



# Transportation Funding

2018

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# INTRODUCTION

Atlanta's Transportation Plan is the access strategy for Atlanta City Design. The Plan is divided into a concise final report and a series of detailed technical appendices. The final report summarizes Atlanta's Transportation Plan in an easily digestible manner using infographics, maps, and images and is intended for the general public and elected officials. The technical memorandums are intended for planners, City staff, and implementation partners that require a higher level of detail.

As part of Atlanta's Transportation Plan, this technical appendix focuses on transportation funding in Atlanta. Transportation funding in Atlanta involves a complex mix of funding sources with different allowable uses for depending on the source of the funds, which agency is using it, and for what type of project. Generally, those sources include numerous federal and state funding categories and grants, as well as local funds. Transportation funds are used by the City, Metropolitan Atlanta Rapid Transit Authority (MARTA) and Georgia Department of Transportation (GDOT) – each with its' own unique role and responsibilities in the provision of transportation infrastructure and services. This paper provides an overview of current transportation funding in Atlanta, looks at several peer cities for comparison, and then makes specific recommendations to fund ongoing maintenance and system improvements.

## BACKGROUND

Within the City of Atlanta, GDOT primarily uses state and federal sources to maintain the interstate highway system (I-75, I-85, I-20), national highway system (such as US 41, US 19), state route system, and bridges. MARTA primarily uses federal funds and local sales tax funds to build and operate the MARTA rail, fixed route bus system, and paratransit services. And, the City primarily uses local funds and some federal and state grant funds to build and operate local streets, the Beltline and the Streetcar. This report focuses on access to and use of funds by the City of Atlanta to operate and maintain their transportation assets.

The Atlanta Regional Commission states that the region spends about \$2 billion on transportation each year. Of this amount, 35% comes from federal sources and 15% from state sources. Transit agencies in the Atlanta region receive no significant state funding for operations. The remaining funding comes from local governments and from regional taxes – a 1% sales tax for MARTA in counties served by MARTA, as well as a temporary 0.5% sales tax approved by voters for specific capital projects.

# CURRENT TRANSPORTATION FUNDING

## FUNDING SOURCES

Transportation funds in the City can vary significantly from year to year depending on the success in receiving federal and state grants, and depending on the current phase of project development on specific initiatives such as the City's Beltline or Streetcar. Nonetheless, Atlanta's current Fiscal Year (FY) 2017 budget suggests that 38% of the city's transportation funding comes from state and federal governments, 57% from the city's General Fund, a mix of special assessment funds (taxes levied on specific districts within the city), grants from the Atlanta Regional Commission, infrastructure bonds, and other small sources. The city's transportation budget for FY 2017 is approximately \$53.8 million.

Until recently, most City transportation funds came from the City's general funds, and funding for system improvement have been limited to the City's ability to make those funds available from the already stretched general fund. In 2016, Atlanta residents approved a half-cent sales tax that will raise \$2.5 billion for transit over 40 years. These funds will go to MARTA to make major investments in transit infrastructure within the City of Atlanta such as high-capacity rail improvements, new infill rail stations, new buses, more frequent service, and new bus routes. Additionally, residents also approved a special purpose local option sales tax for transportation, known as T-SPLOST. The City's T-SPLOST will raise an additional \$300 million over five years through a sales tax of four-tenths of a penny, or an additional four cents on a \$10 purchase. These funds will go to the City to construct transportation improvements.

As part of the Renew Atlanta Infrastructure Bond Program, the City of Atlanta is also authorized to borrow up to \$250 million in bonds to address the city's infrastructure backlog of more than \$900 million without raising property taxes.

Before the recently approved half-cent sales tax, MARTA had only received funding through a one percent sales tax levied in two counties and through ridership revenues. Additionally, a state mandate restricted MARTA to spend only 50 percent of the sales tax revenue on operating costs, with the rest going to capital improvements. No other transit agency in the state had this restriction. In Atlanta, transit funding had been largely seen as a local or county responsibility instead of the state's responsibility. The MARTA funding changes in 2016 somewhat reduced the restrictions as to how MARTA may use its' local funds. The cumulative effect of those changes plus the additional half-cent sales tax within the City of Atlanta is that MARTA now has additional funding capacity to upgrade and expand the transit system in the City.

