

# Transportation Budget Briefing

Rep. David B. Campbell (D – Nashua)

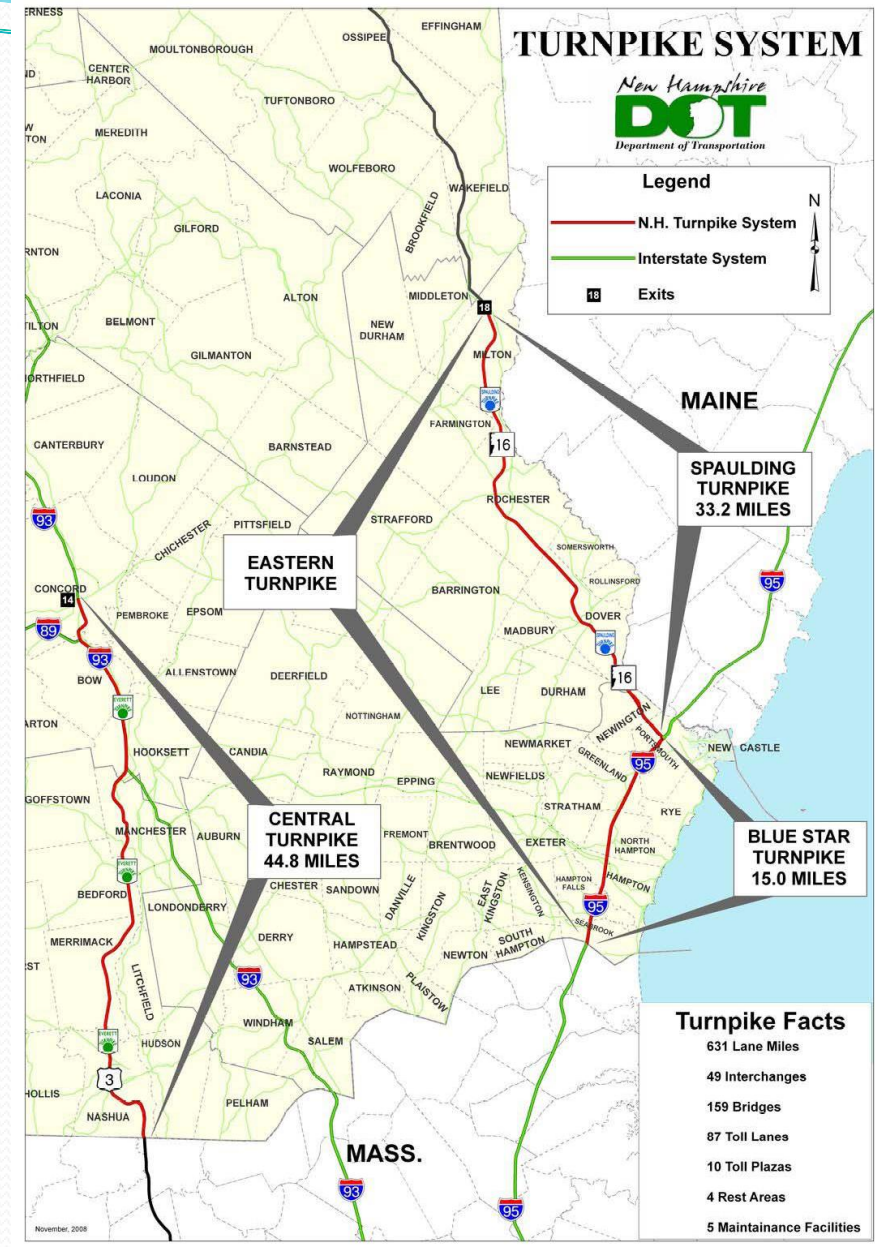
January 27, 2011

# NH's Highways

Where they are located.  
Where does the revenue  
come from.

# NH Turnpike System

- 89 miles of limited access highway
- 159 bridges (21 Red List)
- I-95 Blue Star Turnpike = 16.2 miles  
MA Border –Seabrook to Maine Border
- I-93 F.E. Everett Turnpike (Central)  
39.5 miles  
MA Border -Nashua to Concord (Exit 14)
- Spaulding Turnpike = 32.2 m  
(Portsmouth Circle to Milton – Exit 18)



# NH Turnpike System

- The Turnpike System consists of 89 miles of highway and 159 bridges.
- Two Sources of Revenue:
  - Toll Plaza revenue
  - Federal Aid
- By law, all turnpike revenue (tolls) must be used on the System.
- By law, the authority for increasing tolls is with the Governor & Exec. Council, while the authority for locating & removing tolls and setting tolls & discount rates is with the Legislature.

# NH Highway (Trust) Fund

- Over 4,300 miles of State maintained Highway
- 2,127 State Bridges
  - State Red List – 137
  - State Pink List – 267
- Sources of Revenue:
  - Federal Aid
  - Road Toll (Gas Tax) 18 cents
    - Last raised 1991
  - Car Registrations and MV Fees
  - Fines - \$13.5 million annually

# Highway Fund:

## Road Toll (Gas Tax)

- Established in 1923 as a “Toll” or User Fee for Highway Use.
- Currently at 18 cents per gallon for gasoline and diesel fuel. New Hampshire has one of lowest rates in the nation & the lowest rate in the northeast region.
- The State gas tax was last raised in 1991, when the price of gas nationally was \$1.13, less than half the current level.
- Each penny of the road toll provides the Highway Fund approximately \$8.3M, of which \$7.3M is used by the State and 12% or approximately \$1M is used by municipalities.

# Highway Fund: Motor Vehicle Fees/Fines

## Top 6 Revenue Generators:

- Motor Vehicle Registration
- MV Operators (License)
- Certificate of Title
- Inspection Stickers
- Overweight Vehicle Fines
- License Restoration Fees

# Highway Fund:

## Registration Fee Surcharge

The motor vehicle registration fee increase established in 2009, was a temporary, two year measure, which sunsets (expires) on June 30, 2011.

Varies by weight average passenger vehicle under 3,000 lbs pays surcharge of \$30.00 over the existing \$31.20.

The temporary MV fee surcharge will raise for the biennium, approximately \$86 million/ dollars for the state, and, about \$10 million dollars in increased municipal Block Grant Aid.



