



House Finance – Transportation Subcommittee
House Bill 26: State Transportation Budget | Interested Party Testimony
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Chairman McColley, Ranking Member Reece and members of the Transportation Subcommittee, I want to thank you for providing me this opportunity to speak to you today about transportation in Ohio and the state's transportation budget for FY2018-19.

My name is Jason Warner and I am the Manager of Government Affairs at the Greater Ohio Policy Center. Greater Ohio is a nonprofit nonpartisan organization that is valued for its data-driven research. Our mission is to champion revitalization in Ohio to create economically competitive communities.

As I am sure you are aware, Ohio is a cornerstone of our nation's transportation infrastructure. I would like to focus my testimony today on what Greater Ohio sees as a policy platform to support a robust, competitive transportation system that will continue to keep Ohio at the forefront of meeting the increasing demands for a 21st Century transportation system for a 21st Century economy. We do not consider these to be aspirational goals, but rather a blueprint and effective strategic plan.

I would like to begin my remarks today with an overview of public transportation in Ohio. Ohio boasts a strong and productive public transportation network, which includes 28 urban and 33 rural systems. ODOT data shows that over 115.1 million passenger trips were provided by the state's transit systems in 2013, the most recent year statistics are available.

Yet, 27 counties in Ohio feature no form of public transportation (either fixed route or on-demand service) and the state spends only 63 cents per capita for public transit. That is why Ohio ranked 38th in the nation in terms of state investment in public transportation, below North Dakota. It's worth noting, that among Ohio's neighboring states, the state ranks ahead of only Kentucky:

- Pennsylvania – 9th (\$85.55 per capita)
- Michigan – 15th (\$24.33 per capita)
- Indiana – 19th (\$8.57 per capita)
- West Virginia – 32nd (\$1.50 per capita)
- Ohio – 38th (\$0.63 per capita)
- Kentucky – 42nd (\$0.34 per capita)

Only 2% of ODOT's budget is dedicated to public transportation, which is why the department's own 2014 Transit Needs Study found that current service does not meet demand. Ohio's peer states dedicate between 10-20% of their state transportation budgets to transit and the state needs to do much to make up for this deficiency. Public transportation is critical to a number of sectors in Ohio, including the elderly, disabled, and is a key component in successfully supporting the state's priority of job creation, job growth, and workforce development.

We thank Director Wray for his leadership on this issue. Through his efforts and those of the team at the Ohio Department of Transportation, the governor's budget proposed a substantial increase in funding for public transportation over the next two years. However, as the ODOT Transit Needs Study acknowledged, the backlog of capital needs is great and will require substantial support. There are several ways to address that gap.

Increase Federal Highway Administration Funding for Public Transportation

One option, which involves a simple reprioritization of goals and projects at the Department of Transportation is the idea of flexing Federal Highway Administration (FHWA) dollars.

Flexing FHWA dollars reallocated federal funding Ohio already receives. At present, the state flexes around \$23 million per year for public transportation purposes. House Bill 26 proposes to increase this amount by \$10 million per year, to \$33 million annually. This is a significant increase in funding and we applaud the move by the administration to increase this support, which will help support the purchase of new rural transit vans and full sized buses.

Greater Ohio Policy Center believes that this support would be greatly enhanced with a commitment by the legislature and Department of Transportation to flex an additional \$17 million annually, boosting the total amount of flexed FHWA dollars to \$50 million per year of the biennium. Doing so will not adversely impact ODOT and its primary mission, as outlined recently by Director Wray in his testimony to the House Finance Committee, which is to “to take care of what we have.”

Setting aside a total of \$50 million in FHWA funding to public transit will result in 7.5 fewer miles of highway expansion, or 24 miles of highway repaired per year. For perspective, ODOT paved 5,564 lane miles in 2015.

Allocating \$50 million per year of FHWA fund to transit-related capital investments will have negligible impact on Ohio’s crucial highway maintenance and construction programs, while significantly improving safety, performance, and use of Ohio’s public transportation systems.

Create a Dedicated Funding Stream for Public Transportation

Flexing FHWA funding is just one option Ohio has to support Ohio’s public transportation network. Another option, which will require action on the part of the legislature, is to create a dedicated funding stream for public transportation.

Nationwide, 25 states along with the District of Columbia dedicate fees and taxes for the exclusive use of public transit. This, in turn, provides a relatively reliable source of assured funding for these systems. While local transit systems can seek support for dedicated sales tax funding from local voters, it is still not sufficient to meet all needs, and thus most systems rely on funding from the state.

There are several possible sources Ohio could dedicate to support transit-related equipment and vehicle investments; examples of potential funding sources include. At Greater Ohio, we believe Ohio should consider dedicated funding derived from the sales tax collected on rental vehicles, a revenue source that is largely paid by out-of-state visitors to Ohio. By dispersing the equivalent amount of sales tax collected on rental vehicles to fund public transportation, Ohio would take a major step forward in assisting Ohio’s existing transit systems modernize and expand to meet the growing demands for service statewide.

There are other options available beyond the rental vehicle sales tax, including a tax on motor vehicle sales or a fee on the sale of new tires, among others. Regardless of the source, dedicated funding is an important and necessary step forward if Ohio is to have a modern, competitive system.

