

County Engineers Association of Ohio

Testimony on Sub. House Bill 35, the 2014-2015 Biennial  
Transportation Budget

Before the House Finance and Appropriations  
Transportation Subcommittee

Chairman Honorable Ross McGregor

Friday, February 15, 2013

Mr. Chairman and members of the committee:

Thank you for allowing me to testify before you today. My name is Fredrick Pausch and I'm the Executive Director of the County Engineers Association of Ohio (CEAO). I speak on behalf of all 88 County Engineers around the state. Also with me today is CEAO 2013 President Tim Piper P.E., P.S. Allen County Engineer.

County Engineers are responsible for 26,900 bridges and 29,088 miles of urban and rural roadways that are vital to the combined growth and prosperity of the state of Ohio. All travel starts and ends on a local road. And, job number one is the traveling safety of our constituents and the visiting, traveling public.

This Subcommittee has already heard from ODOT Director Jerry Wray about the much more publicized funding challenges that ODOT faces. It is my job today to bring the realization of what's going on at the county level across the state of Ohio.

**Four areas that CEAO would like to highlight involve: 1. funding distribution from the recent CAT Tax Case, 2. Borrowing/Bonding against the Ohio Turnpike, 3. a new request for a Vehicle Miles Traveled tax study (VMT) and 4. ODOT force account language.**

A 2008 report from the Federal Highway Administration stated that Ohio ranks 5<sup>th</sup> in the nation in the number of local bridges classified as structurally deficient or functionally obsolete. Recent surveys have concluded that \$770 million is needed for critical repairs to more than 6,000 Ohio county bridges with deficient ratings. Currently, Ohio's 29,088 miles of county roads require more than \$230 million annually in resurfacing costs alone. However, the federal gas tax hasn't been increased since 1993, and Ohio's state gas tax has not been increased since 2003.

Every \$1 billion (And, that's billion with a B) invested in transportation generates more than \$2 billion in economic activity and creates nearly 35,000 jobs. Our goal is to enable Ohio's citizens, businesses and visitors to travel and move goods about the state in a safe and efficient manner.

The need for adequate, consistent and reliable funding for Ohio's local infrastructure is now more critical than ever due to recent inflation costs in the construction industry. For example, material costs for road and bridge improvements have doubled and even tripled over the past 10 years, forcing County Engineers to reduce in scope or delay many needed capital improvements.

We are asking the members of this committee to provide the dollars necessary to maintain and improve the state's highways and bridges for Ohio's traveling public and businesses. Studies have shown that money spent now on transportation improvements has a positive return on investment in the form of improved safety and reduced vehicle maintenance, delays, fuel consumption, emissions, and road infrastructure maintenance costs.

THIS COMMITTEE HAS NUMEROUS WAYS TO FUNNEL MONEY TO THE COUNTY ROADS AND BRIDGES THAT COUNTY ENGINEERS ATTEMPT TO MAINTAIN WHICH WON'T RAISE TAXES AND INSURES MORE MONEY GOING DIRECTLY TO LOCAL INFRASTRUCTURE IMPROVEMENTS.

### **1. Commercial Activity Tax (CAT) issue**

As a result of the December 2012, Ohio Supreme Court decision in Beaver Excavating Co. v. Testa, CAT revenue derived from sales of gasoline and other motor vehicle fuels must be spent for highway purposes as required by Article XII, Section 5a of the Ohio Constitution. We would like to work with members of the committee to ensure that this money is used for highway purposes, including needed projects at the local level, and is not diverted to pay costs previously paid by the General Revenue Fund.

\$140 million dollars using the current gas tax formulas would be around \$17 million dollars funneled down to the county engineers. Increased funds of roughly \$193,000 per county would be a huge boost for badly-needed road and bridge infrastructure at the local level.

These are real dollars for county engineers to make tangible improvements on local roads.

## **2. Ohio Turnpike**

I realize this section has been put into HB 51, but I feel it must be addressed in the context of this testimony.

The proposed plan for operation of the Ohio Turnpike recommends that the Turnpike remain public. ODOT also estimates that it will generate \$1.5 billion in new revenue to be used on other much needed highway improvements.

While CEAO agrees with the basic recommendations of the study, we should realize that there is still a significant shortfall in adequate transportation funding.

