	\$1,732	\$1,783	\$1,911

Georgia's 10-year, \$10 billion transportation improvement plan

- I-285/I-20 East Interchange \$534 million
- I-285/I-20 West Interchange \$910 million
- I-285 West exp. lanes from I-20 to I-75 (one lane each direction) \$743 mil
- I-285 East exp. lanes from I-85 to I-20 (one lane each direction) \$659 mil
- Exp. lanes on the top-end of I-285 between I-75 to I-85 (two lanes each direction) \$5.9 billion
- I-16/95 interchange and widening of I-16 from I-95 to I-516 (two separate projects) \$244 million
- I-75 Northbound truck-only lanes: Ga. Hwy 155 in McDonough to I-475 \$2 billion (ASCE)
- Ga. 400 Express Lanes from I-285 to McGinnis Ferry Road \$2.4 billion
- I-85 North widening from Hamilton Mill to U.S. Highway 29 \$605 million

The Northwest Corridor P3

Cost: \$834 Million

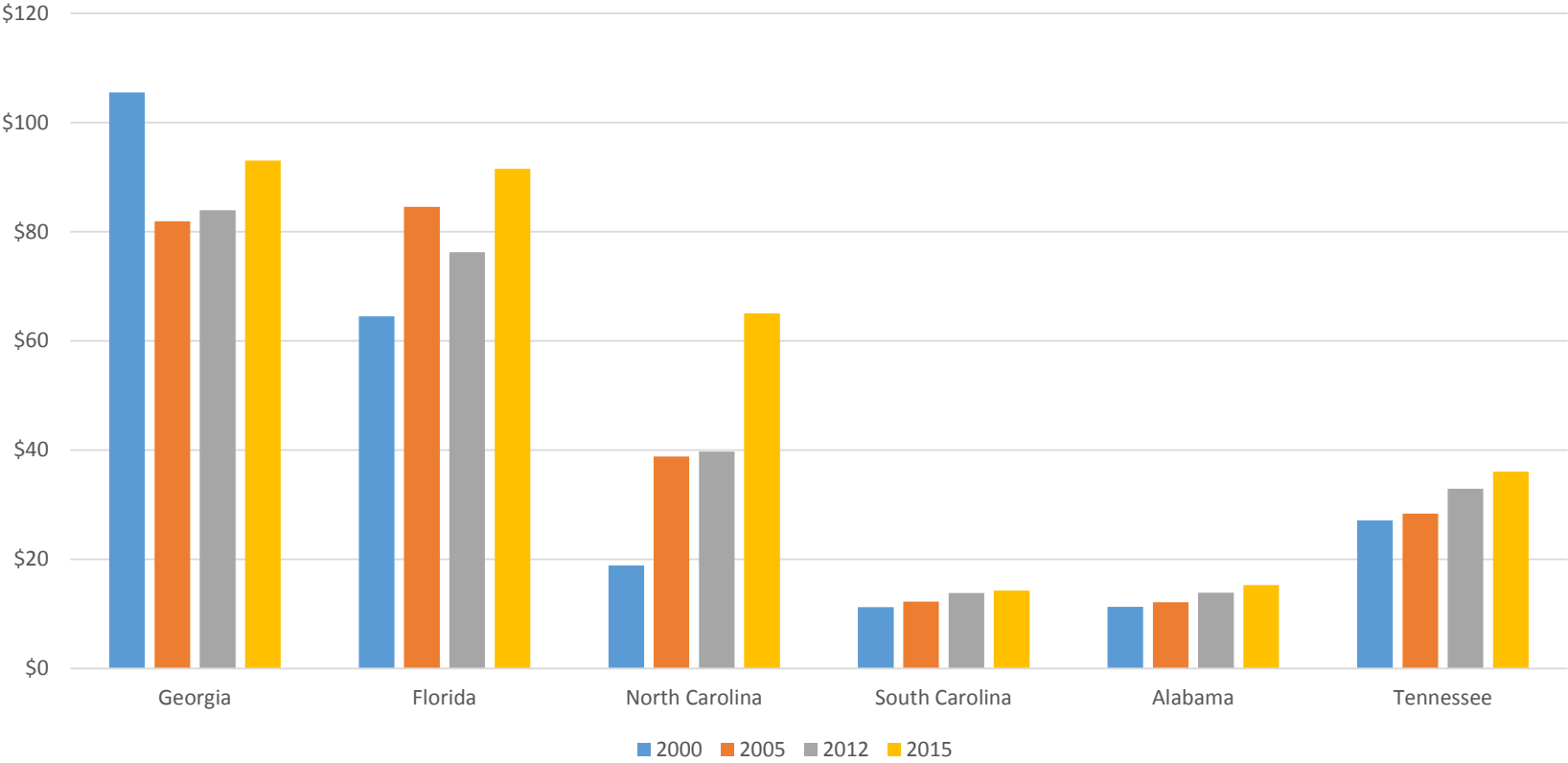
- Project collaboration between GDOT and State Road and Tollway Authority (SRTA) and Private developers.
- GDOT
 - design and construction
 - long-term operation and maintenance
- SRTA
 - tolling operations and equipment
 - issuing the toll revenue bonds
- Private developers/Partners:
 - Archer Western Contractors, Hubbard Construction Company and Parsons Corporation

