



Testimony on House Bill 59, the 2014-2015 Biennium Budget
Before the Senate General Subcommittee of Finance

Testimony by Timothy J. Piper, PE, PS

Allen County Engineer, Lima, Ohio

2013 President of County Engineer's Association of Ohio, Inc.

Chairman Peterson and members of the committee: Thank you for allowing me to testify before you today. My name is Tim Piper and I am the Allen County Engineer in Lima, Ohio and the current President of the County Engineers Association of Ohio (CEAO). I would like to testify on behalf of our 88 county engineers regarding the disbursement of revenues from the Commercial Activity Tax (CAT) on motor fuels.

RULING ON CAT TAX REVENUE ON MOTOR FUELS

The Ohio Supreme Court recently ruled that monies collected from the Ohio Commercial Activity Tax on motor fuels may only be used for highway

purposes. Article 12, Section 5a of the Ohio Constitution prohibits using taxes derived from license fees and fuel tax for purposes other than highway purposes. In the transportation budget, HB 51 there was a line item that allocated the revenue on CAT tax motor fuels, estimated at \$140 million dollars, to pay down the public works bonds on roads and bridges.

We ask that the \$140 million dollars of revenue from the CAT tax on motor fuels be shared with all government entities at a similar rate as our current gas tax formulas. (Recommended: ODOT-59%, Municipalities-14%, Counties-12%, Townships-7%, OPWC-8%). In that way, all government entities that maintain roads and bridges would share in the CAT tax revenue on motor fuels. Using the current gas tax formula, each county engineer would receive about \$191,000 annually from the CAT tax on motor fuels. That amount would be enough to build two small bridges in each county per year. If they wished, ODOT would be directed to use their share of the CAT tax on motor fuels to pay off the bonds held by the Ohio Public Works Commission. But the State of Ohio has no more claim to the total \$140 million dollars from the CAT tax on motor fuel, than does any other segment of the governments in Ohio. On behalf of our 88 county engineers and in the interest of fairness, we respectfully ask that you consider restructuring this legislation to share the revenue from the CAT tax on motor fuels with the other government entities in Ohio who are in dire need of revenue for road and bridge work.

Since counties and other local governments have been hit hard by cuts in funding from the state's budget and from the decline in motor fuel tax revenues, it is very discouraging that the Ohio Legislature is considering the disbursements of the CAT tax on motor fuels **entirely to the State of Ohio.**

GAS TAX REVENUE DECLINING – LICENSE FEES INADEQUATE

Our current fuel tax revenue for our local governments and ODOT continues to decline. I would like to draw your attention to the attached chart on page 7 that shows that our 88 county engineers as a whole received **\$11 million dollars less in fuel tax in 2012 than we did in 2008.** (Source: Ohio Dept. of Taxation) We have lost 1.3% per year in fuel tax for the past four years due to less fuel consumption and more fuel-efficient vehicles. That trend of decreased fuel usage is expected to continue into the foreseeable future. The gas and diesel fuel tax was last increased ten years ago in 2003. Our current **license plate fees** of \$20 per vehicle used for roads and bridge maintenance was last increased in 1988 and is **one of the lowest in the Midwest.**

I have also attached information on **ROAD MAINTENANCE WORK NOT GETTING DONE, BRIDGES NOT BEING REPLACED and MOST CRASHES & FATALITIES ARE ON LOCAL ROADS** that are very important for this committee to consider but in lieu of time I will not read them but would be happy to answer any questions that you might have regarding my testimony. Thank you.

ATTACHMENTS:

ROAD MAINTENANCE WORK NOT GETTING DONE

Across Ohio, counties, townships and municipalities **maintain 83% of all centerline road miles in Ohio** (see attached pie chart on pg. 5). In contrast, ODOT maintains the remaining 17% of all centerline road miles. To maintain our roads properly, the counties, townships and municipalities should be paving every mile of our roads once every 10 years. But our current cycle of paving is only **once every 30 years**. The reason we cannot pave more miles of roads annually is due to the increases in cost. We contract out the majority of our paving work in Allen County. From 2002 to 2012, our cost to have a contractor pave one mile of road, 20 feet wide, has increased **from \$23,845 in 2002 to \$65,400 in 2012, almost tripling in cost in eleven years** (see bar chart attached on pg. 6). Some counties in southeastern Ohio are allowing paved roads to go back to being stone roads due to the lack of funding to maintain the roads as paved roads.