# Highway Fund:

## Sources of Funding FY 11

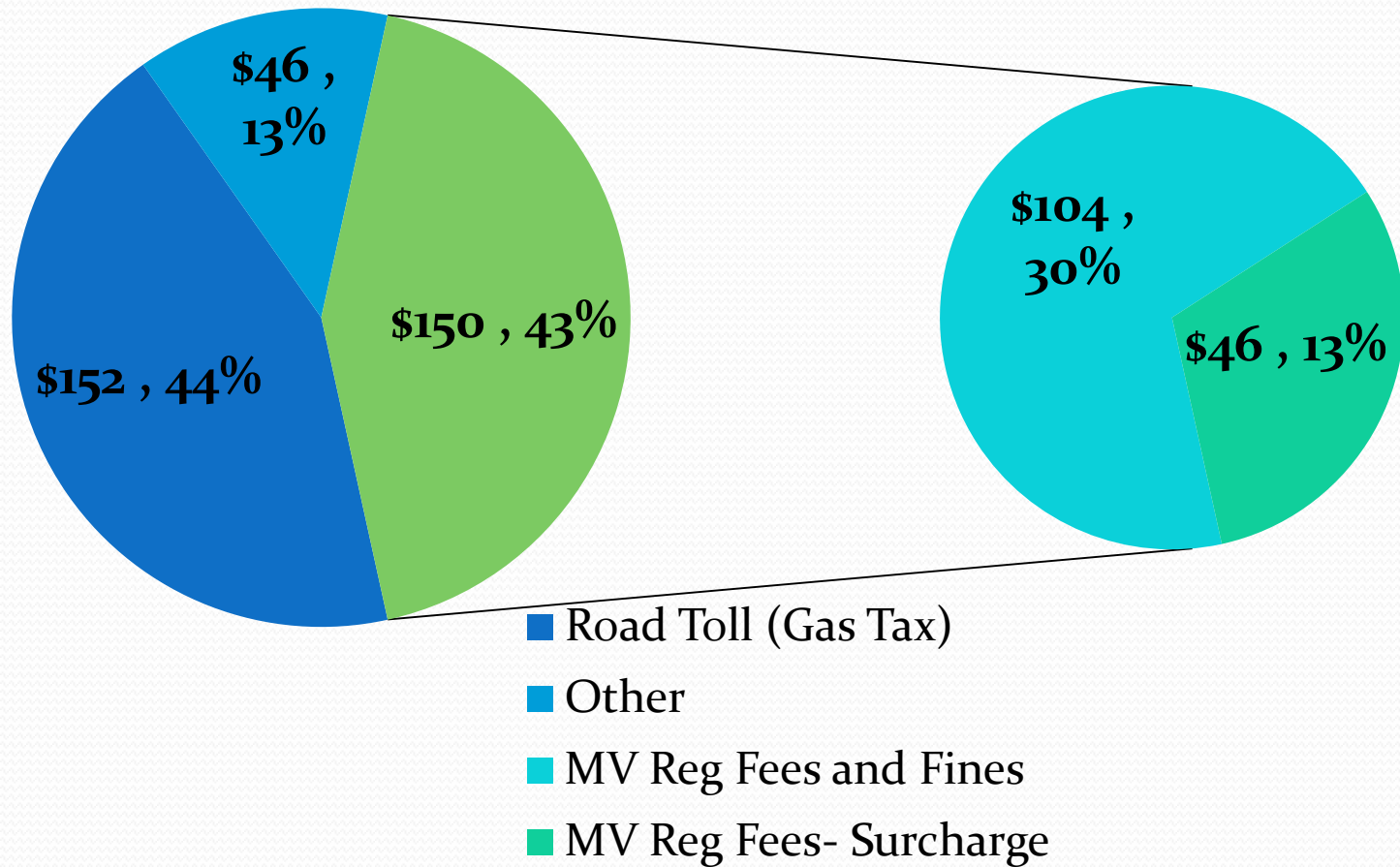
Estimated revenue for NHDOT & NHDOS for operating and capital construction costs for FY11 is \$339 Million

- \* \$126 M from gas tax (15 cents of 18 cents)
- \* \$ 26 M from gas tax for **Betterment** Fund (3 cents of 18 c)
- \* \$ 97 M from vehicle registration fees
- \* \$ 30 M from registration surcharge
- \* \$ 15 M from registration surcharge for Betterment Fund
- \$ 20 M of Turnpike funds for the I-95 sale
- \$ 13 M from federal aid indirect costs
- \$ 2 M from federal aid retroactive Turnpike toll credits
- \$ 8 M from vehicle violation fines (to NHDOT)
- \$ 2 M from the sale of surplus property

\*Each will be reduced by 12% for Municipal Block Grant Aid

# Highway Fund- Sources of Revenue

## FY11 (\$millions)



# Where do the Highway Funds go?

# New Hampshire Constitution

## Article 6-a

**[Art.] 6-a. [Use of Certain Revenues Restricted to Highways.] All revenue in excess of the necessary cost of collection and administration accruing to the state from registration fees, operators' licenses, gasoline road tolls or any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels shall be appropriated and used exclusively for the construction, reconstruction and maintenance of public highways within this state, including the supervision of traffic thereon and payment of the interest and principal of obligations incurred for said purposes; and no part of such revenues shall, by transfer of funds or otherwise, be diverted to any other purpose whatsoever. --November 29, 1938**

***Upheld unanimously 2004 by the Supreme Court in NHMTA vs. NHDOT***

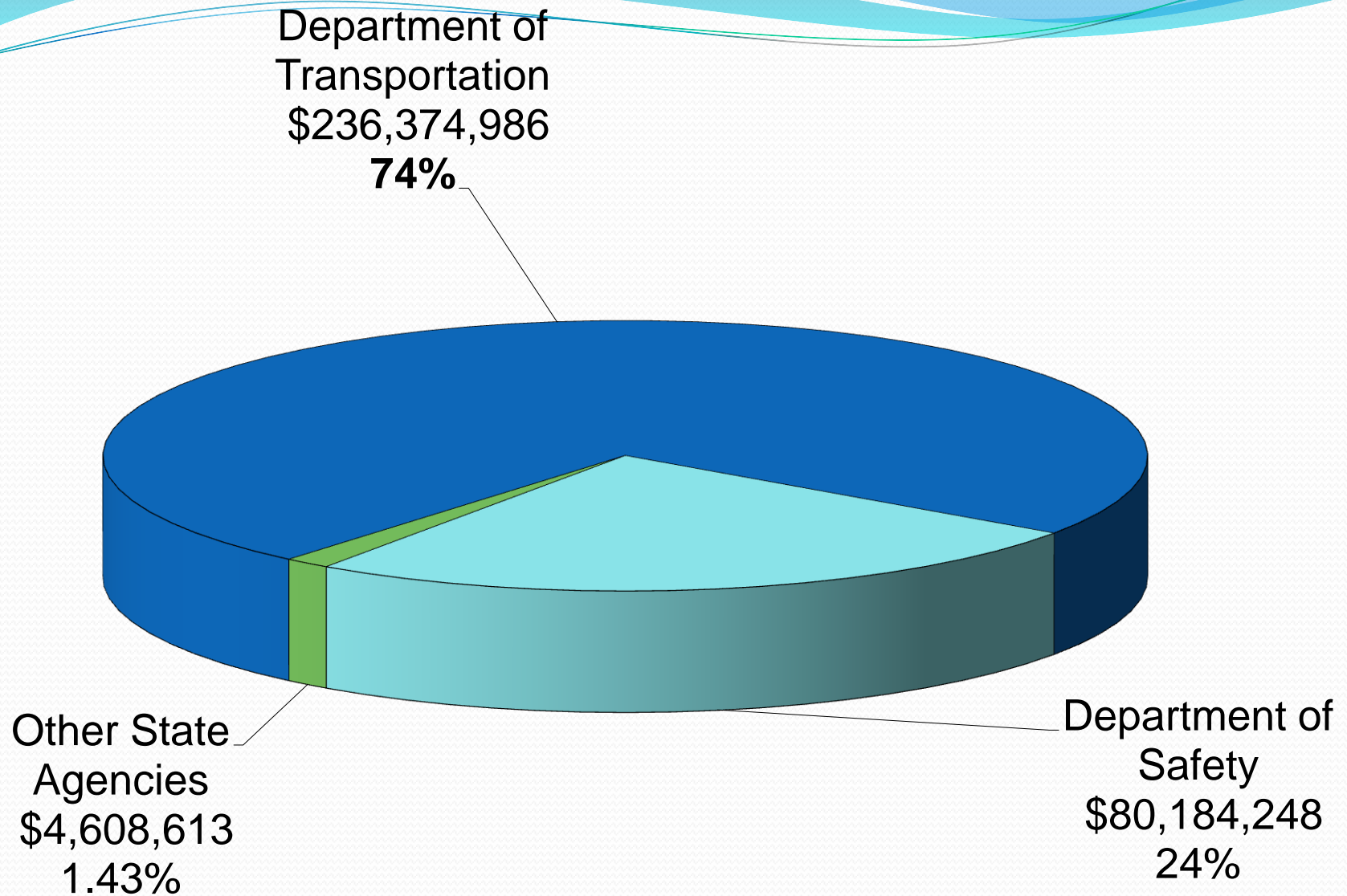
# “Diversion” of Highway Funds

- Art. 6-a Exceptions: Allows HF to be used for “traffic supervision” (state police & highway related court costs) “cost of collection” (Dept. of Safety), and “registration fees & operators’ licenses” (DMV).
- Over the past 30 years the percentage of funds for these uses has grown (particularly the Dept. of Safety) under successive Legislatures and Governors.
- If these functions are funded from the General Fund it will shrink the HF Deficit and increase the GF Deficit.