In 2015, Georgia became the first state to enact legislation linking gas taxes to the efficiency standards of motor vehicles, which effectively alleviates any lost revenue because of more fuel-efficient cars. Georgia's gas tax varies depending on vehicle fuel-efficiency and the Consumer Price Index. This, plus several other changes to how the state collects fuel tax and vehicle sales tax, has significantly increased state transportation funds to the GDOT – resulting in an increase in the statewide capital program of almost \$1 billion per year. So, the state DOT is now in a better financial position to upgrade the state's transportation system and services.

## EXPENDITURES

According to the City's 2015-2019 Capital Improvement Program (CIP), approximately \$254 million in projects have been programmed for funding over this five-year period. Funds in the CIP are allocated as follows:

- 45% to pedestrian projects (sidewalks and multiuse trails, which may include bicycle infrastructure)
- 42% to transit (i.e. the Streetcar)
- 6% to road diets (includes some bike projects)
- 5% to general streetscape projects (which may overlap with sidewalk projects)
- 2% on road reconstruction projects
- 1% on bike projects

# CASE STUDIES

Funding streams in other peer cities were evaluated to provide a point of comparison for the City of Atlanta. Figure 1 highlights each city's population, annual vehicle revenue miles for the Urbanized Area, and the overall city budget. The following cities have been reviewed and are discussed in more detail below:

- Washington, D.C.
- Chicago, IL
- Dallas, TX
- Houston, TX
- Miami, FL
- Seattle, WA

**FIGURE 1 CITIES AT-A-GLANCE**

City	Population 2016 ACS Estimate	Annual Vehicle Revenue Miles 2014 - Urbanized Area	City Budget	Transportation Budget
Atlanta, GA	472,522	63 million	\$2.1 billion FY 2018	\$58.8 million FY 2017
Washington, D.C.	681,170	174.5 million	\$13.8 billion FY 2018	\$440 million FY 2018
Chicago, IL	2,704,958	243.3 million	\$9.8 billion FY 2017	\$304.2 million FY 2017
Dallas, TX	1,317,929	62.8 million	\$3 billion FY 2018	\$43.8 million FY 2018
Houston, TX	2,303,482	72 million	\$5.2 billion FY 2018	\$1.3 million FY 2018
Miami, FL	453,579	99 million	\$1.1 billion Proposed FY 2018	\$15.3 million Proposed FY 2018
Seattle, WA	704,352	102.7 million	\$5.6 billion FY 2018	\$227 million FY 2018

## WASHINGTON, D.C.

### Funding Sources

According to the FY 2018 city budget, the total appropriation request for FY 2018-2023 is \$6.64 billion, of which \$1.19 billion is planned in capital expenditures. The majority of the budget will be financed with municipal bonds totaling \$4.14 billion, along with Pay-As-You-Go transfers

from the General Fund, federal grants, and a local match to the grants from the Federal Highway Administration, private donations, sales of assets, and local transportation fund revenue.

The proposed FY 2018 capital program includes \$1.2 billion in planned capital expenditures to be financed by:

- \$706 million in new I.T. or G.O. bonds (59%)
- \$173.2 million in federal grants and payments (14%)
- \$98 million from Grant Anticipation Revenue Vehicle bonds (8%)
- \$85.4 million from new short-term bonds (7%)
- \$49 million in Paygo (4%)
- \$45.2 million from the Local Transportation Revenue Fund (4%)
- \$27.8 million in the Local Match to the FHA grants (2%)
- \$1 million from the sale of assets (FY 2018 Budget, p. 6 of Exec Summary)

The Financially Constrained Long-Range Transportation Plan (CLRP) for the National Capital Region estimates that \$244 billion will be available for transportation through 2040. The majority (72%) of this revenue will come from federal, state, and local governments. Fares and tolls account for 24% of the revenue. The remaining amounts are generated through private or other sources (3%).

## Expenditures

Transportation expenditures in the FY 2018-2023 Capital Improvement Plan (CIP) include:

- \$902 million for transit (\$623 million for the Metro bus/rail system and \$279 for the Circulator and streetcars)
- \$682 million for bridge replacements and corridor improvements
- \$356 million of investment in the District's local roadways, alleys, curbs, and sidewalks
- 161 million of investment in streetscapes, trails, trees, green space, and streetlights
- \$4.5 million for increased street safety

For FY 2018 alone, \$1.2 billion is designated for capital expenditures. Of this amount, \$440 million will be allocated to the District Department of Transportation. Planned expenditures include:

- \$119 million corridor improvements and a bridge replacement
- \$29 million for local streets rehabilitation
- \$12 million for alley maintenance and rehabilitation
- \$7 million for expansion of the D.C. Streetcar line

As highlighted in the CLRP for the region, most of the \$244 billion in revenue through 2040 will be spent on the operation and maintenance of the region's transportation system.

