

# State Responses to COVID's Impact on Transportation Budgets

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Founded in 1908, the National Governors Association (NGA) is the collective voice of the nation's governors. Our members are the governors of the 55 states, territories and commonwealths. NGA provides governors and their staff with services that range from representing states on Capitol Hill and before the Administration to developing and implementing innovative solutions to public policy challenges through NGA's Center for Best Practices.

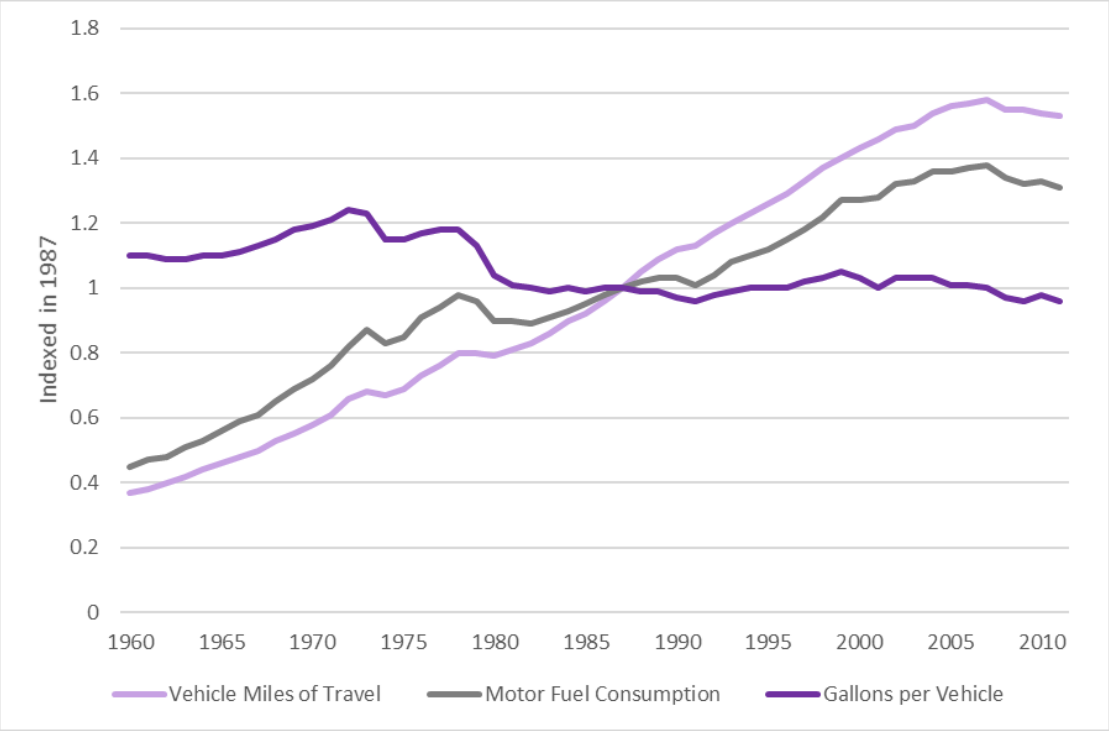


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# Pre-Pandemic Transportation Funding Challenges

- ▶ Widening funding gap - \$1.4 trillion in needs by 2025
- ▶ Shifting state-federal cost share
  - 1980: 63% state & local 36% federal.
  - 2019: 78% vs. 22%
- ▶ Increasing cost drivers and weakening revenue sources: inflation, fuel efficiency, VMT