Dedicated funding for capital improvements will increase the safety and reach of Ohio's transit agencies. In addition, dedicated funding will help to expand Ohio's existing transit services, including helping to reach residents in the 27 mostly rural counties that lack access to any form of public transportation.

Adopt and Implement a Statewide Active Transportation Policy

Public transportation is just one aspect of a robust transportation network which Ohioans have come to expect and rely upon. But as we near the beginning of the third decade of the 21st Century, we must look beyond four wheeled transportation as being the sole aspect of the transportation network. Every day in Ohio, 2 pedestrians and 1 bicyclist dies or is seriously injured in roadway accidents. Nationally, elderly people and children are at greater risk of pedestrian fatalities than other age groups. A 2015 analysis of 37 active transportation projects across the country determined the projects avoided a total of \$18.1 million in collision and injury costs in one year alone. An active transportation policy that ensures state roadways and municipal streets that receive ODOT investment can be safely traveled by all users' needs to be implemented.

Active transportation, by definition any human-powered transportation system such as walking or bicycling, is increasing in frequency across the state for a variety of reasons. Adoption of a policy that would be sensitive to context (rural vs. suburban vs. urban) and that would facilitate the safe and efficient movement of people and goods is key. At present, 33 states have an active transportation policy. Agencies such as ODOT and the Ohio Department of Health have been working on a policy for some time. I recently had the opportunity to share this plea with both the Joint Task Force on Transportation Issues and the Joint Education Oversight Committee, as part of its review of school transportation issues, and share it with you now in the hope that this committee will urge the department to pursue this policy on a statewide basis and ensure safe travel for all Ohioans.

Comprehensive Funding Reform of the ODOT Budget

As I have previously mentioned, Ohio is a key component in our national transportation network. Ohio's interstate highway system is the 12th largest in the nation, and ranks 5th in overall traffic volume and 4th in truck traffic volume. Ohio boasts the 2nd largest inventory of bridges in the nation. Beyond roadways, Ohio also ranks 4th nationally in freight rail mileage, hosting 35 freight railroads and 5,305 miles of rail. Ohio's maritime ports saw 48,267,276 short tons of cargo traded in 2013, and features 7 ports ranked in the top 100 nationally that year.

Yet, in spite of these impressive statistics, the American Society of Civil Engineers has graded Ohio's 125,000 plus miles of roads a 'D', finding that 43% of the state's roadways are in critical, poor, or fair condition. Of greater concern is a finding that 2,242 of the state's 27,015 bridges (8% of total bridges), are 'structurally deficient.' The overall cost to motorists in the state, the personal cost of driving on roads in need of repair, is \$3.3 billion per year, which amounts to \$413 per motorist.

Adequately maintaining and upgrading all modes of transportation in Ohio is becoming a challenge, as there are not enough resources available to ensure this is done effectively. The cost of transportation materials and equipment has increased substantially in the last decade, while local, state and federal funds have flat-lined. This is not a problem that is unique to Ohio, and ODOT should be lauded for the work it has been able to accomplish in light of these challenges. That said, Ohio needs to take a serious

look at these challenges going forward, and can look close by to see an effective model that is meeting the needs of the public and private sector in a strategic manner.

In 2012, Pennsylvania had been found to have the most dire of infrastructure systems in the nation; the bridges were rated as the most structurally deficient, roadways were crumbling and there was a growing, unmet demand for public transportation. Through a comprehensive 5-year transportation budget package enacted in 2013, Pennsylvania is now producing \$2.1 billion in additional funds and recalibrating resources to better support all modes of transportation. The state has now adopted a **Fix-It-First Policy** that focuses on funding repairs and maintenance programs on existing infrastructure, doing more to improve asset management and limiting capital expansions.

Like Ohio, Pennsylvania restricts its motor fuels tax to highways and bridges, so in order to provide for the needs of additional transportation modes like transit, rail, aviation, and maritime ports, the state instituted new fees and aggregates small increases on existing taxes and fees to provide additional funding to expand transit services, modernize ports and airports and generate additional revenue for traditional maintenance programs. Among these revenue generators were:

- A new \$1 fee on all new tires sold
- A higher fine for lapsed vehicle insurance in lieu of license suspension
- A flat \$150 fine for disobeying traffic control devices
- A \$2 per day vehicle rental fee
- A 3% vehicle lease tax
- A clear formula for assessing the gas tax on alternative fuel vehicles
- A switch from taxing at the pump to taxing “at the rack”

One of these elements is already included in House Bill 26. A provision in the bill moves the point at which the motor fuel tax is applied from the point when the fuel is received to, generally, the terminal or refinery rack, affecting who is required to report and pay the tax.

GOPC believes that other elements of the Pennsylvania reform package can and should be considered in Ohio, in order to ensure the state’s economic stability in the years ahead.

Conclusion

In conclusion, it is crucial that Ohio support and maintain a system supporting all modes of transportation. Such a robust, competitive system as outlined here today can serve as a blueprint for addressing our state’s critical infrastructure needs while simultaneously enhancing Ohio as a place where businesses can thrive and where people want to live.

Chairman McColley and members of the Transportation Subcommittee, thank you for your time and thoughtful consideration. I am happy to answer any questions you may have.