# RSA 9:9-b Allocates %s of Highway Fund Revenues

- Limits further non-highway/ bridge expenditures from the Highway Fund
- Requires at least 74% of HF revenue to DOT
- Limits to 24% HF revenue to Safety and 2% to other agencies (Courts)
- Effective Date July 1, 2009

# Allocation of Highway Funds FY 2011 - \$321,167,847



*Other State Agencies are the Judicial Branch, Department of Justice, Highway Safety Agency, Department of Environmental Services, Department of Health & Human Services, and the Board of Tax and Land Appeals.*



**What does NHDOT do?**



# Department of Transportation History

- 1913 – The State Highway Department occupied 3 rooms on the 3rd floor of the State House.
- 1950 – NH Department of Public Works & Highways was established.
- 1985 – Department is reorganized as the Department of Transportation.

# NHDOT Oversees

- NH Highways & Bridges - Maintenance, Operations & Emergencies
- NH Turnpike System
- Aeronautics, Rail, & Transit
- Municipal Partnerships and Grants
- Capital Program -10 yr. Transportation Plan

# Maintenance & Operations

- Highway Maintenance
- Bridge Maintenance
- Traffic Bureau
- Transportation Management Center
- Mechanical Services
- Project Development

# Highway Maintenance

- 6 Maintenance Districts, 100 patrol sections
  - **\$85 million/yr**
  - Winter Maintenance avg. \$35 million/yr.
  - Average Snow Storm - \$600,000 (labor, OT, equipment, sand, salt, 437 private plows hired) 1/12/11 storm cost \$1.3 million
  - Pavement and Guard Rail Repair
  - Drainage, Litter & Vegetation Control, Mowing, Street Lighting
- Maintain & Operate 14 year round (3 seas.) Rest Areas and Park & Rides

# Mechanical Services (Equipment)

- **\$23 million/yr** -1218 Dept.-owned Vehicles
  - Purchase, maintain, repair, and replace all vehicles and construction equipment
- **Fuel Purchase & Distribution**
  - Provides fuel for all State Agencies, Municipalities and eligible non-profits
    - 94 fueling facilities statewide (34 fully automated)
    - In 2010 in excess of 4.7 million gallons of fuel was distributed

# Betterment Program

- Established by law 1991
- Mandates 3 cent by formula to each the 6 DOT districts
- Primary source of funds for paving state roads for the past 20 years.
- Some bridge and culvert work also
- DOT must report projects to Legislature

# Other Transportation Modes

**Aeronautics**



**Rail**



**Public Transit**



# Rail

- 459 Miles of Active Railroad in New Hampshire. All Freight.
  - 200 miles state-owned leased to freight and tourist operations.
- 9 Freight Railroads
  - Freight Rail supports NH's utilities, business and industry
  - Economical and Safe mode for bulk or hazardous commodities.
- Special Railroad Fund supports state-owned lines.
  - Revenue from railroad operations, railroad tax, crossing /lease
  - Used to maintain and repair state-owned railroad lines.
- **NH Capitol Corridor – pending \$1.2 million Federal Grant -**  
Planning for Passenger Rail Service – By law, no state or federal funds can be expended on the construction of passenger rail in NH without new legislative approval.



# Public Transit - Buses

- Intra-City Local Transit Service.
  - 11 public transit systems (Larger cities and some regional)
  - Ridership 3.5 million/year, doubled from 2001-09.
  - New system opening in Carroll County 2011.
- Inter-City/Commuter Service/Boston-Logan (only 4 yrs old)
  - Boston Express: I-93 and Nashua-Boston
  - Annual ridership 300,000 (I-93), 140,000 (Nashua)
  - Buses, Stations and some operating funded thru federal funds (FTA and CMAQ).
  - Concord Coach, C&J, Greyhound. (existing, successful lines)
- FTA funds to NH – average \$12 million/year.
- CMAQ funds support new commuter services.

# State Highway Aid to Municipalities

- Two sources of transportation revenue for cities and towns
  - 1) State Grants (state or federal \$\$)
  - 2) Property Taxes

**\$44 million/yr. \$88million/biennium**

- Block Grant Aid - **\$35.5 Million**
  - ♦ 12% of the Road Toll/Gas Tax + Registration + MV Fees
- State Aid for Bridges - **\$6.8 Million**
  - ♦ 20% Local Match
- State Highway Aid - **\$1.7 Million**
  - ♦ 33% Local Match

# Federal Funds to Cities & Towns

Administered through NH DOT

\$10.4 Million/yr. \$20.8/biennium

- ◆ Transportation Enhancement (TE) - \$3.2 Million
- ◆ Congestion Mitigation (CMAQ) - \$6.4 Million
- ◆ Safer Routes to School (SRTS) - \$0.8 Million
- ◆ ALL REQUIRE A 20% Match

# The Ten Year Transportation Improvement Plan

# NH Ten Year Transportation Plan 2011-2020

- Only Projects with realistic design, permit and funding Projects and Revenues Linked since 2006 – Plan was cut in half, exit strategy.
- \$2.3 Billion in Project Costs for current Plan
  - mostly federal money with 20% state match
- Ten Year Plan focus is on 3 priority areas :
  1. Maintenance and Preservation of existing infrastructure
  2. Replace/Repair Red-List Bridges (includes 87 of 137)
  3. I-93 Reconstruction and widening, Salem to Manchester

# I-93 Widening Salem to Manchester

- Conservation Law Foundation lawsuit is over. Cost taxpayers tens of millions in delays.
- As of August 2010 Supplemental Record of Decision, DOT is completing EIS phase and legal challenge.
- Priority work between Exit 1 and Exit 3 progressing.
- \$150 million of construction is either complete or underway.
- \$195 Million in GARVEE Bonds for priority work in Ten Year Plan.

# Expansion of I-93 is Highest Priority

Chapter 273:1, Laws of 2000, Chapter 329:1, Laws of 2008

## 273:1 Priority Construction.

The commissioner of the department of transportation shall give very high priority to the construction projects relative to the widening of Interstate 93 from Manchester to the Massachusetts border.

Chapter 231:5, Laws of 2010  
(RSA 240, Ten Year Transportation Plan)

## 231:5 Interstate Route 93 Priority.

Pursuant to 2000, 273:1, as amended by 2008, 329:1, the **general court reiterates that the state of New Hampshire's top priority is the reconstruction and widening of Interstate Route 93 from the Massachusetts border to Interstate Route 293 in Manchester to 4 lanes in both directions within the time frame of New Hampshire Ten Year State Transportation Improvement Plan.**

# I-93 is Not Fully Funded

- I-93 improvements - the State's #1 priority project is underfunded in the Ten Year Plan by \$250 million(*2010 Dollars*) \$300 million with Exit 4-a
- Completion by 2020, per record of decision, can not happen without additional funding. Could stretch to 2030.