Approximately \$42 billion (17%) will go towards roads or transit facilities. Major highway projects will cost \$1.1 billion. Approximately \$839 million will be spent on major transit projects in D.C., including projects such as the D.C. Streetcar, a dedicated bicycle lane network, and bus priority improvements.

## CHICAGO

### Funding Sources

For capital improvements, the City of Chicago pulls from an array of funding sources. City funds include proceeds from the corporate (general) fund, user fees, bonds, and taxes (i.e. vehicle and motor fuel taxes). Some projects receive federal and state funds, while other projects are funded by special assessments, such as the Shared Cost Sidewalk Program, where the City and owners share the cost of replacing sidewalks. Transportation infrastructure highlighted in the CIP are partly financed with over \$163 million in neighborhood capital improvement bonds.

Revenue for the regional CIP is generated from general obligation bond issues, state, and federal funding for transportation improvements. For 2017, total Capital Program funding is \$1.8 billion, while the five-year capital plan totals \$5.1 billion. Federal funds account for about half and Chicago Transit Authority Transit Tax Increment Financing (TIF) funds account for about a third of the 2017 regional transit capital program. The remainder is mostly comprised of bond proceeds and service board funds. The capital program does not include any new source of state funds.

### Expenditures

The total FY 2017-2021 CIP budget is \$3.5 billion. Of this amount, \$1.1 billion will be allocated to transportation, which accounts for 15% of the five-year plan. Approximately half of the proposed transportation allocation will be set aside for rail line improvements. Systemwide projects will be given a quarter of funding for uses such as information technology, non-revenue vehicle replacement, rail station rehabilitation, and other items.

With a total transportation budget of \$304.2 million for FY 2017, the CIP highlights the following expenditures:

- \$123.8 million for transit, bicycle, and pedestrian improvements (includes the rehabilitation or replacement of transit stations, ensures safe and efficient transit service, and the installation of bicycle and pedestrian facilities)
- \$92.2 million for major street resurfacing, reconstruction, and widening
- \$65.2 million for bridge improvements
- \$14.6 million for traffic signal design and installation



- \$5.2 million for intersection improvements
- \$3.2 million for railroad improvements

An additional \$705.2 million is available for Neighborhood Infrastructure for FY 2017-2021. The Neighborhood Infrastructure capital improvement program, administered by the Chicago Department of Transportation, consists of improvements to the local street system. This includes the following programs or improvements: alley construction, lighting, new streets, sidewalk repair, resurfacing, and the Aldermanic Menu. The Aldermanic Menu Program projects consist of projects funded through a portion of local bond funding and are provided to aldermen each year to be spent on specific capital improvements in their respective wards. Projects often involve street repairs or upgrades, alleys, curbs, sidewalks, traffic signals, street lighting, and street pole painting. Each ward receives \$1.3 million, annually.

## DALLAS

### Funding Sources

The proposed FY 2017-2018 budget states that the current Mobility and Street Services Department will be split to create a new Transportation Department. The new department will receive a total of \$44.7 million from the following sources:

- General fund: \$43.8 million
- Texas Department of Transportation (TxDOT) reimbursement: \$821,245
- Water utilities reimbursement: \$7,500

The proposed 2017 Capital Bond Program will address street, alley, sidewalk, traffic signal conditions, and other infrastructure needs. The proposed budget includes \$63 million for streets and alleys, which includes \$2 million in matching funds for approximately \$10 million of state and federal grants for traffic signal replacement.

The North Texas region receives revenue through a \$0.20 state gas tax and a \$0.18 federal gas tax. The region, however, does not receive all of the revenue, which is diverted to non-transportation uses at the state level.

### Expenditures

The FY 2017-2018 city budget is \$3.1 billion. Of this amount, the Transportation Department will receive \$44 million. Most of these funds are dedicated to street repair and street lighting.

