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**Local Option Transportation Taxes in the United States
(Part Two: “State-by-State Findings”)**

Todd Goldman, Sam Corbett and Martin Wachs

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About the Authors

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About the Institute of Transportation Studies

ITS Berkeley is a multidisciplinary research institute that has supported transportation research since 1948, when it was established by the University with funding from the California Department of Transportation. Today, about 40 faculty members, 40 staff researchers and 100 graduate students are involved in the Institute's research and technology transfer programs. The Institute is home to one of the world's largest transportation libraries, and leading research programs on intelligent transportation systems, pavements, and aviation operations. ITS Berkeley has sister institutes on the Davis, Irvine and Los Angeles campuses.

About the University of California Transportation Center

The University of California Transportation Center (UCTC) supports research and education throughout the University of California system. It provides fellowships that support U.C. Berkeley graduate students along with those on the Davis, Irvine and Los Angeles campuses. It also funds major research projects in transportation policy that are directed by UC faculty members. As one of 13 federally-chartered transportation centers established by congressional mandate in 1988, the center is funded equally by the U. S. Department of Transportation and the California Department of Transportation.

Forward

This study examines the extent to which states have devolved one of the most fundamental decisions in transportation policy—whether to use taxation powers to fund transportation improvements—to local and regional governments. The purpose of the study is to generate a baseline of knowledge on “local option transportation taxes” in all fifty states, including the relevant legislative authority for these taxes, the extent to which local areas have adopted them, and the roles they play within their states’ overall transportation finance frameworks.

This document presents the detailed findings of a study on local option taxes in all fifty states. For a discussion of our key findings, please see the accompanying report on *Issues and Trends*.

For the purposes of this study, a “local option transportation tax” is *a tax that varies within a state, with revenues controlled at the local or regional level, and earmarked for transportation-related purposes*. This definition excludes taxes that are adopted at a uniform rate statewide, even if the revenues accrue to local governments. It includes taxes that may be directly imposed by a state law, if they cover only a portion of the state.

Research approach

This study was conducted over the course of one year. The first stage of the project involved an examination of existing sources of data on local transportation finance, including publications from the Federal Highway Administration, Federal Transit Administration, and the U.S. Census Bureau, as well as publications by non-governmental entities such as the Commerce Clearing House and the Advisory Commission on Intergovernmental Relations. The information contained in these varied sources provided a useful foundation of knowledge from which we could develop state-specific research questions.

In the spring and summer, we sent information requests to state departments of transportation, departments of revenue, associations of counties, and major transit agencies. We supplemented the data they provided with an independent examination of laws governing local option taxes and a search of state web pages for publications and data on local tax rates and revenues.

We also surveyed city and county governments in a dozen states (Arizona, Colorado, Florida, Georgia, Illinois, Missouri, Nevada, New York, Ohio, Pennsylvania, Texas, and Washington) to develop a more detailed picture of how various local option transportation taxes are actually implemented. These states were chosen to ensure inclusion of the largest and most internally diverse states, while also representing a broad mix of geographic locations, growth rates, and tax policy traditions.

To arrive at this list, we first chose the two largest states in each of four major geographic regions in the U.S. (New York and Pennsylvania in the Northeast, Illinois and Ohio in the Midwest, Florida and Texas in the South, and California and Washington in the West). To this list, we added Arizona, Colorado, Georgia, Missouri, and Nevada because these mid- and small-sized states have been particularly active in their use of local option transportation taxes. Finally, we decided not to include California because written surveys were unlikely to produce more detailed information than were available from state publications and individual county transportation authorities.¹

¹ ITS Berkeley is currently conducting a more detailed study of California’s experience with local option sales taxes. This report is due to be completed in mid-2001.

Finally, we asked local experts in local transportation finance to review the accuracy of our conclusions, and to help fill our in remaining data gaps. We also invited the reviewers to help provide additional background information on their states, including on policy issues and trends.²

About this document

This report presents our findings for each state in three sections.

- First is a descriptive summary of the role of local option taxes in the state's system of transportation finance. These summaries include a discussion of key policy issues and trends, laws that authorize local governments to adopt various kinds of local taxes, assessments of how extensively each type of tax has been adopted, how much revenue these taxes generate, and how the revenues from these taxes have been used.
- Next appears a table detailing the laws governing local option taxes in each state, including relevant statutory citations, tax names, areas that may adopt the taxes, the year the statutes were enacted, the permitted taxation rates and durations, allowable uses of the revenues, and how the taxes are adopted. Included in this table are tax laws that are directly targeted to produce revenues for transportation, as well as more general tax laws that produce revenues that *may* be used for transportation purposes.
- Last is a table detailing the available data on local tax rates, revenues, and uses. Where possible, per capita revenues have been estimated on both a taxation district and statewide basis. In states where no revenue data is available, this table has been omitted. For taxes that could be used for non-transportation purposes, only revenues earmarked for transportation have been included in the state totals.

Dedicated local taxes are not the only source of revenue used to fund transportation investments at the local level, nor are they the largest. Around the country, local governments in different states rely to varying degrees on many different funding sources to fund their transportation needs: general revenues; grants and other revenue streams from state and federal governments; revolving loan funds; contributions from the private sector; tolls, fares, and other user fees; and general obligation bonds. This study is intended to shed light on a particular form of finance that has been growing in importance, not to provide a comprehensive picture of transportation funding at the local level.

² We were not able to obtain thorough reviews of our findings in Connecticut, Delaware, Hawaii, Massachusetts, Mississippi, New Hampshire, New Jersey, New Mexico, Ohio, Oklahoma, South Carolina, South Dakota, Washington, and West Virginia.

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Local governments use property, gasoline, and severance taxes to supplement state aid for transportation expenses. The legal framework for local option taxes in Alabama is complex and decentralized. While local governments derive their authority to adopt certain taxes from state laws, they may also resort to their home-rule powers and authorize their own taxation policies. As a result of the state's loose controls over taxation powers, centralized information on tax revenues and policies is often not available. Where possible, we have tried to estimate these revenues.

1. Fuel and Vehicle Taxes

Some counties have been granted the authority to adopt gasoline taxes by special acts of the legislature. Gas taxes ranging between 1¢ and 5¢ per gallon have been adopted in 23 of the state's 67 counties, and diesel taxes in the same range have been adopted in 19 counties.¹ Most counties use these revenues for roads or share them with their municipalities for road and street purposes. However, one county (Montgomery) uses the revenue for education purposes.² We estimate that these county taxes generate a total of \$33 million each year for county road projects (\$7.50 per capita).³

In addition, municipal governments in Alabama may adopt local option fuel taxes (including gasoline, diesel, kerosene, etc.) by local ordinance. Over 300 cities have adopted gasoline taxes between 1¢ and 4¢ per gallon (one city has a 6¢ per gallon tax), and 15 impose them within their "police jurisdictions," the surrounding unincorporated area under their authority. Relatively few jurisdictions have chosen to earmark their motor fuel tax revenues for transportation purposes. Of the 270 cities and towns for which the uses of gasoline taxes are known, about 23% use all or some of the revenues for streets; 6% set them aside for another purpose (e.g. schools, hospitals, etc.), and the remainder use the tax as a general revenue source.⁴ No central source of data is available on the revenues generated by these taxes.

2. Property Taxes and Assessments

Every county has a dedicated property tax levy for its Road and Bridge Fund.⁵ Tax rates on real property range from 0.5 mills in Escambia County to 7.2 mills in Jefferson County. Two counties (Mobile and Talladega) also have special additional property taxes for highways, adding another 6.5 and 2 mills respectively.⁶ In all, these taxes generate an estimated \$125 million for road projects statewide each year (\$29 per capita).⁷

3. Sales and Other Taxes

Municipal governments may adopt local option sales taxes by ordinance; because this authority comes from their home rule powers, there are no restrictions on how they may apply the revenues. Counties need a special "local act" by the state legislature authorizing them to adopt a sales tax; these acts often

¹ Alabama Motor Fuel Tax Reporting Service, "Local Motor Fuel Taxes," (January, 2000).

² Association of County Commissions of Alabama, "Comparative Data on Alabama Counties" (2000).

³ These estimates were derived using data on gallons of fuel sold, as reported in Alabama Department of Revenue, "1999 Annual Report."

⁴ Alabama Motor Fuel Tax Reporting Service, "Local Motor Fuel Taxes," (January, 2000).

⁵ Code of Alabama, Section 11-14-11.

⁶ Alabama Department of Revenue, Property Tax Division, "1999 County Millage Rate Book," (1999).

⁷ These estimates were derived using data on total assessed valuations as reported in Alabama Department of Revenue, "1999 Annual Report."

specify the purposes for which the tax may be used.⁸ In addition, cities with populations over 300,000 may adopt a 1/4% sales tax to fund public transit.⁹

Sales taxes between 1/2% and 4% have been adopted in all but four counties.¹⁰ Three counties (Cherokee, Houston and Lamar) earmark a portion of their sales tax revenues for their county road funds, ranging between 0.3% and 1%. Together, these taxes generate \$2.8 million annually.¹¹

In addition, the Jefferson County Transit Authority, which serves metropolitan Birmingham, reports receives about \$4 million annually from sales taxes.¹² This is equivalent to about 1/16th of 1%. In 1998, voters narrowly defeated a proposal for a 1% sales tax that would have funded a football stadium and provided a stronger dedicated revenue source for transit.

Severance taxes have been imposed in nine counties by state statute, and in others by local ordinance. Seven counties (Bibb, Coosa, Cullman, Jackson, Lee, Marion, and Winston) earmark the revenues for their county road funds. Revenue data for these taxes are not available.

The city of Birmingham has a local option income tax,¹³ but this is used as a source of general revenue. The Jefferson County Transit Authority, receives a dedicated share of the county's beer tax,¹⁴ but this tax is uniform statewide.

⁸ Code of Alabama § 11-3-11.2.

⁹ Code of Alabama § 11-49B-22.

¹⁰ Alabama Department of Revenue, "Current Sales Tax Rates for the Month of October 2000."

¹¹ Association of County Commissions of Alabama, "Comparative Data on Alabama Counties" (2000).

¹² U.S. Department of Transportation, Federal Transit Administration. *National Transit Database 1998*.

¹³ City of Birmingham Ordinance 70-75, as cited in Commerce Clearing House, *State Tax Guide*.

¹⁴ U.S. Department of Transportation, "Alternative Financing for Urban Transportation: State of the Practice" (July, 1986).

ALABAMA
Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Gasoline	(Home Rule Powers)	Gasoline Tax	Cities		Any	-	Any	B
	(Special Acts)	Gasoline Tax	Counties					
Sales	C.O.A. 11-3-11.2	Sales and Use Tax	Any city or county		Any	-	Any	B
	C.O.A. 11-49B-22	Privilege License Tax on Gross Receipts	Trans. authorities in cities > 300,000	1997	Up to 1/4%	-	Public transit	C
Income	Ord. No. 70-75	Income Tax	Birmingham	1970	1%	-	Not Specified	
Severance		Severance tax on oil/gas	Baldwin County		1% of value (oil/gas)	-	Not Specified	
	Act 1978-834, Sec. 2-4	Severance tax on clay/sand/grvl	Elmore County	1978	1¢ per ton (clay/sand/grvl)	-	Not Specified	A
	Act 1991-609, Sec. 2-4	Severance tax on clay/sand/grvl	Hale County	1991	5¢ per ton (clay/sand/grvl)	-	Not Specified	A
	Act 1999-255	Severance tax on clay/sand/grvl	Macon County	1999	Various	-	Not Specified	
	Act 1977-672, Sec. 2-4	Severance tax on stone	Bibb County	1977	5¢ per ton (stone)	-	Not Specified	A
	Act 1997-220, Sec. 1	Severance tax on coal	Jackson County	1997	20¢ per ton (coal)	-	Not Specified	A
	Act 1975-906	Severance tax on coal	DeKalb, Etowah Counties	1975	50¢ per ton (coal)	-	Not Specified	A
	Act 1992-513, Sec. 1-2	Severance tax on stone	Lee County	1992	20¢ per ton (stone)	-	Not Specified	A
Property		Severance tax on coal	Marshall County		20¢ per ton (coal)	-	Not Specified	
	C.O.A. 11-14-11		Counties	1915	Up to 1/2%	-	Streets & highways	
	Const. Amend. #18		Mobile County			-	Hwy, bridge bonds*	C
	Const. Amend. #19		Walker County			-	Hwy, bridge, ferry bonds*	
	Const., Amend. #8		Cities		1/2%	-	Any specified purpose	

*Projects must be specified in advance

A = State Law
B = County/Local Law
C = Popular Vote

ALABAMA

Adopted Local Sales and Property Transportation Taxes

Jurisdictions	Population (1998)	Sales Taxes (1998-99)				Property Tax (1998-99)			Gas Tax				
		Tax Rate	Purpose	Est. Revenue (\$1,000s)	Revs per capita	Tax Rate for Roads	Est. Revenue (\$1,000s)	Revs per capita	Gas Rate (\$/gal)	Diesel Rate (\$/gal)	Purpose	Est. Rev (\$1,000s) [1]	Revs per capita
Counties:													
AUTAUGA	42,193					0.25%	598.4	\$14.18	4-7	0	Roads	2,150.0	\$50.96
BALDWIN	132,857					0.25%	4,207.4	\$31.67	5	5	Roads	4,601.8	\$34.64
BARBOUR	26,936					0.25%	332.2	\$12.33					
BIBB	18,987					0.25%	242.2	\$12.75					
BLOUNT	46,292					0.50%	1,031.5	\$22.28	3	3	Roads	1,040.4	\$22.48
BULLOCK	11,325					0.40%	197.2	\$17.41	3	3	Roads	168.2	\$14.85
BUTLER	21,658					0.45%	513.8	\$23.72					
CALHOUN	117,083					0.30%	1,518.7	\$12.97					
CHAMBERS	36,706					0.41%	798.0	\$21.74					
CHEROKEE	21,827	0.5%	Roads	375.3	\$17.19	0.25%	304.1	\$13.93	1	1	Roads	164.6	\$7.54
CHILTON	36,926					0.35%	743.4	\$20.13					
CHOCTAW	15,829					0.25%	347.7	\$21.97					
CLARKE	28,531					0.25%	362.7	\$12.71					
CLAY	13,966					0.30%	160.5	\$11.49					
CLEBURNE	14,283					0.25%	169.9	\$11.89					
COFFEE	42,222					0.35%	650.3	\$15.40					
COLBERT	52,924					0.20%	559.8	\$10.58					
CONECUH	13,863					0.70%	524.5	\$37.83					
COOSA	11,637					0.25%	195.5	\$16.80					
COVINGTON	37,461					0.25%	539.0	\$14.39					
CRENSHAW	13,626					0.45%	258.6	\$18.98					
CULLMAN	74,944					0.25%	1,106.5	\$14.76	1	0	Roads	453.8	\$6.06
DALE	48,916					0.35%	642.1	\$13.13					
DALLAS	46,803					0.40%	844.4	\$18.04	2	2	Roads	610.1	\$13.03
DEKALB	58,274					0.25%	612.8	\$10.52	3	2	Roads	1,206.4	\$20.70
ELMORE	61,985					0.25%	892.1	\$14.39					
ESCAMBIA	36,732					0.05%	108.9	\$2.97					
ETOWAH	103,923					0.40%	1,982.9	\$19.08					
FAYETTE	18,096					0.25%	199.4	\$11.02					
FRANKLIN	29,684					0.48%	597.9	\$20.14					
GENEVA	24,875					0.40%	346.0	\$13.91					
GREENE	9,843					0.30%	297.7	\$30.25	2	0	Roads	97.3	\$9.89
HALE	16,750					0.25%	182.8	\$10.91					
HENRY	15,798					0.40%	336.1	\$21.28					
HOUSTON	85,613	0.3%	Roads	1,929.3	\$22.54	0.35%	3,047.7	\$35.60	1	0	Roads	501.3	\$5.86
JACKSON	51,339					0.25%	567.6	\$11.06	3	3	Roads	1,210.9	\$23.59
JEFFERSON	660,039	?	Transit	4,041.3	\$6.12	0.72%	38,695.8	\$58.63	1	1	Roads	4,620.5	\$7.00
LAMAR	16,012	1.0%	Roads	512.0	\$31.98	0.50%	415.6	\$25.96					
LAUDERDALE	84,206					0.35%	1,515.2	\$17.99	2	2	Roads	1,306.1	\$15.51
LAWRENCE	33,447					0.25%	354.1	\$10.59					
LEE	100,481					0.30%	1,787.1	\$17.79					
LIMESTONE	62,247					0.35%	981.8	\$15.77	3	3	Roads	1,376.0	\$22.11
LOWNDES	12,984					0.68%	411.5	\$31.69	2	2	Roads	165.4	\$12.74
MACON	23,207					0.25%	190.8	\$8.22					
MADISON	278,008					0.40%	6,494.5	\$23.36	3	3	Roads	5,886.8	\$21.17
MARENGO	23,375					0.40%	626.1	\$26.79					
MARION	30,857					0.25%	392.5	\$12.72					
MARSHALL	80,192					0.24%	990.0	\$12.34	1	1	Roads	626.4	\$7.81
MOBILE	398,886					1.00%	24,399.7	\$61.17	2	2	Roads	5,085.8	\$12.75
MONROE	24,005					0.25%	379.6	\$15.81					
MONTGOMERY	217,392					0.25%	4,056.0	\$18.66	1	1	Education	1,487.7	\$6.84
MORGAN	109,218					0.36%	2,533.8	\$23.20					
PERRY	12,682					0.35%	175.3	\$13.82	3	3	Roads	204.9	\$16.15
PICKENS	21,019					0.45%	428.2	\$20.37					
PIKE	28,648					0.43%	674.7	\$23.55					
RANDOLPH	20,025					0.25%	334.8	\$16.72					
RUSSELL	50,368					0.40%	852.5	\$16.92					
ST CLAIR	62,018					0.30%	989.5	\$15.96					
SHELBY	140,853					0.25%	3,456.3	\$24.54					
SUMTER	15,765					0.30%	239.0	\$15.16	2	0	Roads	140.8	\$8.93
TALLADEGA	77,025					0.45%	1,694.4	\$22.00					
TALLAPOOSA	40,360					0.30%	842.3	\$20.87					
TUSCALOOSA	160,761					0.35%	3,612.4	\$22.47	1	1	Roads	1,025.6	\$6.38
WALKER	71,006					0.30%	1,164.6	\$16.40	1.25	2	Roads	780.8	\$11.00
WASHINGTON	17,663					0.25%	4.1	\$0.23					
WILCOX	13,451					0.25%	194.0	\$14.42	2	2	Roads	159.8	\$11.88
WINSTON	24,130					0.25%	331.4	\$13.74					
Cities:													
Alabaster	22544								1	1	General		
Anniston	25854								2	2	Schools		
Auburn	39140								2	2	Streets		
Bessemer	30789												
Birmingham	254829												
Decatur	54424								2	2	General		
Dothan	56649												
Florence	39140								2	2	General		
Gadsden	41974								2	2	Streets		
Homewood	22580												
Hoover	57750												
Huntsville	173921								1	1	General		
Madison	23812								2	2			
Mobile	202281								4	4	General		
Montgomery	197427								4	4	General		
Opelika	24369								2	2	General		
Phenix City	27602								2	1	General		
Prattville	25150								4	4	General		
Prichard	33456								4	4	Street/Gen		
Tuscaloosa	83517												
State Total	4,351,037		Roads	2,816.6	\$0.65		125,237.8	\$28.78				33,583.6	\$7.72
			Transit	4,041.3	\$0.93								

[1] Total does not include Montgomery County, which uses its revenues for education.

In general, revenues from state taxes and most local taxes in Alaska cannot be earmarked for any specific purpose. Despite this tradition, political understandings often ensure that certain tax revenues are used for particular purposes, such as the vehicle registration taxes that are usually used for roads. There has not been a recent trend toward increase use of these informal earmarks in Alaska.

Like many other states, Alaska's annual report to the Federal Highway Administration on local highway finance is based upon a limited survey of local governments. In 1997-98, this survey consisted of six boroughs (of thirteen), nine large municipalities (of 25 with populations greater than 1,000) and nine small municipalities (of 122). The state Department of Transportation assisted us by making these data available.

1. Fuel and Vehicle Taxes

Local governments may adopt registration taxes based on vehicle value or age.¹ The proceeds from these taxes are not earmarked, but are usually used for transportation investments.² Three municipalities (Nenana, Nome, and Whittier), and eight boroughs (Anchorage, Bristol Bay, Juneau, Kenai Peninsula, Ketchikan Gateway, Kodiak Island, Matanuska-Susitna, and North Slope) levy the tax.³ The state Department of Transportation estimates that these taxes generate \$825,000 (\$1.34 per capita) statewide for road maintenance and improvements.⁴

Municipalities may also adopt fuel transfer taxes by local ordinance. These have been adopted in four small cities (Bettles, Cold Bay, St. George, and Sitka), and generate about \$72,000 annually.⁵ No information is available on how these revenues are used. In addition, the Dept. of Transportation estimates that local motor fuel taxes generate about \$446,000 (73¢ per capita) annually for road purposes.⁶

2. Property Taxes and Assessments

Boroughs and municipalities generally do not have dedicated area-wide property tax levies for transportation purposes. Instead, several have special service areas, which levy benefit assessments to finance road maintenance and improvements. Statewide, these taxes generate an estimated \$66.9 million for highway purposes (\$109 per capita).⁷

3. Sales and Other Taxes

¹ Alaska Statutes § 28.10.431; Mackey and Rafool, "State and Local Value-Based Taxes on Motor Vehicles," National Conference of State Legislatures (1998).

² Letter from Alaska Municipal League (July 28, 2000).

³ Alaska Department of Community and Regional Affairs, "Alaska Taxable 1998: Municipal Taxation, Rates, and Policies," (January 1999), Table 4.

⁴ Alaska Department of Transportation, Local Highway Finance Reports (1998).

⁵ Alaska Department of Community and Regional Affairs, "Alaska Taxable 1998: Municipal Taxation, Rates, and Policies," (January 1999), Tables 1 & 2.

⁶ Alaska Department of Transportation, Local Highway Finance Reports (1998).

⁷ *Ibid.*

Alaska is the only state that authorizes local option sales taxes without a corresponding state sales tax.⁸ Local governments may adopt sales taxes without voter approval. Six boroughs and over 90 cities have adopted a sales tax. The borough rates range from 1.5-5%, while city rates range from 1-7%.⁹ In general, these taxes tend to be used as a general revenue source.

Two boroughs (Denali and Kodiak Island) have adopted severance taxes. Together these raise about \$1 million per year.

⁸ Letter from Alaska Municipal League (July 28, 2000).

⁹ Alaska Department of Community and Regional Affairs, "Alaska Taxable 1998: Municipal Taxation, Rates, and Policies," (January 1999), Tables 1 & 2.

ALASKA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales	A.S. 29.45.650; A.S. 29.45.700	Sales and Use Tax	Municipalities and Boroughs	1990	Variable	-	General revs.	B
Vehicle	A.S. 28.10.431	Motor Vehicle Registration Tax	Any municipality		Based on vehicle age and class	-	Roads	C
Property	A.S. 29.46.020	Special Assessments	Municipal special assessment districts			-	Capital improvements*	C

*Projects must be specified in advance

A = State Law
 B = County/Local Law
 C = Popular Vote

ALASKA

Adopted County, District, and Local Transportation Taxes

Jurisdictions	1998 Population	Taxes used for transportation purposes			Other potential transportation-related taxes			
		Tax Type	Revenues (\$1,000's)	Revs per capita	Tax Type	Rate	Revenues (\$1,000's)	Revs per capita
Boroughs								
ALEUTIANS EAST	2,221		0.0					
BRISTOL BAY	1,090		0.0					
DENALI	1,938		n/a*		Severance	5¢/yard	91.8	\$47.35
FAIRBANKS NORTH STAR	84,253	Property	1,090.0	\$12.94				
HAINES	2,321		n/a*					
KENAI PENINSULA	48,321	Motor Vehicle	22.0	\$0.46				
		Motor Fuel	252.0	\$5.22				
		Property	887.0	\$18.36				
KETCHIKAN GATEWAY	14,228		n/a*					
KODIAK ISLAND	14,479	Property	314.2	\$21.70	Severance	0.925%	931.7	\$64.35
LAKE AND PENINSULA	1,736		n/a*					
MATANUSKA-SUSITNA	55,793		n/a*					
NORTH SLOPE	7,017		n/a*					
NORTHWEST ARCTIC	6,764		0.0					
YAKUTAT	790		n/a*		Car Rental		3.1	\$3.91
Cities in DOT Survey								
Anchorage	255,618	Property	42,354.7	\$165.70				
		Motor Vehicle	565.3	\$2.21				
Anderson	631		0.0					
Bethel	5,463	Motor Vehicle	39.6	\$7.25				
Coffman Cove	167		0.0					
Delta Junction	697		0.0					
Fort Yukon	550		0.0					
Houston	861	Property	78.8	\$91.47				
Juneau	30,143	Property	3,248.5	\$107.77				
Kenai			0.0					
McGrath	494		0.0					
Nenana	499	Property	11.7	\$23.47				
Palmer	4,569	Property	63.4	\$13.88				
Port Helden	128		0.0					
Sitka	8,779		0.0		Fuel Transfer	2¢/gal	16.3	\$1.85
Soldotna	4,656	Property	241.8	\$51.92				
Thorne Bay	647		0.0					
Unalaska	2,240	Property	2,031.4	\$906.89				
Valdez	4,329	Property	16.4	\$3.80				
STATE TOTAL**	615,205	Property	66,874.5	\$108.70				
		Motor Fuel	446.0	\$0.73				
		Motor Vehicle	825.3	\$1.34				

* Not included in ADOT local finance survey

** As estimated by ADOT. Includes estimates for boroughs and cities not included in survey.

Sales taxes have emerged as an important source of funding in Arizona’s metropolitan areas. While Arizona voters approved their first transportation-related sales taxes 15 years ago, debates over these taxes have intensified in recent years as a number of high-profile proposals have been defeated at the ballot, and a couple of others have won approval. Countywide sales taxes have had a difficult time winning voter approval in the state’s largest metropolitan regions, so in recent years local finance efforts have shifted to the city level. There has also been a recent shift in emphasis from highways to transit.

We decided to choose Arizona as one of our survey states because of this recent history. Our research included surveying every county and the 20 largest cities. We received responses from ten cities (for a 50% response rate) and eight counties (53% response rate).¹ The Arizona Department of Transportation also provided local highway finance reports for every county and eleven cities.²

1. Fuel and Vehicle Taxes

None.

2. Property Taxes and Assessments

Counties may adopt special real and personal property taxes for road projects.³ In addition, cities and counties may establish any of a variety of transportation-related special taxing districts, including for roads, local streets, and parking facilities.⁴ Most of these have bonding authority backed by the power to levy special property assessments.

No counties have adopted the countywide levy for roads, but five counties (Coconino, Navajo, Pima, Pinal, and Yavapai) contain road improvement districts that levy property taxes over limited areas. Only partial data was available on the revenues from these taxes. In addition, three cities reported levying property taxes for road and street purposes; together, these taxes raised over \$11 million in 1997 (about \$16.50 per resident of these cities).⁵ Counties no longer have the authority to create special road districts.

