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Principles of Road Financing

PATRICK MCHUGH
NC BUDGET & TAX CENTER

JOE COLETTI
JOHN LOCKE FOUNDATION

Concerns

Principles

Conclusions

Agenda

Concerns

Shared: Transparency of funding—gas tax is not clearly understood as cost of wear on roads

Shared: Level of funding—not enough money to meet all current demands

Shared: Nature of funding—gas tax is regressive and could be more so with newer vehicles

Shared: Sustainability of funding—shift of vehicle fleet makes gas tax less viable

Shared: Urban/Rural divide—alternatives should not create new burdens for any one population

Shared: Volume of roads—have we overbuilt and why?

Shared: Role of public transit and other alternative modes of transportation

Progressive: Health and economic impacts of carbon and other emissions

Conservative: Matching demands to available funds, rather than raising taxes and fees to meet demand

Shared Principles



Prioritize projects



Shift from gas tax



Capture value



Subsidize need

Prioritize Projects



Not enough money to build and maintain everything



Court decision against the Map Act adds to already increasing costs



Data-driven STIP process helps



Consider transportation as part of a functioning labor market

Shift from Gas Tax

Road funding is based on user fees (highway use tax, driver's licenses, vehicle tags, and gas tax)

Gas tax is the most direct user fee, an imperfect measure of miles driven and vehicle size

Gas tax is easy to collect, each time someone refuels, and matches federal tax

Changing technology limits future value of the gas tax and could make tax regressive

Minimize initial revenue and distributional effects of transition from gas tax

Burdens on people with least ability to pay should not increase

Toll roads and toll lanes may be an option to consider

Capture Value

Owners benefit from proximity to good roads

Road/Interstate—connecting point-to-point

Street/Intersection—commercial activity at that place

Role for appropriately designed and implemented impact fees

Explore role of public-private partnerships in capturing increased property value to maximize community benefits

Harder to do with maintenance than with new construction

Subsidize Need

Increase consideration of need in subsidies for transportation

Incorporate value-capture into transit systems to make them more self-funding

Align subsidies for housing and transportation

Areas of Contention

Additional luxury tax on car ownership

Most effective way to align affordable transportation and housing

Best way to connect people to jobs, schools, and shopping

Roles for tolling and public-private partnerships

Definition of adequate revenue

Conclusions

There are more areas of agreement than disagreement

- Extend good start in **setting priorities** for road funding so limited dollars go farther
- Begin **transition from gas tax** to toll lanes and other mileage-based fees
- Consider ways to **monetize the value** transportation brings to property owners and businesses. This could become a bigger factor in setting priorities
- Seek ways to **subsidize need** more effectively

Applying the principles is more contentious than developing the principles