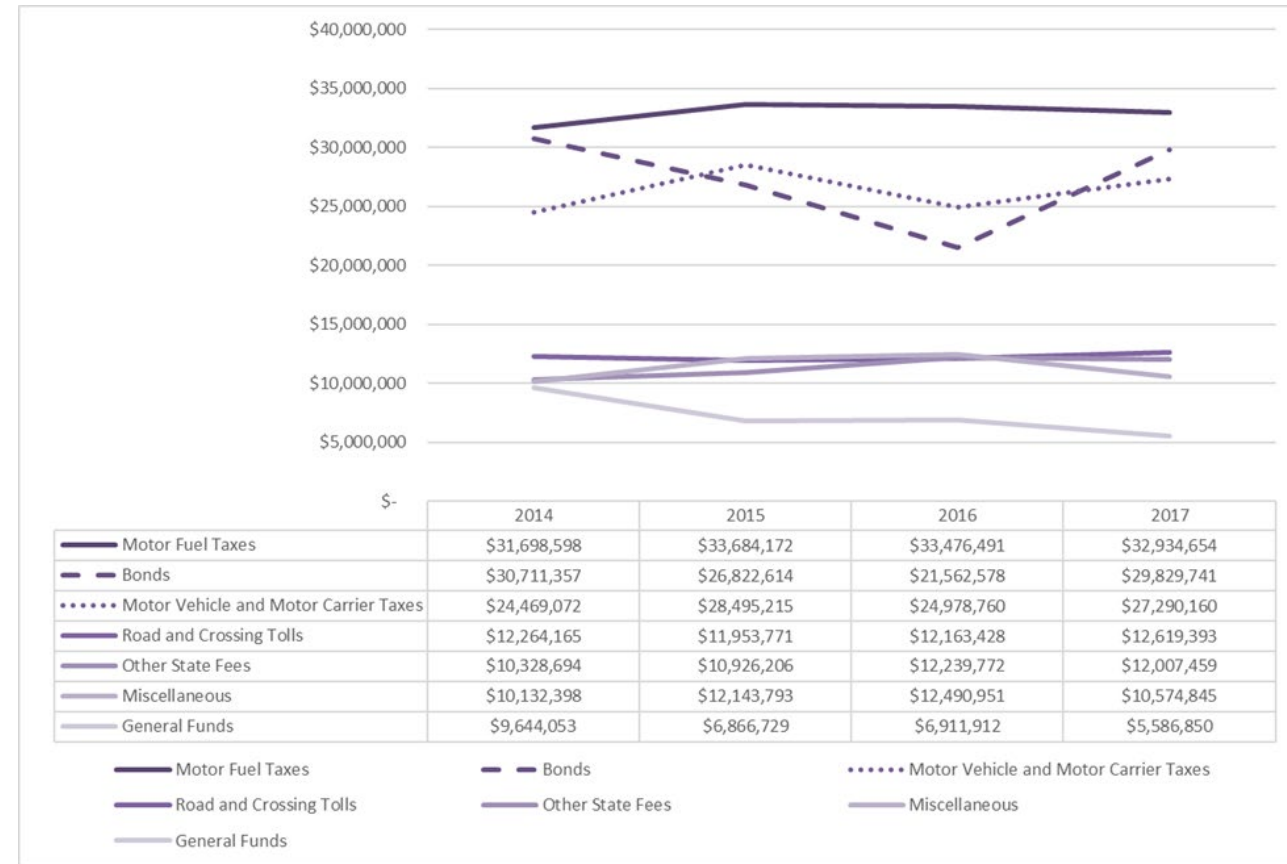
### Fuel Consumption, Vehicle Efficiency, and VMT



# Pre-Pandemic Transportation Funding Efforts

In 2019 & 2020, Governors raised billions for maintenance, upgrades, and new projects with:

- ▶ Motor Fuel Taxes (ex. **AL, AR, IL, OH, & UT**)
  - ▶ Since 2013, 30 states have increased the fuel tax rate, many indexing to keep pace with inflation
- ▶ New Sales Taxes (ex. **AR, KS, UT, & VA**)
- ▶ Vehicle Registration Fees and Tolls (ex. **AZ, CA, FL, NY, & WA**)
- ▶ General Funds (ex. **CO, LA, MA, NM, OK, & WV**)
- ▶ Bonding Initiatives (ex. **CT, ID, ME, MI, MN, MO, MT, NC, OK, & WA**)