3. Sales and Other Taxes

In Arizona, the sales tax is only one form of the “transaction privilege tax,” which varies according to the form of business activity being conducted. Cities and counties (except Maricopa County) may adopt transaction privilege taxes for general revenues, or they may earmark them for specific purposes.⁶

In addition, counties may adopt special privilege taxes on retail sales (called “excise taxes”) for transportation purposes. The rules governing adoption of these taxes depend on the size of the county, but generally the taxes may be as high as 1/2%, require advance specification of how the revenues would

¹ Responses were received from the following the cities of Apache Junction, Gilbert, Mesa, Nogales, Oro Valley, Peoria, Phoenix, Scottsdale, Tempe and Tucson; and Apache, Greenlee, La Paz, Navajo, Pima, Pinal, Yavapai, and Yuma counties.

² These included the municipalities of Chandler, Flagstaff, Gilbert, Glendale, Mesa, Peoria, Phoenix, Scottsdale, Tempe, Tucson, and Yuma.

³ Arizona Revised Code, § 28-6712.

⁴ Arizona Revised Code, §§ 48-572 *et seq.*, 48-614, 48-723, 48-955, 48-1047, and 48-1411.

⁵ Based on survey responses and local highway finance reports.

⁶ Arizona Revised Code, §§ 9-240 and 42-6013

be used, and require voter approval. The revenues are used according to five-year regional area transportation plans, which are developed through intra-county regional planning agencies.⁷

Three counties (Gila, Maricopa, and Pinal) have adopted 1/2% transportation excise taxes, and one other (Yavapai) has earmarked a share of its general excise tax (equivalent to 0.4%) for transportation purposes. In addition, five cities (Peoria, Phoenix, Scottsdale, Tempe, and Yuma) have adopted additional transportation excise taxes ranging between 0.2% and 0.5%. Together, these taxes raised \$239 million in 1997-98 (\$52 per person statewide).⁸

As Arizona's most populous metropolitan region, Maricopa County has been the state's main battleground over local option transportation taxes. In 1985, county voters overwhelmingly approved a 20-year, 1/2% excise tax to fund a freeway construction plan (with a small amount set aside to begin planning for regional public transit). But public sentiment soon changed, after revenues fell short of projections and proved insufficient to complete the promised projects. Voters twice refused to increase taxes further to provide additional transportation funding: in 1989, when they rejected a second 1/2% excise tax to fund an ambitious rail and bus transit system (ValTrans); and again in 1994, when they defeated a measure to adopt a new 1/2% tax plus a 10-year extension of the original tax, with revenues split between freeways and improved transit service.⁹ In 1998, legislation was enacted nullifying Maricopa's authority to ask voters to approve or continue the initial 20-year excise tax.

Frustrated by Maricopa County's inability to fund transit improvements, individual cities began to try to adopt their own transportation excise taxes. Tempe scored an early success in 1996 when its voters approved a half-percent tax to expand bus service, but other cities have had a more difficult time. Voters rejected measures modeled on Tempe's proposal in Phoenix and Scottsdale in 1997, and in Chandler in 1999.¹⁰

Finally, in March, 2000, Phoenix voters approved a 0.4% sales tax for transit by a 2-1 margin. The new tax is expected to raise \$2.9 billion over its 20-year lifetime, and will fund construction of a light rail line, transit centers, bus rapid transit, and bike lanes, plus operating funds for transit and paratransit service improvements. The ballot measure stipulated that a citizen review committee must evaluate projects before tax revenues can be allocated for particular projects.¹¹ This new initiative, combined with the likely sunset of the existing countywide freeway excise tax in 2005, represents a significant shift in emphasis for transportation finance in the greater Phoenix region.

In addition to the general excise taxes described above, in 1998 the city of Phoenix approved a more limited 0.2% excise tax on telecommunications businesses, with revenues going toward street, pedestrian, and traffic calming improvements. This tax generates about \$10.5 million annually.

⁷ Arizona Revised Code, § 42-6104 *et seq.*

⁸ Based on survey responses, local highway finance reports, and Arizona Department of Revenue, *1999 Annual Report*.

⁹ Demery, "U.S. Transit Funding," *Modern Tramway* (August 1990); Ingley, "Freeway Tax Hike Rejected; Voter Trust on Use of Funds Was Issue," *The Arizona Republic* (November 9, 1994).

¹⁰ Cannella, "Tempe backs tax for mass transit," *The Arizona Republic* (September 11, 1996); Magruder and Beard, "Chandler puts brakes on transit tax," *The Arizona Republic* (May 19, 1999).

¹¹ Pitzl and Ingley, "Corporate Support Puts Transit Tax Over the Top; Results Dramatic Change from 1997 Defeat," *The Arizona Republic* (March 15, 2000); Transit 2000, "Elements Included in the 20-Year .4% Sales Tax Program," (2000).

ARIZONA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales	ARC 9-240	Muni. Transaction Privilege Tax	Cities and Towns		-	General Revenues	B
	ARC 42-6103	County Transaction Privilege Tax	Any county except Maricopa	Up to 0.5%	-	Countywide services	B*
	ARC 42-6104	Transportation Excise Tax	Maricopa County	Up to 0.5%	20 years	Regional Area Road Fund (ARC 28-6301)	C
	ARC 42-6106	Transportation Excise Tax	Pima County	Up to 0.5%	10 years	Regional Transportation Authority (ARC 48-5307)	C
	ARC 42-6107	Transportation Excise Tax	Any county except Maricopa or Pima	Up to 0.5%	20 years	Regional Area Road Fund (ARC 28-6391)	C
	ARC 42-6111	County Capital Projects Tax	Any county except Maricopa	Up to 0.5%**	****	Capital projects, incl. roads***	B* + C
Property	ARC 9-220	Municipal general tax	Cities and Towns	Up to 0.75%	-	General purposes, including hways, streets, and sidewalks	B
	ARC 28-6712	County road levy	Counties	Up to 0.25%	-	County roads and highways	B
	ARC 48-572 to 575		Municipal Improvement Districts	Property taxes and special assessments	-	Streets, sidewalks, parking, transport services	C
	ARC 48-614		Parking Facilities Impr. Districts	Up to 0.2%	-	Off-street parking	C
	ARC 48-723		Municipal Community Facilities Districts	Up to 0.3%	-	O&M of street, hway, bike/ped, and parking improvements	C
	ARC 48-955		County Improvement Districts (Unincorporated Areas)	Property taxes and special assessments	-	Streets, sidewalks, parking, transport services	C
	ARC 48-1047		Rural Road Improvement Districts	Sufficient to repay bonds	-	County roads and highways	C
	ARC 48-1411		Special Road Districts	Up to 0.75%	-	County roads and highways	C

*Requires unanimous approval

**Cannot exceed 0.5% alone or in combination with other county sales taxes.

***Projects must be specified in advance

****Tax expires when sufficient revenues are raised

A = State Law

B = County/Local Law

C = Popular Vote

ARIZONA

Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1997	Sales Taxes					Property			
		Total Local Sales Tax Rate	Local Rate for Transport	Purposes	1997-98 Revenues (\$1,000's)	Revs per capita	Notes	Revenues (\$1,000's)	Revs per capita	
Counties:										
APACHE	69,450	0.5%								
COCHISE	111,652	0.5%								
COCONINO	113,719	0.8%					57.8	\$0.51		
GILA	48,215	1.0%	0.5%	Roads	2,396.1	\$49.70				
GRAHAM	31,255	0.5%								
GREENLEE	9,418	0.5%								
LA PAZ	14,757	1.0%								
MARICOPA	2,698,459	0.7%	0.5%	Freeways	209,263.5	\$77.55				
MOHAVE	128,331									
NAVAJO	94,705	0.5%					[3]			
PIMA	778,684						[3]			
PINAL	142,936	1.0%	0.5%	Roads	5,233.0	\$36.61				
SANTA CRUZ	37,223	0.5%								
YAVAPAI	144,333	0.5%	0.4%	Roads	6,157.1	\$42.66				
YUMA	129,070	1.0%								
Special Districts:										
Maricopa Rural Road Improvement Dist. (PINAL)	20,000						1,100.0	\$55.00		
Big Park Improvement District (YAVAPAI)							25.8			
Cities:										
Apache Junction	20,564	2.0%								
Avondale	25,375	1.5%								
Bullhead City	27,614	2.0%								
Casa Grande	22,682	2.0%								
Chandler	151,379	1.5%					2,814.8	\$18.59		
Flagstaff	56,337	1.0%								
Gilbert	76,297	1.0%								
Glendale	186,090	1.3%								
Lake Havasu City	40,000	2.0%								
Mesa	352,294	1.5%								
Nogales	21,918	?								
Oro Valley	19,657	2.0%								
Peoria	81,018	1.5%			641.9	\$7.92				
Phoenix	1,184,353	1.8%	0.4%	Streets Transit	-	-	[1]	1,467.9	\$18.12	
Prescott	33,465	2.0%								
Scottsdale	186,294	1.4%	0.2%	Streets	10545.0	\$56.60				
Sierra Vista	37,825	1.5%								
Tempe	164,624	1.7%	0.5%	Transit	?	?	[2]			
Tucson	456,949	2.0%						7,107.4	\$15.55	
Yuma	62,666	1.7%		Streets	4470.9	\$71.35				
Statewide Total	4,552,207							238,707.4	\$52.44	

[1] Voter-approved 0.4% sales tax in March, 2000 for bus operations and light rail construction.

[2] Voter-approved 0.5% sales tax in September 1997 for expanded bus service.

[3] These counties indicated that they contained road improvement districts, but did not supply data on their revenues.

Property taxes and sales taxes constitute an important and growing share of transportation funding in Arkansas. They are primarily used as a local funding match for state- or federally-funded transportation projects. Local vehicle taxes may make an important contribution as well, but there is no data available on how much revenue they generate.

Local finance in Arkansas is decentralized, and the state government plays a minimal role in the administration of local taxes. As a result, complete information on local transportation taxes is not available. In order to develop its local highway finance report for the Federal Highway Administration, the Arkansas Highway and Transportation Department conducts a survey of 150 randomly chosen local governments (out of 575), and adjusts the results to be representative of the entire state.¹

1. Fuel and Vehicle Taxes

There is no local option fuel tax in Arkansas. However, the state gasoline tax is adjusted downward in areas bordering states with lower tax rates, so the rate is not quite uniform statewide.²

Cities and counties may adopt flat registration taxes up to \$5 per motor vehicle, with voter approval. Revenues must be used for highways, streets, and roads.³ The state does not maintain data on which areas have adopted the taxes, how much revenue they generate, or how they are used. Local governments also have the authority to collect local taxes on the sales of motor vehicles.⁴

2. Property Taxes and Assessments

Counties may levy a tax of up to 3 mills on real and personal property for their road and bridge funds.⁵ Every county in the state has adopted this tax. About one-third has adopted the full 3-mill rate. We estimate that this tax generates \$47 million annually statewide (about \$18 per capita).⁶

Cities and counties may also form improvement districts to finance the construction of roads, bridges, parking facilities, and transit facilities (as well as non-transportation improvements) with bonds backed by property taxes.⁷ The state has 18 rural road improvement districts, one parking district, and several other types of improvement districts that appear to fit this description.⁸ Revenue data for these districts are not available.

Transit districts may create and operate improvement districts with property taxing powers, with the approval of voters representing two-thirds of the value of property within the district.⁹ The Central Arkansas Transit Authority (based in Little Rock), the only independent transit district in the state, does not appear to have formed such a district because it lists no property tax revenues.¹⁰

¹ Letter from Arkansas Highway and Transportation Department (April 28, 2000).

² Arkansas Code, § 26-55-210.

³ Arkansas Code, § 26-78-101.

⁴ Letter from Arkansas Highway and Transportation Department (December 18, 2000).

⁵ Arkansas Code, § 26-79-101.

⁶ Association of Arkansas Counties, "County Government Tax Levies for 2000," (January 2000). We derived Revenue estimates using tax on net assessed values from the Arkansas Assessment Coordination Department.

⁷ Arkansas Code, §§ 14-86-802.

⁸ U.S. Bureau of the Census, "1997 Census of Governments - Governments Integrated Directory".

⁹ Arkansas Code, § 14-334-108.

¹⁰ Federal Transit Administration, *National Transit Database* 1998.

3. Sales and other Taxes

With voter approval, cities and counties may adopt special sales and/or use taxes, with a maximum rate of 1%, to fund economic development or capital improvement projects, including transportation projects. These projects may include investments in streets, roads, highways, and transit facilities.¹¹ They may also adopt special 1/4-cent sales taxes to finance public transit operations.¹² The combined total county sales tax rate cannot exceed 2%.

Of the state's 75 counties, 70 have adopted a local sales tax.¹³ No centralized information is available on which of these counties are using these taxes for transportation-related capital projects. In the Arkansas Highway and Transportation Department's sample of 150 local governments, 17 cities and 34 counties reported using sales tax revenues to fund transportation projects, primarily bridge and highway maintenance and construction.¹⁴

Cities with populations over 2,500 may adopt local income taxes for general revenue.¹⁵ No localities currently impose income taxes as a dedicated source of transportation funding.¹⁶

¹¹ Arkansas Code, §§ 14-164-327, 14-164-338, 14-174-101, 26-74-201, and 26-75-201.

¹² Arkansas Code, § 26-73-110.

¹³ Arkansas Department of Finance and Administration, Sales and Use Tax section, "Local Tax Rates," (2000).

¹⁴ Letter from Arkansas Highway and Transportation Department (April 28, 2000).

¹⁵ Arkansas Code, § 14-43-607.

¹⁶ Letter from Arkansas Highway and Transportation Department (April 28, 2000).

ARKANSAS

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Vehicle	A.C. 26-78-101	County and Municipality Vehicle Tax	Cities, Counties	1965	Up to \$5 per vehicle	-	Highways, roads, streets	C
Property	A.C. 14-86-802	Improvement District Tax	Improvement Districts	1933			Streets, sidewalks, etc.	
	A.C. 26-79-101	County Road Tax	Counties	1899	Up to 3 mills	-	Roads and bridges	C
Income	A.C. 14-43-607	Municipal Income Tax	Cities (Pop > 2,500)	1971	1%	-	General Revenues	C
Sales	A.C. 14-164-327, -338	Local Sales and Use Tax for Capital Improvements	Cities, Counties	1985	1/4 to 1%	Indefinite for bonds; 2 years otherwise	Capital improvements on behalf of industrial development	C
	A.C. 14-174-101	Economic Development Tax	Cities, Counties	1993	Not Stated	-	Capital projects for economic development	C
	A.C. 26-73-110	Special Local Sales and Use Tax	Cities, Counties, Transit Districts	1991	1/4%	-	Public Transit	B
	A.C. 26-74-201, -301	County Sales and Use Tax for Capital Improvements	Counties	1981	1/4 to 1%	-	Capital improvements	C
	A.C. 26-75-201, -301	Municipal Sales and Use Tax for Capital Improvements	Cities	1981	1/4 to 1%	-	Capital improvements	C

A = State Law
 B = County/Local Law
 C = Popular Vote

ARKANSAS

Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1999	Sales Taxes			Property Taxes for County Roads		
		Total Local Tax Rate (%)	Tax Rate for Transport	Revenues (\$1,000's)	Tax Rate (%)	1999 Revenues (\$1,000's)	Revs per capita
Counties:							
ARKANSAS	20,717	1.00%			0.30%	640.4	\$30.91
ASHLEY	24,287	2.00%	[1]	10.5	0.16%	395.8	\$16.30
BAXTER	36,664	1.00%			0.30%	960.0	\$26.18
BENTON	138,424	1.00%			0.12%	1984.4	\$14.34
BOONE	31,846	1.00%			0.10%	246.7	\$7.75
BRADLEY	11,409	1.50%			0.30%	248.3	\$21.76
CALHOUN	5,657	2.00%			0.20%	133.9	\$23.67
CARROLL	22,516	0.50%			0.30%	766.9	\$34.06
CHICOT	14,858	1.00%	[1]		0.30%	0.0	\$0.00
CLARK	21,403	1.00%	[1]		0.11%	205.6	\$9.61
CLAY	17,025	0.50%	[1]		0.30%	382.3	\$22.45
CLEBURNE	23,296	1.00%			0.17%	386.5	\$16.59
CLEVELAND	8,558	1.00%			0.25%	134.7	\$15.74
COLUMBIA	24,686	1.50%			0.10%	250.1	\$10.13
CONWAY	19,856	1.00%	[1]		0.11%	173.9	\$8.76
CRAIGHEAD	77,668	1.00%			0.21%	1423.4	\$18.33
CRAWFORD	51,409				0.30%	949.0	\$18.46
CRITTENDEN	50,138	1.75%	[1]		0.10%	351.0	\$7.00
CROSS	19,302	1.00%			0.30%	461.1	\$23.89
DALLAS	8,920	1.00%			0.19%	135.3	\$15.17
DESHA	14,855	1.50%			0.20%	309.9	\$20.86
DREW	17,449	1.00%	[1]		0.11%	142.5	\$8.16
FAULKNER	80,034				0.29%	1601.9	\$20.02
FRANKLIN	16,801	0.50%	[1]		0.30%	439.0	\$26.13
FULTON	11,019	1.00%	[1]		0.20%	143.2	\$12.99
GARLAND	84,475	0.50%			0.12%	955.1	\$11.31
GRANT	15,984				0.30%	362.2	\$22.66
GREENE	36,395	1.00%	[1]		0.10%	237.5	\$6.52
HEMPSTEAD	22,093	1.75%	[1]		0.12%	190.1	\$8.61
HOT SPRINGS	29,154	1.00%			0.30%	601.7	\$20.64
HOWARD	13,681	1.50%	[1]		0.10%	122.1	\$8.93
INDEPENDENCE	33,066	1.25%	[1]		0.30%	1021.7	\$30.90
IZARD	13,112				0.28%	241.7	\$18.43
JACKSON	17,516	1.00%	[1]		0.10%	143.1	\$8.17
JEFFERSON	80,785	1.00%			0.30%	1907.4	\$23.61
JOHNSON	21,358	1.00%	[1]		0.30%	442.6	\$20.73
LAFAYETTE	8,846	1.00%			0.30%	193.3	\$21.85
LAWRENCE	17,342	1.50%			0.10%	119.5	\$6.89
LEE	12,699	1.00%			0.11%	80.6	\$6.35
LINCOLN	14,372	1.00%	[1]		0.10%	83.8	\$5.83
LITTLE RIVER	13,065	1.50%	[1]		0.19%	391.1	\$29.93
LOGAN	21,134	2.00%	[1]		0.30%	393.2	\$18.60
LONOKE	51,447	1.00%	[1]		0.19%	646.2	\$12.56
MADISON	13,313	1.00%	[1]		0.30%	237.7	\$17.86
MARION	14,902	1.00%	[1]		0.25%	294.0	\$19.73
MILLER	39,377	1.00%	[1]		0.25%	686.4	\$17.43
MISSISSIPPI	49,920	1.50%			0.25%	939.2	\$18.81
MONROE	9,990				0.30%	230.9	\$23.12
MONTGOMERY	8,740	1.00%			0.14%	95.4	\$10.92
NEVADA	10,024	1.00%			0.30%	202.2	\$20.17

Jurisdictions	Population 1999	Sales Taxes			Property Taxes for County Roads		
		Total Local Tax Rate (%)	Tax Rate for Transport	Revenues (\$1,000's)	Tax Rate (%)	1999 Revenues (\$1,000's)	Revs per capita
NEWTON	8,226	1.00%	[1]		0.15%	59.2	\$7.20
OUACHITA	27,487	0.50%			0.30%	555.1	\$20.19
PERRY	9,678	2.00%			0.20%	113.6	\$11.74
PHILLIPS	27,049	2.00%	[1]		0.30%	544.1	\$20.12
PIKE	10,451	1.00%	[1]		0.15%	122.1	\$11.68
POINSETT	24,592	1.75%			0.10%	191.0	\$7.76
POLK	19,607	1.00%	[1]		0.12%	149.8	\$7.64
POPE	52,598	1.00%			0.25%	1552.2	\$29.51
PRAIRIE	9,284	1.00%			0.30%	266.2	\$28.67
PULASKI	349,232				0.29%	10065.5	\$28.82
RANDOLPH	17,904	1.25%	[1]		0.10%	108.2	\$6.04
ST. FRANCIS	27,766	2.00%			0.10%	171.8	\$6.19
SALINE	78,361	0.25%			0.30%	1917.7	\$24.47
SCOTT	10,644				0.08%	45.1	\$4.24
SEARCY	7,791	1.00%			0.10%	43.2	\$5.54
SEBASTIAN	106,252	1.00%			0.30%	2865.1	\$26.97
SEVIER	14,671	1.50%	[1]		0.30%	297.2	\$20.26
SHARP	17,092	1.00%	[1]		0.18%	202.0	\$11.82
STONE	11,220	1.00%	[1]		0.23%	165.7	\$14.76
UNION	44,967	2.00%	[1]		0.30%	1162.9	\$25.86
VAN BUREN	15,677	1.00%	[1]		0.09%	99.4	\$6.34
WASHINGTON	146,593	1.00%	[1]		0.13%	1737.0	\$11.85
WHITE	65,081	1.00%	[1]		0.12%	543.0	\$8.34
WOODRUFF	8,710	1.00%			0.11%	77.4	\$8.89
YELL	18,853				0.30%	350.9	\$18.61
20 largest cities:							
Benton	22,776	1.50%	[1]				
Blytheville	18,591	1.00%					
Conway	37,813	1.50%					
El Dorado	21,978	0.25%					
Fayetteville	52,922	2.00%					
Fort Smith	75,911	1.50%					
Hot Springs	37,363	1.50%	[1]				
Jacksonville	28,953	2.00%					
Jonesboro	51,225	1.00%					
Little Rock	174,463	0.50%					
North Little Rock	59,820	1.00%					
Paragould	21,498	1.00%					
Pine Bluff	53,436	1.00%					
Rogers	36,290	2.00%	[1]				
Russellville	24,955	1.50%					
Sherwood	20,975	2.00%					
Springdale	39,910	1.00%					
Texarkana	23,638	1.00%					
Van Buren	18,903	1.00%	[1]				
West Memphis	26,753	1.00%					
Total:	2,551,373					47,089.9	\$18.46

[1] Surveys conducted by the Arkansas Highway and Transportation Department indicate that these areas (plus 13 smaller cities) earmark a share of their sales taxes for highway purposes. Tax rate and revenue data was not made available.

California has struggled over the use of local option taxes. Rapid growth has fueled a strong public demand for new transportation infrastructure. Yet this has clashed with a similarly strong demand for new barriers to increased local taxation. After a burst of approvals of new taxes in the late 1980s, and a stalemate for the past decade, California may now be seeing the beginnings of a new wave of approvals for local option taxes.

Starting with Proposition 13 in 1978, California's voters have approved a series of initiatives and constitutional amendments that cut property taxes, and restricted the ability of local governments to replace the revenues with other types of taxes. The approval of these measures, and subsequent interpretations of their meaning by state courts, has created a constantly shifting and often uncertain legal foundation for local option taxes over the past two decades. As a result, nearly all of the taxes in place were adopted under rules that no longer apply. One of the major transportation policy debates currently underway in California concerns whether to allow local option sales taxes to be approved by a simple majority of voters, instead of the two-thirds majority required under existing law.

1. Fuel and Vehicle Taxes

Although local option fuel taxes are authorized in California, they have not yet been adopted. Counties may adopt gasoline taxes, with voter approval, for streets and highways, transit capital investments, or mitigation of the environmental impacts of transportation.¹ In the early 1980s, seven counties held votes on motor fuel tax proposals between one and two cents per gallon, but none received voter approval.

Transit districts may also adopt gasoline taxes to fund their capital expenses.² Only one election has been held under this statute. In 1980, a simple majority of San Francisco voters approved a 1¢ per gallon gas tax to fund the Municipal Railway, but this tax was never implemented.³

Finally, the Metropolitan Transportation Commission (MTC), the planning organization for the nine-county San Francisco Bay Area, was recently authorized to seek voter approval for a regional gas tax of up to 10 cents per gallon.⁴ The MTC has not yet proposed such a measure.

Local vehicle registration fees may be used to fund a variety of programs, including transportation/air quality programs, emergency call box systems on freeways, expressway construction, and some limited investments in public transit. Of these, the first two programs are the most significant statewide.

Air quality management districts may impose vehicle registration fees for programs that reduce pollution from motor vehicles, including vehicle buy-back scrappage programs, pedestrian and bicycle projects, purchase of low-emission buses, congestion management programs, and other efforts.⁵ The Bay Area Air Quality Management District, which covers the nine-county San Francisco region, has adopted a \$4 vehicle registration fee. The district uses 60% of its revenues to run a competitive grant program for transportation-air quality projects, and allocates 40% to the individual counties, which run their own grant programs.⁶ The regional vehicle tax generates about \$22 million annually for this program (about \$3.34

¹ California Revenue and Taxation Code, § 9501; Constitution of the State of California, Article XIX, § 1.

² California Public Utilities Code, § 99500.

³ At the time, there was uncertainty over whether or not a two-thirds majority vote was required, and the county decided not to pursue the matter.

⁴ California Revenue and Taxation Code, § 8502.

⁵ California Health and Safety Code, §§ 41081 and 44223; California Vehicle Code, § 9250.11.

⁶ Bay Area Air Quality Management District, "Transportation Fund for Clean Air, Annual Report" (March, 2000).

per resident of the district). The South Coast Air Quality Management District funds similar programs with registration fees of \$5 per vehicle; we estimate that their program raises roughly \$62 million annually.

Another use of local option vehicle taxes is for Service Authorities for Freeway Emergencies (“SAFE”), which may charge \$1 per registered vehicle to provide motorist call boxes and towing services.⁷ In addition to providing safe and convenient services for stranded motorists, these programs help reduce traffic congestion by cutting response times to rush-hour accidents and stuck vehicles. Thirteen individual counties and two multi-county regions have established SAFE programs, generating \$19 million statewide (about 60¢ per capita).⁸

A third use of local vehicle registration taxes is for Abandoned Vehicle Abatement Service Authorities, which may charge \$1 per vehicle to remove and dispose of wrecked or otherwise abandoned vehicles.⁹ These have been adopted in 31 counties, generating \$14.4 million statewide.¹⁰ Counties may also adopt vehicle registration fees to fund specialized law enforcement programs aimed at recovering stolen vehicles or catching intoxicated drivers.

2. Property Taxes and Assessments

Since the 1950s, the California legislature has authorized a dozen individual transit districts to impose property taxes to fund their operations and debt costs. In most cases, the boards could adopt these taxes without voter approval, but the legislature began to include some requirements for voter approval beginning in the mid-1960s. Currently, only seven transit districts derive revenues from directly imposed property taxes: AC Transit (serving Alameda and Contra Costa counties), Bay Area Rapid Transit (BART, serving Alameda, Contra Costa, and San Francisco counties), and smaller districts in Contra Costa, Marin, Orange, San Joaquin, and Santa Barbara counties. These taxes generate a total of \$101 million annually across the state, ranging between \$1 and \$32 per district resident annually.

Since Proposition 13, adopting or increasing these taxes now requires approval of two-thirds of voters. Over the past decade, two transit districts (Marin County Transit District and AC Transit) attempted to win approval for new parcel taxes, but neither of these efforts were successful.

In Orange County, development fees have become an important source of highway funding. After a proposed sales tax failed repeatedly in the 1980s, the county established “corridor authorities” to build two new toll-financed freeways. In fiscal year 1998, development fees generated over \$28 million for these authorities, 19% of their total revenues. An additional \$3.6 million was raised from developer fees for road projects in El Dorado and Riverside counties.¹¹

Impact fees are also important in San Francisco, where it has been applied to downtown office development to help fund the cost of peak-hour public transit services.¹² These fees generate about \$4.8 million for public transit services annually.