Proposed expenditures for FY 2017-2018 are broken down as follows:

- \$17.4 million for street lighting
- \$8.1 million for traffic operations maintenance
- \$6.9 million for traffic safety and congestion management

- \$5.6 million for the Safelight program (uses automated enforcement cameras to monitor red light running and increase intersection safety)
- \$4.9 million for parking management and enforcement
- \$1.9 million for mobility planning

## HOUSTON

### Funding Sources

The FY 2017-2021 CIP receives funding from a variety of sources including bonds, fees, and federal grants. As part of the CIP, ReBuild Houston provides specific methods for funding street and drainage system infrastructure. ReBuild Houston is the city's initiative to improve the quality and of life and mobility for residents. Funds for ReBuild Houston come from a drainage utility charge, developer impact fees, ad valorem taxes, and third party funds (i.e. METRO, TxDOT, and federal grants). The ReBuild Houston business model emphasizes "Pay-As-You-Go" funding, where no new debt is incurred and cash payment results in no more interest payments on new projects. As old debt is paid off from ad valorem (property) taxes, funds become available for future projects.

As highlighted in the FY 2017-2021 CIP, the Street and Traffic Control Program includes \$868 million in city, METRO, Harris County, private, state, and federal funds for street-related infrastructure. These sources account for 16% of the total \$4.8 billion identified for Public Works capital improvement programs. The Street and Traffic Control Program includes \$280 million from the Streets and Drainage Capital Fund under a renewal fund approved by voters in 2010. The fund is scheduled to receive \$340 million from METRO and \$102 million from TxDOT.

Key sources of funding in the regional 2017-2020 TIP include federal funds (i.e. Surface Transportation Block Grant Program, Congestion Mitigation Air Quality Program, Transportation Alternatives Program), taxes (oil and gas extraction, sales taxes), public-private partnerships, and local programs such as local option sales taxes, toll revenues, and general appropriations.

### Expenditures

Of Houston's \$5.2 billion budget for FY 2018, approximately \$1.3 million from the General Fund is allocated to the Public Works and Engineering Department for transportation projects. The Traffic Operations Division will receive \$619,031 and the Transportation Planning Division will receive \$728,000. The Transportation Planning Division leads the City's systems-level mobility planning, which includes management of the city's Complete Streets and Transportation Plan, Major Thoroughfare & Freeway Plan, Bicycle Master Plan, rail planning, local area studies, and external transportation funding efforts.

Projects for the Street and Traffic Control Facilities Improvements Program within the FY 2017-2021 CIP are classified into four major categories and funded as follows:

- Thoroughfares and Collectors: \$470 million
- Local Streets: \$173 million
- Intersection Improvements: \$47 million (includes upgrading equipment and maintaining traffic signals)
- Focused Projects: \$178 million (includes sidewalks, neighborhood traffic management, railroad quiet zones, and commuter bicyclist infrastructure)

In 2012, Houston residents approved a major bond referendum providing \$166 million in parks funding, \$100 million of which is set aside for the Bayou Greenways 2020 project. Bayou Greenways 2020 will create a continuous network of linear parks with walking, biking, and bicycle trails along the major bayous within the city. The FY 2017-2021 CIP allocates \$63 million towards the project.

Recently, the city entered into a \$4 million contract to implement bike share. Through the 2015 Transportation Improvement Plan Call for Projects, the city was awarded a \$3.7 million reimbursable grant to expand the bike share system with a purchase of 71 bike stations, 568 bicycles, and two transport vehicles.

The proposed regional Capital Program budget is \$178 million and is separated into two program categories: the METRO Rail Completion (MRC) program and the CIP. In FY 2017, \$47 million will be dedicated for MRC expenditures and \$131 million for the CIP. Of the \$131 million allotted for the CIP, funds will be divided among the following projects:

- \$82 million for State of Good Repair (e.g. bus acquisitions, METROLift van replacements, bus and facilities improvements and support vehicles)
- \$16 million for projects that enhance existing assets and support the Universal Accessibility Projects
- \$30 million for projects relating to serve expansion
- \$3 million of unallocated funding for projects that are currently not under contract or otherwise obligated

MIAMI

## Funding Sources

The City of Miami does not require general fund support for transportation and instead relies on special revenue funds, in the form of grants or other aid. These funds are restricted to expenditures for particular purposes, such as street, sidewalk, and drainage improvements. In FY 2018, \$250,000 is allocated for transportation.