# I-93- Three Lanes or Four?

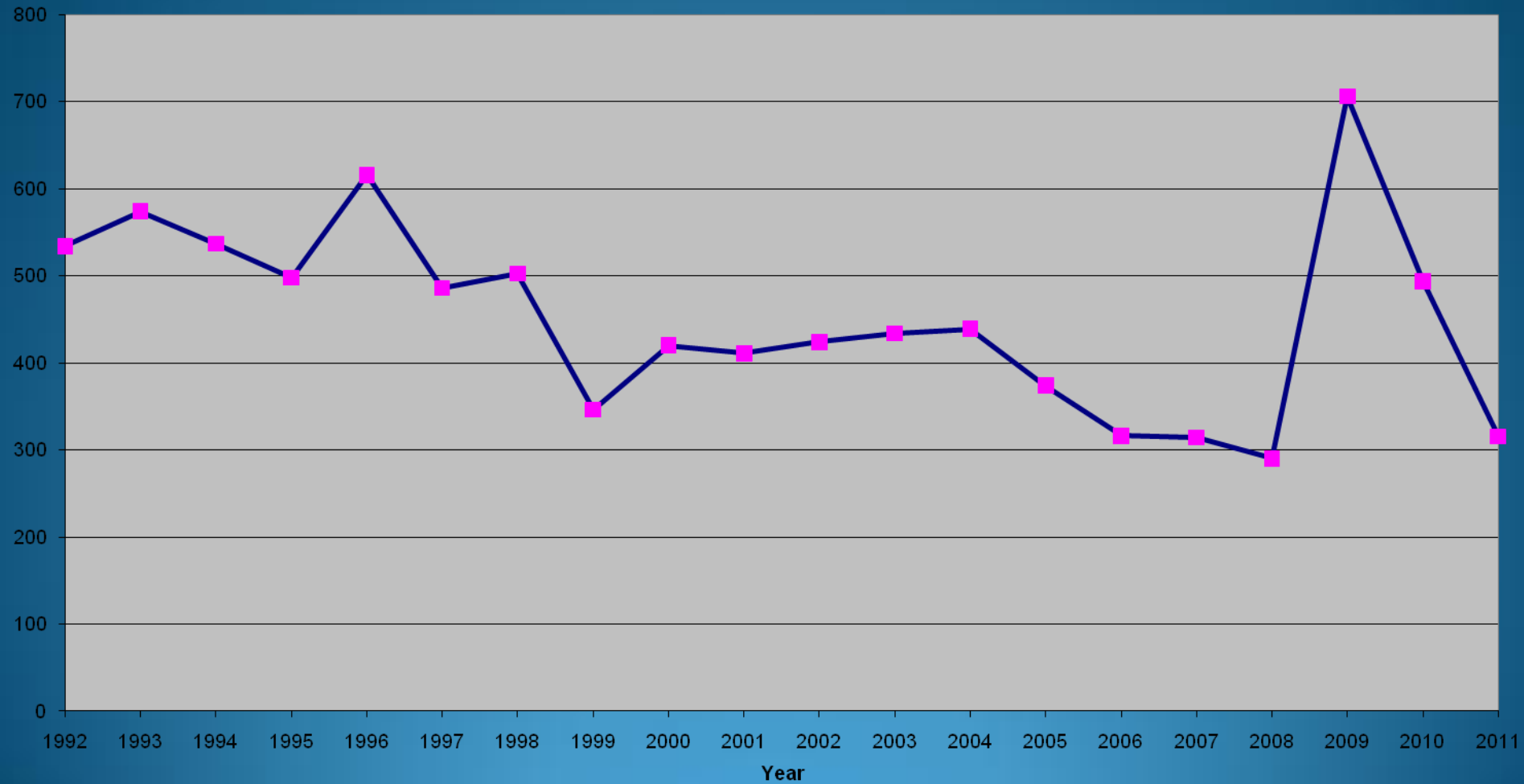
- Because the salt content in the adjacent water sheds is high, primarily because of private and municipal sources, the State can only operate three lanes at this time instead of the needed and legislatively mandated four lanes.
- Three lanes is what the Conservation Law Foundation has been and still is advocating.

# NH's Infrastructure Crisis

# Resurfacing/Repaving NH Roads

- Repaving every 8 – 10 years financially optimal
- 500 miles/yr. is the target – every 8.6 years  
(4300 miles ÷ 500 = 8.6 years)
- 300 miles/yr. extends repaving to 14.3/yr.
- Further out in time repaving is extended the more expensive. The cost to reconstruct a road is 2 to 4 times more expensive than regular repaving.

# Total Miles Resurfaced 1992-2011



# PAVEMENT CONDITIONS 2000

NO WORK REQUIRED  
1,365 MILES

SOME WORK REQUIRED  
1,533 MILES

MAJOR WORK  
637 MILES

# PAVEMENT CONDITIONS 2008

NO WORK REQUIRED  
751 MILES

SOME WORK  
REQUIRED  
1,902 MILES

MAJOR WORK  
1,532

# The Cost of Bridge Repair

- The Factor of Five
- If **Regular Maintenance** is delayed it is 5 X more expensive to **Repair the Bridge**
- If **Bridge Repair** is delayed it is 5 X more expensive to **Reconstruct the Bridge**
- If **Reconstruction** is delayed it is 5 X more expensive to **Replace the Bridge**

# RED LIST BRIDGES

## State Roads

### (2011)

Total Bridges:

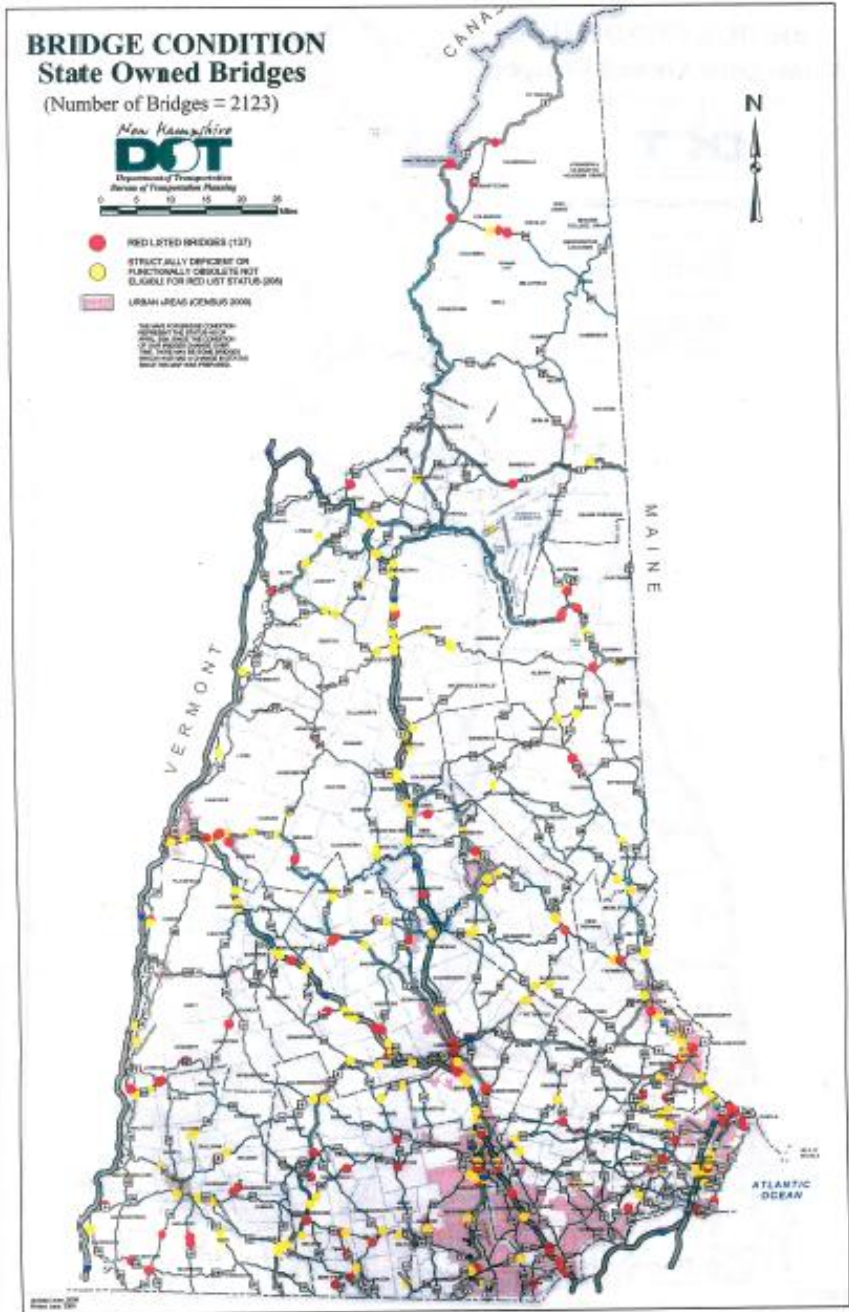
2,127

Red Listed Bridges:

137 (remove 10 -15 per yr)

Pink Listed Bridges:

267





# RED LIST BRIDGES

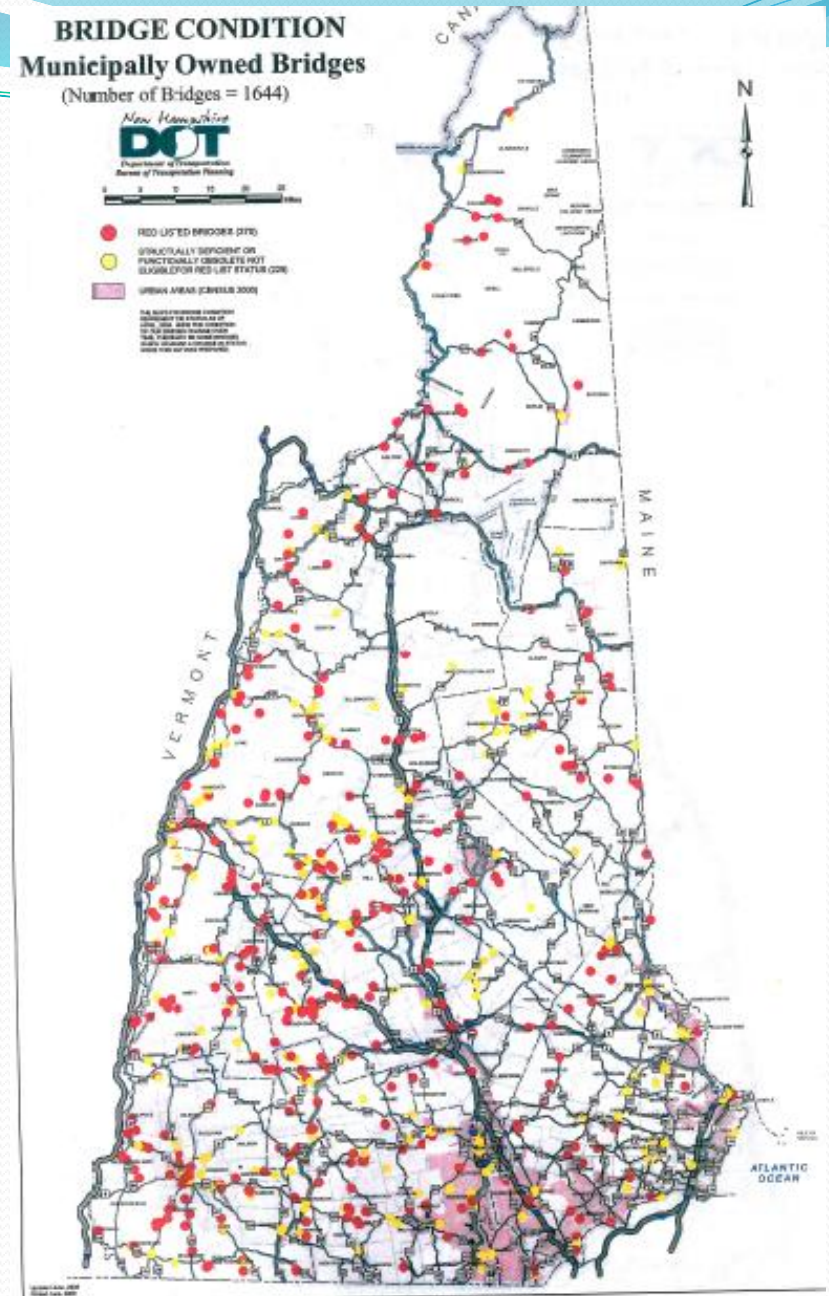
## Municipal Roads

### (2011)

Total Bridges:  
1,644

Red Listed Bridges:  
365

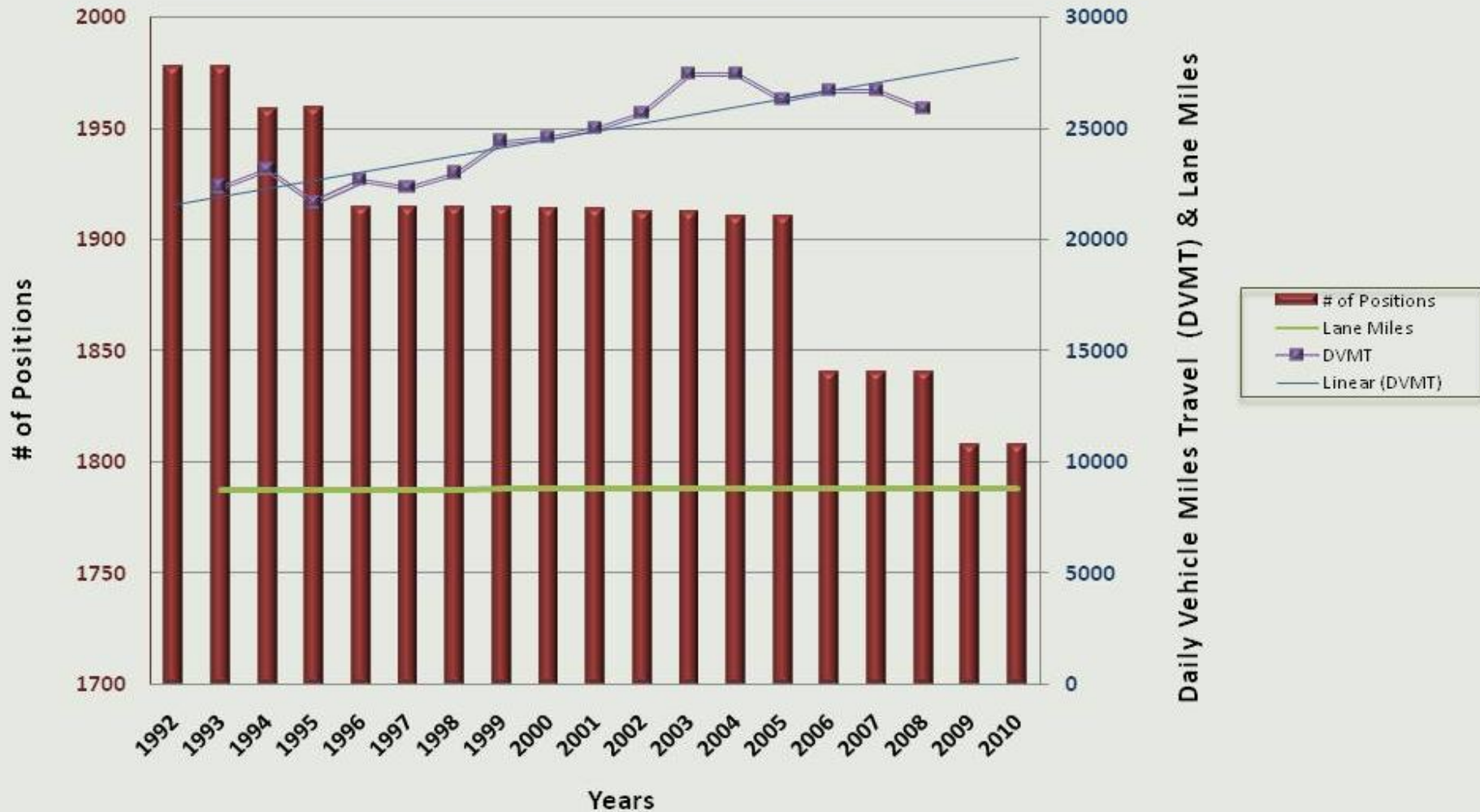
Pink Listed Bridges:  
289





# Productivity/Efficiency

## NHDOT Positions VS DVMT & Lane Miles



# Major Factors of NH Infrastructure Crisis

1. Aging System (most built between 1930s and 1960s).
2. System not built to handle today's traffic volumes, vehicle & truck weights.
3. Revenue Stagnation (Road Toll Last Raised in 1991)
4. Construction Inflation
  - Almost 60% between 2005 and 2009.
  - In that period the same amount of money would pave 1 mile in 2005 and only 4 tenths/mile in 2009
  - Steel, cement, fuel, heating oil, asphalt & salt still increasing with demand from China and India

# REVENUE STAGNATION

## 20 YEARS SINCE LAST RAISED

| HISTORY OF THE GASOLINE-DIESEL ROAD TOLL |             |                                |
|--|-------------|--------------------------------|
| Rate/Gallon                              | Period      | Governor at Enactment          |
| 1 cent                                   | 1923 – 1924 | Fred Brown (D)                 |
| 2 cents                                  | 1924 – 1927 | Fred Brown (D)                 |
| 3 cents                                  | 1927 – 1927 | Huntley Spaulding (R)          |
| 4 cents                                  | 1928 – 1951 | Huntley Spaulding (R) 13 YEARS |
| 5 cents                                  | 1951 – 1957 | Sherman Adams (R)              |
| 6 cents                                  | 1957 – 1959 | Lane Dwinell (R)               |
| 7 cents                                  | 1959 – 1971 | Wesley Powell (R) 12 YEARS     |
| 9 cents                                  | 1971 – 1977 | Walter Peterson (R)            |
| 10 cents                                 | 1977 – 1979 | Meldrim Thomson (R)            |
| 11 cents                                 | 1979 – 1981 | Hugh Gallen (D)                |
| 14 cents                                 | 1981 – 1990 | Hugh Gallen (D)                |
| 16 cents                                 | 1990 – 1991 | Judd Gregg (R)                 |
| 18 cents                                 | 1991 – 2011 | Judd Gregg (R) 20 YEARS        |

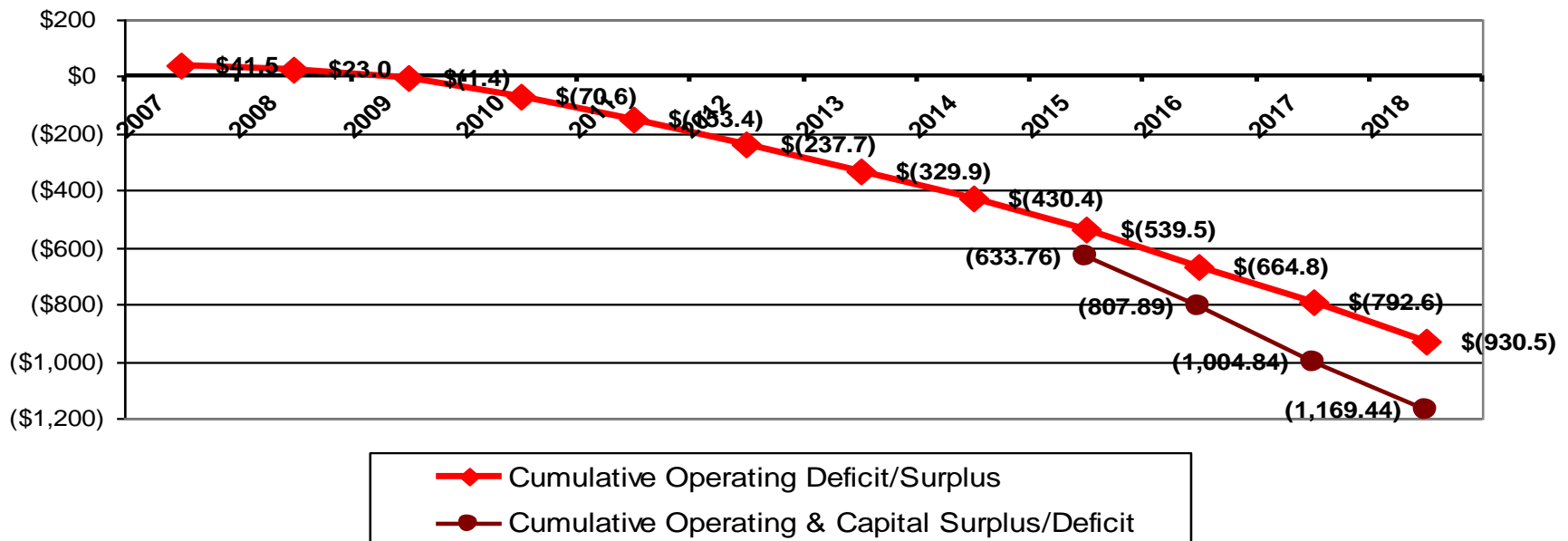
Between 1977 & 1991 (14 years) gas tax was raised 100% (9 to 18 cents).

# The Funding Shortfall of NH's Infrastructure

# The Long-Term Funding Problem

# Highway Fund 10-year Deficit

**Highway Fund Surplus/Deficit**  
**Estimated Revenue Shortfall for Operational Expense**  
**Cumulative Annual Deficit**  
 (Millions)  
 Fiscal Year



**Assumes:**

1. 2% revenue growth
2. 3% operating expense growth
3. Same # employees

**Does Not Address:**

1. No Federal Hard Match
2. \$300+ Million Deficit for I-93
3. 50 State Red Listed Bridges

# 1.2 Billion 10-yr Cumulative Deficit

## **Assumes:**

1. 2% revenue growth (aggressive)
2. 3% operating expense growth (conservative)
3. Same number of employees
4. Same spending levels on maintenance – inflation erodes
5. Motor Vehicle Surcharge is not renewed

## **Does NOT Include:**

1. \$250 – 300 million dollar shortfall in I-93 widening

# The Immediate Funding Problem FY '12 – '13 Budget



# 2012 – 2013 Budget

## Immediate Revenue Shortfall of \$124 Million/Biennium

- \$30 Registration Fee Sunsets 6/30/11  
loss of \$85.6 Million/biennium
- I-95 Sale Revenue Decrease from \$50 M to  
\$11.8. Loss of \$38.2 Million/biennium