⁷ Streets and Highways Code, § 2555.

⁸ California State Controller, *Transportation Planning Agencies Annual Report, FY 1997-98* (March, 2000), Table 8.

⁹ California Vehicle Code, § 9250.7.

¹⁰ California State Controller, Division of Accounting and Reporting, “Allocation of \$1.00 State Vehicle Registration Collections for Abandoned Vehicle Abatement 1998/99 Fiscal Year” (1999).

¹¹ *Ibid.*, Table 1.

¹² San Francisco Administrative Code, § 38.4.

3. Sales and Other Taxes

Local sales taxes have emerged as a critically important source of funding for new transportation investments in California.

Transportation sales taxes have been adopted in two major waves in California. The first of these focused on providing long-term operating revenues for public transit districts. This trend started when the legislature directly established a 0.5% sales tax for the three-county Bay Area Rapid Transit District in 1969.¹³ During the 1970s, the legislature authorized sales taxes in six other transit districts statewide, subject to voter approval. Voters have approved permanent 0.5% sales taxes in four of these districts in Los Angeles (twice, for a total of a 1% tax), San Mateo, Santa Clara, and Santa Cruz counties. Together, these transit sales taxes generate over \$1.2 billion annually (\$51 to \$95 per district resident).¹⁴

After efforts to adopt county gasoline taxes foundered in the 1980s, the legislature began to authorize individual counties to adopt sales taxes to fund diversified programs of transportation investments. Counties seeking to adopt such a tax needed to establish a commission to draft an expenditure plan, which would be placed on the ballot along with the tax increase. If approved, a tax expenditure program would be administered by a new county transportation authority, which was governed by city and county elected officials. After passing numerous county-specific authorizations for transportation sales taxes, the legislature finally passed a blanket law covering all counties in 1987.¹⁵

Between 1984 and 1990, at least 34 transportation sales tax elections were held around the state, leading to successes in 16 counties.¹⁶ All of these measures are 0.5% sales taxes, ranging in duration between 10 and 20 years. Together, these taxes generate an additional \$1 billion annually. Overall, statewide, about 35% of these revenues are used for state highway projects, 28% for transit and paratransit programs, 32% for local streets and roads, and 6% for other purposes.¹⁷ Combined with the permanent transit district taxes described above, California residents pay on average \$22 per capita in sales taxes for street and road projects, and over \$47 per capita for transit capital and operations. Major projects funded with the tax have included major rail capital investments in eleven counties, major new or expanded freeways, traffic operation improvements, street maintenance, vanpool and paratransit services, and an incentive program for growth management.

The state government helped promote adoption of these tax measures in two ways. First, the governor's reluctance during this time to accept statewide gasoline tax increases created great fiscal pressures for local governments to find their own funding sources. However, local governments feared that if they alleviated their fiscal crisis by adopting a tax to meet their infrastructure needs, they see their share of state gasoline tax funds shifted to counties where the funding situation remained desperate. In response to this concern, the state created a special incentive fund to provide a bonus to "self-help counties" (those that had adopted transportation sales taxes). Although this new incentive was small, its existence led additional counties to adopt these taxes, because of the political pressure not to leave potential state funding on the table.

¹³ This tax was initially intended to be temporary, but over the course of the 1970s it was extended, and 25% of the revenues were redirected to support two other agencies, AC Transit and the San Francisco Municipal Railway.

¹⁴ California State Controller, *Transit Operators and Non-Transit Claimants Annual Report, FY 1997-98* (1999).

¹⁵ California Public Utilities Code, §§ 180000 ff.

¹⁶ These counties include: Alameda, Contra Costa, Fresno, Imperial, Madera, Orange, Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Francisco, San Joaquin, San Mateo, Santa Barbara, and Santa Clara.

¹⁷ Self-Help Counties Coalition, "We Deliver Transportation," (1999).

However, approval of new transportation taxes came to a halt in the early 1990s, after a court ruled that recent statewide ballot initiatives meant that majority voter approval was no longer sufficient to approval a special-purpose sales tax. Under the new legal framework, only a general-purpose tax increase could pass with a simple majority; any tax that was earmarked for a specific purpose required approval from two-thirds of voters. Because very few transportation tax measures anywhere have managed to muster that level of voter support, efforts to adopt these taxes elsewhere in the state declined.

In the late 1990s, several trends suggest a revival of transportation sales taxes. First, faced with the expiration of its first transportation sales tax, Santa Clara County found an innovative way around the two-thirds vote requirement. In 1996, it asked voters to approve two legally separate measures, one a general-purpose sales tax increase, and the other an advisory measure listing projects that should be built with any tax increase. A majority of voters approved both measures, and the tax was upheld in state court. However, it is not clear whether such a strategy could work in the future, in light of more recent shifts in state law.

In a second recent development, the legislature has started to authorize transportation sales taxes in individual towns and localized districts. In 1998, Truckee became the first community in the state to adopt a transportation sales tax (aside from the consolidated City and County of San Francisco), when it approved a 0.5% tax for street maintenance. The legislature has also authorized a sales tax for public transit services in the North Lake Tahoe area, but voters have not yet approved it.

Finally, as the transportation sales tax measures passed during the 1980s have been nearing their expiration dates, policymakers have started to call for a repeal of the two-thirds vote requirement. The legislature has debated a constitutional amendment that would allow taxes earmarked for transportation to be approved by a simple majority, but it has not yet put a proposal on the topic before the state's voters.

A recent development has been the surprise approval in late 2000 of new transportation sales taxes in Alameda and Santa Clara counties with 81% and 71% voter support. These measures will fund major new investments in public transit, including rapid transit and light rail extensions and enhanced funding for bus transit services, as well as road and freeway projects. Many explanations have been proposed for the unexpected leap in public support for these measures (including the strength of the economy, frustration with traffic congestion, and outreach to environmentalists and other constituencies), but it remains unclear whether such strong support can be mobilized in other parts of the state.

CALIFORNIA

Overview of County, District, and Local Transportation Tax Laws - Part 1

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Fuel	PUC 99500	Transit Motor Vehicle Fuel Tax	Transit districts, cities, counties	1977	1¢/gallon	-	Transit capital ****	C*
	RTC 9501	Local Motor Vehicle Fuel Tax	Counties	1981	Any	-	Transportation ****	C*
	RTC 8502	MTC Motor Vehicle Fuel Tax	Metropolitan Transportation Comm'n	1997	10¢/gallon	20 years	Transportation ****	C*
Vehicle	HSC 41081, HSC 44223	Clean Air Dist. Vehicle Reg. Fee	Air quality management districts	1990	up to \$4/vehicle	-	Reduction of motor vehicle pollution	E
	VC 9250.11	Clean Air Dist. Vehicle Reg. Fee	South Coast Air Quality Mgmt. Dist.	1988	\$1/vehicle	Until 2005	"	A
	VC 9250.7	Abandoned Vehicle Abatement Authority Vehicle Reg. Fees	Counties	1990	\$1/vehicle	-	Vehicle removal	B*, D
	RTC 11101	Local Vehicle License Fee	Counties	1967	up to \$10/vehicle	-	Expressways	C* (if > 2 yrs)
	RTC 11151, VC 9250.12	Vehicle License or Registration Fee Surcharge	San Francisco	1993	15% of state VLF or \$4/veh.	-	Transit***	C*
	RTC 36000	Vehicle Regis. Fee	Any county (pop > 1M)	1966	up to \$1/vehicle	1 year**	Transit capital	B
	RTC 36000	Parking Tax	Any county (pop > 1M)	1966	up to 5%	1 year**	Transit capital	B
	SHC 2555	Service Auth. for Freeway Emergencies Vehicle Reg. Fee	County or multicounty service authorities	1985	\$1/vehicle	-	Towing & other highway operations	B D
Property	PUC 25891		Dists in Alameda & Contra Costa co.	1955	0.01%	-	Transit	E
	PUC 29120		Bay Area Rapid Transit Dist.	1957	0.05%	-	Transit	E
	PUC 33000		Southern Ca. Rapid Transit Dist.	1983	Benefit Assess.	-	Transit	E
	PUC 40300		Orange County Transit Dist.	1974	0.05%	-	Transit	E
	PUC 50210		San Joaquin Reg'l Transp. Dist.	1963	0.10%	-	Transit	B E
	PUC 70210		Marin County Transit Dist.	1964	Any	-	Transit	E (C if > 0.05%)
	PUC 90540		San Diego County Transit Dist.	1965	0.05%	-	Transit	E
	PUC 96220		Santa Barbara Co. Transit Dist.	1965	0.10%	-	Transit	B E
	PUC 98280		Santa Cruz Metro. Transit Dist.	1967	0.10%	-	Transit	E (C if > 0.05%)
	PUC 101265		Golden Empire Transit Dist.	1971	Any	-	Transit	E (C if > 0.25%)
	PUC 102330		Sacramento Regional Transit Dist.	1971	Any	-	Transit	C
	PUC 103320		San Mateo County Transit Dist.	1974	Any	-	Transit	C
	RTC 36000		Any county (pop > 1M)	1966	Any	1 year**	Transit capital	B

PUC = Public Utility Code
 RTC = Revenue and Taxation Code
 VC = Vehicle Code
 HSC = Health and Safety Code
 SHC = Streets and Highways Code

* Requires 2/3 majority approval
 ** May only be adopted once, for one year
 *** Only to prevent fare increase
 **** Regulated by Art. XIX of the California Constitution

A = State Law
 B = County/Local Law
 C = Popular Vote
 D = Weighted Majority of City Councils
 E = Vote of agency or district

CALIFORNIA

Overview of County, District, and Local Transportation Tax Laws - Part 2

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales	RTC 7251, 7285	Any county		1969	1/4 or 1/2%	-	General Revenues	C
	PUC 180000	Any county		1987	1/4 to 1%	20 years	Specified Transport. Purposes	C*
	PUC 29141	Bay Area Rapid Transit Dist.		1969	1/2%	-	Transit operations**	A
	PUC 100250	Santa Clara County Transit Dist.		1974	Any	-	Transit	C*
	PUC 103350	San Mateo County Transit Dist.		1974	Any	-	Transit	C*
	PUC 40330	Orange County Transit Dist.		1974	1/4 to 1%	-	Transit	C*
	PUC 130350	Los Angeles County Transp. Comm.		1976	Any	-	Transit	C*
	PUC 98290	Santa Cruz Metropolitan Transit Dist.		1977	Any	-	Transit	C*
	PUC 70223	Marin County Transit Dist.		1977	up to 1/2%	-	Transit	C*
	PUC 102350	Sacramento Regional Transit Dist.		1977	1/4 or 1/2%	-	Transit (subs.for local \$)	C*
	PUC 130400	Orange County		1983	up to 1%	-	Any except transit operations	C*
	PUC 140250	Santa Clara County		1984	1/2%	10 years	Highway construction	C*
	PUC 132300	San Diego County		1985	1/4 to 1%	-	Transportation	C*
	PUC 131100	Nine Bay Area Counties		1986	1/2 or 1%	-	Transportation	C*
	PUC 142250	Fresno County		1986	1/2 or 1%	20 years	75% Highways, 25% streets	C*
	PUC 150000	Tuolumne County		1986	1/2 or 1%	15 years	Transportation	C*
	PUC 190300	San Bernardino County		1987	up to 1/2%	***	Transportation	C*
	PUC 240300	Riverside County		1987	up to 1/2%	***	Transportation	C*
	RTC 7286.4	City of Lakeport		1994	up to 1%	-	Streets	C*
	RTC 7286.5	City of Fort Bragg		1995	1/4 or 1/2%	Until 2002	Streets	C*
	RTC 7286.6	Town of Truckee		1995	1/2%	-	Streets	C*
PUC 60100	Yolo County		1996	1/4 to 1%	20 years	Highways, streets, transit	C*	
GC 67960	North Lake Tahoe Transportation Auth.		1998	up to 1/2%	20 years	Transportation	C*	

PUC = Public Utility Code
 RTC = Revenue and Taxation Code
 GC = Government Code

* Requires 2/3 majority voter approval
 ** 25% of revenues used for other transit districts
 *** A duration for the tax must be specified in the ordinance

A = State Law
 B = County/Local Law
 C = Popular Vote

CALIFORNIA
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1998	Sales Taxes (FY 1998)						Other (FY 1998)					
		Rate (%)	Year Adopted	Purpose	Revenues (\$1,000's)	Revs per capita	Note	Type	Purpose	Revenues (\$1,000's)	Revs per capita	Note	
ALAMEDA	1,397,050	0.5%	1986	Multi-Mode	88,668.9	\$63.47	[1]						
ALPINE	1,192												
AMADOR	33,415												
BUTTE	194,347												
CALAVERAS	39,642												
COLUSA	18,596												
CONTRA COSTA	917,970	0.5%	1988	Multi-Mode	49,050.0	\$53.43	[1]						
DEL NORTE	27,006							Veh Reg Fee	SAFE	22.7	\$0.84		
EL DORADO	158,322							Develop. Fee	Roads	220.6	\$1.39		
FRESNO	755,051	0.5%	1986	Street/Road	33,279.6	\$44.08	[1]						
GLENN	26,176												
HUMBOLDT	122,163												
IMPERIAL	143,735	0.5%	1989	Street/Road	5,274.2	\$36.69	[1]	Veh Reg Fee	SAFE	101.5	\$0.71		
INYO	18,071												
KERN	631,615							Veh Reg Fee	SAFE	488.5	\$0.77		
KINGS	118,667												
LAKE	55,076							Veh Reg Fee	SAFE	66.7	\$1.21		
LASSEN	33,281												
LOS ANGELES	9,223,807	1.0%	1980, '90	Transit	880,675.0	\$95.48	[1]	Veh Reg Fee	SAFE	5,682.0	\$0.62		
MADERA	114,523	0.5%	1990	Street/Road	3,983.3	\$34.78	[1]						
MARIN	236,377							Property Tax	Transit	1,263.8	\$5.35	[2]	
MARIPOSA	15,786												
MENDOCINO	83,754							Veh Reg Fee	SAFE	82.6	\$0.99		
MERCED	197,261							Veh Reg Fee	SAFE	109.0	\$0.55		
MODOC	9,338												
MONO	10,307												
MONTEREY	366,631												
NAPA	119,540												
NEVADA	91,114												
ORANGE	2,723,782	0.5%	1990	Multi-Mode	172,723.0	\$63.41	[1]	Property Tax	Transit	4,733.6	\$1.74	[2]	
"								Veh Reg Fee	SAFE	2,115.3	\$0.78		
"								Develop. Fee	Highway	28,342.0	\$10.41		
PLACER	229,216												
PLUMAS	20,362												
RIVERSIDE	1,480,708	0.5%	1988	Multi-Mode	63,085.6	\$42.61	[1]	Veh Reg Fee	SAFE	1,063.1	\$0.72		
SACRAMENTO	1,166,699	0.5%	1988	Multi-Mode	65,056.2	\$55.76	[1]						
SAN BENITO	48,984	0.5%	1988	Multi-Mode	1,986.3	\$40.55	[1]						
SAN BERNARDINO	1,635,967	0.5%	1989	Multi-Mode	69,644.4	\$42.57	[1]	Veh Reg Fee	SAFE	1,192.4	\$0.73		
SAN DIEGO	2,766,123	0.5%	1987	Multi-Mode	157,190.7	\$56.83	[1]						
SAN FRANCISCO	745,756	0.5%	1989	Multi-Mode	59,610.4	\$79.93	[1]	Develop. Fee	Transit	4,800.0	\$6.44		
SAN JOAQUIN	549,684	0.5%	1990	Multi-Mode	24,275.1	\$44.16	[1]	Property Tax	Transit	485.1	\$0.88	[2]	
SAN LUIS OBISPO	234,074												
SAN MATEO	701,080	0.5%	1988	Multi-Mode	51,435.3	\$73.37	[1]						
"		0.5%	1974	Transit	51,435.3	\$73.37	[2]						
SANTA BARBARA	389,472	0.5%	1989	Multi-Mode	20,979.9	\$53.87	[1]	Veh Reg Fee	SAFE	317.4	\$0.82		
SANTA CLARA	1,641,848	0.5%	1984, '96	Multi-Mode	138,427.8	\$84.31	[1]						
"		0.5%	1976	Transit	138,427.8	\$84.31	[2]						
SANTA CRUZ	243,200	0.5%	1978	Transit	12,563.3	\$51.66	[2]	Veh Reg Fee	SAFE	194.8	\$0.80		
SHASTA	164,156												
SIERRA	3,376												
SISKIYOU	44,024												
SOLANO	376,748												
SONOMA	433,777												
STANISLAUS	426,872												
SUTTER	77,069												
TEHAMA	54,016												
TRINITY	13,043												
TULARE	354,527												
TUOLUMNE	53,029												
VENTURA	732,143							Veh Reg Fee	SAFE	612.7	\$0.84		
YOLO	153,293												
YUBA	59,953												
Town of Truckee	12,700	0.5%	1998	Streets	-	-							

Jurisdictions	Population 1998	Sales Taxes (FY 1998)						Other (FY 1998)				
		Rate (%)	Year Adopted	Purpose	Revenues (\$1,000's)	Revs per capita	Note	Type	Purpose	Revenues (\$1,000's)	Revs per capita	Note
AC Transit District [3]	1,086,254						[7]	Property Tax	Transit	34,970.8	\$32.19	
Bay Area Rapid Transit District [4]	3,060,776	0.5%	1969	Transit	192,900.3	\$63.02	[5]	Property Tax	Transit	58,856.8	\$19.23	
Contra Costa Service Area M-1								Property Tax	Transit	17.2		
Santa Barbara Metro. Transit District	195,000							Property Tax	Transit	349.9	\$1.79	[2]
Coachella Valley Association of Governments	264,055							Develop. Fee	Roads	3,397.6	\$12.87	
Capitol Valley Regional SAFE	2,006,698							Veh Reg Fee	SAFE	1,602.7	\$0.80	
S.F. Metropolitan Trans. Commission	6,570,146							Veh Reg Fee	SAFE	5,480.1	\$0.83	
Bay Area Air Quality Management District	6,570,146							Veh Reg Fee	AQ	21,920.4	\$3.34	
South Coast Air Quality Management District	15,064,264							Veh Reg Fee	AQ	62,000.0	\$4.12	[8]
State Total	32,682,794			Street/Road	723,362.9	\$22.13		Veh Reg Fee	SAFE	19,065.0	\$0.58	
								Veh Reg Fee	AQ	83,920.4	\$2.57	
								Veh Reg Fee	ABASA	14,400.0	\$0.44	
								Develop. Fee	Roads	31,960.2	\$0.98	
								Develop. Fee	Transit	4,800.0	\$0.15	
				Transit	1,557,309	\$47.65		Property Tax	Transit	100,677.1	\$3.08	

[1] Tax is imposed by a transportation authority

[2] Tax is imposed by a transit district

[3] Alameda and Contra Costa Counties

[4] Alameda, Contra Costa, and San Francisco Counties

[5] 25% of revenues earmarked for AC Transit District and the SF Municipal Railway

[6] Tax is imposed by a local transit service authority

[7] Excludes revenues from Alameda County and BART Sales Taxes

SAFE = Service Authority for Freeway Emergencies

AQ = Transportation & Air Quality Programs

ABASA = Abandoned Vehicle Abatement Service Auth.

Although Colorado does not have a long tradition of reliance on local option transportation taxes, the state has seen a recent rise in their use for both highways and transit. Local option sales taxes for public transit have been adopted across the Denver metropolitan area, as well as in resort areas in the high Rockies. Most of these taxes are used to support transit operations, but some have been used to purchase rights-of-way, and plan for new capital investments in rail. Recent votes in the Denver region are enabling these taxes to help finance light rail construction. A number of counties have also adopted dedicated sales taxes for highway maintenance and capital improvements.

The use of local option taxes in Colorado has facilitated major new transportation investments that would not have been possible within the same time frame without these tax revenues, including construction of new rail facilities. Locally generated tax revenue is also more easily spent on alternate transportation projects, bicycling and pedestrian projects, than funds passed down from the state government.

In addition to local option taxes, Colorado is one of a handful of states that is experimenting with toll-financed infrastructure. The Denver region is building a beltway primarily using tolls, with small operational subsidies provided by a local option vehicle tax.

Because of the growing importance of local option taxes in the Colorado, we chose it as one of our survey states. We sent surveys to the 21 largest cities and all 63 counties in the state. We received responses from ten cities (for a 48% response rate) and 23 counties (37% response rate).¹ In addition, the Colorado Department of Transportation provided detailed local highway finance data for every local jurisdiction.

1. Fuel and Vehicle Taxes

Colorado permits local option vehicle registration fees up to \$10 per vehicle, which may be adopted by a rural transportation authority or a public highway authority. Under the state's constitution, these funds must be used for highway construction and maintenance.² The only such fee currently existing in the state is a \$10 vehicle registration fee that helps finance E-470 Public Highway Authority, which is constructing the eastern portion of a beltway around Denver. The tax was approved by voters in 1988, and raises about \$7 million annually. Roughly half of the revenues are used to fund toll operations, a third are used for other highway operations, and the remainder are used for highway maintenance.³

Automobile users are not the only transportation system users with specific infrastructure needs. The city of Colorado Springs charges an excise tax of \$4 on all sales of bicycles in order to fund construction of bike paths and other facilities.⁴ This tax raises roughly \$60,000 per year.

In absolute dollars, the most important user tax for local governments is the "specific ownership tax," which is levied in lieu of an *ad valorem* property tax and raises \$55 million (\$13.87 per capita) for highway purposes.⁵ However, this tax is imposed at a uniform rate by the state government, so it is not considered a local tax for the purposes of this study.

¹ We received valid responses from the cities of Aurora, Boulder, Colorado Springs, Greenwood Village, Grand Junction, Longmont, Louisville, Northglenn, Pueblo, and Westminster; and Adams, Alamosa, Clear Creek, Conejos, Crowley, Custer, Denver, Douglas, Eagle, Elbert, Hinsdale, Huerfano, Jackson, La Plata, Lake, Logan, Otero, Ouray, Pitkin, Rio Blanco, Rio Grande, San Juan, and San Miguel counties. We received one invalid response.

² Colorado Revised Statutes, §§ 43-4-605 and 43-4-506; Constitution of the State of Colorado, Art. X, Sec. 18.

³ Letter from E-470 Public Highway Authority (October 27, 2000).

⁴ City of Colorado Springs City Code, § 7-8-101.

⁵ Colorado DOT, "1998 Annual Statement of Receipts and Expenditures for Roads, Bridges and Streets," (1999).

2. Property Taxes and Assessments

On an annual basis, county governments have the power to set budgets for their road and bridge expenditures, subtract expected revenues from other funding sources, and levy a dedicated property tax to make up the difference. Revenues from this levy are split evenly between the counties and their municipalities.⁶ In 1998, all but two counties levied these taxes. There was considerable variation in their rates and revenues (which ranged from 1¢ per capita in Grand County to \$274 in Kiowa County), reflecting whether or not individual counties had major projects underway in that year. Statewide, these taxes generated \$83.7 million (\$21 per capita).⁷

Colorado authorizes various special districts, which may fund operations with property taxes. Business improvement districts may fund projects in commercial districts through taxes on commercial property. Metropolitan districts and special taxing districts can be used to fund investments in infrastructure and services, including (but not limited to) roads, streets, sidewalks, and transit. Of the 213 metropolitan districts across the state identified by the U.S. Census Bureau, 18 are primarily involved in providing road or highway-related investments, and one provides parking facilities.⁸ Together, these districts raised about \$19 million in property tax revenue in 1999 (about \$4.80 per capita averaged across the state).⁹

Our survey turned up a couple of other taxes. One small city, Greenwood Village, has a dedicated property tax that raises \$1.6 million (\$110 per capita) for transit services. San Miguel County has a 3/4% real estate transfer tax with revenues earmarked for transportation projects; this tax raised about \$45 per capita in 1999.

3. Sales and Other Taxes

Colorado law provides several distinct authorizations for local option sales taxes. First, cities and counties may adopt any sales taxes as long as the combined tax rates do not exceed 7% (unless they are home-rule municipalities, in which case they have no tax ceiling). Governments do not need to earmark these taxes for a specific purpose, but nothing prevents them from doing so. They may also dedicate these taxes for a capital improvement fund, or to back revenue bonds.¹⁰ About \$107 million in sales tax revenues reached road projects via general capital improvements funds or direct earmarks in 1998 (about \$27 per capita statewide).

Our survey identified nine localities (including Alamosa, Douglas, La Plata, Logan, Ouray, and Pitkin counties, and the cities of Boulder, Greenwood Village, Longmont) that specifically earmark a portion of their revenues for streets, highways, and other transportation purposes. The city of Boulder adopted its 0.6% sales tax in 1968, and may use its revenues for any investments related to the implementation of its Transportation Master Plan. Longmont also uses its 0.75% tax (approved in 1986) for diverse purposes, including transit operations, road maintenance and capital projects, and pedestrian and bicycle infrastructure. Others fund a narrower range of projects: Ouray County's 0.16% tax (adopted in 1985) and Logan County's 0.25% tax (adopted in 1996) both fund only road maintenance.

In 1969, the legislature created the Regional Transportation District to provide transit services within metropolitan Denver (including Boulder, Jefferson, and parts of Adams, Arapahoe, and Douglas counties), and authorized establishment of a sales tax to fund its activities.¹¹ In 1973, voters in the region

⁶ Colorado Revised Statutes, § 43-2-203.

⁷ Colorado DOT, "1998 Annual Statement of Receipts and Expenditures for Roads, Bridges and Streets," (1999).

⁸ U.S. Bureau of the Census, "1997 Census of Governments: Governments Integrated Directory."

⁹ Colorado Department of Local Affairs, Division of Property Taxation, "1999 Annual Report" (2000).

¹⁰ Colorado Revised Statutes, §§ 29-2-102 *et seq.*

¹¹ Colorado Revised Statutes, § 32-9-119.

approved 0.6% sales tax to fund the operation of a regional transit system. Since its creation, the RTD has sought funds for the construction of a regional rail network, but has found a difficult time winning voter approval for its proposed system. Voters twice rejected sales tax increases to fund this light rail network, in 1980 (a proposed 0.65% sales tax increase), and in 1997 (a proposed 0.4% sales tax increase). Despite these setbacks, the RTD has been able to finance an initial 5.3-mile light rail segment, which opened in 1994, and an 8.7-mile extension, due to open this year. Finally, in 1999, voters approved financing a major new rail line with bonds backed by existing tax revenues. Without this vote, these revenues would have been returned to the voters under the state's Taxpayer's Bill of Rights, so the waiver of this rebate effectively worked as a tax increase.¹² RTD's existing 0.6% sales tax generates about \$170 million (\$77 per district resident) annually.¹³

Colorado also authorizes counties outside the RTD to adopt their own 0.5% transit taxes, with voter approval.¹⁴ Three counties (Eagle, Pitkin, and Summit) currently levy this tax. Despite their small populations, high levels of tourism help these counties generate \$10.6 million annually from their transit sales taxes (over \$200 per resident).¹⁵ Eagle County adopted its tax in 1995, and 90% of its revenues for transit operations, and 10% for its county trails system. Pitkin County has adopted two sales taxes for transit: a 1% general-authority sales tax that it dedicated for transit in 1983, and a 0.5% transit sales tax in 1993. One-quarter of the revenues from the new tax is earmarked for rail right-of-way purchases and planning activities, with the remainder used for transit capital projects and operations. Pitkin's unusually high 1% sales tax for transit generates an extraordinary amount of revenue per capita because of the county's high tourism rates.

