

Transportation Revenue* Tools

Transportation Planning Task Force 2003

Revised September 16, 2003

Evaluation Criteria (Good Option Tests)

1. Is it a public priority? Can the taxpayer afford it?
2. Can it work now? Can it work in the future?
3. Is it fair (equity e.g. urban vs. rural)?
4. Can it be administered effectively and economically? (is it certain, easy to pay, easy to collect)
5. How will it affect taxpayer behavior?
6. What is the potential for tax evasion?
7. Is it reliable (consistent revenue stream)?
8. Is it worth it? (cost verse benefit)
9. Does it instill improved state/local cooperation, participation, and planning?

State Tools	Notes	Local Tools	Notes
"A" Consideration Priority			
Fuel Tax (with or without an automatic indexing option) Yield: \$13 M per penny	<ul style="list-style-type: none"> 25% goes to B & C Road account Automatic fuel tax indexing could be added 	Local Option Fuel Tax Yield: Varies by area (estimates not available)	Diesel tax collection may have to move from the rack level to the distributor level.
Registration Fee Yield: \$1.7 M per dollar on passenger vehicles \$150,000 per \$1 increase (trailers) \$35,000 per \$1 increase (motorcycles) \$??? per 10% increase on large trucks	<ul style="list-style-type: none"> 25% goes to B & C Road account except \$10 per passenger vehicle and approx. 10% of all other vehicle registration fees are dedicated to the Centennial Highway Fund as part of the 1997 fee increase In lieu of property taxes, a statewide uniform fee is charged based on age for vehicles under 12,000 pounds (see 59-2-405.1) 	Local Option Registration Surcharge Yield: Varies by area (estimated \$??? M per penny in SL 40.3% (of state total passenger vehicles), UT 14.6%, DV 10.3%, and WB 7.8% counties)	How could it be administered?

State Tools	Notes	Local Tools	Notes
Sales Tax Yield: \$77.37 Million per 1/4 cent		Local Option Sales Tax for Transportation Yield: Varies by area (estimated \$??? M per penny in SL, UT, DV, and WB counties)	HB 136 "County Option Sales and Use Tax for Highways, Fixed Guideways, or Systems for Public Transit" passed during the 2003 General Session allowing a .25% tax in counties that have not passed the extra 1/4 cent tax for transit.
Dedicated General Fund dollars to Transportation Yield: based on appropriation or formula	<ul style="list-style-type: none"> • Should it be based on an annual appropriation or on a formula? • Will it continue to be a state rainy-day revenue source? • Should the General Fund pie be redistributed for this purpose? 		
Special Improvement Districts for Transportation Yield: unknown	<ul style="list-style-type: none"> • How could it be administered? • Can it be done fairly across projects? • How can pre-improvement tax value be determined? • Which entities forgo tax increment? 	Local Option Special Improvement Districts for Transportation Yield: unknown	<ul style="list-style-type: none"> • How could it be administered? • Can it be done fairly across projects? • How can pre-improvement tax value be determined? • Which entities forgo tax increment?
Tourist Tax (fee on rental cars, hotels, and restaurants) Yield: current 2.5% rental car tax yields \$15 Million	2.5% motor vehicle rental tax funds transportation corridor preservation (see 59-12-1201)	Local Option Tourist Tax (fee on rental cars, hotels, and restaurants) Yield: unknown	
Government Vehicle Exemptions (eliminate fuel tax and registration fee exemptions) Yield:	Government agencies including local government would have to adjust their budgets to pay the taxes.		

State Tools	Notes	Local Tools	Notes
<p>Utilities in Highway rights-of-way (charge utilities for use) Yield:</p> <p>Three types of scenarios exist in Utah statutes:</p> <ul style="list-style-type: none"> • excavation of a highway to repair or replace a utility line (permit fees are charged)(see § 72-7-102) • relocation of a utility line for a highway project (costs are born or shared by UDOT depending on circumstances) (see § 72-6-116) • longitudinal access for telecommunication on interstate freeways (in-kind payment is allowed along with monetary payments (see § 72-7-108) 	<ul style="list-style-type: none"> • Are the fees charged appropriate? • Should less in-kind facilities be accepted for longitudinal access in exchange for more dollars dedicated to transportation? 		
<p>Sale Lease Back Financing for Transportation Yield:</p> <p>A government unit sells property to a private party then leases it back from the private party. The private party benefits from federal tax depreciation and the government unit benefits from a cash inflow from the sale proceeds.</p>	<ul style="list-style-type: none"> • Can it work without a change in the state constitution to allow a property tax exemption? (a 2002 state constitutional amendment failed in the statewide General Election) • Can the contracts adequately protect the government unit and the taxpayers? 	<p>Sale Lease Back Financing for Transportation Yield:</p> <p>A government unit sells property to a private party then leases it back from the private party. The private party benefits from federal tax depreciation and the government unit benefits from a cash inflow from the sale proceeds.</p>	<ul style="list-style-type: none"> • Can it work without a change in the state constitution to allow a property tax exemption? (a 2001 statewide ballot question failed) • Can the contracts adequately protect the government unit and the taxpayers?

State Tools	Notes	Local Tools	Notes
Local Participation in State Transportation Projects Yield: unknown	Should the state provide increased consideration for projects benefitting local communities if the local government cooperates with matching funds and planning efforts? If so, how?		
"B" Consideration Priority			
Vehicle Mileage Fee Yield: \$244.39 Million per penny per mile (Oregon proposal is 1.22 cents per mile)	<ul style="list-style-type: none"> • How could it be administered? • What is the potential for tax evasion? • Should in-state and out-of-state miles and urban vs. rural county residents be treated differently? • What about out-of-state vehicles? 		
Sales Tax on Fuel Yield: \$19.73 Million per 1 percent (assume tax on \$1.50 per gallon) (\$14.56 Million on motor fuel) (\$5.17 Million on special fuel)	Apply to total purchase price or price excluding state fuel taxes and/or federal fuel taxes?	[Local Option Sales Tax on Fuel]	This option would violate the streamlined sales tax agreement
State Property Tax for Transportation Yield:	The state may impose a statewide property tax for general state purposes (see § 59-2-901). This tax authority has rarely (if ever) been used.	Local Option Property Tax for Transportation Yield: Varies by area (estimated \$??? M per mil in SL, UT, DV, and WB counties)	
Toll Roads Yield: unknown	<ul style="list-style-type: none"> • Which roads? • Need federal approval. • How could it be administered? 		

State Tools	Notes	Local Tools	Notes
HOT Lanes Tolls (allow single occupant vehicles in HOV lanes for a fee) Yield: unknown	<ul style="list-style-type: none"> • Need federal approval. • How could it be administered? 		
Port-of-entry fines (dedicated fine revenue for citation issued to Transportation) Yield:	Fines for violations of maximum weight limitations and overweight permits, minus court costs, are currently deposited into the B and C roads account (see § 78-3-14.5 and 78-5-116)		
Airport Fees for Light Rail Extension Yield:	What fees?		

Revenue estimates provided by the Office of the Legislative Fiscal Analyst.
Prepared by the Office of Legislative Research and General Counsel.