BRIDGES NOT BEING REPLACED

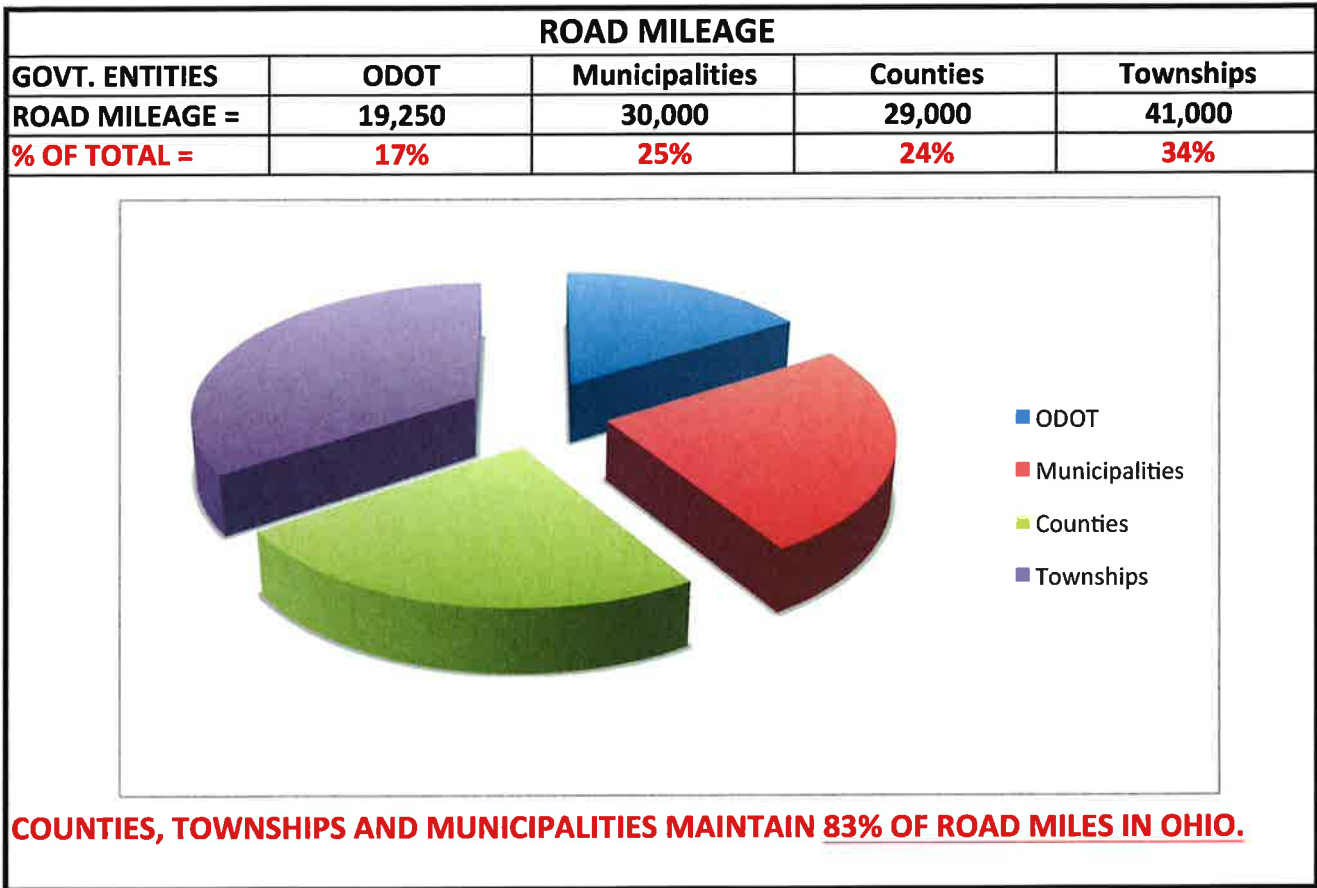
Furthermore, county engineers maintain **60% of the 44,900 public bridges in Ohio** (see attached pie chart on pg. 5). Of all the bridges in Ohio needing to be replaced immediately, 85% of those bridges are county maintained bridges (2,463 bridges), and it would cost over \$700 million

dollars to replace them all, which is money that county engineers do not have. Economic growth in Ohio communities is directly related to the ability to move products and goods to their markets across roads that are in good repair and bridges that are open. Bad roads, closed bridges and bridges posted with weight limits in our communities are causing detours to farmers, school buses and commercial vehicles servicing our industries. After all, every trip begins and ends on a local road.