# What the \$124 Million Revenue Shortfall Impacts

State Share Highway Fund Decreases: \$ 98.6 M

Municipal Block Grant Aid Decreases: \$ 10.2 M

Betterment Fund Decreases: \$ 15.0 M

Total \$123.8 Million

# What the Shortfall Means to DOT

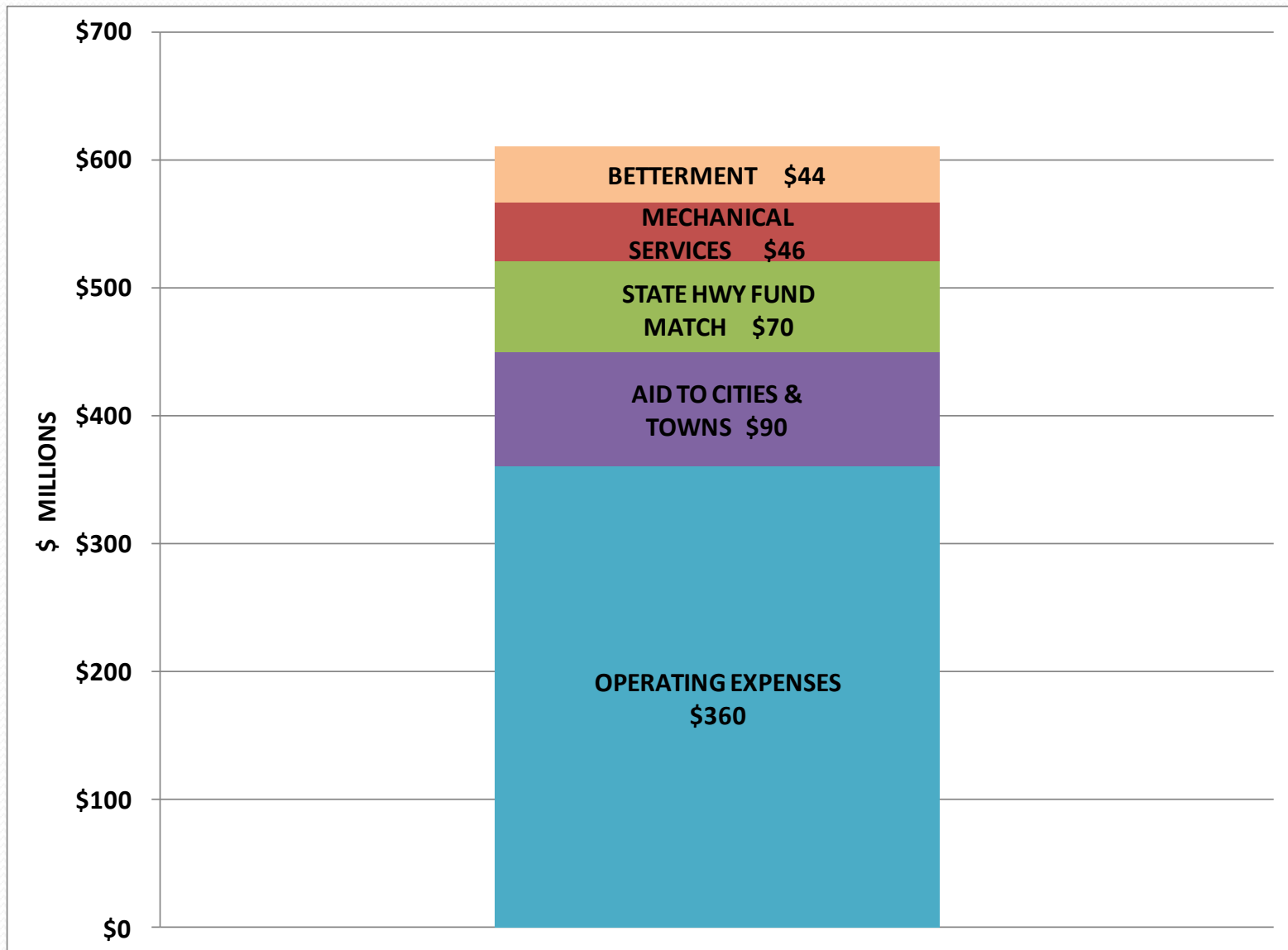
Betterment will be cut by **\$15 million**. DOT 's next biennial budget will lose about **\$69 million**, either from operating of municipal aid. Many projects in the Ten Year plan will have to be cut or delayed. DOT will be forced to drastically change its mission and the State will again fall behind in basic road and bridge maintenance.

# What the Shortfall Means to DOS

The Department of Safety's portion of the shortfall is almost **\$30 million**. Cuts of this magnitude will require cutting 22 troopers, 12 DMV personnel and closing DMV locations (because these are 6-a funds and therefore limited to the specific areas of enforcement, licensing & collection).

# NH DOT BUDGET AREAS THAT CAN BE CUT

## FY 10 & FY 11 - \$600 M



# Final Report

Commission to Study Future Sustainable Revenue  
Sources for Funding Improvements to State and  
Municipal Highways and Bridges

HB 2, Chapter 144:291, I, Laws of 2009

**November 1, 2010**

# Commission Findings

For the next 10 to 20 years only three (3) potential sustainable revenue sources.

1. Motor Vehicle Fees (Registration, Licensing, etc.)
2. Road Toll/ Gas Tax
3. Tolling
  - Increase Toll locations and/or Toll Rates
  - Aggregation/Consolidation

# Commission Findings (Cont.)

- Other non-sustainable revenue sources :
  1. Sale of Assets (Other States have sold off turnpikes for big cash up front – loss of control and toll revenue.)
  2. Bonding for Non- Capital – Bonding operating expenses is non-sustainable because it has to be paid back with interest
  3. Public-Private- Partnerships – case by case





New Hampshire

# Highways

JANUARY-MARCH 2011

Magazine of the N. H. Good Roads Association

## *A Legislative Call to Action:*

**Commission Report  
Reveals Crippling  
Deficits in the  
Highway Fund**

# Summary...

The NH House and Senate are the exclusive stewards and custodians of the state's 4,300 miles of roads and 2,100 bridges. It is not possible to erase roads or bridges from the map. Therefore, the challenge facing legislators is to cost effectively and fairly fund the maintenance and repair of existing infra-structure, and to determine what new projects promote safety and economic growth. To neglect or defer regular highway maintenance only inflates the cost of repairs—exponentially in the case of bridges.