Finally, all counties except for Denver metropolitan counties may adopt a 1% sales tax for Rural Transportation Authorities to build, operate, and maintain infrastructure.¹⁶ In November of 2000, voters in Eagle and Pitkin counties voted to create the Roaring Fork Transportation Authority to provide enhanced transit services, recreational trails, road improvements, and rail corridor maintenance in this region. The two counties rededicated a share of their existing transit sales taxes to fund the new authority.

Beyond sales taxes, several other taxes are also used. Many jurisdictions in Colorado levy impact fees to pay for the road and street construction costs associated with new land development. These taxes take many different forms, including taxes based on land acreage (Aurora); number of units and floor area (Boulder); location, unit type, and floor area (Denver); unit type only (Jefferson County); and vehicle trips as estimated according to the Institute of Transportation Engineers' *Trip Generation Manual* (Fort Collins). Revenue data for these taxes were not available.

Finally, several cities have adopted "employee/employer occupation privilege" taxes to account for the infrastructure and public service costs associated with people who work in central cities. Aspen charges businesses flat fees ranging between \$150 and \$750 annually, based on their size. Other cities charge per employee, including Aurora (\$4 per employee per month) and Denver (\$9.75 per employee per month). These taxes are not generally earmarked, specifically for transportation purposes, although the cities that have adopted them list transportation investments as one of the purposes of the legislation.

¹² Regional Transportation District, "Transit Planning History," (2000); Demery, "A Retrospect of Rail Transit Financing Votes in the US 1962-1994," *Headlights* (January-February 1996); Young, "Guide the Ride derailed; Metro voters say no to transit proposal," *The Denver Post* (November 5, 1997); Young, "Green lights on transit; Rail, highway packages draw strong support," *The Denver Post* (November 3, 1999).

¹³ Colorado Department of Revenue, "1999 Annual Report," (January, 2000).

¹⁴ Colorado Revised Statutes, § 29-2-103.5.

¹⁵ Letter from Assistant County Administrator, Eagle County (October 26, 2000); Letter from Pitkin County Finance Department (October 30, 2000); and Colorado Department of Revenue, "1999 Annual Report," (January, 2000).

¹⁶ Colorado Revised Statutes, § 43-4-605.

COLORADO

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Vehicle	C.R.S. 43-4-605	Vehicle Registration Fees	Rural Transportation Authorities	1997	Up to \$10/vehicle	-	Build and maintain highways (See Art. X, Sec. 18 of CO Constitution)	E
	C.R.S. 43-4-506	Vehicle Registration Fees	Public Highway Authorities	1987	Up to \$10/vehicle	-	Build and maintain highways	E
Property	C.R.S. 30-35-901		Special Tax Districts	1999	Any property taxes	-	County Services	B
	C.R.S. 31-25-1213		Business Improvement Districts	1999	Taxes on Commercial Property	-	Public Improvements [3]	C
	C.R.S. 32-1-1004 C.R.S. 32-1-1101		Metropolitan Districts	1983	Any property taxes	-	Streets, sidewalks, parking, transit	C
	C.R.S. 43-2-203	County Road and Bridge Fund Levy	Counties	1951	Any property taxes	Set annually	Roads and bridges; split between county and municipalities	B
	C.R.S. 43-4-605		Rural Transportation Authorities	1997	Any property taxes	-	Build/operate/maintain highways, streets, transit, bikeways, etc.	C
Other	C.R.S. 43-4-506	Highway Expansion Fee	Public Highway Authorities	1987	Fee for building permits	-	Build and maintain highways	
Sales	C.R.S. 29-2-102	Municipal Sales and Use Tax	Cities and Towns		Max. combined rate of 7%	-	Any [2]	C
	C.R.S. 29-2-103	Countywide Sales and Use Tax	Counties		Max. combined rate of 7%	-	Any [2]	C
	C.R.S. 29-2-103.5	Sales Tax for Mass Transit	Counties outside of the RTD.	1990	Up to 0.5%	-	Transit	C
	C.R.S. 30-20-604.5	District Sales Tax	Local Improvement Districts (in counties > 100K)	1987	Up to 0.5%	-	Street Improvements	C
	C.R.S. 32-9-119	Reg'l Transportation District Sales Tax	Regional Transportation District (RTD) [1]	1969	Up to 0.6%	-	Transit	C
	C.R.S. 43-4-605	Rural Transportation Authority Sales Tax	Rural Transportation Authorities	1997	Up to 0.4%	-	Build/operate/maintain highways, streets, transit, bikeways, etc.	C

[1] The RTD covers Denver, Jefferson, and Boulder counties, and parts of Adams, Arapahoe, and Douglas counties.

[2] Funds need not be earmarked, but they can be earmarked for a capital improvement fund, or to back revenue bonds.

[3] Projects must be specified in advance

A = State Law
 B = County/Local Law
 C = Popular Vote
 D = Majority of City Councils
 E = Vote of agency or district

Jurisdictions	Population 1998	Sales Taxes				Property			
		% Tax for Trans.	Purpose	[4] 1998 Revenues (\$1,000's)	Revs per capita	Notes	Purpose	[6] 1998 Revenues (\$1,000's)	Revs per capita
Arvada	97,610								
Aurora	250,604								
Boulder	90,543	0.60%	Streets	7,339.8	\$81.06		Road & Bridge	108.6	\$1.20
Broomfield	34,391		Streets	868.7	\$25.26		Road & Bridge	151.4	\$4.40
Colorado Springs	344,987		Streets	2,596.4	\$7.53				
Englewood	31,593						Road & Bridge	186.7	\$5.91
Fort Collins	108,905		Streets	1,121.2	\$10.30		Road & Bridge	356.9	\$3.28
Grand Junction	41,265	0.75%	Cap. Projects			[1]	Road & Bridge	87.7	\$2.13
Greeley	70,434		Streets	1,001.2	\$14.21		Road & Bridge	35.8	\$0.51
Lafayette	20,487								
Lakewood	136,883		Streets	10,064.5	\$73.53				
Littleton	41,059		Transit;				Road & Bridge	563.3	\$13.72
Longmont	62,078	0.75%	Roads; Ped & Bike	7,041.3	\$113.43				
Louisville	17,871		Streets	1,466.8	\$82.08				
Loveland	47,116								
Northglenn	29,892								
Pueblo	107,301								
Thornton	74,139		Streets	8,961.8	\$120.88		Road & Bridge	871.2	\$11.75
Westminster	95,691						Road & Bridge	510.8	\$5.34
Wheat Ridge	29,870		Streets	3,585.3	\$120.03		Road & Bridge	612.0	\$20.49
Top 20 Cities:	1,732,719			44,046.8	\$25.42			3,484.4	\$2.01
246 Other Cities:	2,236,248			44,120.3	\$19.73			5,417.9	\$2.42
State Total:	3,968,967		Roads	62,902.7	\$15.85		Roads	102,678.1	\$25.87
			Transit	189,893.7	\$47.84				

[1] No specific earmark for transportation; data represent transport expenditures from sales tax-financed capital project fund.

[2] This county also imposes 5.5% local retail sales and use tax for short-term rentals of autos

[3a] Pitkin County adopted a 1% sales tax in 1983. After distributions to Aspen & Snowmass, the remaining 71% supports the Roaring Fork TA

[3b] Pitkin County adopted an additional 1/2% sales tax in 1993. Funds are used for transit services and the purchase of railroad right-of-way.

[4] Data on revenues for highways are from CoDOT, 1998 Annual Statement of Receipts/Expenditures for Roads, Bridges and Streets, (1999).

Transit revenue data were estimated by multiplying the tax rate by a county's taxable sales as listed in Colorado DOR, 1999 Annual Report."

[5] This county also has a use tax on motor vehicles

[6] Data on property tax revenues for special districts from Co. Dept. of Local Affairs, Division of Property Taxation, "1999 Annual Report" (2000).

Property tax data for cities and counties from CoDOT, Annual Statement of Receipts and Expenditures for Roads, Bridges & Streets, (1999).

Connecticut's use of local option transportation taxes is limited to taxes on real and personal property (motor vehicles). Most locally-generated transportation funds are appropriated from general revenue sources.

Our analysis was aided by detailed local transportation finance data compiled by the state Department of Transportation. While the state does not conduct an annual survey of local governments, it draws upon general data in annual financial reports that all cities and towns must file with the state's Office of Policy and Management.

1. Fuel and Vehicle Taxes

Connecticut does not have a local option gasoline tax.

Motor vehicles are taxed as personal property just as real property is taxed. Municipalities may choose to simplify the taxation rate on motor vehicles by adopting a uniform taxation rate for them.¹ The revenues from these taxes need not be used for transportation, but 35 municipalities across the state voluntarily earmark motor vehicle property tax revenues for road-related projects. In all, these taxes generated \$16.3 million in fiscal year 1998-99 (about \$5 per capita).²

2. Property Taxes and Assessments

Connecticut authorizes metropolitan areas (cities with populations over 25,000, plus any surrounding areas less than 15 miles away)³ to form "special services districts" to build and operate public improvements (including streets and parking facilities), or to provide services. These districts are supported by property taxes imposed by their constituent local governments.⁴ The Census Bureau has identified 31 such taxing districts in the state primarily involved in highway-related functions.⁵ We were not able to locate data on the revenues of these districts.

Transit districts themselves lack taxing powers in Connecticut, and must rely on funds allocated to them by local governments.⁶

3. Sales and Other Taxes

None.

¹ Connecticut General Statutes § 12-122a.

² State of Connecticut, Department of Transportation, "Summary of Receipts per Town Reports for Fiscal Year 1998-99."

³ Connecticut General Statutes § 7-333.

⁴ Connecticut General Statutes § 7-339n.

⁵ U.S. Bureau of the Census, *Governments Integrated Directory 1997*.

⁶ Connecticut General Statutes § 7-273b ff.

CONNECTICUT

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Property	CGS 12-122a	Uniform mill rate for vehicle taxation	Municipalities	1974	Any		General revenues	B
	CGS 7-339n	Special services levy	Municipalities (on behalf of Special Services Districts)	1973	Any	-	Build/operate specified public improvements and services	C (weighted by assessed value of property)

A = State Law
 B = County/Local Law
 C = Popular Vote

CONNECTICUT

Adopted County, District, and Local Transportation Taxes

Municipalities	1998 Population*	Motor Vehicle Property Taxes	
		1999 Revenues (\$1,000's)	Revs per capita
Bridgeport	136,954		
Bristol	59,509		
Danbury	67,511		
East Hartford	47,985		
Enfield	45,187	5,182.4	\$114.69
Fairfield	53,269		
Greenwich	57,250		
Groton (incl. City)	44,084		
Hamden	50,996		
Hartford	135,274		
Manchester	49,430		
Meriden	58,854	942.9	\$16.02
Middletown	43,802	758.1	\$17.31
Milford	47,281		
Naugatuck	31,164		
New Britain	71,868		
New Haven	123,893		
Norwalk	79,732		
Norwich	35,142		
Shelton	35,981		
Southington (incl. Borough)	38,411		
Stamford	111,621		
Stratford	46,843		
Torrington	34,051	554.0	\$16.27
Trumbull	31,410		
Wallingford	41,348		
Waterbury	106,753		
West Hartford	56,343	1,242.7	\$22.06
West Haven	52,172		
Subtotal (muni's > 30,000)	1,794,118	8,680.1	\$4.84
Subtotal (muni's < 30,000)	1,480,120	7,642.7	\$5.16
Total	3,274,238	16,322.8	\$4.99

*Population data is from CT Department of Transportation, not the U.S. Census Bureau

Like several other Mid-Atlantic states, public finance in Delaware tends to be highly centralized. Delaware is one of a handful of states with no local ownership of roads; maintenance of even the smallest roads is a state responsibility. As a result, local governments tend not to have much of a role in generating funds for transportation investments, apart from local streets.

1. Fuel and Vehicle Taxes

None.

2. Property Taxes and Assessments

Counties also have the authority to levy real estate transfer taxes to fund capital projects.¹ The state Department of Transportation does not collect information on where these taxes have been adopted or how they are used.

3. Sales and Other Taxes

Cities may adopt local income taxes up to 1.25%.² The City of Wilmington has adopted this tax, but uses it as a source of general revenues.

¹ 9 Delaware Code § 8102; 22 Delaware Code § 1601.

² 22 Delaware Code § 901.

DELAWARE

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Income	22 Del. C./901	Municipal User Tax	Cities	1953	1.25%	-	General Revenue	B
Property	9 Del. C./8102	Real Estate Transfer Tax	Counties	1967	1.50%	-	Public Works, Capital Projects, etc.	B
	22 Del. C./1601	Real Estate Transfer Tax	Cities	1971	1.50%	-	Public Works, Capital Projects, etc.	B

A = State Law
 B = County/Local Law
 C = Popular Vote

Florida relies to an unusually high degree on local option gasoline taxes, which have been adopted in every county in the state. Recently enacted matching grant programs and other incentives are prompting local governments to search for additional revenues so they can most effectively leverage state transportation resources. This has led to rising tax rates even among smaller counties that have traditionally had lower gas taxes.¹

We selected Florida as one of our survey states, because of its size, and because of its unusually high reliance on local option gas taxes. As part of our research, we supplemented the available data on local finance in Florida with surveys in all 67 counties and the state's 20 largest cities. We received responses from 14 counties (21% response rate) and 7 cities (35% response rate).²

1. Fuel and Vehicle Taxes

Florida has several forms of local motor fuel taxes. The oldest is a 1¢ per gallon county-option “Ninth-Cent Fuel Tax,” which required voter approval until 1992, but which may now be adopted by an extraordinary vote of a county's legislative body. Revenues must be used for public transit operations and maintenance, road maintenance, debt service for road construction, traffic management, or street lighting.³ This tax has been adopted in 39 of the 67 counties across the state. Overall, it raises about \$48.5 million per year (about \$3.21 per capita).⁴

Statewide data is not available on how the revenues from this tax are used. Ten of the counties responding to our survey collect the Ninth-Cent Fuel Tax. Of these, all of the revenues in Broward and Seminole counties were committed to transit operations. Highlands County reported that it uses all revenues from this tax for local streets. Six counties (Citrus, Gilchrist, Hillsborough, Marion, St. Lucie, and Wakulla) used the funds for various proportions of road construction, maintenance, and paving projects. Alachua County reported that it split its expenditures among road bond debt service, transit operations, and local streets.

A second tax available to counties is a “Local Option Fuel Tax” up to 11¢ per gallon. This tax may be adopted either by a voter referendum or by a vote a board of commissioners. The state collects 7.3% of the revenues from this tax for its general fund; counties and cities share the remainder. Funds may be used for the same purposes as the Ninth Cent Fuel Tax, but this law allows small counties additional flexibility to use six cents of this tax for non-transportation capital improvements if all of their transportation needs are fully funded.⁵ Every county has adopted a Local Option Fuel Tax of at least 3¢

¹ Letter from Florida Department of Transportation (November 22, 2000).

² We received surveys from Alachua, Broward, Citrus, Gilchrist, Gulf, Highlands, Hillsborough, Marion, Okaloosa, Orange, Putnam, Seminole, St. Lucie, and Wakulla counties; and the cities of Coral Springs, Fort Lauderdale, Gainesville, Hialeah, Plantation, Tallahassee, and West Palm Beach.

³ Florida Statutes, §§ 206.41, 206.87, 336.021, and 336.025.

⁴ This revenue estimate is based on county-by-county revenue estimates from the Florida Department of Transportation (FDOT, Office of Management and Budget, “Florida's Transportation Tax Sources: A Primer,” (2000), p. 7-5). We excluded diesel taxes, because these are imposed uniformly statewide; and also excluded state service charges and dealer collection allowances. The Department of Revenue publishes a somewhat higher estimate of \$57.8 million, but doesn't break this down by county (FDOR, “State and Local Tax Receipts” (2000)).

⁵ Florida Statutes, §§ 206.41, 206.87, 336.025, and 336.026. Somewhat different rules govern the adoption of the first six cents and the next five cents of the tax.

per gallon, and eight have adopted the full 11¢ per gallon. Statewide, this tax raises about \$528 million (\$35 per capita).⁶

In their survey responses, most counties reported using their Local Option Fuel Tax revenues differently from their Ninth Cent Fuel Taxes. However, the overall pattern of their expenditures was similar. Two counties use this tax to fund transit operations (50% of revenues in Broward County, and 40% in Okaloosa County). Five counties (Alachua, Highlands, Orange, Seminole, and Wakulla) use at least half of their revenues for local streets and sidewalks. Two counties (Gulf and Hillsborough) report that revenues are used to fund a general capital improvements program. Eight counties (Alachua, Broward, Citrus, Gilchrist, Marion, Putnam, St. Lucie, and Wakulla) spend at least half of their revenues on road construction and maintenance.

Local governments also receive revenues from several other taxes directly imposed by the state. The state allocates a 2¢ per gallon “Constitutional Fuel Tax” and a 1¢ per gallon “County Fuel Tax” directly to the counties, and allocates a 1¢ per gallon “Municipal Fuel Tax” directly to the cities.⁷ All “local” diesel fuel taxes are set at a uniform rate statewide.

Florida also has a “State Comprehensive Enhanced Transportation System Tax,” that varies by county but is imposed by the state. The tax was initially set at a percentage of each county’s 1990 “Local Option Fuel Tax,” and is indexed for inflation. All revenues must be spent in the areas where they are raised.⁸ This tax is unusual in that the tax rate varies from county to county (rendering it a “local tax” according to the definition used in this study), but control over revenues remains with the state. All but four of Florida’s 67 counties currently impose the maximum rate of 5.1¢ per gallon.

According to the *National Transit Database*, transit operators serving the metropolitan areas of Ft. Lauderdale, Ft. Meyers, Gainesville, Melbourne, Miami, and West Palm Beach received a total of \$43.7 million in operating revenues and \$5.8 million in capital subsidies from local motor fuel taxes in 1998.⁹

2. Property Taxes and Assessments

A variety of transportation-related authorizations for property taxes exist under Florida law. First, with voter approval, regional transit authorities may levy a property tax up to 3 mills.¹⁰ Transit agencies in Daytona Beach, Lakeland, Palm Beach, St. Petersburg, and Tampa report receiving property taxes totaling \$29.3 million (about \$2 per capita statewide).¹¹

The state constitution generally permits local *ad valorem* property taxes for capital-intensive projects.¹² No centralized information is available on the extent to which these taxes have been adopted. In response to our survey questions, two of fourteen counties reported dedicated countywide tax levies for transportation purposes. Citrus County has a 1.3 mill levy for highway maintenance that we estimate raises \$6 million annually (\$52 per resident). Seminole County has a 0.46 mill tax that raises \$5.7 million (\$16 per county resident) for general transportation purposes (excluding additional revenues due to a higher tax rate in unincorporated areas).

⁶ See note 3 for the source of this estimate. The Florida Department of Revenue estimates the revenues from the Local Option Fuel Tax at \$562 million.

⁷ Florida Statutes, §§ 206.41, 206.60, and 206.605; Constitution of the State of Florida, § XII-9(c).

⁸ Florida Statutes, §§ 206.608; Florida Department of Transportation, Office of Management and Budget, “Florida’s Transportation Tax Sources: A Primer,” (2000), p. 1-3.

⁹ U.S. Department of Transportation, Federal Transit Administration. *National Transit Database 1998*.

¹⁰ Florida Statutes, § 163.570.

¹¹ U.S. Department of Transportation, Federal Transit Administration. *National Transit Database 1998*.

¹² Constitution of the State of Florida, § VII-9.

Counties may also establish community development districts, which may levy local property taxes (up to 5 mills) and special assessments to build sewers, streets, and other types of public works projects.¹³ In 1997, there were an estimated 61 community development districts across the state.¹⁴ Centralized data is not available on the finances of these districts, but several counties provided some in their survey responses. Highlands County listed 16 active taxing districts that collectively raised \$774,000 (\$10 per county resident) for street maintenance, road construction, and lighting improvements. Putnam County has a special taxing area with a 3 mill levy for road maintenance that raised \$54,700 in 1998, and 24 other special assessment districts for road maintenance. Seminole county collected \$152,000 in six road paving and drainage districts, and \$1.46 million for transportation projects for a community redevelopment agency.

3. Sales and Other Taxes

Florida also has several different local-option sales taxes which may be used by counties for transportation-related purposes. Each requires majority voter approval.

The “Transit System Surtax” may be adopted in Broward, Duval, Miami-Dade, Sarasota, and Volusia counties at a rate of up to 1%. Revenues may be used to develop rail transit systems (and associated bus services); remitted to an expressway or transportation authority; or to be used directly by the county for road or bridge maintenance or construction, or for transit services.¹⁵ The Transit System Surtax was initially intended to help build transit in the Miami region, but voters have consistently defeated proposals to adopt the tax. In 1999, voters strongly rejected a proposal for 20-year, 1% sales tax to expand the region’s highways and rapid rail system.¹⁶

So far, the transit sales tax has only been adopted in Duval County, where it was approved by the voters in 1989, and raises about \$55 million annually (\$75 per capita). The tax helps fund the Jacksonville Transportation Authority, which is responsible for the region’s bridge, highway, and transit system. The tax replaces revenue previously derived from tolls on the city’s bridges, and helps fund further road and bridge construction, as well as bus operations.¹⁷

Another important sales tax is “Local Government Infrastructure Surtax,” which can be adopted up to 1% for general infrastructure or certain non-transportation related purposes. Although counties often list projects in advance, these lists are not legally binding. The Infrastructure Surtax has been adopted in 27 of the state’s 67 counties.

No centralized information is available on which of these taxes are actually being used for transportation purposes. We have found just a few references in counties using these taxes in this manner. Sarasota County’s 1% infrastructure surtax was first approved by the voters for 10 years in 1989, and recently extended for another 10 years. About one-fourth of the funds (about \$5.8 million annually, or \$19 per capita) have been earmarked for county roads.¹⁸

Nearby, voters also approved a ten-year “Penny for Pinellas” in 1989. About one quarter of the funds from Pinellas County’s infrastructure tax has funded transportation projects, including road widenings, bridge improvements, and an extensive system of bicycle trails. However, some of the major promised projects weren’t completed because the county instead opted to use over \$100 million to remove tolls on

¹³ Florida Statutes, § 190.021.

¹⁴ U.S. Bureau of the Census, “1997 Census of Governments - Governments Integrated Directory” (1999).

¹⁵ Florida Statutes, § 212.055(1).

¹⁶ Seeman, “Metrorail in 21st Century: Tax Would Fund 90 New Miles,” *The Miami Herald* (July 26, 1999).

¹⁷ Jacksonville Transportation Authority, “Our History,” (2000).

¹⁸ County of Sarasota Clerk of Circuit Court, “Report on Major Revenue Sources, Year Ended September 30, 2000” (2001).

two existing bridges. In addition, when the tax was initially approved by the voters, the county eliminated its existing capital projects property tax, so the funding for these activities didn't rise as much as anticipated.¹⁹ Despite these concerns, voters showed strong support for the tax in 1997, when they approved a 10-year extension.

The responses to our surveys included three additional counties reporting using a share of their local infrastructure sales tax revenues for transportation projects. Highlands County reported using about 22% of its 1% tax for streets. Hillsborough County uses about 5% of its 1/2% tax for road improvements. Finally, Seminole County's ten-year program of road and transit construction projects uses the full 1% of its sales tax, raising about \$40.8 million per year (\$114 per capita).

Florida also authorizes a "Small County Surtax," up to 1% in a county with a population smaller than 50,000, which may be used for general government operations or to service bonded indebtedness (with voter approval).²⁰ The Small County Surtax has been adopted in 17 of the 29 eligible counties.²¹ The state also has a "Local Government Half-Cent Sales Tax" that is imposed at a uniform rate statewide, and is used for local fiscal relief.²²

¹⁹ Pilla, "Penny tax may be losing its luster," *St. Petersburg Times* (February 11, 1997); Pilla, "Officials tout value of 48,600,000,000 pennies," *St. Petersburg Times* (March 2, 1997).

²⁰ Florida Statutes, §§ 212.055(2) and 212.055(3).

²¹ Florida Legislative Committee on Intergovernmental Relations, "Levy of Discretionary Sales Surtaxes," (September, 2000).

²² Florida Statutes, § 212.20(6)(f).

FLORIDA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales	FS 212.055 (1)	Charter County Transit System Surtax	Broward, Duval, Dade, Sarasota, Volusia counties	1976	up to 1%	-	Transit/Roads	C
	FS 212.055 (2)	Local Government Infrastructure Surtax	Any County		.5% or 1%	-	Infrastructure	C
	FS 212.055 (3)	Small County Surtax	Counties (pop < 50,000)		.5% or 1%	-	Any	C
Gasoline	FS 206.41, 206.87, 336.021	"Ninth-Cent" Fuel Tax	Counties	1972	1¢/gal	-	Transportation Expenditures (FS 336.025(7))	B [1]
	FS 206.41, 336.025	1 to 6 Cent Local Option Fuel Tax	Counties	1983	Up to 6¢/gal	30 years	Transportation Expenditures (FS 336.025(7)) [2]	B or C
	FS 206.41, 206.87, 336.026	1 to 5 Cent Local Option Fuel Tax	Counties	1993	Up to 5¢/gal	-	Transportation Expenditures (FS 336.025(7))	B or C
	FS 206.41, Const./XII-9(c)	Constitutional Fuel Tax	Statewide		2¢/gal	-	Transportation facilities	A
	FS 206.41, 206.60	County Fuel Tax	Statewide	1941	1¢/gal	-	Transportation facilities	A
	FS 206.41, 206.605	Municipal Fuel Tax	Statewide		1¢/gal	-	Transportation facilities	A
	FS 206.608	State Comprehensive Enhanced Transport System (SCETS) Tax	Statewide	1990	varies by county	-	State Transportation Trust Fund	A
Property	Const./VII-9	Local Ad Valorem Taxes	Counties/Cities	1975			Capital Projects	C
	FS 163.570	Regional Transportation Authority Tax	Regional Transport Authorities	1971	Up to 0.3%		Transit	C
	FS 190.021	Community Development District Taxes	Community Dev. Districts	1980	Up to 0.5%		Roads, Sewers, and Water Projects	C

[1] Required voter approval until 1992.

[2] Counties with populations < 50,000 may use revenues for other capital expenditures if their transportation plans are fully funded.