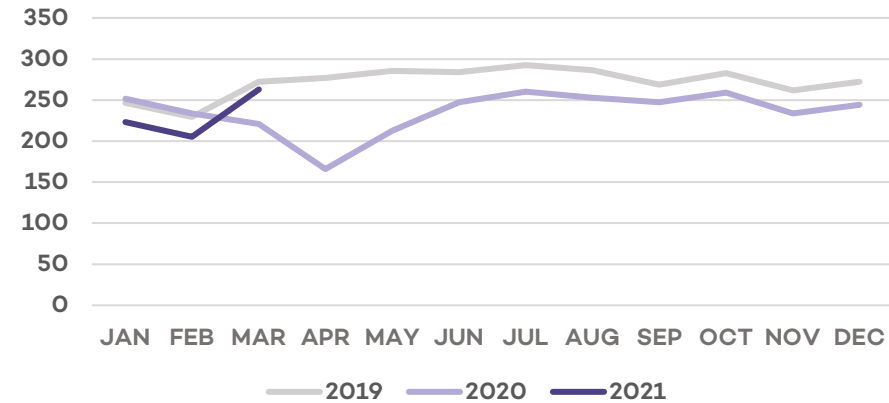


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# COVID Impacts & Latest Developments

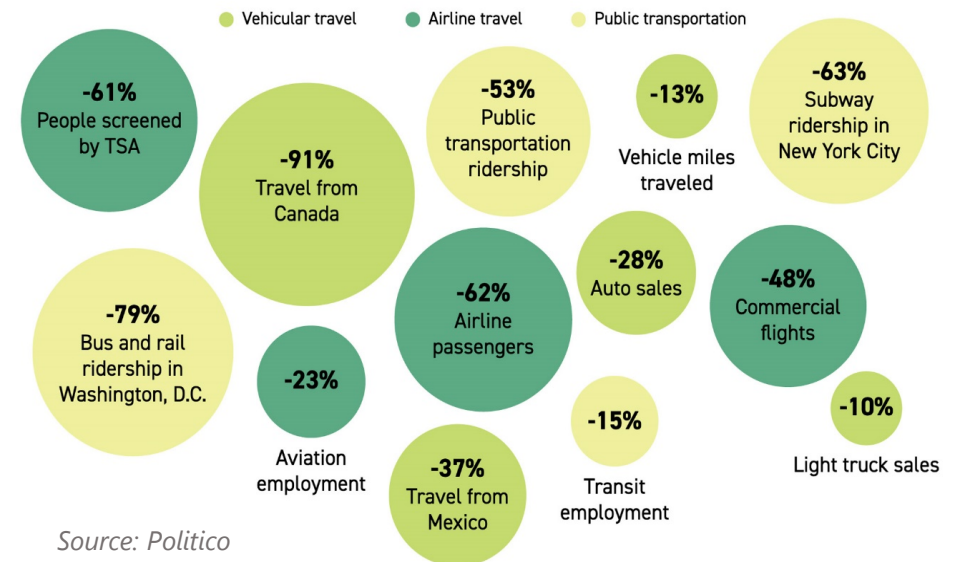
- ▶ Revenue budget shocks
  - ▶ \$37 – \$50 billion in combined estimated losses (AASHTO)
  
- ▶ Operational changes
  - ▶ Telework & “Rush Hour,” fare-free transit, and licensing & fee waivers
  
- ▶ Project Delays
  - ▶ By August 2020, **28 states** had announced at least one transportation project had been delayed or postponed as a result of COVID-related issues

Estimated Monthly U.S. Motor Vehicle Miles Traveled (Billions)