The Northwest Corridor Funding Sources

- State Motor Fuel Taxes: \$232.9M
- TIFIA Loan: \$275M (secured by the SRTA)
- GDOT Program Funds (Federal and State): \$265.9M
- Developer Financing: \$59.9M (to be repaid by the State with toll revenue bonds/motor fuel tax revenues)
- Developer required to finance a minimum of 10% of design-build contract amount, per state contract

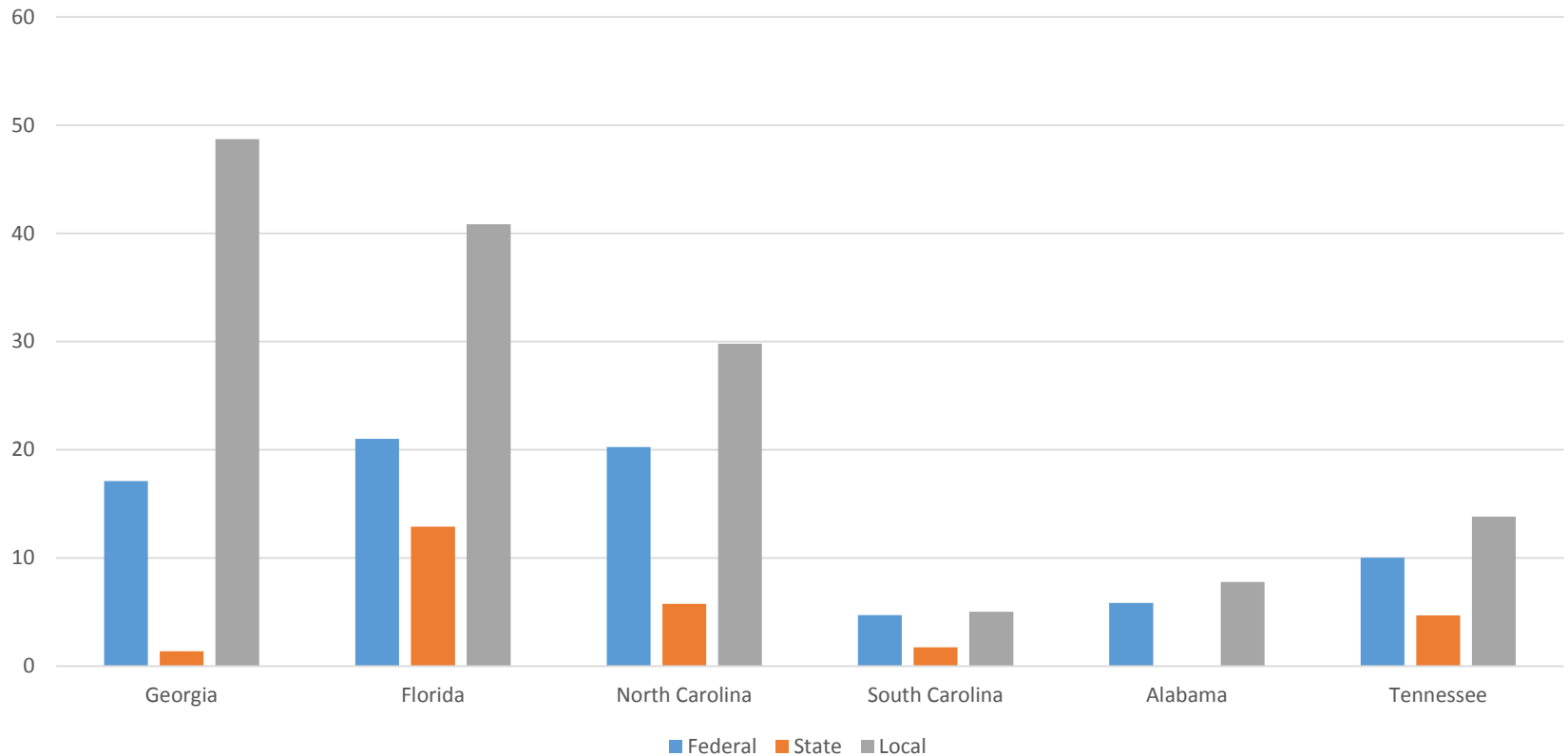
Transit Spending by State Per Capita for Years 2000, 2005, 2012, 2015