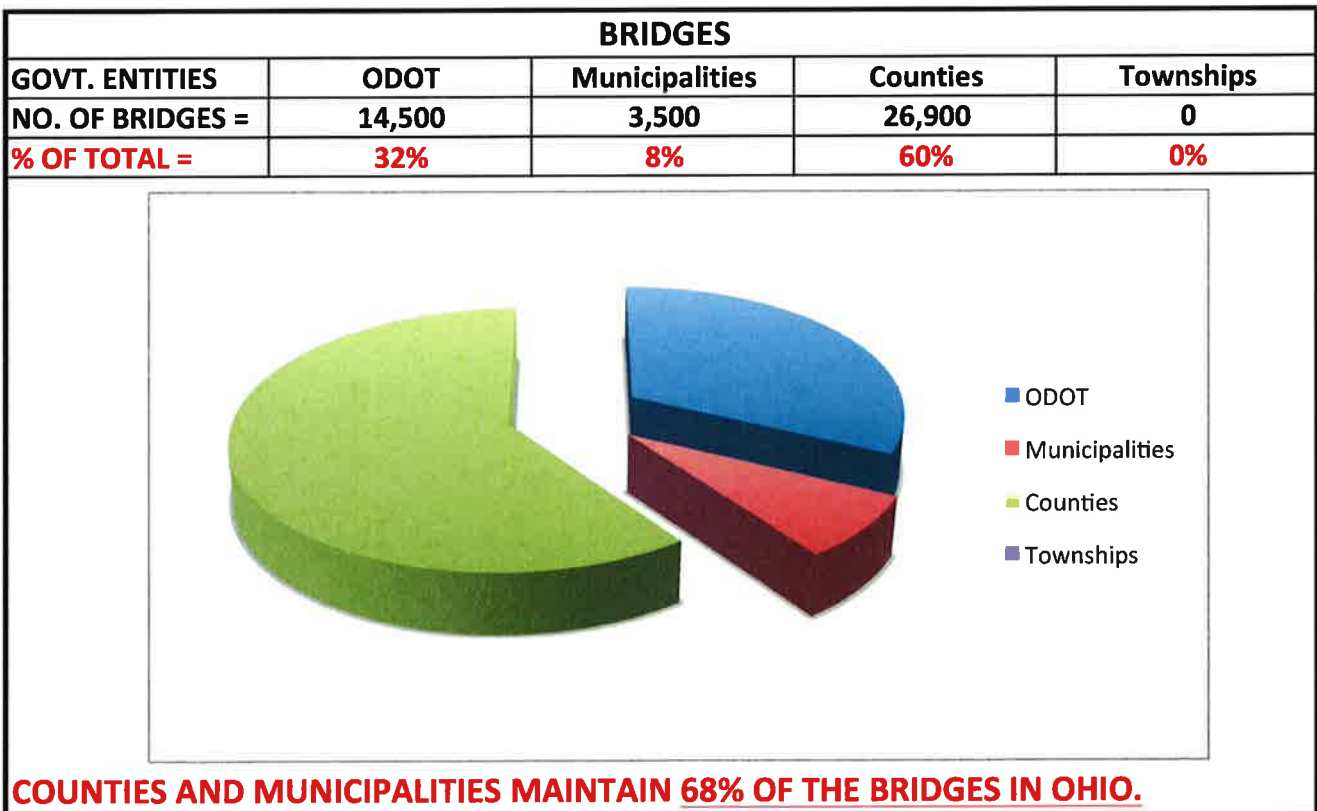
MOST CRASHES & FATALITIES ARE ON LOCAL ROADS

Statistics show that, as traffic grows on our local roads, fatalities and accidents are occurring at a higher rate than occur on state highways and interstates. 2011 ODOT Crash Data shows that **72% of annual crashes in Ohio occurred on local roads.** Only 28% of annual crashes in 2011 occurred on state highways or interstates. In 2011, **54% of crash fatalities occurred on local roads.** Many of our local roads need to be widened or improved to safely handle increased traffic, but funding is not available.