A = State Law
 B = County/Local Law
 C = Popular Vote

FLORIDA
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1999	Sales Taxes (FY 1999)					Gas Taxes (2000)				
		Charter County Transit System	Local Gov't Infra. Surtax	Small County Surtax	Revenue for Trans. (\$1000s)	Revs per capita	"Ninth Cent" Rate (¢/gal)	"Local Option" Rate (¢/gal)	Total Revenues (\$1,000s)	Revs per capita	SCETS Tax Rate (¢/gal)
Counties:											
ALACHUA	198,484						1	6	6,808	\$34.30	5.1
BAKER	21,181			1.0%			1	6	926	\$43.72	5.1
BAY	147,958		0.5%					6	4,776	\$32.28	5.1
BRADFORD	24,872			1.0%				6	786	\$31.60	5.1
BREVARD	470,365							6	12,534	\$26.65	5.1
BROWARD	1,535,468						1	10	75,066	\$48.89	5.1
CALHOUN	12,436			1.0%				6	312	\$25.09	5.1
CHARLOTTE	136,992		1.0%					11	7,843	\$57.25	5.1
CITRUS	116,111							6	2,844	\$24.49	5.1
CLAY	141,353		1.0%				1	6	4,115	\$29.11	5.1
COLLIER	207,029						1	11	12,384	\$59.82	5.1
COLUMBIA	53,738			1.0%			1	6	2,884	\$53.67	5.1
DE SOTO	24,636		1.0%				1	11	1,026	\$41.65	5.1
DIXIE	12,919		1.0%					6	360	\$27.87	5.1
DUVAL	738,483	0.5%			55,000.0	\$74.48		6	20,394	\$27.62	5.1
ESCAMBIA	282,432		1.0%				1	6	9,085	\$32.17	5.1
FLAGLER	49,110		1.0%				1	6	1,393	\$28.36	5.1
FRANKLIN	9,978							5	300	\$30.07	4.3
GADSDEN	44,077			1.0%				6	1,380	\$31.31	5.1
GILCHRIST	14,056			1.0%			1	6	340	\$24.19	5.1
GLADES	8,693		1.0%				1	6	254	\$29.22	5.1
GULF	13,562							6	288	\$21.24	5.1
HAMILTON	12,785		1.0%					3	315	\$24.64	2.6
HARDEE	21,017			1.0%			1	6	693	\$32.97	5.1
HENDRY	29,463		1.0%				1	6	1,329	\$45.11	5.1
HERNANDO	128,482						1	8	4,916	\$38.26	5.1
HIGHLANDS	74,795		1.0%		1,308.3	\$17.49	1	9	3,484	\$46.58	5.1
HILLSBOROUGH	940,484		0.5%		5,010.6	\$5.33	1	6	31,278	\$33.26	5.1
HOLMES	18,761			1.0%				6	516	\$27.50	5.1
INDIAN RIVER	100,253		1.0%					6	3,084	\$30.76	5.1
JACKSON	44,549			1.0%			1	6	1,980	\$44.45	5.1
JEFFERSON	13,090		1.0%				1	6	622	\$47.52	5.1
LAFAYETTE	6,477		1.0%					6	138	\$21.31	5.1
LAKE	209,812		1.0%				1	6	6,491	\$30.94	5.1
LEE	400,542						1	11	23,911	\$59.70	5.1
LEON	215,926		1.0%		11,000.0	\$50.94		6	6,126	\$28.37	5.1
LEVY	32,386			1.0%				6	1,104	\$34.09	5.1
LIBERTY	6,703			1.0%			1	6	205	\$30.58	5.1
MADISON	17,919		1.0%					6	552	\$30.81	5.1
MANATEE	243,531						1	6	7,000	\$28.74	5.1
MARION	245,975						1	6	9,432	\$38.35	5.1
MARTIN	118,117		1.0%					8	4,920	\$41.65	5.1
MIAMI-DADE	2,175,634						1	9	81,125	\$37.29	5.1
MONROE	79,941		1.0%					6	3,138	\$39.25	5.1
NASSAU	56,811			1.0%			1	6	1,747	\$30.75	5.1
OKALOOSA	170,049							5	4,220	\$24.82	4.3
OKEECHOBEE	32,386			1.0%			1	6	1,641	\$50.67	5.1
ORANGE	817,206							6	26,724	\$32.70	5.1
OSCEOLA	150,596		1.0%				1	6	6,653	\$44.18	5.1
PALM BEACH	1,049,420						1	11	51,769	\$49.33	5.1
PASCO	330,704							6	7,794	\$23.57	5.1
PINELLAS	878,499		1.0%		28,000.0	\$31.87		6	20,460	\$23.29	5.1
POLK	457,347						1	11	25,830	\$56.48	5.1
PUTNAM	70,215							6	1,950	\$27.77	5.1
SAINT JOHNS	119,685							6	3,726	\$31.13	5.1
SAINT LUCIE	181,850						1	11	10,767	\$59.21	5.1
SANTA ROSA	120,952							6	3,150	\$26.04	5.1
SARASOTA	306,546		1.0%		5,800.0	\$18.92	1	6	9,636	\$31.43	5.1
SEMINOLE	357,390		1.0%		40,791.2	\$114.14	1	6	10,556	\$29.54	5.1
SUMTER	42,754			1.0%			1	6	2,269	\$53.07	5.1
SUWANNEE	32,972		1.0%					6	1,248	\$37.85	5.1
TAYLOR	19,049		1.0%				1	4	574	\$30.13	4.3
UNION	12,720			1.0%			1	5	237	\$18.63	5.1
VOLUSIA	425,601						1	11	24,116	\$56.66	5.1
WAKULLA	19,179		1.0%		0.0	\$0.00	1	6	742	\$38.69	5.1
WALTON	38,124			1.0%			1	6	1,873	\$49.13	5.1
WASHINGTON	20,614			1.0%			1	6	700	\$33.96	5.1
Total	15,111,244				146,910.1	\$9.72			576,839	\$38.17	

Over the past decade, local sales taxes have grown to play a very significant role in transportation finance in Georgia, where they contribute as much as one-quarter of all non-federal highway revenues. Transportation projects funded by local tax dollars tend to be small and local in character and are typically selected before the local option taxes are approved.

Because transportation sales taxes tend to be approved routinely by voters in urban and rural counties alike, we selected Georgia to be one of our survey states. As part of our research, we surveyed all 76 counties and the 20 largest cities in Georgia. We received responses from 20 counties (26% response rate) and five cities (25% response rate).¹ Unfortunately, supplemental data detailing local transportation finance was not available from the state.

1. Fuel and Vehicle Taxes

Georgia does not have a local option gasoline tax. County governments have advocated the authorization of such a tax, citing the difficulty of raising motor fuel taxes statewide.² The lack of such authority has led to a rise in the use of sales taxes for routine transportation investments.

Local jurisdictions have the authority to levy local option vehicle license and auto sales taxes.³ In their survey responses, eleven counties (out of twenty) indicated that they levy an *ad valorem* vehicle license fee and the vast majority of these revenues go into the county's general fund. In two instances (Gordon and Camden counties) a portion of the revenues were dedicated toward road projects. We were unable to access information on how counties levy vehicle fees for transportation purposes.

2. Property Taxes and Assessments

In general, city and county property taxes tend not to be earmarked for transportation purposes. However, we found a few exceptions: Gordon County and a paving district in Bryan County each have dedicated property tax levies for road improvements, and the cities of Columbus, Rome, and Savannah each have dedicated levies for public transit operations. Other counties (including Chatham and Cobb) reported having community improvement districts and special service districts that serve transportation-related purposes.⁴

Special property assessments may also be imposed upon private developers to cover the costs of repairing roads and streets that have been damaged from construction activity associated with a development project.⁵

3. Sales and Other Taxes

Local sales taxes play a central role in transportation finance in Georgia. Their first uses were for funding public transit. In 1965, the legislature authorized counties within the Metropolitan Atlanta Rapid Transit

¹ We received surveys from the following the cities of Dalton, Rome, Savannah, Smyrna, and Statesboro; and Bibb, Burke, Camden, Carroll, Catoosa, Chatham, Chattooga, Cobb, Columbia, Fayette, Floyd, Forsyth, Fulton, Gordon, Houston, Jackson, Lowndes, Madison, Troup, and Worth counties.

² Association of County Commissioners of Georgia, "2001 Legislative Priorities" (2000).

³ Official Code of Georgia Annotated § 48-5-471.

⁴ Survey responses; Federal Transit Administration, *National Transit Database* (1998); Georgia Department of Revenue, Property Tax Division, "County *Ad Valorem* Tax Digest Consolidated Summary," (1999).

⁵ Official Code of Georgia Annotated § 36-1-18.

Authority (including Fulton, DeKalb, Cobb, Clayton and Gwinnett) to seek voter approval for a special 1% sales tax to fund transit capital and operating expenses.⁶ Six attempts were required before a taxation and financing proposal was finally approved by voters in DeKalb and Fulton counties in 1971. At least 50% of the revenues from this tax must be used for the capital expenses of constructing a regional rail system; the remainder may be used to help fund transit operations. The 1% tax was originally scheduled to be reduced to 1/2% after ten years. This reduction has been delayed until 2032. In 1998, the MARTA sales tax raised about \$243 million (\$182 per capita in the two participating counties).⁷

More recently, sales taxes have emerged as an important way of funding road projects as well. With voter approval, counties may adopt a 1% “special county sales and use tax” for up to five years to fund transportation projects or other public infrastructure. Before an election can be held, an expenditure plan must be developed that details how much money will be spent on each project or spending category. The tax automatically expires once it raises the amount of funds specified in the plan.⁸ As an incentive for counties to adopt sales taxes for transportation projects, the state has started providing matching funds.

In 1998, 124 of Georgia’s 159 counties had a special-purpose sales tax.⁹ No centralized information exists on which counties have earmarked their taxes for transportation-related capital projects. Of the fifteen counties with special-purpose sales taxes that responded to our survey, nine reported dedicating at least part of the revenues for transportation purposes. These tended to be primarily used for road and bridge construction, with most of the remainder used for maintenance of roads, bridges, and local streets. Of the 94 capital projects sales taxes proposed across the state between September 1998 and November 2000, 35 provided some funding for transportation-related projects.¹⁰

The largest such tax to win approval in recent years was in Gwinnett County, where in late 2000, voters approved an extension of that county’s capital projects sales tax. In the four years that the new tax will be collected, it is expected to raise up to \$750 million, of which 43% will be used for transportation improvements, and the remainder going for parks, libraries, and public safety. Within transportation, the expenditure plan proposes allocations of funds to specific funding categories (e.g. bridge projects, safety, sidewalks, etc.) but both these allocations and the lists of specific projects within each category will remain flexible over time. Because of strong public concern over sprawl, the plan avoided projects that would add road capacity (although any state matching funds could potentially be used this way).¹¹

Georgia also authorizes several other sales taxes, including a 1% tax for general revenues (the “local option sales tax”), and a 1% sales tax for education. Nearly every county has adopted at least one of these taxes. DeKalb County has also adopted a special 1% tax earmarked for property tax reduction (the “homestead option sales tax”).

The widespread adoption of special-purpose sales taxes across Georgia is noteworthy. Voter approval of transportation sales taxes as high as one percent is unusual nationwide, and yet voters across Georgia

⁶ State of Georgia, Rules of the Department of Revenue, chapter 560-12.

⁷ Metropolitan Atlanta Rapid Transit Authority, *1999 Annual Report*; Citizens Clearing House, *State Tax Guide* (2000); Demery, “A Retrospect of Rail Transit Financing Votes in the U.S. 1962-1994,” *Headlights*. (January-February 1996).

⁸ Official Code of Georgia Annotated § 48-8-111; State of Georgia, Rules of the Dept. of Revenue, chapter 560-12.

⁹ Georgia Department of Revenue, Sales and Use Tax Division, “Rate of Sales Tax by County as of October 1, 1998.” These 124 counties do not include the two that adopted the MARTA sales tax, described below.

¹⁰ Georgia Secretary of State, “1% Sales Tax Election Results” (2000).

¹¹ Gwinnett County Citizens Project Selection Committee, “CPSC Recommended Funds for 2001 DOT SPLOST Projects” (November 1, 2000); Nurse, “Extension of SPLOST has drawn dispute,” *The Atlanta Journal and Constitution* (November 6, 2000).

routinely vote in favor of them. Between September 1998 and November 2000, there were 94 votes on county capital projects sales taxes; all except eight won voter approval, many by very large margins.¹²

Several factors may contribute to this strong voter support. First, the base sales tax rate is low (4%). But it has helped that the state Department of Transportation provides strong financial incentives for counties to adopt the taxes, in the form of matching funds. In addition, the short timeframe of the taxes (five years maximum) may give voters confidence that they remain in control, and can cancel a wasteful tax if they feel the revenues are being mismanaged. Because collection of the tax is halted once enough revenues are generated to meet cost estimates, fears of runaway costs are alleviated. Finally, the brief duration makes the tax unsuitable for funding very large, capital-intensive projects, thereby driving governments toward less risky, more cost-effective alternatives. Indeed, some counties may have been able to pass sales taxes several times in succession because they delivered on promises and built voter confidence over time. However, there have been cases where revenues were not sufficient to fund all the promised transportation projects, and this has led to a loss of voter support. Cobb County, for example, saw renewal of its tax defeated because it was not able to deliver on its earlier promises.¹³

Georgia also authorizes counties and localities to levy a 1% local option income tax, with voter approval.¹⁴ None of the areas surveyed reported having a local income tax.

¹² Georgia Secretary of State, "1% Sales Tax Election Results" (2000).

¹³ Letter from Office of Planning, Dept. of Transportation (December 18, 2000); Beale, Bishop, Marley, "How to Pass Local Option Taxes to Finance Transportation Projects," *Transportation Research Record* 1558 (1997).

¹⁴ Official Code of Georgia Annotated § 48-7-141.

GEORGIA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Vehicle	OCGA 48-5-471	Vehicle License Fee	Counties	1966				B
Property	OCGA 36-1-18	Street repair levy	Counties w/pop > 550,000 (Cobb, DeKalb, Fulton)	1981	-	-	Street Repair	B
Sales	Rules 560-12-4	Rapid Transit Tax	MARTA Counties	1965	1%	until 2032	Transit	C
	Rules 560-12-5	Local Option Sales and Use Tax	Counties	1975	1%	-	General county services	C
	OCGA 48-8-111; Rules 560-12-6	Special County Sales and Use Tax	Counties	1989	1%	5 Years	Capital Projects, including roads, streets, bridges, and transit*	C
Income	OCGA 48-7-141	Local income tax	Cities, Counties		1%	Indefinite	Any	C

MARTA includes the Counties of Fulton, DeKalb, Cobb, Clayton and Gwinnett and the City of Atlanta
 * A purpose must be specified in advance, but specific projects need not be named.

A = State Law
 B = County/Local Law
 C = Popular Vote

GEORGIA
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1998	Special-Purpose Sales Taxes (1998) [1]				Property Taxes (1998)		
		Rate (%)	Purpose	Revenues (\$1,000's)	Revs per capita	Purpose	Revenues (\$1,000's)	Revs per capita
Counties:								
APPLING	16,547	1%						
BACON	10,364	1%						
BALDWIN	41,883	1%						
BANKS	12,821	1%						
BARROW	40,438	1%						
BARTOW	71,937	1%						
BEN HILL	17,471	1%						
BERRIEN	16,317	1%						
BIBB	155,946	1%	Non-transportation					
BLECKLEY	11,157	1%						
BRANTLEY	13,528							
BROOKS	15,914	1%						
BRYAN	23,395	1%						
BULLOCH	50,554	1%						
BURKE	22,825							
BUTTS	17,822	1%						
CAMDEN	47,322	1%	Road construction	195.0	\$4.12			
CARROLL	82,904	1%	Non-transportation					
CATOOSA	50,709	1%	Road maintenance	4,000.0	\$78.88			
CHATHAM	225,297	1%	70% roads; 30% streets	16,258.3	\$72.16			
CHATTAHOOCHEE	16,408							
CHATTOOGA	22,748	1%	80% roads; 20% streets	1,601.0	\$70.38			
CHEROKEE	134,352	1%						
CLARKE	90,516	1%						
CLAYTON	208,997	1%						
COBB	566,060	1%	70% roads; 10% streets; 10% bike/ped; 10% other	80,000.0	\$141.33			
COFFEE	34,230							
COLQUITT	40,229	1%						
COLUMBIA	90,854	1%	Road construction	4,700.0	\$51.73			
COOK	14,988	1%						
COWETA	85,118	1%						
CRAWFORD	10,655	1%						
CRISP	20,693	1%						
DADE	15,057	1%						
DAWSON	14,898	1%						
DE KALB	592,870							
DECATUR	27,021	1%						
DODGE	18,120	1%						
DOOLY	10,409	1%						
DOUGHERTY	95,019	1%						
DOUGLAS	89,398	1%						
EARLY	12,171	1%						
EFFINGHAM	36,565	1%						
ELBERT	19,322	1%						
EMANUEL	21,017	1%						
FANNIN	18,575	1%						
FAYETTE	88,733							
FLOYD	85,138	1%	Non-transportation					
FORSYTH	86,409	1%	Road construction	6,500.0	\$75.22			
FRANKLIN	19,061	1%						
FULTON	737,222							
GILMER	18,747	1%						
GLYNN	67,187	1%						
GORDON	41,078					Roads	1,843.1	\$44.87
GRADY	21,416	1%						
GREENE	13,663	1%						
GWINNETT	522,666	1%	71% for roads	75,000.0	\$143.50			
HABERSHAM	31,734	1%						
HALL	119,334	1%						
HARALSON	24,590	1%						
HARRIS	22,297	1%						
HART	21,793	1%						
HEARD	10,088	1%						
HENRY	104,925	1%	57% Roads	7,223.4	\$68.84			
HOUSTON	105,638	1%	Non-transportation					
JACKSON	37,711	1%	Non-transportation					
JASPER	10,166							
JEFF DAVIS	12,707	1%						
JEFFERSON	17,829							
JONES	22,997	1%						
LAMAR	14,700	1%						
LAURENS	43,687							
LEE	22,767	1%						
LIBERTY	59,081	1%						
LOWNDES	85,049	1%	Non-transportation					
LUMPKIN	19,003							
MACON	13,207	1%						
MADISON	24,426	1%	Road construction	1,200.0	\$49.13			
MCDUFFIE	21,697							
MCINTOSH	10,018	1%						
MERIWETHER	23,078							
MITCHELL	21,198	1%						

Jurisdictions	Population 1998	Special-Purpose Sales Taxes (1998) [1]				Property Taxes (1998)		
		Rate (%)	Purpose	Revenues (\$1,000's)	Revs per capita	Purpose	Revenues (\$1,000's)	Revs per capita
MONROE	19,625	1%						
MORGAN	15,092	1%						
MURRAY	32,714	1%						
MUSCOGEE	182,414	1%						
NEWTON	57,862	1%						
OCONEE	23,707	1%						
OGLETHORPE	11,437	1%						
PAULDING	73,888	1%						
PEACH	24,475							
PICKENS	19,733							
PIERCE	15,763	1%						
PIKE	12,667	1%						
POLK	36,280	1%						
PUTNAM	17,561	1%						
RABUN	13,380	1%						
RICHMOND	191,374	1%	Roads & Drainage					
ROCKDALE	68,278	1%						
SCREVEN	14,451	1%						
SPALDING	57,603	1%						
STEPHENS	25,358	1%						
SUMTER	31,288							
TATTNALL	19,039	1%						
TELFAIR	11,537							
TERRELL	11,142	1%						
THOMAS	42,891							
TIFT	36,787	1%						
TOOMBS	25,822	1%						
TROUP	58,574							
TWIGGS	10,116							
UNION	16,506	1%						
UPSON	27,061	1%						
WALKER	62,690	1%						
WALTON	54,629							
WARE	35,414	1%						
WASHINGTON	20,055	1%						
WAYNE	25,360							
WHITE	17,485	1%						
WHITFIELD	82,042							
WILKES	10,606	1%						
WILKINSON	10,863	1%						
WORTH	22,446	1%	Road construction	1,400.0	\$62.37			
36 Counties (pop<10,000)	238,026			0.0	\$0.00			
Transit Districts:								
Metro. Atlanta Rapid Transit Dist. (DEKALB, FULTON)	1,330,092	1%	Transit	242,923.8	\$182.64			
Rome Transit (FLOYD)	30,326					Transit	762.6	\$25.15
Chatham Area Transit District	225,297					Transit	4,018.7	\$17.84
Columbus METRA (MUSCOGEE)	182,414					Transit	1,882.8	\$10.32
Statewide Total	7,636,522		Roads	198,077.7	\$25.94	Roads	1,843.1	\$0.24
			Transit	242,923.8	\$31.81	Transit	6,664.2	\$0.87

[1] Rate data for 1998; Revenue data for 1997

Hawaii favors local option taxes that act as highway user fees; the state's two major local option transportation taxes are a gasoline tax and a vehicle weight tax. Public transit is considered a legitimate use of highway user fees in Hawaii.

No information was available on local taxation from the state government, so we surveyed Hawaii's four populated counties to learn more about how their transportation taxes are used (we received responses from all four). Three counties reported similar expenditure priorities between their local option transportation taxes and the tax revenues passed down from the state and federal governments, while one (Kauai) noted that local tax expenditures were governed by local statutes that could lead to differences.

1. Fuel and Vehicle Taxes

Hawaii's local option gas tax can be adopted or modified by county legislative action. Revenues must be used for transportation-related purposes, including both highways and transit.¹ The range of local tax rates found in Hawaii is among the widest in the country. Aside from sparsely populated Kalawao, which does not impose this tax, rates range from 8.8¢ per gallon in Hawaii County to 16.5¢ per gallon in Honolulu County.² Annual revenues range between \$42 and \$60 per capita.

Each county uses its revenues in a different way. Hawaii County uses about 57% of its revenues for operations, maintenance, and administration of local roads; and splits the remainder between local capital or maintenance projects, and the local match required for projects otherwise built with federal funds. Kauai County also uses most of its revenues (69%) for maintenance purposes. Maui County uses the largest share of its revenues for debt service related to road construction projects. Honolulu County uses one-third of its revenues for road purposes, one quarter for public transit, and the remainder for administration and public safety.³

The counties also have the authority to levy annual vehicle weight taxes to generate revenue for highway construction and maintenance.⁴ All four counties have all adopted this tax, raise between \$17 and \$30 per capita annually from it, and use the revenues for similar purposes as they use their county gasoline taxes.⁵

2. Property Taxes and Assessments

Hawaii has no dedicated property taxes for transportation purposes.

3. Sales and Other Taxes

Before 1992, all counties except Kalawao were authorized to levy a 1/2% local option sales tax. In the county of Honolulu, revenues would have been earmarked for the development of a "fixed rail rapid transit system." In Hawaii, Kauai, and Maui counties, they were to be used to fund public transportation,

¹ Hawaii Revised Statutes § 243-5.

² Hawaii Dept of Taxation, "Schedule of Fuel Tax Rates," 1999.

³ Letter from County of Hawaii Dept. of Public Works (October 27, 2000); Letter from County of Maui Dept. of Public Works and Waste Management (November 13, 2000); Letter from City and County of Honolulu Dept. of Transportation Services (November 22, 2000); Letter from County of Kauai Dept. of Public Works (Dec. 19, 2000).

⁴ Hawaii Revised Statutes § 249-2.

⁵ Letter from County of Hawaii Dept. of Public Works (October 27, 2000); Letter from County of Maui Dept. of Public Works and Waste Management (November 13, 2000); Letter from City and County of Honolulu Dept. of Transportation Services (November 22, 2000); Letter from County of Kauai Dept. of Public Works (Dec. 19, 2000).

water and sewer services, and parks.⁶ No county adopted this tax before authorization for the tax expired in 1992.

An important revenue source for county highway departments is the Public Utility Franchise Tax, charged against the gross operating income of electric and gas companies.⁷ This tax generated about \$24 per capita in 1998.⁸ However, because it is imposed at a uniform rate of 2.5% statewide, it does not fit the definition of a local option tax used in this study.

⁶ Hawaii Revised Statutes § 46-16.7.

⁷ Hawaii Revised Statutes § 240-1.

⁸ Revenue estimate is based on data for Honolulu (City and County of Honolulu, “Schedules of Revenues – Budget and Actual for the Fiscal Year Ended June 30, 1998”).

HAWAII

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales	HRS 46-16.7	County General Excise and Use Tax Surcharge	All counties except Kalawao	1990	0.5%	Ten years	Capital-Mass Transit	B
Gasoline	HRS 243-5	County Fuel Tax	All Counties	1955	variable	-	Transportation Related-- Including Highways, Transit, and Bridges	B
Vehicle	HRS 249-2	Vehicle Weight Tax	All Counties	1935	Flat weight-based registration fees set by county	-	Highway Construction and Maintenance (Sec. 249-18)	B

A = State Law
 B = County/Local Law
 C = Popular Vote

HAWAII

Adopted County, District, and Local Transportation Taxes

Counties	Population 1998	Gas Taxes			Vehicle Weight Tax			
		Rate (¢)	Purposes	Revenues (\$1,000's)	Revs per capita	Purposes	Revenues (\$1,000's)	Revs per capita
HAWAII	141,805	8.8	57% road operations/maint/admin, 22% road const/maint, 22% local match for TEA-21	5,900.4	\$41.61	Road O&M	2,463.5	\$17.37
HONOLULU	871,768	16.5	18% road construction/debt, 15% road maintenance, 26% transit, 28% public safety, 13% administrative	45,214.0	\$51.86	Same as gas tax	23,981.0	\$27.51
KALAWAO	67	-						
KAUAI	56,208	13.0	69% road maintenance; 31% road construction	2,438.7	\$43.39	Maintenance	1,706.4	\$30.36
MAUI	120,624	13.0	60% road construction debt, 33% road const/maint. 7% admin & engineering	7,211.8	\$59.79		3,361.3	\$27.87
State Total	1,190,472			60,764.9	\$51.04		31,512.2	\$26.47

Idaho has been cautious in its adoption of local option transportation taxes. Due to the long distances between destinations in Idaho, roads were traditionally seen as a state rather than a local responsibility. As a result, most roads were funded through state and federal sources, with minimal locally generated revenue. However, as the Boise metropolitan area has grown, transportation infrastructure has become more complex and in greater demand, with accessibility to land becoming a more important consideration. With this change has come a rise in the use of property taxes to fund transportation investments.

1. Fuel and Vehicle Taxes

Upon voter approval, counties, cities and the Ada County Highway District may adopt vehicle registration fees up to twice the level set by the state for its fees.¹ Revenues must be used for the construction or maintenance of highways and bridges. These taxes have only been adopted in the Ada County Highway District, for a total of \$2.9 million (\$48 per district resident).²

2. Property Taxes and Assessments

Counties, cities, and highway districts may levy special *ad valorem* taxes on real property within their jurisdictions to generate revenue for construction and maintenance of bridges and highways. Tax rates may be as high as 2.84 mills, and may be approved by a county commission or the board of a highway district.³

As a means of financing road projects, Idaho created highway districts in the 1970s, starting with the Ada County Highway District, and gave them the authority to collect local road tax levies. In 1997, earmarked property taxes were imposed in 113 cities, 26 counties, and 51 highway districts across the state, collecting \$49 million in highway revenues (over \$40 per capita).⁴

3. Sales and Other Taxes

Local governments may adopt development impact fees, to help finance an existing capital expenditure plan. Road and bridge projects are among the allowable funding categories but many other types of public improvements are permitted as well.⁵ Ten cities (Coeur D'Alene, East Hope, Grangeville, Greenleaf, Hailey, Hayden, McCammon, New Plymouth, Richfield, and Shoshone) and one highway district (Ada County) have specifically adopted these taxes for transportation-related purposes, collectively raising \$6.8 million statewide.⁶

¹ Idaho Code § 40-827.

² Idaho Transportation Department, Detailed Local Highway Finance Report, (1997).

³ Idaho Code § 40-801.

⁴ Idaho Transportation Department, Detailed Local Highway Finance Report, (1997).

⁵ Idaho Code § 67-8204.

⁶ Idaho Transportation Department, Detailed Local Highway Finance Report, (1997).