Total Transit Spending per Capita



S.E. States Sources of Funding Per Capita: Federal, State and Local

2015 Transit Spending per Capita by Source



ASCE Transit Recommendations

- Increase Dedicated Funding:
 - Georgia, and especially Metro Atlanta, cannot just rely on roads to solve the state's transportation issues.
- Options include:
 - T-SPLOSTs, property tax districts, or alternative financing around Transit Oriented Developments (TOD) and Public Private Partnerships (PPP).

ASCE Transit Recommendations

- Repeal the State 50/50 Rule:
 - Required MARTA to spend 50 percent of its budget on capital expenditures.
 - Created smaller operating budget when local sales tax revenues declined.
 - Resulted in service cuts from 2009-14
- **Repealed in 2015**

Transit/Transportation legislation and projects: County T-SPLOST

- Single County T-SPLOST (2015) :
 - transportation purposes, fractional rate of 0.05% - max of 1%, not to exceed 5 years
 - Any county not currently in a TIA region
 - T-SPLOST start July 2017,
 - Metro Atlanta Counties single county T-SPLOST 2016
- Changes to above law (2016):
 - T-SPLOST funds to be used on state projects;
 - multiple fractional T-SPLOSTs to be in place at one time in increments of 0.05% so long as the combined rate of all T-SPLOST levies do not exceed 1%.

Transit/Transportation legislation and projects : MARTA sales tax bill

- Half penny or less sales tax to expand MARTA inside the city limits
- Authorized for 40 years!
 - (same as MARTA legislation for 1 cent sales tax already in place)
- \$2.5 billion in estimated revenue

- A second referendum
 - Fulton County outside the city of Atlanta
 - three-fourths of a penny or less for 5 years.
 - fund improvements to roads and bridges
 - \$560 million in estimated revenue

Summary

- How Georgia Compares to S.E. neighbor states for various Road and Transit funding and spending metrics
 - Middle of the pack historically in S.E. per capita totals
 - Below US state average
 - Low levels of GA State per capita funding roads, transit
- ASCE recommendations for Roads, Transit
 - New state motor fuels tax: Roads
 - New Local MARTA sales tax: Transit
 - T-SPLOSTs: Roads, other....

Thank you!

Peter Bluestone

pbluestone@gsu.edu

*Check out our research at cslf.gsu.edu or
on social media*