In 2015, the city established a transportation trust fund, which establishes a steady funding stream to fund small- and large-scale transit projects. The following sources of revenue will be directed into the fund:

- 20% of any one-time cash payment to the city exceeding \$500,000 (public air rights sold to a developer, for example)
- 0.25% of the city's general budget fund and reserves that money for transit operations and maintenance
- Parking impact fees from transit-oriented developments that pay the city to receive reductions in parking requirements

Additionally, the CIP has earmarked funding at approximately \$607 million for 881 projects (315 active and 566 future projects). CIP fees and revenues represent the largest share of funding in the CIP, accounting for 56.5% of overall Plan funds. City bonds are the second largest funding source (21%) and county funds account for 9.6% of funding. The remaining 12.9% are from federal, state, local grants, and other small sources.

According to the FY 2016-2017 Adopted Budget and Multi-Year Capital Plan for Miami-Dade County, approximately 50% of revenue for transportation comes from the proprietary fee and bond funds (\$385.3 million), followed by the Countywide General Fund (\$195 million, or 25%).<sup>1</sup> Transit funding for the FY 2018 regional TIP comes from the Federal Transit Administration, the Public Transportation Office of the Florida Department of Transportation, sales taxes, and from local general funds.

Lastly, the Citizen's Independent Transportation Trust manages the half-cent sales tax that was enacted in 2002. A resolution was passed in 2015 requiring a complete return, within three to five years, of the 40% in sales tax revenues currently being used for maintenance and operation to be applied to capital improvements.

## Expenditures

The FY 2018-2023 Capital Plan budget allocates \$632.5 million for 869 projects (547 active and 322 future projects). Transportation-related funds are distributed as follows:

- Parks and recreation: \$198.7 (31.4%)
- Streets and sidewalks: \$143.3 million (22.7%)
- Public facilities: \$104 million (16.4%)

## SEATTLE

## Funding Sources

Funding sources for the Seattle Department of Transportation's (SDOT) 2017 budget include: federal, state, and local grants; bonds; Move Seattle property levy proceeds; vehicle license

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<sup>1</sup> For more information, see: <http://www.miamidade.gov/budget/library/fy2016-17/adopted/volume-2/transportation-and-public-works.pdf>



fees; taxes (e.g. sales, parking, property, and gas); school zone camera and red light camera infractions; and an annual allocation from the City's General Fund.

The adopted 2017 budget provides SDOT with \$43 million in General Funds and \$405.4 million from other funding sources. In 2018, the endorsed budget includes \$41.6 million in General Funds and \$523.6 million from other funding sources.

In 2006, voters approved Bridging the Gap, a \$365 million funding package to address 35 years of deferred maintenance. This funding stream supplied 10.2% of the Seattle's overall transportation funding in 2015, restored dedicated transportation revenues, and allowed SDOT to leverage grant funding for infrastructure maintenance.

In 2015, voters approved "Move Seattle," a \$930 million property tax levy over nine years, from 2016 to 2024. The Move Seattle levy provides \$10.7 million in 2017 and about \$11 million in 2018 for transportation maintenance and repair, safety, and congestion relief. The levy also supports the transportation capital program by providing \$114 million in 2018. The levy is funded by property taxes but will allow SDOT to leverage funds from additional state, federal, and private investments.

The Transportation CIP is funded through multiple sources, including:

- Move Seattle levy
- Taxes (i.e. gas tax, real estate excise tax, and commercial parking tax)
- Vehicle license fees
- General obligation bonds
- Street vacation revenues
- Street use fees
- Property sale proceeds
- Federal and state grants
- Funds from various funding partners (i.e. Sound Transit, Port of Seattle, Washington State DOT)

The proposed CIP budget in 2017 is about \$226 million through local revenues (60%), long-term financing (24%), and external funding (16%). Local funding revenues are for programs that improve or maintain the City's transportation system. They also serve as local matching funds to SDOT's funding partners on large capital projects. The city is expected to receive \$14.6 million in 2018 from the gas tax.

## Expenditures

The SDOT 2016 Move Seattle Budget is \$82.1 million. In total, the nine-year \$930 million funding package allocates \$420 million towards maintenance and repair, \$303 million towards congestion relief, and \$207 million towards safe routes. The safe routes program includes the

city's Vision Zero initiative, Safe Routes to School, signage and markings, bicycle and pedestrian safety, and the Neighborhood Street Fund program. Paid for through property taxes, Move Seattle will cost the median household about \$275 a year for nine years and accounts for 30% of the city's transportation budget.