IDAHO Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Property	I.C. 40-801(1)(a)	Local Road Tax	Counties, Highway Districts and Cities	1985	0.2%	-	Construction and maintenance of highways/bridges	B or E
	I.C. 40-801(1)(b)	Local Road Tax	Counties, Highway Districts	1985	0.084%	-	Const/maint of highways/bridges (within a specific spending category)	B or E
	I.C. 50-312	Improvement of Streets - Special Levy	Cities		No Specified Limitation	-	Contstruct and Maintain Streets	B
Vehicle	I.C. 40-827	Vehicle Registration Fee	Counties	1988	Up to 2x the state rate (a flat, weight-based fee)	Must be specified	Construction and maintenance of highways/bridges	C
Other	I.C. 67-8204	Development Impact Fee	Counties, Cities, Highway Districts	1992	-	-	Capital improvements to public facilities, including roads and bridges*	B

*Projects must be specified in advance

A = State Law
 B = County/Local Law
 C = Popular Vote
 D = Majority of City Councils
 E = Vote of agency or district

IDAHO
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population (1997)	Local Road Levies (Prop. Tax)		Other Local Taxes - FY 1997		
		FY 1997 Revenues (\$1,000's)	Revs per capita	Vehicle Reg. Fee Revenues (\$1,000's)	Local Impact Fee Revenues (\$1000's)	Revs per capita (VRF+LIF)
ADA	267,283					
ADAMS	3,810					
BANNOCK	74,018	1,447.9	\$19.56			
BEAR LAKE	6,552	81.4	\$12.42			
BENEWAH	8,998	83.8	\$9.32			
BINGHAM	41,471	1,006.7	\$24.27			
BLAINE	17,163	161.6	\$9.41			
BOISE	5,038	287.9	\$57.15			
BONNER	34,736	2,420.3	\$69.68			
BONNEVILLE	80,044	2.0	\$0.02			
BOUNDARY	9,833	0.3	\$0.03			
BUTTE	1,087	0.3	\$0.32			
CAMAS	840	0.4	\$0.50			
CANYON	116,577					
CARIBOU	7,298	324.5	\$44.47			
CASSIA	21,450	16.5	\$0.77			
CLARK	10,811					
CLEARWATER	9,459					
CUSTER	4,238					
ELMORE	24,659					
FRANKLIN	532	214.7	\$403.56			
FREMONT	11,753	596.6	\$50.76			
GEM	14,461	38.8	\$2.68			
GOODING	13,570					
IDAHO	15,080	189.3	\$12.55			
JEFFERSON	18,795	61.1	\$3.25			
JEROME	17,550					
KOOTENAI	98,852					
LATAH	32,510					
LEMHI	8,067					
LEWIS	4,049					
LINCOLN	3,796					
MADISON	23,394	649.5	\$27.77			
MINIDOKA	20,536					
NEZ PERCE	36,844	1,574.7	\$42.74			
ONEIDA	3,995	27.0	\$6.76			
OWYHEE	10,120	160.5	\$15.86			
PAYETTE	20,191	288.8	\$14.30			
POWER	8,202					
SHOSHONE	13,948					
TETON	5,290	12.0	\$2.27			
TWIN FALLS	61,531					
VALLEY	8,080	8.7	\$1.08			
WASHINGTON	10,035	129.9	\$12.94			
Subtotal - Counties	1,206,546	9,785.2	\$8.11	0.0	0.0	\$0.00
Ammon	5,981					
Blackfoot	10,385	263.7	\$25.39			
Boise City	154,735					
Burley	9,450	59.0	\$6.24			
Caldwell	21,810	492.6	\$22.59			
Chubbuck	8,926	81.3	\$9.11			
Coeur d'Alene	31,983				200.3	
Eagle	6,950					
Emmett	5,330					
Garden City	9,015					
Hailey	5,509	190.8	\$34.63		54.0	
Hayden	8,369				54.5	
Idaho Falls	48,101					
Jerome	7,320	223.0	\$30.46			
Lewiston	30,405	1,838.3	\$60.46			
Meridian	23,151					
Moscow	19,578	198.3	\$10.13			
Mountain Home	9,817	77.5	\$7.89			
Nampa	39,685	488.1	\$12.30			
Payette	6,732	186.4	\$27.69			
Pocatello	52,130	711.6	\$13.65			
Post Falls	15,132	445.6	\$29.45			
Rexburg	14,192	136.9	\$9.64			
Rupert	5,572					
Sandpoint	7,416					
Twin Falls	32,723	179.3	\$5.48			
Weiser	5,297	142.8	\$26.97			
Subtotal - Cities > 5,000	595,694	5,715.2	\$9.59	0.0	308.8	\$0.52
Subtotal - Cities < 5,000	610,852	4,221.0	\$6.91	0.4	35.2	\$0.06
Ada County H.D.	267,283	12,942.7	\$48.42	2,873.0	6,311.9	\$34.36
Buhl H.D.		473.9				
Burley H.D.		934.1				
Canyon H.D.		1,065.9				
Central H.D.		125.7				
Eastside H.D.		406.9				
Filer H.D.		148.8				

Jurisdictions	Population (1997)	Local Road Levies (Prop. Tax)		Other Local Taxes - FY 1997		
		FY 1997 Revenues (\$1,000's)	Revs per capita	Vehicle Reg. Fee Revenues (\$1,000's)	Local Impact Fee Revenues (\$1000's)	Revs per capita (VRF+LIF)
Glenns Ferry H.D.		205.8				
Golden Gate H.D.		326.2				
Gooding H.D.		139.8				
Highway District #1		250.2				
Hillsdale H.D.		252.6				
Jerome H.D.		503.6				
Lakes H.D.		1,946.7				
Minidoka H.D.		598.0				
Mountain Home H.D.		317.3				
Nampa H.D.		1,191.4				
North Latah H.D.		820.7				
Notus Parma H.D.		377.2				
Oakley H.D.		150.4				
Post Falls H.D.		810.0			117.7	
Power Co H.D.		1,327.6				
Prairie H.D.		164.9				
Raft River H.D.		127.8				
Sandpoint Indep. H.D.		347.7				
South Latah H.D.		180.2				
Twin Falls H.D.		1,544.8				
Wendell H.D.		135.7				
Worley H.D.		722.0				
<i>22 smaller highway dists.</i>		805.3				
Subtotal - Highway Districts	1,206,546	29,344.0	\$24.32	2,873.0	6,429.5	\$7.71
STATEWIDE TOTAL	1,206,546	49,065.3	\$40.67	2,873.5	6,773.6	\$8.00

User taxes, property taxes, and sales taxes all play important roles in Illinois transportation finance. The state's two major metropolitan areas (Chicago and St Louis) have been the most aggressive in enacting these taxes, but smaller cities have adopted them as well. There has been a two-decade trend toward greater use of local option taxes in the state's growing suburban regions, and a slight recent decline in their use outside the major metropolitan areas.

Because Illinois is the most populous state in the Midwest and because of the broad range of local option transportation taxes it employs, we selected it as one of our survey states. We sent surveys to the state's 59 counties with populations over 20,000 people, plus the state's 20 largest cities. We received responses from twelve counties (20% response rate) and nine cities (45% response rate).¹ We supplemented our surveys with detailed tax receipt data from the Illinois Department of Revenue.

1. Fuel and Vehicle Taxes

Illinois authorizes only a few counties to adopt motor fuel taxes. DuPage, Kane, and McHenry counties (all in metropolitan Chicago) may adopt a tax of up to 4¢ per gallon to improve public highways.² All three counties adopted this tax in 1990 and 1991. Today, DuPage and McHenry counties levy the full 4¢ per gallon, while Kane charges 2¢ per gallon. In addition, Cook County levies a 6¢ per gallon gasoline tax under its home rule powers. Together, these four counties generate \$130.6 million annually in gasoline taxes.³

Cities with home rule powers may also adopt motor fuel taxes. Chicago adopted a tax of 5¢ per gallon in 1986 as a general revenue source. Our surveys revealed a number of smaller cities that have also adopted motor fuel taxes, including Naperville and Peoria (both 2¢ per gallon), Des Plaines (1¢ per gallon), and Decatur (unspecified rate). These taxes were generally adopted in the 1990s, and are used to fund street, road, and storm sewer investments. Revenue data for these taxes are not available.

In addition, the Regional Transportation Authority (RTA), which covers six counties in metropolitan Chicago, may adopt a 5% gross receipts tax on motor fuel sales upon voter approval.⁴ This tax was only ever collected during 1978-79, after which it was replaced by the RTA's general retail sales tax.⁵

Illinois also authorizes several types of motor vehicle taxes, including vehicle renting or leasing taxes, vehicle license fees or taxes, parking taxes, and "replacement vehicle taxes" (charged against vehicles purchased by insurance companies). Vehicle license fees and parking taxes are implemented locally, so no centralized information is available on the revenues they generate. Chicago levies a flat "wheel license tax" that varies according to vehicle type (annual taxes for cars are \$75).⁶

¹ Responses were received from Adams, Bureau, Hancock, Jersey, Kendall, Lake, Macoupin, McDonough, Rock Island, Tazewell, Winnebago and Woodford counties; and cities of Aurora, Bloomington, Champaign, Decatur, Des Plaines, Elgin, Naperville, Peoria and Springfield.

² 55 Illinois Compiled Statutes, § 5/5-1035.1.

³ Illinois Department Of Revenue, *1999 Annual Report*; Cook County Bureau of Finance, *Comprehensive Annual Financial Report for the Fiscal Year Ended November 30, 1998*, p. 69.

⁴ 70 Illinois Compiled Statutes, § 3615/4.03(b).

⁵ Illinois Department Of Revenue, *1999 Annual Report*.

⁶ City of Chicago Code of Ordinances, ch. 3-56.

In 1999, a vehicle rental tax was levied by four counties and 261 municipalities, raising a total of \$5.3 million statewide for general revenues.⁷ Both the RTA and the Metro-East Transit District (serving suburban St. Louis) are authorized to adopt vehicle rental taxes, but neither has done so.

2. Property Taxes and Assessments

Illinois has numerous provisions for the use of property taxes and real estate transfer taxes to fund transportation-related projects. These may be adopted by cities, counties, transit districts, and road districts, and may be used for a variety of different purposes. Most require voter approval, although some may be adopted by ordinance. Most are open-ended in duration, but some are limited to five years.

Little information is available on the extent to which these various financing options are used statewide. There are approximately 1,600 road districts in Illinois with the authority to adopt property taxes, but the state doesn't track their financial information.⁸ State reports do not break out local property tax levies by purpose.

Our surveys provide a limited glimpse into the statewide picture. Among the dozen counties that responded to our survey, only five reported having dedicated levies for transportation-related purposes. These levies ranged from \$18 to \$50 per capita, and were primarily used for road and bridge maintenance, with some new construction and transit services. Several of the responding counties mentioned that their townships have road district levies; in the one county that provided data on this, Bureau County, these charges averaged to an additional \$23 per county resident.

Two of the cities responding to our survey (Elgin and Springfield) reported dedicated transportation property taxes, both for transit services. Transit districts around Champaign, Peoria, and Rock Island County also receive dedicated property taxes for operating assistance.⁹

3. Sales and other Taxes

Illinois has several local sales taxes ("retailers occupation taxes") authorized specifically to provide revenue for transportation investments. Both the Metro East Transit District and the RTA are authorized to adopt these taxes to fund transit, with voter approval (or in some cases, approval of the transit district board).¹⁰

The Regional Transportation Authority sales tax was established in 1979, and is now 3/4% in Cook County, and 1/4% in DuPage, Kane, Lake, McHenry, and Will counties. It collects \$471 million annually, or \$60 per resident of the district. All of the revenues go toward operations of the region's three major transit systems, Metra, Pace, and the Chicago Transit Authority.¹¹

The Metro East Transit District sales tax was established in 1981. The first 1/4% of the tax, levied in both St. Clair and Madison counties, funds public transit operations. An additional 1/2% sales tax, approved by St. Clair county voters in 1993, is funding an extension of the MetroLink light rail system through East St. Louis and into its suburbs. Madison County voters rejected a similar 1/2% sales tax for a MetroLink extension in 1997. In all, the Metro East sales taxes raise \$20.6 million annually, or about \$40 per resident of the district.

⁷ Illinois Department Of Revenue, *1999 Annual Report*.

⁸ Letter from Illinois Department of Transportation (July 7, 2000).

⁹ Federal Transit Administration, *National Transit Database 1998*.

¹⁰ 70 Illinois Compiled Statutes §§ 3610 / 5.01 and 3615 / 4.03(e); 605 Illinois Compiled Statutes § 5 / 6-512.

¹¹ Illinois Department Of Revenue, *1999 Annual Report*.

Beyond these two dedicated transit taxes, cities and counties may adopt sales taxes and choose to earmark the revenues for other transportation purposes. For example, the city of Des Plaines indicated that it has a 1/2% sales tax dedicated entirely to street maintenance, which was adopted in 1994. The state does not collect information on the amount of sales tax revenue that is locally earmarked for transportation purposes.

A number of local governments have adopted “impact fees” on new development to help pay for roads, libraries, open spaces, and other improvements. These have mostly been enacted in the Chicago suburbs, where they have been very controversial. Within the past decade, DuPage County adopted a impact fee targeted for road improvements, eliminated it, and re-imposed it a much higher levels.¹² The city of Naperville recently also adopted a road impact fee.¹³

¹² Baden and Coursey, “An Examination of the Effects of Impact Fees on Chicago’s Suburbs,” Harris Graduate School of Public Policy Studies, University of Chicago (1999).

¹³ City of Naperville, Ordinance No. 00-71 (April 18, 2000).

ILLINOIS

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Fuel	Ch 200.10 Mun. Code	Home Rule Fuel Tax	Chicago		5¢/gal	-	Roads, transit, etc (605 ILCS 5/5-701.1)	B
	Ord. 7 Feb 1988	Home Rule Fuel Tax	Cook County	1988	6¢/gal	-	Roads, transit, etc (605 ILCS 5/5-701.1)	B
	55 ILCS 5 / 5-1035.1	County Motor Fuel Tax	DuPage, Kane, McHenry Co.	1989	Up to 4¢/gal	-	Improving public highways	C
	70 ILCS 3615 / 4.03(b)	Public Transportation Tax	RTA	1986	up to 5% of gross receipts	-	Transit	E
Vehicle	70 ILCS 3610 / 5.02	Parking Tax	Metro East Transit Dist.	1987		-	Transit	
	70 ILCS 3615 / 4.03.1	Parking Tax	RTA	1986		-	Transit	E
	65 ILCS 5 / 8-11-11	Vehicle Leasing Tax	Municipalities	1984	\$2.75/day or wk	-		
	65 ILCS 5 / 8-11-4	Vehicle License Tax	Municipalities	1983		-	Streets and Roads	
	55 ILCS 5 / 5-1032	Vehicle Rental Tax	Counties	1986	1.00%	-	General revenues	B
	65 ILCS 5 / 8-11-7	Vehicle Rental Tax	Municipalities	1986	1.00%	-	General revenues	B
	70 ILCS 3615 / 4.03(d)	Vehicle Rental Tax	RTA	1986	1/4% (1% in Cook Co.)	-		E
Property	55 ILCS 5 / 5-1024	Road Tax	Counties	1991	Up to 0.39%, varies by pop.	-	Roads	C
	55 ILCS 5 / 5-1031	Real Estate Transfer Tax	Counties	1989	0.10%	-	Any specified purpose	C
	35 ILCS 100 / 31-1 ff.							
	55 ILCS 5 / 5-32001	Improvement Bonds Levy	Counties	1986	Property tax	-	Local improvement bonds	
	55 ILCS 5 / 5-33001, -34001	Highway/Expressway Levy	Counties	1986	Property tax	-	Super highway bonds	
	65 ILCS 5 / 8-11-1.4	Real Estate Transfer Tax	Non-Home Rule Cities	1991	0.50%	-	Infrastructure, including streets & roads	C
	70 ILCS 3610 / 5 (f)(10)	Mass Transit Levy	Mass Transit Districts		1/4% property tax	-	Transit	E
	605 ILCS 5 / 5-601		Counties	1986	Up to 1/5% property tax	-	Highways	C
	605 ILCS 5 / 5-602		Counties (pop < 1M)	1988	Up to 1/20% property tax	-	Bridges	B
	605 ILCS 5 / 5-603		Counties (pop < 1M)	1986	Up to 1/20% property tax	-	Planning; matching funds	B
	605 ILCS 5 / 5-604		Counties	1985	Up to 1/12% property tax	5 years	County highways or local road districts**	E
	605 ILCS 5 / 5-604.1		Non-township counties	1987	Up to 1/20% property tax	5 years	Non-paved roads**	B
	605 ILCS 5 / 6-512		Road Districts	1981	Up to 1/3% property tax	-	Roads and bridges	C
	605 ILCS 5 / 6-601		Road Districts	1986	Up to 1/4% property tax	-	Non-paved roads	C
Sales	55 ILCS 5 / 5-1006	Retailers' Occupation Tax	Home Rule Counties	1990	Any multiple of 1/4%	-	General revenues	B
	65 ILCS 5 / 8-11-1	Retailers' Occupation Tax	Home Rule Cities	1990	Any multiple of 1/4%	-	General revenues	B
	65 ILCS 5 / 8-11-1.3	Retailers' Occupation Tax	Non-Home Rule Cities	1991	1/2%	-	Infrastructure, including streets & roads	C
	70 ILCS 3610 / 5.01	Use and Occupation Tax	Metro East Transit Dist.	1976	3/4%	-	Transit	E(2/3), C***
	70 ILCS 3615 / 4.03(e)	Retailers' Occupation Tax	RTA - Cook County	1979	3/4%*	-	Transit	E
	605 ILCS 5 / 6-512	Retailers' Occupation Tax	RTA - other counties	1979	1/4%	-	Transit	E

RTA includes Cook, DuPage, Kane, Lake, McHenry and Will Counties
 Metro East includes parts of Madison and St. Clair Counties

*Prepared foods and medicines taxed at 1%
 **Projects must be designated in advance
 ***Voter approval required for tax above 1/4%

A = State Law
 B = County/Local Law
 C = Popular Vote
 E = Vote of agency or district

Jurisdictions	Population 1999	Sales Tax					Gasoline Tax			Property Tax		
		Tax Rate (%)	Purpose	1999 Revenues (\$1,000's)	Revs per capita	Notes	Tax Rate (\$/gal)	1998 Revenues (\$1,000's)	Revs per capita	Purposes	1997 Revenues (\$1,000's)	Revs per capita
PERRY	21,330											
PIATT	16,623											
PIKE	17,220											
POPE	4,811											
PULASKI	7,304											
PUTNAM	5,853											
RANDOLPH	33,600											
RICHLAND	16,654											
ROCK ISLAND	147,522								Roads	7,333.6	\$49.71	
SALINE	26,044											
SANGAMON	191,306											
SCHUYLER	7,496											
SCOTT	5,614											
SHELBY	22,505											
ST CLAIR	260,050	0.75%	Transit	15,004.8	\$57.70	[2, 3]						
STARK	6,282											
STEPHENSON	48,778											
TAZEWELL	129,801								-	-	-	
UNION	18,023											
VERMILION	83,813											
WABASH	12,513											
WARREN	18,931											
WASHINGTON	15,200											
WAYNE	16,967											
WHITE	15,566											
WHITESIDE	59,606											
WILL	478,392	0.25%	Transit	9,629.2	\$20.13	[1]						
WILLIAMSON	61,550											
WINNEBAGO	268,126								Roads	5,922.4	\$22.09	
WOODFORD	35,553								-	-	-	
Cities:												
Arlington Heights	76,242											
Aurora	129,371											
Bloomington	60,872											
Champaign	65,226											
Chicago	2,799,050						5					
Cicero	70,344											
Decatur	80,945						?					
Des Plaines	57,068	0.50%	Streets	2,200.0	\$38.55		1					
Elgin	89,408								Transit	?	?	
Evanston	71,679											
Joliet	97,308											
Naperville	122,993						2					
Oak Lawn	58,002											
Peoria	111,127						2					
Rockford	143,831											
Schaumburg	75,242											
Skokie	58,573											
Springfield	117,876								Transit	1,545.6	\$11.04	
Waukegan	76,425											
Wheaton	56,225											
State Total	12,128,370		Transit	491,671.4	\$40.54			130,600.0	\$10.77	Transit	9,315.1	\$0.77
			Streets	2,200.0	\$0.18					Roads	22,010.7	\$1.81

[1] The Regional Transit Agency imposes sales taxes in Cook, Du Page, Kane, Lake, Mc Henry, and Will counties.

[2] The Metro East Transit District includes parts of Madison and St. Clair counties.

As in several neighboring states, local governments in Indiana use income taxes as an important general revenue source. However, more than in other states, Indiana counties also use income taxes to fund major capital improvements and public services. Unfortunately, no centralized information exists that indicate the degree to which these taxes are being used for transportation-related purposes.

1. Fuel and Vehicle Taxes

Indiana does not have a local option gas tax. However, other user taxes are available to local governments in Indiana. Indiana permits counties to adopt by ordinance two different vehicle-related taxes to fund street construction and maintenance: a flat “wheel tax,” and a value-based vehicle license tax.¹ Both of these must be adopted in unison. Statewide, 20 counties have adopted these taxes, raising about \$26 million statewide (\$4.50 per capita). The state’s largest county, Marion County, adopted this tax in 1992.

In addition, Marion County (the metropolitan government that has absorbed the city of Indianapolis) is authorized to levy local option vehicle rental excise taxes to generate revenue for capital improvements.² It adopted this tax in 1997, and it generates about \$1.3 annually.³

2. Property Taxes and Assessments

Counties generally may not use property taxes to fund highway construction or maintenance,⁴ but they may adopt such taxes to pay for bridge projects.⁵ All except four of Indiana’s counties have adopted one or more bridge fund property tax levies. Statewide, these taxes are expected to generate \$13.5 million in the year 2000 (\$2.28 per capita).⁶

Transit districts (“public transportation corporations”) may impose property taxes to repay bonds used for the creation of transit systems.⁷ In addition, cities may levy property taxes to provide support for transit operations. Statewide, eight public transit corporations and seven cities currently impose transit levies; together, these taxes expected to generate over \$51 million for public transit in the year 2000 (\$8.62 per capita).⁸

3. Sales and Other Taxes

Indiana authorizes three different local option income taxes. The “County Adjusted Gross Income Tax” may be set at a rate up to 1%, with revenues being used for general revenues or property tax relief. The “County Option Income Tax” may also be set at a rate up to 1%, with revenues going to public transportation, redevelopment, general revenues, or other purposes. A county may adopt either of these taxes by ordinance, but not both. Finally, counties may adopt a “County Economic Development Income

¹ Indiana Code §§ 6-3.5-4-2 and 6-3.5-5-2.

² Indiana Code § 6-6-9.7.

³ Revised Code of the Consolidated City And County: Indianapolis/Marion, Indiana, § 121-203; Indiana Department of Revenue, *2000 Annual Report* (October 2000).

⁴ Indiana Code §§ 8-18-8-5 and 8-18-22-6.

⁵ Indiana Code §§ 8-16-3-3a and 8-16-3.1-4.

⁶ Indiana State Board of Tax Commissioners, unpublished data on “Cumulative Bridge, Major Bridge, and Transportation Revenues and Rates for 2000.”

⁷ Indiana Code §§ 8-9.5-7-17 and 36-9-4-46.

⁸ Indiana State Board of Tax Commissioners, *op. cit.*

Tax” of up to 1/2% alone or in addition to either of the above taxes. Revenues from this tax may be used for infrastructure investments, as well as other economic development activities. All three of these taxes are based upon the individual’s county of residence and employment.⁹

Of the state’s 92 counties, 83 have adopted one or more of these income taxes.¹⁰ These taxes generate a large amount of revenue (\$58 per capita for the County Option Income Tax and \$43 per capita for the County Economic Development Income Tax in fiscal year 1998), but it is not possible to tell what share of the revenues from these are used for transportation purposes.¹¹ Two public transit corporations, in the Lafayette and South Bend areas, report receiving dedicated local income tax revenues.¹²

Lake County is also authorized to adopt an “employment tax” of up to \$1 per employee per month. Half of the tax is paid by employers, and half by employees. Revenues may only be used for public transit purposes.

⁹ Indiana Code §§ 6-3.5-1.1-2, 6-3.5-6-2, and 6-3.5-7.

¹⁰ Commerce Clearing House, *State Tax Guide* (2000).

¹¹ Indiana Department of Revenue, *2000 Annual Report* (October 2000).

¹² Federal Transit Administration, *National Transit Database* 1998.