## ...Summary

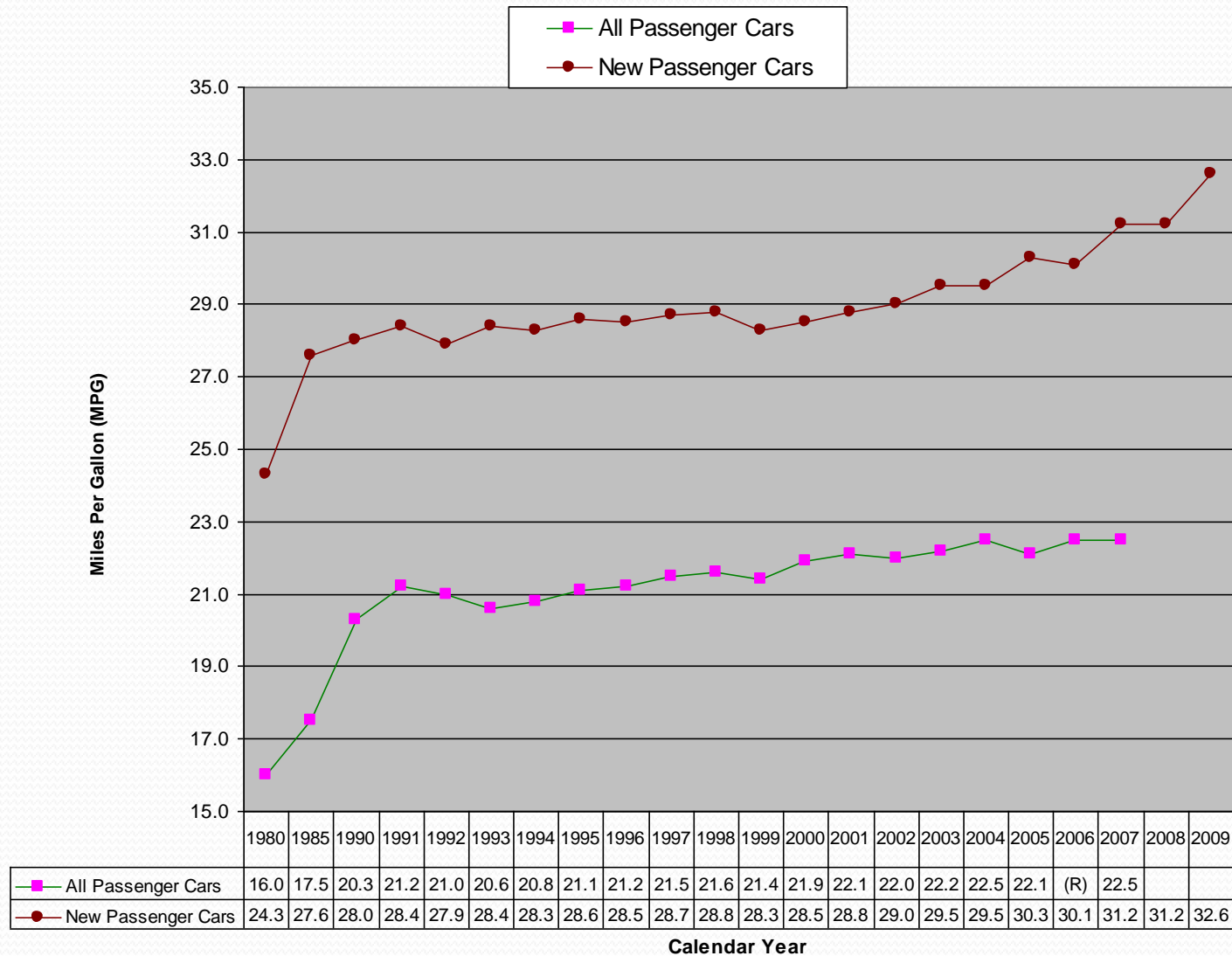
To neglect or defer critical new projects, not only increases costs, but also threatens public safety and the state's ability to compete for businesses and jobs. A safe and sound transportation infrastructure is absolutely necessary for the vitality of our tourism industry and to support both existing and new businesses. Good roads and bridges allow our citizens to efficiently and safely commute to and from work and school; and enhance the quality of our everyday lives and the overall economy of New Hampshire.



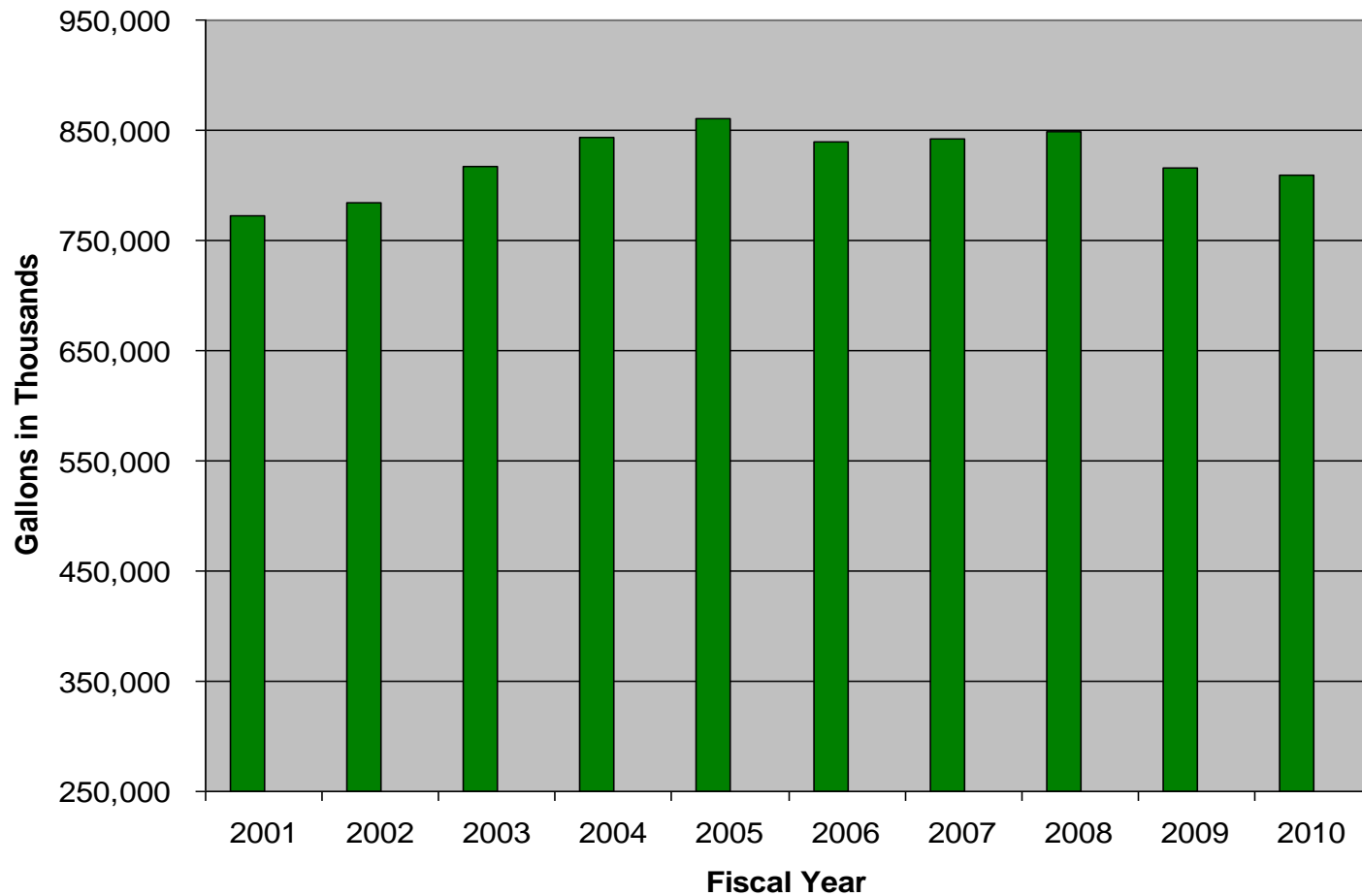


Questions?

### Fuel Efficiency of U.S. Passenger Cars



### Road Toll Gallonage Over the Past Decade



| Fiscal Year | 2001        | 2002        | 2003        | 2004        | 2005        | 2006        | 2007        | 2008        | 2009        | 2010        |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Gallons     | 772,331,839 | 783,697,251 | 817,079,645 | 843,646,599 | 860,955,143 | 839,150,889 | 842,398,546 | 848,235,052 | 815,353,404 | 808,700,656 |