The city's CIP includes more than \$1.5 billion in planned transportation spending from 2017 to 2022. For FY 2018, funds are allocated as follows:

- \$75 million for streetcar
- \$33 million for grade separation projects
- \$23.9 million for street paving and resurfacing
- \$15.9 million towards the Pedestrian Master Plan (e.g. new sidewalks, school safety, Pedestrian Plan implementation)
- \$10 million for bridge projects
- \$9.2 million towards Bicycle Master Plan investments
- \$6.8 million for multimodal corridors
- \$3.8 million for BRT corridors
- \$650,000 for traffic cameras and signals

DRAFT

# RECOMMENDATIONS

Additional funds will be key to fulfilling all of Atlanta's transportation needs and improvements highlighted in this Comprehensive Transportation Plan. With an infrastructure backlog of over \$900 million, T-SPLOST and the Renew Atlanta bonds will only cover a combined total of \$550 million for at least five years. For the remaining \$350 million, the city must rethink how transportation can be funded to achieve greater mobility while continuing to have a sensible and sustainable budget. Leveraging local funding for future capital projects will be essential, and steps must be taken to ensure that the incentives employed to bring in revenue are aligned with the City's overall goals.

The City's current reliance on bonds to fund capital projects is not sustainable. If Atlanta seeks to remain competitive with peer cities that are making strategic investments in their transportation networks, steady and predictable sources of funding must be identified. This may come in the form of taxes (e.g. sales taxes, fuel taxes, and parking taxes) and user fees (e.g. impact fees, tolls, congestion pricing, and mileage fees).

## SUSTAINABLE FUNDING

The key to successful implementation of a transportation plan is the utilization of various funding sources that can complement local funding and best leverage available resources. Below are three methods that can contribute to the development of sustainable sources of funding.

### Restructure Parking Pricing

Parking fees can incentivize commuters who normally drive to opt for public transit instead—thus raising revenue collected from transit fares—and subsidizing those who choose not to drive their cars into congested areas. It is important to establish fair prices that accurately reflect the externalities of driving a motor vehicle and ensure that revenues are distributed in an equitable manner.

Some parking policy experts recommend that revenues from parking pricing only be used in the areas where parking meters are located so that drivers can see the benefit of their fees. Using the revenues for street improvements, pocket parks, or other measures to improve the surrounding community can also boost economic development in the area.

### Congestion or Cordon Pricing

A congestion pricing model charges drivers a fee to travel during certain times of the day. Revenues raised through congestion pricing could fund maintenance and operations of roadways. Similarly, cordon pricing charges users for entering a congested area, such as a city center, during certain times of the day. While several states have implemented various forms of congestion pricing, no states have implemented cordon pricing. However, these methods are

used in numerous other countries to both mitigate demand and generate revenue. Studies of existing congestion pricing systems in other countries have found that congestion pricing is generally beneficial to the whole community as long as commuters have access to public transit and the revenues are split between roadway and public transit investments.

In 2006, congestion pricing was introduced in Stockholm, Sweden as a seven-month trial. The time-differentiated toll, established around Stockholm's inner city, was initially met with resistance from the public. Prior to the start of the trial, only 34% of Stockholm citizens had supported the charges. However, once the trial began and yielded positive results, public support increased to 53%. At the end of the trial, 53% of Stockholm citizens voted to make the tax permanent. A 2013 poll showed 72% in support of the tax.

## **Vehicle Miles Traveled (VMT) Fee**

As an alternative to existing gas taxes, VMT fees have become increasingly popular over time, although there is much debate over how to realistically and fairly implement them. In general, VMT fees can lead to more equitable and efficient uses of roadways by charging drivers based on their actual road use and incentivizing people to drive less. Unlike the gas tax, VMT fees do not preclude certain road users. Currently, drivers of vehicles powered by alternative technologies are using public roads without paying the fuel taxes used to improve the roads.

Another benefit of VMT fees is the ability to structure fees to reflect the cost of using a particular road. For example, fees can be set higher on heavily used roads and lower on more lightly used roads. They can also vary by time or traffic levels as they worsen or improve, encouraging drivers to avoid rush hours or perhaps avoiding the need for new construction or highway improvements.