OHIO'S ROAD AND BRIDGE INFRASTRUCTURE BY GOVT. ENTITIES



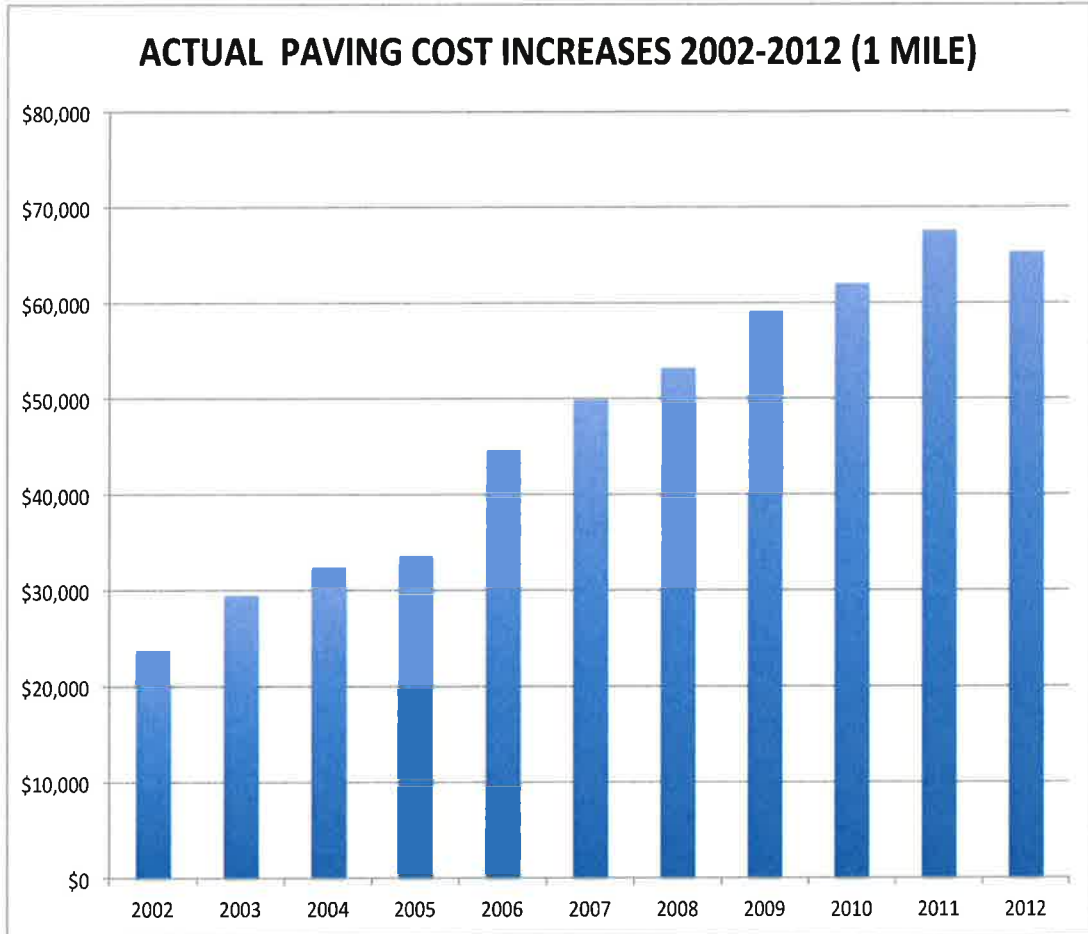
Source: ODOT



Source: ODOT

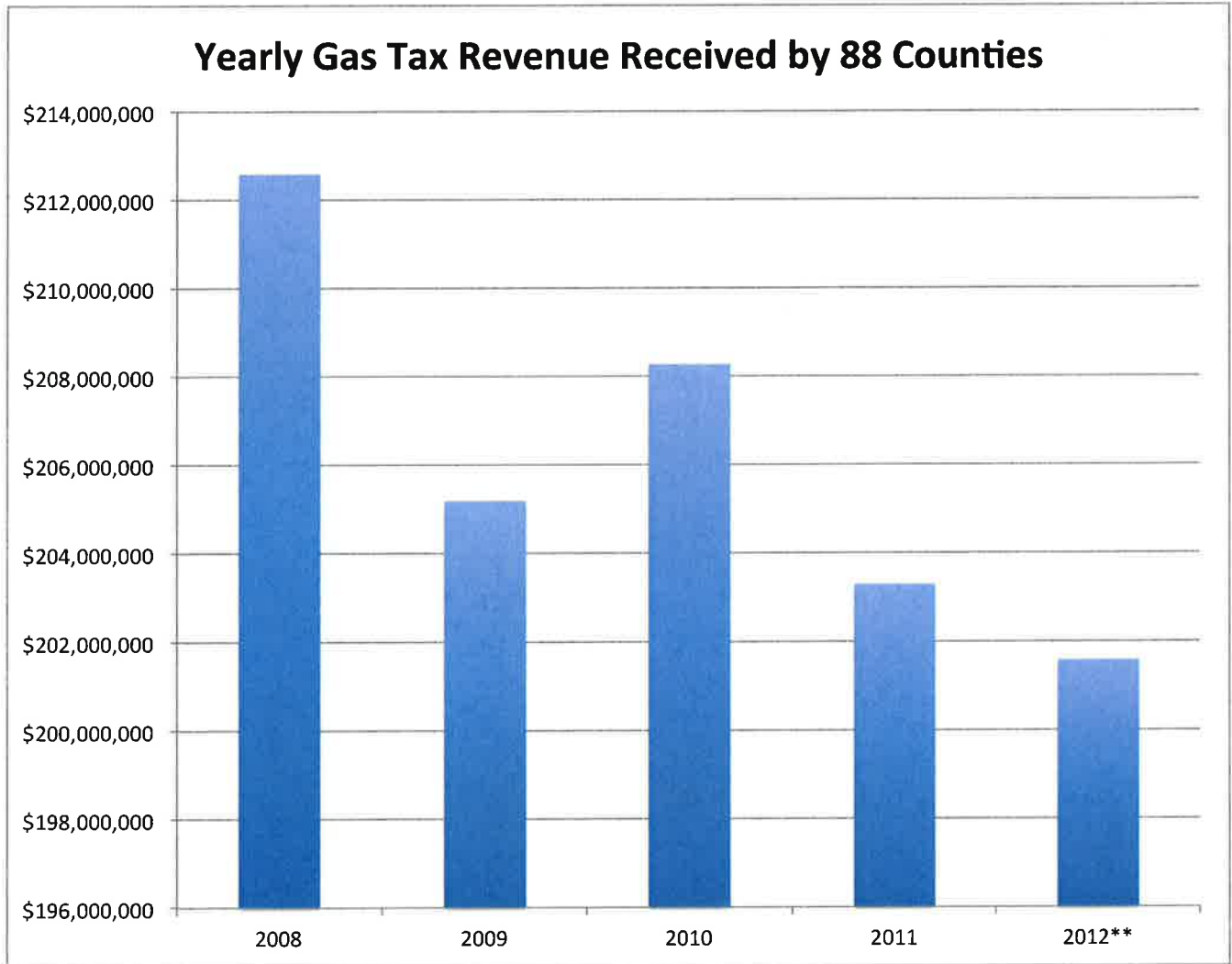
COST TO PAVE 1 MILE OF ROAD (20'wide) BY CONTRACTOR

YEAR =	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
COST =	\$23,845	\$29,500	\$32,540	\$33,673	\$44,699	\$49,890	\$53,213	\$59,155	\$62,050	\$67,590	\$65,367
% of 2002 Cost		124%	136%	141%	187%	209%	223%	248%	260%	283%	274%



COUNTY ENGINEER'S GAS TAX REVENUE DECLINING IN PAST 4 YEARS

	YEARS				
	2008	2009	2010	2011	2012**
YEARLY GAS TAX RECEIVED	\$212,592,072	\$205,189,776	\$208,273,472	\$203,298,128	\$201,579,928
CHANGE FROM 2008 REV.=		(\$7,402,296)	(\$4,318,600)	(\$9,293,944)	(\$11,012,144)



**** IN 2012 THE 88 COUNTY ENGINEERS AS A WHOLE RECEIVED \$11 MILLION DOLLARS LESS PER YEAR THAN IN 2008 (THAT IS AN AVERAGE LOSS OF 1.3% PER YEAR IN THE LAST FOUR YEARS)**