

Impacts on Transportation Funding August 2020

- KENTUCKY GASOLINE TAX & VEHICLE USAGE TAX
- CORPORATE AVERAGE FUEL ECONOMY (CAFÉ)
- FEDERAL GASOLINE TAX
- HIGHWAY CONSTRUCTION COST INDEX
- FEDERAL TOLL CREDITS
- ALTERNATIVE FUEL VEHICLES



KY Gas Tax and Usage Taxes

- **USAGE TAX BASED ON VEHICLE SALES AND OWNERSHIP**
- **GAS TAX**
 - 4.5 cents per gallon allowed to expire in 2015, resulting in loss of approximately \$140M in revenue each year
 - Since 2015, this amounts to \$700M of revenue that could have been used for transportation projects
- **SURROUNDING STATES (TN, IN, IL, WV, OH, VA) HAVE RAISED GAS TAX RECENTLY TO MEET NEEDS**

Corporate Average Fuel Economy (CAFÉ)

- DATA FROM NHTSA
- 2015 PASSENGER CAR 33.3 MPG
- 2019 PASSENGER CAR 39.4 MPG AND WILL INCREASE 1.5% ANNUALLY UNTIL 2025
- INCREASED FUEL ECONOMY RESULTS IN 18% LESS GAS CONSUMED IN 2019, AND LESS REVENUE GENERATED SINCE 2015
- IN 2019, THIS WAS ABOUT \$160M LESS THAN IN 2015

Federal Gas Tax

- DATA FROM FHWA
- LAST INCREASED TO PRESENT 18.4 CPG IN 1993
- CONSTRUCTION PURCHASING POWER LESS THAN HALF THAT IN 1993
- LITTLE MOVEMENT IN WASHINGTON TO RAISE FEDERAL TAX

Highway Construction Cost Index

- DATA FROM FHWA
- INDEX IN 2015 AT 1.70, IN 2019 1.92, 13% INCREASE
- SAME AMOUNT OF FUNDING NOW RESULTS IN 13% LESS CONSTRUCTION PROJECTS

Federal Toll Credits

- PROCESS BY FHWA TO RECOGNIZE STATE FUNDS USED TO CONSTRUCT TOLL ROADS
- KENTUCKY'S CREDITS TO USE AS MATCHING FUNDS FOR FEDERAL AID PROJECTS WERE FULLY UTILIZED IN SEPTEMBER 2019
- RESULTED IN \$125M OF STATE FUNDS TO PROVIDE REQUIRED MATCH FOR FEDERAL AID PROGRAM

Alternative Fuel Vehicles

- **ELECTRIC AND HYBRID VEHICLE INCREASING NUMBERS**
- **HYBRIDS PAY LESS GAS TAX THAN CONVENTIONAL VEHICLES FOR SAME USE OF ROADS**
- **ELECTRIC VEHICLES PAY NO GAS TAX FOR USING ROADS**
- **MANUFACTURERS AGGRESSIVELY INCREASING PRODUCTION OF THESE VEHICLES**

Summary of Impacts Annually

- KENTUCKY 4.5 CPG GAS TAX-\$140M
- CAFÉ INCREASE-\$160M (SINCE 2015) AND RISING
- FEDERAL GAS TAX-PURCHASING POWER LESS THAN HALF OF THAT IN 1993
- HIGHWAY CONSTRUCTION-\$120M (SINCE 2015) AND RISING
- FEDERAL TOLL CREDITS UTILIZED-STATE FUNDS NOW REQUIRED TO MATCH \$125M
- ALTERNATIVE FUEL VEHICLES

Summary of Impacts Annually

- TOTAL \$420M LESS AVAILABLE THAN IN 2015, EITHER IN REAL DOLLARS OR LOST PURCHASING POWER
- EQUIVALENT TO ABOUT A 12 CPG GAS TAX INCREASE
- REDUCES KY'S ABILITY TO COMPETE FOR NEW BUSINESSES AND ECONOMIC DEVELOPMENT

