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Options for Increasing State Funding for Transportation

LEGISLATIVE ANALYST'S OFFICE

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Senate Transportation and Housing Committee
Hon. Jim Beall, Chair





Transportation Funding Options

- Increase Taxes or Fees.*** The Legislature could increase taxes or fees to generate additional funding for transportation programs. In particular, as shown in the figure on the next page, the Legislature could increase one or more of the state's existing taxes and fees on fuels or vehicles (such as the excise tax on gasoline).

- Use Other Existing State Revenues.*** The Legislature could use existing revenues from other sources to fund transportation, such as the state General Fund or cap-and-trade auction revenues.

- Repay Outstanding Transportation Loans.*** There is currently about \$700 million in outstanding transportation loans from various transportation accounts that were loaned to the General Fund.



Transportation Funding Options *(Continued)*

Options to Increase Existing State Transportation Taxes and Fees

Revenue Source	Allowable Uses	Potential Revenue
Gasoline excise tax	State highway and local road construction, maintenance, mitigation, and associated administrative costs. Transit fixed guideways.	\$150 million per one cent increase.
Diesel excise tax	State highway and local road construction, maintenance, mitigation, and associated administrative costs. Transit fixed guideways.	\$30 million per one cent increase.
Diesel sales tax	General use	\$85 million per one percent increase. ^a
Vehicle registration fee	State highway and local road construction, maintenance, mitigation, and associated administrative costs. Transit fixed guideways. State administration and enforcement of traffic laws.	\$34 million per one dollar increase.
Vehicle license fee	General use	\$3.5 billion to \$4 billion per one percent increase.
Vehicle weight fees	State highway and local road construction, maintenance, mitigation, and associated administrative costs. Transit fixed guideways. State administration and enforcement of traffic laws.	\$10 million per one percent increase of all rates.

^a Assumes an average diesel price of \$3 per gallon.