See attachment letter section (A)

## **3. Tax Study for Transportation Infrastructure Costs**

County engineers rely on the gasoline tax and license plate fees to fund our transportation infrastructure needs. Meeting those needs is increasingly difficult as fuel efficient vehicles and rising inflation erodes the purchasing power of gas tax revenues. For this reason, we would like to request that language be added to sub. HB 35 to establish a study committee to explore innovative funding sources for state and local roads and bridges. CEAO requests that the powers that be in the

transportation world conduct a study on future needs for a Vehicle Miles Traveled (VMT) tax and be reported back to the Governor and the legislature by July 2014.

**Why is Ohio falling behind in evaluating new efforts on transportation funding?** States like Missouri, Oregon, Virginia, Maryland, Michigan and even Texas are coming up with new ways to fund infrastructure needs into the future.

See attachment letter (B)

Even back in November 1968, Governor James Rhodes backed a constitutional amendment approved by the voters which provided for the issuance of \$779,000,000 worth of bonds including \$500,000,000 earmarked for roads and bridges.

We understand that the study will not be finished in time to assist decision makers in this budget cycle but we need to start laying the groundwork to replace or revise the current system of funding roads, bridges and other infrastructure costs. Developing a new funding system and gaining popular support for the changes will take time, but we believe such a study would be an important step and we are prepared to offer our time and support.

#### **4. Force Account Limits**

Substitute HB 35 makes some changes to the force account limits that apply to ODOT projects. We are here to support ODOT and their endeavors to raise their force

account. However, section ORC 5517.02 in the last sentence in section (A) states, **“When a force account project assessment form is required, the estimate shall include costs for subcontracted work and any competitively bid component costs”**. That directly defies two (2) Huron County Court cases that have been won by the Huron County Engineer about what is included in county force account estimates.

CEAO have been in discussions with the Ohio Contractors Association to change our own section of code, however we have yet to come to an iron clad agreement. We will continue these discussions and one thing that we both agree on is that county engineers should be able to continue to build the same bridge today that we could back in 2003.

County Engineers would like inflationary growth on costs of materials, which continues to climb year after year. Since 2003, the cost for hotmix asphalt alone has risen from \$27/ton to \$74/ton—a 270% increase. We have also been hit with a 214% increase in reinforcing steel costs and a 70% increase in redi-mix concrete.

Also, amendments that CEAO would like pursued in the transportation Budget Bill.

Please see attachment letter (C)

I will now turn it over to Tim Piper, the Association President and Allen County Engineer, for some brief remarks. Afterwards we would be happy to answer any questions you might have.

## ATTACHMENTS TO Fredrick Pausch Testimony- County Engineers Association of Ohio

### Attachment (A)

Local public agencies, such as counties, municipalities and townships, also have huge difficulty funding necessary road and bridge maintenance and improvement. Dedicated funding for Engineer offices are slightly less than they were twelve years ago, while many construction costs, such as paving, have more than doubled.

ODOT is responsible for only 16% (19,256 centerline miles) of public roads in the state; that leaves local governments responsible for the majority of the public roads at 84% or (102,085 centerline miles). Local governments include counties, townships and municipalities. **Why not consider using some of the Turnpike money on county roads and bridges that are the arteries to the turnpike itself? Why not keep the money in those counties through which the turnpike runs?** Keeping the monies spent in those counties would simplify the politics surrounding questions of where the money should go and for what purposes it should be used.

### Attachment (B)

- Missouri is talking about raising the state sales tax by a penny to generate \$8 billion dollars over the next 10 years.

- Oregon is already well on their way to perfecting a Vehicle Miles traveled tax (VMT) to deal with hybrids and electric car and alternative fuels of the future.
- Virginia is talking about scrapping their state gas tax and replacing it with an increase in the state sales tax.
- Maryland is talking about raising their gas tax by 15 cents and phasing it in over a number of years. They expect to raise \$800 million dollars over the next 20 years.
- Even our neighbors to the North, Michigan is talking about raising motor vehicle rates by \$120 per year/per tag to raise \$1 billion dollars for roads and bridges.
- Finally, Texas has just introduced two bills to dedicate to TxDOT the 6.25 percent sales tax levied on new and used vehicle purchases. This proposal would raise \$3 billion a year to build road, bridges and other infrastructure needs.

#### Attachment (C)

ORC 5577 should be amended to make the funding of a sheriff's deputy from highway funds permissive instead of mandatory.

ORC guardrail mandates need to be revised to comply with state and federal design standards.



ORC 5577.99 should be amended to crediting all overweight fines to funds for the maintenance and repair of roads, bridges or culverts.