Source: FHWA *Traffic Volume Trends*

2020 TRAVEL METRICS, COMPARED WITH 2019



Source: Politico

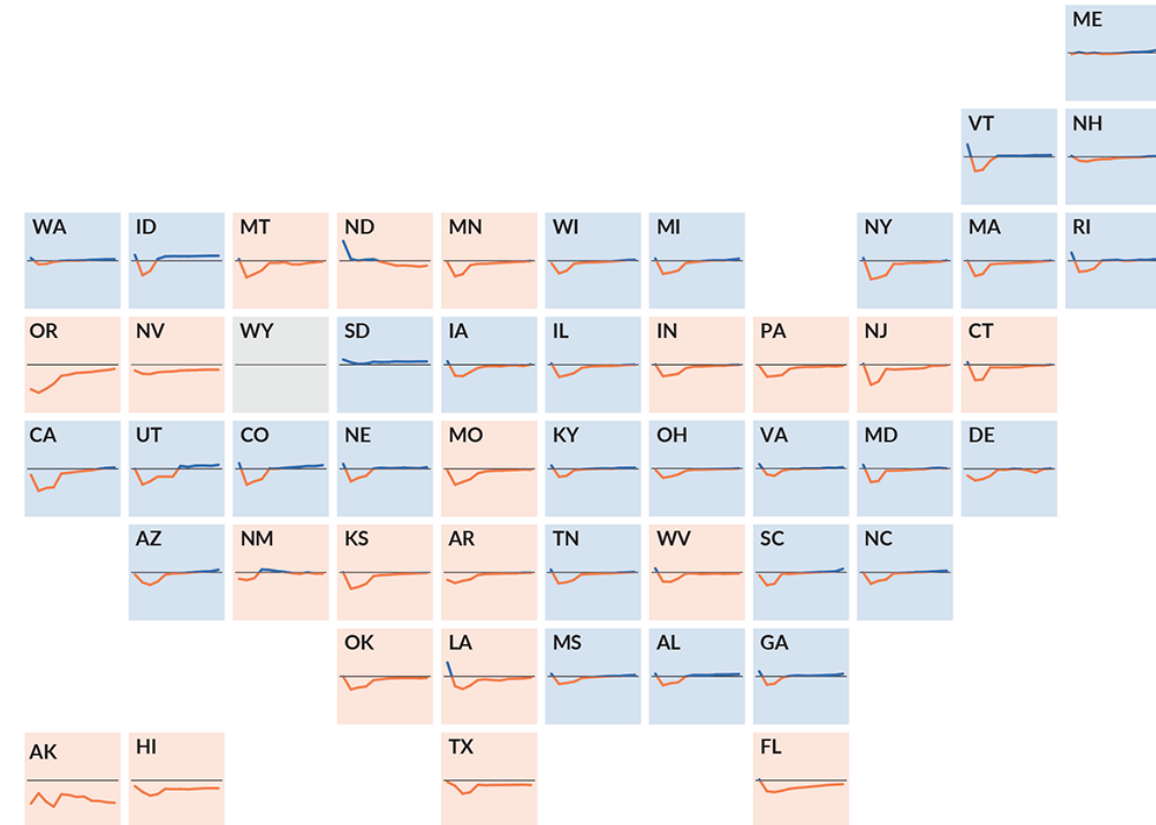
# Emerging Recovery

- ▶ Federal relief funding and shifting travel patterns
- ▶ 29 states have matched or exceeded pre-pandemic rates
- ▶ 18 states are still reporting declines
- ▶ New infrastructure investments (ex. **ID**, **CA**, & **CO**)

Figure 2

## Majority of States Overcome Initial Pandemic Tax Losses

Cumulative change in monthly receipts from March 2020 through February 2021, compared with a year earlier



— Gains exceed losses  
— Losses exceed gains

Note: Data is missing for the following states and months: Connecticut (July), Maryland (July), Utah (July and August), Nevada and New Mexico (February), and Wyoming (entire period).

Source: Pew analysis of monthly state government tax revenue data compiled and licensed by the State Tax and Economic Review Project at Urban Institute's State and Local Finance Initiative, <https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-tax-and-economic-review/data-subscriptions>



### Transportation Funding And Financing During COVID-19

This memo summarizes mechanisms states and territories use to fund and finance transportation systems, as well as recent Governor initiatives on state transportation revenues and resources before and after the start of the COVID-19 pandemic.



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WHITE PAPER

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Governors Propose Infrastructure Investments To Support Long Term Economic Recovery



As the nation's economy looks to recover from the COVID-19 pandemic, states are positioned to maximize the benefits from infrastructure ...

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# Thank you!

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<https://www.nga.org/center/publications/transportation-funding-financing-covid-19/>

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