INDIANA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Income	I.C. 6-3.5-1.1-2	County Adjusted Gross Income Tax	Counties	1983	Up to 1%	-	Property tax relief, gen. revenues	B
	I.C. 6-3.5-2	Employment Tax	Counties (400k<pop<700k)*	1975	Up to \$1 per month**	-	Public transit	B
	I.C. 6-3.5-6-2	County Option Income Tax	Counties	1984	Up to 1%	-	Transit operations, redevelopment, general revenues	E
	I.C. 6-3.5-7	County Economic Dev. Income Tax	Counties	1987	0.1%-0.5%	-	Economic development, including infrastructure investments	B
Property	I.C. 8-16-3-3a	County Cumulative Bridge Fund Tax	Counties	1951	0.3% property tax (0.1% eff. 2001)	-	Bridge const/maint.	F
	I.C. 8-16-3.1-4	County Major Bridge Fund Tax	Counties	1979	0.1% property tax	-	Bridge const/maint.	F
	I.C. 8-9.5-7-17	Automated Transit District Tax	Transit Districts	1982	Any	-	Bonds for transit construction	E
	I.C. 36-9-4-46	Public Transport. Corporation Tax	Transit Districts	1981	Any	-	Bonds for transit construction	E
Vehicle	I.C. 6-3.5-4-2	County Motor Vehicle License Excise Surtax	Counties	1980	2-10% of vehicle license tax	-	Street const/maint.	B
	I.C. 6-3.5-5-2	County Wheel Tax	Counties	1980	\$5-\$40	-	Street const/maint.	B
	I.C. 6-6-9.7	Auto Rental Excise Tax	Marion county	1997	Any	2027	Capital Improvements	B

* Only Lake County is eligible

** Tax is paid half by employer and half by employee

A = State Law
 B = County/Local Law
 C = Popular Vote
 D = Majority of City Councils
 E = Vote of agency or district
 F = County Executive Order

INDIANA
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1999	Property Taxes for Bridges (2000)			Vehicle Taxes for Roads (1996)		
		Est. Revenues (\$1,000's)	Revs per capita	Notes	Wheel Tax Revenues (\$1000's)	License Surtax Revenues	Total revs per capita
Counties:							
ADAMS	33,168	82.2	\$2.48	[1]			
ALLEN	316,471	298.2	\$0.94	[2]	331.8	2,679.9	\$9.72
BARTHOLOMEW	69,714	198.4	\$2.85	[1]			
BENTON	9,776	31.6	\$3.23	[1]			
BLACKFORD	13,927	11.9	\$0.85	[1]			
BOONE	44,835	131.3	\$2.93	[1]			
BROWN	15,992	35.8	\$2.24	[1]	17.1	212.8	\$15.00
CARROLL	20,004	170.4	\$8.52	[1]			
CASS	38,964	151.0	\$3.88	[1]			
CLARK	95,121	223.4	\$2.35	[1]			
CLAY	26,903	69.4	\$2.58	[1]			
CLINTON	32,964	41.1	\$1.25	[1]			
CRAWFORD	10,739						
DAVISS	29,084	66.3	\$2.28	[1]	45.1	217.7	\$9.18
DE KALB	39,683	77.0	\$1.94	[1]			
DEARBORN	48,011	73.5	\$1.53	[1]			
DECATUR	25,704	88.7	\$3.45	[1]			
DELAWARE	115,472	317.6	\$2.75	[1]			
DUBOIS	40,093	123.3	\$3.08	[1]	81.6	545.3	\$16.11
ELKHART	174,680	517.7	\$2.96	[2]			
FAYETTE	25,860	38.5	\$1.49	[1]			
FLOYD	72,243	442.7	\$6.13	[1]			
FOUNTAIN	18,374	64.2	\$3.49	[1]	36.3	232.7	\$14.75
FRANKLIN	22,120	32.1	\$1.45	[1]			
FULTON	20,893	61.8	\$2.96	[1]			
GIBSON	32,230	80.7	\$2.50	[1]	22.1	423.0	\$13.88
GRANT	72,082	194.3	\$2.70	[1]			
GREENE	33,158	52.1	\$1.57	[1]			
HAMILTON	172,094	2,698.0	\$15.68	[2]	61.1	2,244.3	\$15.59
HANCOCK	55,617	149.2	\$2.68	[1]			
HARRISON	35,376	118.0	\$3.34	[1]			
HENDRICKS	98,826	146.5	\$1.48	[1]			
HENRY	48,377	139.0	\$2.87	[1]			
HOWARD	83,736	106.2	\$1.27	[1]	64.1	1,363.2	\$17.02
HUNTINGTON	37,377	130.5	\$3.49	[1]			
JACKSON	41,319	91.1	\$2.20	[1]			
JASPER	29,462	95.0	\$3.23	[1]			
JAY	21,686	44.9	\$2.07	[1]	59.0	255.1	\$14.46
JEFFERSON	31,813	94.9	\$2.98	[1]			
JENNINGS	28,106	130.3	\$4.64	[1]			
JOHNSON	112,724	355.9	\$3.16	[1]			
KNOX	39,051	50.8	\$1.30	[1]			
KOSCIUSKO	71,336	107.0	\$1.50	[1]			
LA PORTE	109,939	172.5	\$1.57	[2]			
LAGRANGE	33,997	18.8	\$0.55	[1]			
LAKE	480,619	211.7	\$0.44	[1]			
LAWRENCE	45,752	112.3	\$2.45	[1]			
MADISON	130,990	152.1	\$1.16	[1]			
MARION	810,946				965.6	11,208.7	\$14.92
MARSHALL	46,129	75.5	\$1.64	[1]			
MARTIN	10,379	14.7	\$1.41	[1]			
MIAMI	33,605	47.9	\$1.42	[1]			
MONROE	116,923	162.0	\$1.39	[1]	43.3	964.0	\$8.75
MONTGOMERY	36,583	116.3	\$3.18	[1]	94.0	480.9	\$15.88
MORGAN	67,003	240.3	\$3.59	[1]			
NEWTON	14,844	35.9	\$2.42	[1]			
NOBLE	43,241				97.8	390.3	\$11.78
OHIO	5,457	12.8	\$2.34	[1]			
ORANGE	19,835	49.9	\$2.52	[1]			
OWEN	20,619	38.5	\$1.87	[1]			
PARKE	16,908	78.3	\$4.63	[1]	53.4	205.3	\$15.82
PERRY	19,091	87.0	\$4.56	[1]	26.3	224.8	\$13.11
PIKE	13,021	24.6	\$1.89	[1]			
PORTER	147,758	206.0	\$1.39	[1]			
POSEY	26,292	82.8	\$3.15	[1]	90.8	366.8	\$17.33
PULASKI	13,527	58.8	\$4.35	[1]			
PUTNAM	34,788	166.1	\$4.77	[1]	[3]	[3]	
RANDOLPH	27,417	27.2	\$0.99	[1]			
RIPLEY	27,660	42.5	\$1.54	[1]			
RUSH	18,208	33.4	\$1.83	[1]	37.6	238.6	\$15.11
SCOTT	23,433	55.4	\$2.36	[1]			

Jurisdictions	Population 1999	Property Taxes for Bridges (2000)			Vehicle Taxes for Roads (1996)		
		Est. Revenues (\$1,000's)	Revs per capita	Notes	Wheel Tax Revenues (\$1000's)	License Surtax Revenues	Total revs per capita
SHELBY	43,630	184.2	\$4.22	[1]			
SPENCER	21,178	31.7	\$1.50	[1]			
ST JOSEPH	258,537	397.9	\$1.54	[2]			
STARKE	23,597	16.7	\$0.71	[1]			
STEBUBEN	31,742	90.6	\$2.85	[1]			
SULLIVAN	21,535	20.9	\$0.97	[1]			
SWITZERLAND	8,961	12.9	\$1.44	[1]			
TIPPECANOE	142,475	1,272.4	\$8.93	[1]			
TIPTON	16,641	77.3	\$4.65	[1]			
UNION	7,297	4.0	\$0.54	[1]			
VANDERBURGH	167,922	336.8	\$2.01	[1]	123.0	1,087.7	\$7.20
VERMILLION	16,954	41.2	\$2.43	[1]			
VIGO	104,349	115.1	\$1.10	[1]			
WABASH	34,538	49.2	\$1.42	[1]			
WARREN	8,349	141.4	\$16.94	[1]			
WARRICK	52,557	44.9	\$0.85	[1]	81.2	569.8	\$13.03
WASHINGTON	28,233	50.1	\$1.77	[1]			
WAYNE	71,134	105.1	\$1.48	[1]			
WELLS	26,810						
WHITE	25,522	28.0	\$1.10	[1]			
WHITLEY	30,811	52.3	\$1.70	[1]			
Statewide	5,942,901	13,528.2	\$2.28		2,331.2	23,911.0	\$4.50

Jurisdictions	Population 1999	Property Taxes for Transit (2000)			Income Taxes for Transit (2000)	
		Est. Revenues (\$1,000's)	Revs per capita	Notes	Revenues (\$1,000's)	Revs per capita
Districts:						
Bloomington PTC [MONROE]	66,743	3,245.7	\$48.63			
Fort Wayne PTC [ALLEN]	196,708	3,854.5	\$19.60			
Gary PTC [LAKE]	110,271	5,974.7	\$54.18			
Greater Lafayette PTC [TIPPECANOE]	107,000	4,376.2	\$40.90		199.5	\$ 1.86
Indianapolis PTC [MARION]	810,946	24,602.9	\$30.34			
Muncie PTC [DELAWARE]	72,880	2,502.5	\$34.34			
South Bend PTC [ST. JOSEPH]	148,144	4,553.9	\$30.74		242.4	\$ 1.64
Speedway PTC [MARION]		20.8				
Cities:						
Bloomington	66,743	175.0	\$2.62			
East Chicago	30,457	534.7	\$17.56			
Huntingburg	5,256	38.5	\$7.32			
Mitchell	5,105	97.1	\$19.03			
New Castle	1,468	224.1	\$152.65			
Richmond	38,282	991.1	\$25.89			
Washington	100,909	53.6	\$0.53			
Statewide (Cities + PTC's)	5,942,901	51,245.4	\$8.62		441.9	\$0.07

[1] Cumulative Bridge Fund

[2] Cumulative Bridge Fund and County Major Bridge Fund

[3] Tax was first collected in 1997

In Iowa, earmarked property taxes are a major source of funding for transportation investments. Every county and most cities have a annual levies for their road funds, and many larger cities have additional levies to support public transit. However, high overall property tax rates is a major public concern, and there have been efforts to freeze or reduce property tax rates, so there has been an effort to find alternative revenue sources.

Because of these fiscal pressures, many counties have adopted sales taxes for property tax relief. In addition, about 21 others have enacted sales taxes with portions earmarked for road improvements, most within the past decade. A major current debate in the Iowa legislature concerns whether to rely more heavily upon local option sales taxes to offset a reduction in property taxes or whether to use these taxes as an additional revenue source to complement existing property taxes. Depending on how this debate plays out, Iowa may see more counties adopting these earmarks in the future.

1. Fuel and Vehicle Taxes

Iowa does not have a local option gas tax. Counties may levy vehicle registration taxes if approved by a majority of voters. Revenues can be used for public transit, local streets, and county roads. It does not appear that any areas have adopted these taxes.

2. Property Taxes and Assessments

Ad valorem taxes are an important source of road revenues in Iowa. Overall, local governments raised over \$259 million in property tax levies for construction and maintenance of secondary roads in fiscal year 1999 (over \$90 per capita statewide).¹ These levies are a hybrid between dedicated taxes and appropriated general funds: the county government decides to transfer a certain millage rate of revenues from the countywide “general levy” or the unincorporated portion of the county’s “rural levy.”²

In addition to the road levies, cities may adopt a levy of up to 0.095% to fund transit operations.³ Certain “regional systems” are also authorized to levy a dedicated property tax for transit operations. Currently, 15 urban transit systems levy these taxes, collecting \$15 million annually (or \$5.23 per capita on a statewide basis).⁴

3. Sales and Other Taxes

Local governments may adopt local option sales taxes up to 1%, for property tax relief or for other specified purposes. Actual projects are only sometimes named in advance as a strategy for boosting voter support, but this is usually left until after the tax is adopted. Elections are held countywide, but the tax only goes into effect in cities which had majority voter support.⁵

Of the 67 counties that have adopted these taxes, 21 earmark a portion of the revenues for transportation purposes. Most of these involve investments in road construction and maintenance, with a few counties using the funds for the purchase of road construction equipment. All except two of the taxes have been

¹ Iowa Department of Transportation, “Combined Local Highway Finance Report” (1999).

² Iowa Code, § 331.429.

³ Iowa Code, § 384.12.

⁴ Iowa Department of Transportation, Unpublished data on “Cities Levying for Transit 1995-2000” (2000).

⁵ Iowa Code, § 422B.8; Iowa Department of Revenue and Finance, “Iowa Local Option Questions and Answers,” (2000).

approved by the voters since 1990, and sixteen of the taxes have been adopted on a permanent basis.⁶ Statewide, these earmarks totaled \$32.8 million for highway-related purposes in fiscal year 1999, or about \$11.50 per capita.⁷

The Quad-Cities Interstate Metropolitan Authority, which covers Scott County, Iowa, and Rock Island County, Illinois, is authorized to adopt a 1/4% sales tax for transit, bridge construction, and other urban services.⁸ This tax has not been adopted.

⁶ Iowa Department of Transportation, "Summary of Iowa County Engineers Annual Highway Report" Fiscal Year 1999 (2000); Iowa County Engineers Association Service Bureau, "Iowa Local Option Sales Tax (1% of Sales) Imposed by County in the Unincorporated Area," (2000).

⁷ Iowa Department of Transportation, "Combined Local Highway Finance Report" (1999).

⁸ Iowa Code, § 28A.17.

IOWA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Names	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales	Sec. 422B.8	Local Option Sales Tax	Cities, Counties	1985	Up to 1%	-	Property tax relief, or specified purposes	C
	Sec. 28A.17	Local Sales and Services Tax	Quad-Cities Interstate Metropolitan Authority	1991	0.25%	-	Transit, bridges, waste management	C
Property	Sec. 331.429	Secondary Road Levy	Secondary Road Assessment District	1985	Any	-	Secondary roads	B
	Sec. 384.12	County Bridge Levy	Cities		Varies	-	Bridge construction, maintenance, purchase	C
	Sec. 384.12	Transit Levy	Cities		Up to .095%	-	Transit operations	C
Vehicle	Sec. 422B.2	Vehicle Registration Fees	Counties	1985	Flat per-vehicle rates	-	Public transit, local streets, county roads (422B.3)	C

A = State Law
 B = County/Local Law
 C = Popular Vote

IOWA
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population (1998)	Sales Taxes [1]				Property Taxes		
		Trans. Rate (%)	Purposes	FY 1999 Revenues (\$1,000s)	Revs per capita	Purposes	FY 1999 Revenues (\$1000s)	Revs per capita
Counties:								
ADAIR	8,103					Secondary roads	825.0	\$101.81
ADAMS	4,386					Secondary roads	447.8	\$102.10
ALLAMAKEE	14,052	0.2%	Secondary roads	97.3	\$6.92	Secondary roads	693.4	\$49.35
APPANOOSE	13,568					Secondary roads	461.4	\$34.01
AUDUBON	6,806					Secondary roads	723.0	\$106.23
BENTON	25,399					Secondary roads	1534.5	\$60.42
BLACK HAWK	120,918					Secondary roads	1361.9	\$11.26
BOONE	26,113					Secondary roads	1302.3	\$49.87
BREMER	23,343					Secondary roads	967.1	\$41.43
BUCHANAN	21,152					Secondary roads	1077.9	\$50.96
BUENA VISTA	19,412	0.7%	Secondary roads	383.9	\$19.78	Secondary roads	1030.0	\$53.06
BUTLER	15,631					Secondary roads	1026.6	\$65.68
CALHOUN	11,373					Secondary roads	914.1	\$80.37
CARROLL	21,616					Secondary roads	1251.0	\$57.87
CASS	14,642	0.6%	Infrastructure, incl. roads			Secondary roads	979.2	\$66.88
CEDAR	17,957					Secondary roads	1459.3	\$81.27
CERRO GORDO	46,073	0.55%	Secondary roads	674.5	\$14.64	Secondary roads	1288.0	\$27.96
CHEROKEE	13,190					Secondary roads	996.6	\$75.56
CHICKASAW	13,425	0.5%	Roads & Bridges			Secondary roads	1219.7	\$90.85
CLARKE	8,303					Secondary roads	392.5	\$47.27
CLAY	17,474					Secondary roads	1080.0	\$61.81
CLAYTON	18,711	0.85%	Secondary roads	350.0	\$18.71	Secondary roads	1150.5	\$61.49
CLINTON	49,924	0.63%	Secondary roads	620.9	\$12.44	Secondary roads	660.6	\$13.23
CRAWFORD	16,462	0.8%	Secondary roads	[1]		Secondary roads	1317.9	\$80.06
DALLAS	36,865					Secondary roads	2029.8	\$55.06
DAVIS	8,462					Secondary roads	437.8	\$51.74
DECATUR	8,241					Secondary roads	373.3	\$45.30
DELAWARE	18,541	0.9%	Road paving	574.9	\$31.01	Secondary roads	1060.0	\$57.17
DES MONIES	42,069	0.5%	Roads & Equipment			Secondary roads	1650.4	\$39.23
DICKINSON	16,209		Secondary roads	323.1	\$19.94	Secondary roads	876.7	\$54.09
DUBUQUE	87,879	1.0%	Road construction	2,189.7	\$24.92	Secondary roads	1738.0	\$19.78
EMMET	10,850					Secondary roads	561.6	\$51.76
FAYETTE	21,794					Secondary roads	1220.0	\$55.98
FLOYD	16,369	1.0%	70% paving, 30% equip	204.2	\$12.48	Secondary roads	919.7	\$56.19
FRANKLIN	10,865					Secondary roads	1214.2	\$111.75
FREMONT	7,771	0.4%	Infrastructure, incl. roads	40.0	\$5.15	Secondary roads	872.4	\$112.26
GREENE	10,075					Secondary roads	980.0	\$97.27
GRUNDY	12,234					Secondary roads	1000.0	\$81.74
GUTHRIE	11,506					Secondary roads	980.5	\$85.22
HAMILTON	16,010					Secondary roads	1226.4	\$76.60
HANCOCK	12,044					Secondary roads	1248.0	\$103.62
HARDIN	18,350					Secondary roads	1054.0	\$57.44
HARRISON	15,336					Secondary roads	1169.3	\$76.25
HENRY	20,038					Secondary roads	870.6	\$43.45
HOWARD	9,680					Secondary roads	744.8	\$76.94
HUMBOLDT	10,327					Secondary roads	923.4	\$89.42
IDA	7,917					Secondary roads	801.7	\$101.26
IOWA	15,513	1.0%	Secondary roads	560.5	\$36.13	Secondary roads	1544.4	\$99.56
JACKSON	20,139	0.75%	Secondary roads	394.9	\$19.61	Secondary roads	600.0	\$29.79
JASPER	36,541					Secondary roads	1371.4	\$37.53
JEFFERSON	17,043					Secondary roads	731.5	\$42.92
JOHNSON	102,556					Secondary roads	2153.6	\$21.00
JONES	20,138	0.75%	Rural roads			Secondary roads	1056.7	\$52.47
KEOKUK	11,469					Secondary roads	1000.0	\$87.19
KOSSUTH	17,721					Secondary roads	2015.0	\$113.71
LEE	38,488					Secondary roads	1027.6	\$26.70
LINN	182,779					Secondary roads	3532.7	\$19.33
LOUISA	11,935					Secondary roads	1106.8	\$92.74
LUCAS	9,098					Secondary roads	413.2	\$45.42
LYON	12,036					Secondary roads	925.0	\$76.85
MADISON	13,888					Secondary roads	793.5	\$57.14
MAHASKA	21,899					Secondary roads	1243.9	\$56.80
MARION	31,327					Secondary roads	1152.2	\$36.78
MARSHALL	38,740					Secondary roads	1295.8	\$33.45
MILLS	14,481					Secondary roads	940.8	\$64.97
MITCHELL	11,033					Secondary roads	849.3	\$76.98
MONONA	10,068	1.0%	Secondary roads	287.6	\$28.56	Secondary roads	965.6	\$95.91
MONROE	8,033					Secondary roads	875.3	\$108.96
MONTGOMERY	11,850					Secondary roads	709.3	\$59.86
MUSCATINE	40,991					Secondary roads	1740.2	\$42.45
O'BRIEN	14,887					Secondary roads	1123.6	\$75.48
OSCEOLA	6,956					Secondary roads	517.6	\$74.41
PAGE	17,271					Secondary roads	760.3	\$44.02
PALO ALTO	10,059					Secondary roads	885.2	\$88.00
PLYMOUTH	24,609					Secondary roads	1539.9	\$62.57

Jurisdictions	Population (1998)	Sales Taxes [1]				Property Taxes		
		Trans. Rate (%)	Purposes	FY 1999 Revenues (\$1,000s)	Revs per capita	Purposes	FY 1999 Revenues (\$1000s)	Revs per capita
POCAHONTAS	8,815					Secondary roads	780.0	\$88.49
POLK	359,713					Secondary roads	4485.3	\$12.47
POTTAWATTAMIE	86,190	0.7%	Secondary roads	1,518.8	\$17.62	Secondary roads	2653.0	\$30.78
POWESHIEK	18,759					Secondary roads	1279.5	\$68.21
RINGGOLD	5,358					Secondary roads	456.2	\$85.14
SAC	11,893					Secondary roads	925.0	\$77.78
SCOTT	158,333					Secondary roads	1980.1	\$12.51
SHELBY	12,934					Secondary roads	1124.1	\$86.91
SIOUX	31,425					Secondary roads	1456.5	\$46.35
STORY	74,875					Secondary roads	1382.1	\$18.46
TAMA	17,766					Secondary roads	1282.6	\$72.19
TAYLOR	7,149					Secondary roads	457.6	\$64.01
UNION	12,522					Secondary roads	556.5	\$44.44
VAN BUREN	7,862					Secondary roads	427.8	\$54.41
WAPELLO	35,387					Secondary roads	849.8	\$24.01
WARREN	40,209					Secondary roads	1438.7	\$35.78
WASHINGTON	20,938					Secondary roads	1171.9	\$55.97
WAYNE	6,677					Secondary roads	397.2	\$59.49
WEBSTER	38,975					Secondary roads	1751.3	\$44.93
WINNEBAGO	11,942					Secondary roads	793.5	\$66.45
WINNESHIEK	20,962	0.35%	Services, incl. roads	479.1	\$22.86	Secondary roads	689.7	\$32.90
WOODBURY	101,547	0.2%	Infrastructure, incl. roads	720.0	\$7.09	Secondary roads	1369.1	\$13.48
WORTH	7,742					Secondary roads	678.7	\$87.66
WRIGHT	14,039					Secondary roads	1151.2	\$82.00
County Subtotal	2,861,025			9,419.3	\$3.29		110,520.7	\$38.63
Transit Systems:								
Ames	48415					Transit	616.4	\$12.73
Burlington	26855					Transit	226.1	\$8.42
Cedar Rapids	114563					Transit	2,693.0	\$23.51
Clinton	27626					Transit	504.8	\$18.27
Council Bluffs	56312					Transit	564.4	\$10.02
Davenport	96842					Transit	2,196.8	\$22.68
Des Moines	191293					Transit	3,162.7	\$16.53
Dubuque	56942					Transit	566.6	\$9.95
Fort Dodge	24738					Transit	182.6	\$7.38
Iowa City	60897					Transit	1,569.2	\$25.77
Marshalltown	25201					Transit	89.1	\$3.54
Muscatine	22932					Transit	206.5	\$9.00
Ottumwa	23854					Transit	254.3	\$10.66
Sioux City	82697					Transit	893.0	\$10.80
Waterloo	63703					Transit	1,176.8	\$18.47
Small Regional Systems	-					Transit	54.8	
Municipalities	-		Streets	23,373.9	\$8.17	Streets	148,495.2	\$51.90
Statewide	2,861,025		Streets & Roads	32,793.2	\$11.46	Streets & Roads	259,015.9	\$90.53
						Transit	14,957.1	\$5.23

[1] Tax rate information shows share earmarked for transportation purposes. Data are from Iowa County Engineers Assoc. Service Bureau, Iowa Local Option Sales Tax (1% of Sales) Imposed by County in the Unincorporated Area, (2000). County revenue data shows only funds earmarked for the county itself; funds transferred to city governments are listed under "Municipalities." The source for the revenue data is Iowa Department of Transportation, Summary of Iowa County Engineers Annual Highway Report Fiscal Year 1999 (2000).

The use of local option transportation taxes in Kansas has been limited to property taxes and a few local sales taxes. Where they have been authorized, the taxes nearly always require voter approval and must have projects specified in advance. The overall use of local option taxes in Kansas has been roughly constant, and they do not appear to be a major policy issue in the state.

1. Fuel and Vehicle Taxes

Kansas does not have a local option gas tax. Municipalities may levy a flat “vehicle tax” of \$5 or \$10 per vehicle to generate revenue for street improvements if approved by a majority of voters.¹ No jurisdictions have adopted this tax.²

2. Property taxes and Assessments

Kansas authorizes transportation-related property tax levies for various units of local government. Counties and townships may adopt dedicated taxes for primary roads or rural routes outside incorporated areas. Cities may adopt levies to maintain local streets. Most of these levies must be approved by the voters, and several may only be implemented for a limited duration.³ Of these, data is only available for the taxes levied by counties for roads and bridges. In 1998, these taxes generated \$108 million in transportation revenues statewide (nearly \$41 per capita).⁴

In addition, cities may impose levies on behalf of transit authorities, or to fund transit services that they provide themselves.⁵ Two cities currently levy these taxes, Lawrence and Topeka. Together, they raise about \$3.3 million annually. Lawrence’s tax was collected in 1999 for the first time.⁶

3. Sales and other taxes

With voter approval, cities and counties may adopt local option sales taxes up to 2%, depending on their classification. Six counties (Cowley, Dickinson, Finney, Ford, Russell, and Sherman) have specific authority to adopt sales taxes for highway or other infrastructure projects.⁷ Of the state’s 105 counties, 75 have adopted a sales tax, as have 171 cities.⁸ A total of 28 counties have voluntarily earmarked their sales taxes for specific purposes. Of these, Shawnee and Sherman counties have both adopted 1/4% sales taxes for highway projects, and Johnson County has adopted a 1/8% sales tax for the renovation of Union Station in Kansas City, Missouri. In addition, eight cities have adopted sales taxes between 1/8% and 1% for streets and other improvements.⁹ Shawnee County voters recently approved an extension of their sales tax for another four years.¹⁰

Local governments may also transfer sales taxes revenues to their road and bridge funds. The state does not monitor which areas transfer revenues to their road and bridge funds, so without a survey it is not possible to get a full accounting for how much general sales tax revenue is budgeted for transportation purposes.¹¹

¹ Kansas Statutes §§ 12-143 and 12-144.

² Letter from Kansas Department of Transportation, Bureau of Transportation Planning (June 16, 2000).

³ Kansas Statutes §§ 15-733, 68-5,100, 68-518c, 68-559a, 68-579, 68-596, and 80-1413.

⁴ Kansas Association of Counties, *Research Report* (February 2000).

⁵ Kansas Statutes §§ 12-2814 and 13-3112.

⁶ Letter from Kansas Department of Revenue (October 17, 2000).

⁷ Kansas Statutes §§ 12-187 and 12-189.

⁸ Kansas Department of Revenue, “Local Sales Tax Rates for Counties and Cities in Kansas,” (2000).

⁹ Kansas Department of Revenue, Unpublished Data on Local Tax Purposes and Expiration Dates (October, 2000).

¹⁰ Hooper, “Sales tax extension narrowly approved,” *The Topeka Capital-Journal* (November 8, 2000).

¹¹ Letter from Kansas Department of Revenue (October 12, 2000).

KANSAS

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Unspecified	KS 12-137	Any Home Rule Tax	Any City	1961			General Purpose	C (2/3)
Sales	KS 12-187	Sales Tax	Cities and counties	1978	.25-2%, depending on class		Any specified purpose, including road construction	C
	KS 12-187(b)(4)	Sales Tax	Finney, Ford co.		0.25%		Highways	C
	KS 12-187(b)(7)	Sales Tax	Dickinson County		0.50%	5 years	Road construction	C
	KS 12-187(b)(8)	Sales Tax	Sherman County		0.25-0.75%		County Hwys. 64 & 65	C
	KS 12-187(b)(9)	Sales Tax	Cowley County		0.50%	5 years	Infrastructure, Econ. Dev.	C
	KS 12-187(b)(9)	Sales Tax	Russell County		0.25%	5 years	Infrastructure, Econ. Dev.	C
Property	KS 12-2814	Metropolitan transit authority levy	Cities within the authority	1955	1 mill	-	Transit capital and operations	C
	KS 13-3112	Transit bond levy	Cities	1965	2 mills	-	Repay transit system bonds	B
	KS 15-733	Street repair levy	3rd Class Cities	1957	Any		Street maintenance and repair	B
	KS 68-5,100	County road levy	Counties	1974	5 mills		County roads	C
	KS 68-518c	Road levy	Townships	1949	5 mills		County roads	C
	KS 68-559a; KS 68-579	Road levy	Counties	1958	2 mills	5 years	County roads	C
	KS 68-596	County rural hway system levy	Unincorporated areas of counties	1970	5 mills	2 years	Local service roads	C
	KS 80-1413	Township road levy	Townships	1945	10 mills	Specified on ballot	Township roads	C
Vehicle	KS 12-143	City Vehicle Tax	Any City	1967	\$5-\$10 flat registration fee		Street improvements, traffic control	C
	KS 79-5105	County Vehicle Tax	All Counties	1979	Based on county property tax rate		Schools, jails, etc.	A

A = State Law
 B = County/Local Law
 C = Popular Vote

KANSAS

Adopted County, District, and Local Transportation Taxes

Counties	Population 1998	Sales Taxes			Property Taxes - 1998			
		Rate for Transport	Purposes	Revenues (\$1,000's)	Road & Bridge Levies	Special Bridge Levies	Revenues (\$1,000's)	Revs per capita
ALLEN	14,532				1.0644%	0.3642%	913.6	\$62.87
ANDERSON	8,046				1.7257%	0.3399%	1,008.0	\$125.28
ATCHISON	16,858				1.1863%		927.3	\$55.01
BARBER	5,336				0.9474%	0.3511%	617.2	\$115.67
BARTON	28,936				0.6529%		951.0	\$32.87
BOURBON	15,160				1.1891%	0.1389%	822.6	\$54.26
BROWN	11,040				1.3894%	0.2007%	977.6	\$88.55
BUTLER	61,883				0.6929%	0.1646%	2,491.6	\$40.26
CHASE	2,941				1.0848%	0.0484%	326.9	\$111.15
CHAUTAUQUA	4,343				2.3004%	0.6029%	597.4	\$137.55
CHEROKEE	22,499				0.7476%	0.1516%	969.0	\$43.07
CHEYENNE	3,160				1.3490%	0.0650%	426.0	\$134.80
CLARK	2,353						0.0	\$0.00
CLAY	9,086				1.8982%		912.6	\$100.44
CLOUD	10,062				1.9411%	0.0877%	1,071.7	\$106.51
COFFEY	8,680				0.5835%	0.2754%	4,507.0	\$519.24
COMANCHE	2,002				1.1791%		296.1	\$147.92
COWLEY	37,092				0.4275%	0.1211%	866.9	\$23.37
CRAWFORD	36,360				0.5473%	0.0985%	1,035.9	\$28.49
DECATUR	3,446				0.9673%	0.2000%	321.4	\$93.26
DICKINSON	19,602				0.5000%	0.2000%	707.5	\$36.09
DONIPHAN	7,872				2.1705%		980.9	\$124.61
DOUGLAS	96,554				0.0815%	0.0994%	1,118.6	\$11.58
EDWARDS	3,287				1.4242%		492.2	\$149.75
ELK	3,386				1.8656%	0.2922%	431.0	\$127.29
ELLIS	26,585				0.7668%	0.0442%	1,383.6	\$52.05
ELLSWORTH	6,277				1.5246%	0.1494%	934.6	\$148.90
FINNEY	36,621				0.5620%		2,011.0	\$54.92
FORD	29,461				0.6222%		1,092.1	\$37.07
FRANKLIN	24,853				0.8900%	0.1695%	1,302.7	\$52.41
GEARY	25,226				0.8223%	0.0515%	836.7	\$33.17
GOVE	3,045				1.0225%	0.6593%	510.2	\$167.54
GRAHAM	3,189				2.0648%		556.4	\$174.48
GRANT	7,996				0.6630%		2,301.0	\$287.77
GRAY	5,575				2.0081%		986.7	\$176.98
GREELEY	1,694				1.3130%		351.9	\$207.71
GREENWOOD	8,101				1.2400%	0.2730%	771.0	\$95.17
HAMILTON	2,369						0.0	\$0.00
HARPER	6,411				1.6484%	0.2352%	877.0	\$136.80
HARVEY	34,148				0.6986%		1,168.5	\$34.22
HASKELL	3,962				0.8129%		1,274.6	\$321.71
HODGEMAN	2,215				2.7365%	0.1683%	649.1	\$293.05
JACKSON	12,111				1.3114%		726.7	\$60.01
JEFFERSON	18,175				1.5618%	0.0996%	1,532.6	\$84.33
JEWELL	3,873				2.9802%	0.1421%	892.1	\$230.34
JOHNSON	429,649	0.125%	Train Station		0.1672%		7,169.4	\$16.69
KEARNY	4,138				0.6073%		1,400.4	\$338.43
KINGMAN	8,559				0.6693%	0.2973%	687.1	\$80.27
KIOWA	3,420				0.9300%	0.1000%	515.3	\$150.68
LABETTE	23,050				1.2291%	0.1997%	1,283.2	\$55.67
LANE	2,245				1.2389%	0.0405%	278.5	\$124.04
LEAVENWORTH	71,178				0.5672%		1,607.8	\$22.59
LINCOLN	3,331				2.1766%	0.3388%	600.5	\$180.28
LINN	9,166				0.9170%		1,354.8	\$147.80
LOGAN	2,990				0.9728%		282.1	\$94.34
LYON	33,785				1.0249%	0.4333%	2,349.7	\$69.55
MARION	28,549				0.8310%	0.5734%	1,031.2	\$36.12
MARSHALL	13,609				1.7731%		1,185.9	\$87.14
MCPHERSON	10,994				1.7472%		3,594.4	\$326.94
MEADE	4,431				0.8848%	0.0920%	732.7	\$165.37
MIAMI	26,456				1.3525%	0.2599%	2,930.2	\$110.76
MITCHELL	6,950				1.0265%		420.4	\$60.49
MONTGOMERY	37,046				0.4730%	0.1505%	1,087.8	\$29.36
MORRIS	6,155				1.2575%	0.2010%	596.9	\$96.98
MORTON	3,428				0.2431%		364.2	\$106.26
NEMAHA	10,205				1.6226%		1,014.6	\$99.42
NEOSHO	16,706				0.6001%	0.0437%	434.6	\$26.01
NESS	3,628				2.0717%		760.0	\$209.48
NORTON	5,735				1.2834%	0.3304%	494.4	\$86.20
OSAGE	17,158				0.2519%	0.1867%	362.4	\$21.12
OSBORNE	4,680				0.8213%	0.3133%	310.0	\$66.24

Counties	Population 1998	Sales Taxes			Property Taxes - 1998			
		Rate for Transport	Purposes	Revenues (\$1,000's)	Road & Bridge Levies	Special Bridge Levies	Revenues (\$1,000's)	Revs per capita
OTTAWA	5,881				1.3817%	0.1248%	598.0	\$101.69
PAWNEE	7,245				1.3961%		648.1	\$89.45
PHILLIPS	6,036				1.8002%	0.2331%	781.6	\$129.49
POTTAWATOMIE	18,638						0.0	\$0.00
PRATT	9,682				0.9002%	0.2464%	864.9	\$89.33
RAWLINS	3,130				2.3896%	0.0979%	682.0	\$217.90
RENO	63,241				0.5641%		2,049.8	\$32.41
REPUBLIC	6,098				2.4977%	0.1000%	1,007.8	\$165.26
RICE	10,427				1.9190%		1,423.5	\$136.52
RILEY	63,940						0.0	\$0.00
ROOKS	5,688				2.7800%		1,047.2	\$184.11
RUSH	3,405				2.9063%	0.3976%	950.4	\$279.12
RUSSELL	7,535				1.3797%	0.1253%	745.0	\$98.87
SALINE	51,399				0.6741%		2,296.6	\$44.68
SCOTT	5,023				0.8914%		450.0	\$89.59
SEDGWICK	447,819				0.1394%		3,418.6	\$7.63
SEWARD	20,072				0.3991%		805.3	\$40.12
SHAWNEE	170,349	0.25%	Highways				0.0	\$0.00
SHERIDAN	2,721				1.8956%		522.0	\$191.84
SHERMAN	6,556	0.25%	Highways		0.9016%		461.1	\$70.34
SMITH	4,594				3.2928%		1,009.1	\$219.65
STAFFORD	5,049				1.7762%		821.6	\$162.72
STANTON	2,244				1.1670%		1,097.0	\$488.86
STEVENS	5,415				0.5641%		2,307.1	\$426.05
SUMNER	27,197				0.6888%	1.2862%	2,448.3	\$90.02
THOMAS	8,030				0.4815%		310.4	\$38.66
TREGO	3,293				1.7880%	0.0937%	532.3	\$161.63
WABAUNSEE	6,613				0.6415%	0.1637%	348.7	\$52.73
WALLACE	1,812				1.3884%		315.3	\$173.99
WASHINGTON	6,512				1.0570%		477.8	\$73.38
WICHITA	2,646				2.3451%		566.8	\$214.20
WILSON	10,266				1.9998%	0.1004%	1,060.2	\$103.27
WOODSON	3,946				2.4115%	2.0020%	1,090.1	\$276.26
WYANDOTTE	152,521						0.0	\$0.00
State Total	2,638,667						107,913.4	\$40.90

Cities	Population 1998	Sales Taxes			Property Taxes - 1998			
		Rate for Transport	Purposes	Revenues (\$1,000's)	Transit Levies	Revenues (\$1,000's)	Revs per capita	
Caney	1,894	0.750%	Streets, sidewalks					
Cedar Vale	751	1.000%	Streets					
Columbus	3,535	0.500%	Streets, sewers					
Douglass	1,887	1.000%	Streets, sewers					
Lawrence [1]	74,244				0.3047%	1,522.6	\$20.51	
Leawood	25,886	0.125%	Streets, drainage					
Marysville	3,014	1.000%	Streets, grade crossings					
Oswego	2,119	1.000%	Streets					
Overland Park	139,685	0.125%	Streets, roads					
Topeka	118,977				0.2611%	1,825.2	\$15.34	
State Total	2,638,667					3,347.8	\$1.27	

[1] Lawrence revenue data for 1999.

The use of local option transportation taxes in Kansas has been limited to property taxes and a few local sales taxes. Where they have been authorized, the taxes nearly always require voter approval and must have projects specified in advance. The overall use of local option taxes in Kansas has been roughly constant, and they do not appear to be a major policy issue in the state.

1. Fuel and Vehicle Taxes

Kansas does not have a local option gas tax. Municipalities may levy a flat “vehicle tax” of \$5 or \$10 per vehicle to generate revenue for street improvements if approved by a majority of voters.¹ No jurisdictions have adopted this tax.²

2. Property taxes and Assessments

Kansas authorizes transportation-related property tax levies for various units of local government. Counties and townships may adopt dedicated taxes for primary roads or rural routes outside incorporated areas. Cities may adopt levies to maintain local streets. Most of these levies must be approved by the voters, and several may only be implemented for a limited duration.³ Of these, data is only available for the taxes levied by counties for roads and bridges. In 1998, these taxes generated \$108 million in transportation revenues statewide (nearly \$41 per capita).⁴

In addition, cities may impose levies on behalf of transit authorities, or to fund transit services that they provide themselves.⁵ Two cities currently levy these taxes, Lawrence and Topeka. Together, they raise about \$3.3 million annually. Lawrence’s tax was collected in 1999 for the first time.⁶

3. Sales and other taxes

With voter approval, cities and counties may adopt local option sales taxes up to 2%, depending on their classification. Six counties (Cowley, Dickinson, Finney, Ford, Russell, and Sherman) have specific authority to adopt sales taxes for highway or other infrastructure projects.⁷ Of the state’s 105 counties, 75 have adopted a sales tax, as have 171 cities.⁸ A total of 28 counties have voluntarily earmarked their sales taxes for specific purposes. Of these, Shawnee and Sherman counties have both adopted 1/4% sales taxes for highway projects, and Johnson County has adopted a 1/8% sales tax for the renovation of Union Station in Kansas City, Missouri. In addition, eight cities have adopted sales taxes between 1/8% and 1% for streets and other improvements.⁹ Shawnee County voters recently approved an extension of their sales tax for another four years.¹⁰

Local governments may also transfer sales taxes revenues to their road and bridge funds. The state does not monitor which areas transfer revenues to their road and bridge funds, so without a survey it is not possible to get a full accounting for how much general sales tax revenue is budgeted for transportation purposes.¹¹

¹ Kansas Statutes §§ 12-143 and 12-144.

² Letter from Kansas Department of Transportation, Bureau of Transportation Planning (June 16, 2000).

³ Kansas Statutes §§ 15-733, 68-5,100, 68-518c, 68-559a, 68-579, 68-596, and 80-1413.

⁴ Kansas Association of Counties, *Research Report* (February 2000).

⁵ Kansas Statutes §§ 12-2814 and 13-3112.

⁶ Letter from Kansas Department of Revenue (October 17, 2000).

⁷ Kansas Statutes §§ 12-187 and 12-189.

⁸ Kansas Department of Revenue, “Local Sales Tax Rates for Counties and Cities in Kansas,” (2000).

⁹ Kansas Department of Revenue, Unpublished Data on Local Tax Purposes and Expiration Dates (October, 2000).

¹⁰ Hooper, “Sales tax extension narrowly approved,” *The Topeka Capital-Journal* (November 8, 2000).

¹¹ Letter from Kansas Department of Revenue (October 12, 2000).

KANSAS

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Unspecified	KS 12-137	Any Home Rule Tax	Any City	1961			General Purpose	C (2/3)
Sales	KS 12-187	Sales Tax	Cities and counties	1978	.25-2%, depending on class		Any specified purpose, including road construction	C
	KS 12-187(b)(4)	Sales Tax	Finney, Ford co.		0.25%		Highways	C
	KS 12-187(b)(7)	Sales Tax	Dickinson County		0.50%	5 years	Road construction	C
	KS 12-187(b)(8)	Sales Tax	Sherman County		0.25-0.75%		County Hwys. 64 & 65	C
	KS 12-187(b)(9)	Sales Tax	Cowley County		0.50%	5 years	Infrastructure, Econ. Dev.	C
	KS 12-187(b)(9)	Sales Tax	Russell County		0.25%	5 years	Infrastructure, Econ. Dev.	C
Property	KS 12-2814	Metropolitan transit authority levy	Cities within the authority	1955	1 mill	-	Transit capital and operations	C
	KS 13-3112	Transit bond levy	Cities	1965	2 mills	-	Repay transit system bonds	B
	KS 15-733	Street repair levy	3rd Class Cities	1957	Any		Street maintenance and repair	B
	KS 68-5,100	County road levy	Counties	1974	5 mills		County roads	C
	KS 68-518c	Road levy	Townships	1949	5 mills		County roads	C
	KS 68-559a; KS 68-579	Road levy	Counties	1958	2 mills	5 years	County roads	C
	KS 68-596	County rural hway system levy	Unincorporated areas of counties	1970	5 mills	2 years	Local service roads	C
	KS 80-1413	Township road levy	Townships	1945	10 mills	Specified on ballot	Township roads	C
Vehicle	KS 12-143	City Vehicle Tax	Any City	1967	\$5-\$10 flat registration fee		Street improvements, traffic control	C
	KS 79-5105	County Vehicle Tax	All Counties	1979	Based on county property tax rate		Schools, jails, etc.	A

A = State Law
 B = County/Local Law
 C = Popular Vote

KANSAS

Adopted County, District, and Local Transportation Taxes

Counties	Population 1998	Sales Taxes			Property Taxes - 1998			
		Rate for Transport	Purposes	Revenues (\$1,000's)	Road & Bridge Levies	Special Bridge Levies	Revenues (\$1,000's)	Revs per capita
ALLEN	14,532				1.0644%	0.3642%	913.6	\$62.87
ANDERSON	8,046				1.7257%	0.3399%	1,008.0	\$125.28
ATCHISON	16,858				1.1863%		927.3	\$55.01
BARBER	5,336				0.9474%	0.3511%	617.2	\$115.67
BARTON	28,936				0.6529%		951.0	\$32.87
BOURBON	15,160				1.1891%	0.1389%	822.6	\$54.26
BROWN	11,040				1.3894%	0.2007%	977.6	\$88.55
BUTLER	61,883				0.6929%	0.1646%	2,491.6	\$40.26
CHASE	2,941				1.0848%	0.0484%	326.9	\$111.15
CHAUTAUQUA	4,343				2.3004%	0.6029%	597.4	\$137.55
CHEROKEE	22,499				0.7476%	0.1516%	969.0	\$43.07
CHEYENNE	3,160				1.3490%	0.0650%	426.0	\$134.80
CLARK	2,353						0.0	\$0.00
CLAY	9,086				1.8982%		912.6	\$100.44
CLOUD	10,062				1.9411%	0.0877%	1,071.7	\$106.51
COFFEY	8,680				0.5835%	0.2754%	4,507.0	\$519.24
COMANCHE	2,002				1.1791%		296.1	\$147.92
COWLEY	37,092				0.4275%	0.1211%	866.9	\$23.37
CRAWFORD	36,360				0.5473%	0.0985%	1,035.9	\$28.49
DECATUR	3,446				0.9673%	0.2000%	321.4	\$93.26
DICKINSON	19,602				0.5000%	0.2000%	707.5	\$36.09
DONIPHAN	7,872				2.1705%		980.9	\$124.61
DOUGLAS	96,554				0.0815%	0.0994%	1,118.6	\$11.58
EDWARDS	3,287				1.4242%		492.2	\$149.75
ELK	3,386				1.8656%	0.2922%	431.0	\$127.29
ELLIS	26,585				0.7668%	0.0442%	1,383.6	\$52.05
ELLSWORTH	6,277				1.5246%	0.1494%	934.6	\$148.90
FINNEY	36,621				0.5620%		2,011.0	\$54.92
FORD	29,461				0.6222%		1,092.1	\$37.07
FRANKLIN	24,853				0.8900%	0.1695%	1,302.7	\$52.41
GEARY	25,226				0.8223%	0.0515%	836.7	\$33.17
GOVE	3,045				1.0225%	0.6593%	510.2	\$167.54
GRAHAM	3,189				2.0648%		556.4	\$174.48
GRANT	7,996				0.6630%		2,301.0	\$287.77
GRAY	5,575				2.0081%		986.7	\$176.98
GREELEY	1,694				1.3130%		351.9	\$207.71
GREENWOOD	8,101				1.2400%	0.2730%	771.0	\$95.17
HAMILTON	2,369						0.0	\$0.00
HARPER	6,411				1.6484%	0.2352%	877.0	\$136.80
HARVEY	34,148				0.6986%		1,168.5	\$34.22
HASKELL	3,962				0.8129%		1,274.6	\$321.71
HODGEMAN	2,215				2.7365%	0.1683%	649.1	\$293.05
JACKSON	12,111				1.3114%		726.7	\$60.01
JEFFERSON	18,175				1.5618%	0.0996%	1,532.6	\$84.33
JEWELL	3,873				2.9802%	0.1421%	892.1	\$230.34
JOHNSON	429,649	0.125%	Train Station		0.1672%		7,169.4	\$16.69
KEARNY	4,138				0.6073%		1,400.4	\$338.43
KINGMAN	8,559				0.6693%	0.2973%	687.1	\$80.27
KIOWA	3,420				0.9300%	0.1000%	515.3	\$150.68
LABETTE	23,050				1.2291%	0.1997%	1,283.2	\$55.67
LANE	2,245				1.2389%	0.0405%	278.5	\$124.04
LEAVENWORTH	71,178				0.5672%		1,607.8	\$22.59
LINCOLN	3,331				2.1766%	0.3388%	600.5	\$180.28
LINN	9,166				0.9170%		1,354.8	\$147.80
LOGAN	2,990				0.9728%		282.1	\$94.34
LYON	33,785				1.0249%	0.4333%	2,349.7	\$69.55
MARION	28,549				0.8310%	0.5734%	1,031.2	\$36.12
MARSHALL	13,609				1.7731%		1,185.9	\$87.14
MCPHERSON	10,994				1.7472%		3,594.4	\$326.94
MEADE	4,431				0.8848%	0.0920%	732.7	\$165.37
MIAMI	26,456				1.3525%	0.2599%	2,930.2	\$110.76
MITCHELL	6,950				1.0265%		420.4	\$60.49
MONTGOMERY	37,046				0.4730%	0.1505%	1,087.8	\$29.36
MORRIS	6,155				1.2575%	0.2010%	596.9	\$96.98
MORTON	3,428				0.2431%		364.2	\$106.26
NEMAHA	10,205				1.6226%		1,014.6	\$99.42
NEOSHO	16,706				0.6001%	0.0437%	434.6	\$26.01
NESS	3,628				2.0717%		760.0	\$209.48
NORTON	5,735				1.2834%	0.3304%	494.4	\$86.20
OSAGE	17,158				0.2519%	0.1867%	362.4	\$21.12
OSBORNE	4,680				0.8213%	0.3133%	310.0	\$66.24

Counties	Population 1998	Sales Taxes			Property Taxes - 1998			
		Rate for Transport	Purposes	Revenues (\$1,000's)	Road & Bridge Levies	Special Bridge Levies	Revenues (\$1,000's)	Revs per capita
OTTAWA	5,881				1.3817%	0.1248%	598.0	\$101.69
PAWNEE	7,245				1.3961%		648.1	\$89.45
PHILLIPS	6,036				1.8002%	0.2331%	781.6	\$129.49
POTTAWATOMIE	18,638						0.0	\$0.00
PRATT	9,682				0.9002%	0.2464%	864.9	\$89.33
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ROOKS	5,688				2.7800%		1,047.2	\$184.11
RUSH	3,405				2.9063%	0.3976%	950.4	\$279.12
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WABAUNSEE	6,613				0.6415%	0.1637%	348.7	\$52.73
WALLACE	1,812				1.3884%		315.3	\$173.99
WASHINGTON	6,512				1.0570%		477.8	\$73.38
WICHITA	2,646				2.3451%		566.8	\$214.20
WILSON	10,266				1.9998%	0.1004%	1,060.2	\$103.27
WOODSON	3,946				2.4115%	2.0020%	1,090.1	\$276.26
WYANDOTTE	152,521						0.0	\$0.00
State Total	2,638,667						107,913.4	\$40.90

Cities	Population 1998	Sales Taxes			Property Taxes - 1998			
		Rate for Transport	Purposes	Revenues (\$1,000's)	Transit Levies	Revenues (\$1,000's)	Revs per capita	
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Cedar Vale	751	1.000%	Streets					
Columbus	3,535	0.500%	Streets, sewers					
Douglass	1,887	1.000%	Streets, sewers					
Lawrence [1]	74,244				0.3047%	1,522.6	\$20.51	
Leawood	25,886	0.125%	Streets, drainage					
Marysville	3,014	1.000%	Streets, grade crossings					
Oswego	2,119	1.000%	Streets					
Overland Park	139,685	0.125%	Streets, roads					
Topeka	118,977				0.2611%	1,825.2	\$15.34	
State Total	2,638,667					3,347.8	\$1.27	

[1] Lawrence revenue data for 1999.

Local option taxes play a marginal role in transportation finance in Kentucky. The state constitution prohibits local governments from imposing excise taxes, including sales and gasoline taxes.¹

1. Fuel and Vehicle Taxes

Local governments may levy personal property taxes on motor vehicles for any of the same purposes for which they tax real estate, but they need not charge the same rates. In general, the average tax rates among cities and counties are higher for motor vehicles than for real property (however, this pattern is reversed among special districts).² In all, local governments raised an estimated \$13.4 million (\$3.42 per capita) in highway-related revenues from personal property taxes on motor vehicles in 1997.³

In addition, certain counties may levy vehicle rental taxes to fund economic development projects.⁴ No central information is available on how extensively this tax has been implemented, or whether the revenues are used for transportation projects.

2. Property Taxes and Assessments

Local governments have the authority to levy property taxes to fund a variety of transportation-related projects and programs. With voter approval, cities and counties may adopt these property taxes for any specified purpose.⁵ Generally, taxes levied by local agencies are used for transit.⁶ Local governments may also adopt levies on behalf of transit authorities, road districts, and parking authorities.⁷

Only partial information on the extent of these taxes is available. In 1999, there were 15 road districts in the state, concentrated in Gallatin, Henry, and Oldham counties.⁸ No transit authorities are listed as levying property taxes; however, The Transit Authority of Northern Kentucky (serving the Cincinnati metropolitan area) reports that it receives dedicated property tax revenues.⁹

3. Sales and Other Taxes

In 1974, Kentucky authorized local option sales taxes for public transit,¹⁰ but these have not been implemented because they were found to violate the state constitution's prohibition of local excise taxes.

The state also allows special "occupational license taxes" that can be used to fund transit, parking facilities, or other public services (which could include transit). These license taxes can take the form of a flat payroll tax or a net profits tax. Boone, Campbell, and Kenton Counties have adopted payroll taxes to help fund the Transit Authority of Northern Kentucky, which serves the southern Cincinnati region. These

¹ Constitution of Kentucky, § 181.

² Kentucky Revenue Cabinet, "Property Tax Rates 1999," p. 75.

³ Kentucky Transportation Cabinet, Local Highway Finance Report (FHWA-536) (1997).

⁴ Kentucky Revised Statutes, § 68.200.

⁵ Kentucky Revised Statutes, §§ 65.125, 68.090, and 68.520.

⁶ Kentucky Transportation Center (phone interview November 27, 2000).

⁷ Kentucky Revised Statutes, §§ 67A.925, 96A.340, and 184.020.

⁸ Kentucky Revenue Cabinet, "Property Tax Rates 1999."

⁹ Federal Transit Administration, *National Transit Database 1998*.

¹⁰ Kentucky Revised Statutes, § 96A.340.

payroll taxes were adopted in 1978 after an unsuccessful attempt to pass a sales tax in these counties.¹¹ In addition, Jefferson County has a 0.2% payroll tax that funds the Transit Authority of River City, which serves the Louisville area.¹² The county is currently considering seeking an increase in the tax in order to fund a proposed light rail line. Together, the payroll taxes in the Louisville and Cincinnati areas generated \$32.8 million in 1998 (about \$33 per resident of these districts).

¹¹ Transit Authority of Northern Kentucky, "TANK History," (2000).

¹² Commerce Clearing House, *State Tax Guide*.

KENTUCKY

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Income	K.R.S. 68.520	Public Service Program Occupational License Tax	Any county	1974	Up to 0.5% of wages or net profits	-	Public services	C
	K.R.S. 67A.926	Parking Authority Occupational License Tax	Urban counties with parking authorities	1976	-	-	Repay bonds for parking facilities	B
	K.R.S. 96A.320	Transit Authority Occupational License Tax	Local governments in transit authorities	1974	Up to 1% of wages or net profits	-	"Mass transportation programs"***	C
Vehicle	K.R.S. 68.200	Vehicle Rental Retailers License Fee	Most counties	1994	3% of rental charges	-	Economic Development	B
Property	K.R.S. 65.125	Special <i>Ad Valorem</i> Tax	Any city	1988	-	-	Specified projects or services	C
	K.R.S. 67A.925	Parking Authority Tax	Urban counties with parking authorities	1976	-	-	Repay bonds for parking facilities	B
	K.R.S. 68.090	County <i>Ad Valorem</i> Tax	Any county	-	Up to 0.5%	-	General Revenues*	B
	K.R.S. 68.520	Public Service Program Tax	Any county	1994	-	-	Public services	C
	K.R.S. 96A.340	Transit <i>Ad Valorem</i> Tax	Local governments in transit authorities	1974	-	-	"Mass transportation programs"***	C
	K.R.S. 184.020	Special Assessments	Public Road Districts	1942	-	-	Road construction and maintenance	C

*All county taxes must have a specified purpose (K.R.S. 68.100)

** See K.R.S. 96A.230 for a definition. Urban-county governments may use funds for road construction. Projects must be specified in advance.

A = State Law
 B = County/Local Law
 C = Popular Vote

KENTUCKY

Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1998	Miscellaneous Taxes			Revenues (\$1,000's)	Revs per capita	Notes
		Type	Rate	Purposes			
Counties:							
BARREN	36,971						
BOONE	79,761						[3]
BOYD	49,514						
BULLIT	59,344						
CALLOWAY	33,422						
CAMPBELL	87,301						[3]
CHRISTIAN	72,436						
CLARK	31,941						
DAVIESS	90,973						
FAYETTE	241,697						[1]
FLOYD	43,324						
FRANKLIN	46,501						
GRAVES	35,966						
GREENUP	36,970						
HARDIN	90,576						
HARLAN	34,820						
HENDERSON	44,482						
HOPKINS	46,380						
JEFFERSON	671,595	Payroll	0.20%	Transit	25,840.7	\$38.48	[2]
JESSAMINE	36,577						
KENTON	146,731						[3]
KNOX	31,890						
LAUREL	50,847						
MADISON	66,454						
MARSHALL	30,174						
MCCRACKEN	64,405						
MUHLENBERG	32,060						
NELSON	35,929						
OLDHAM	44,436						
PERRY	30,995						
PIKE	72,020						
PULASKI	56,313						
SCOTT	30,782						
WARREN	87,310						
WHITLEY	35,827						
85 Counties (pop < 30,000)	1,247,586						
Special Districts:							
Transit Authority of Northern KY (BOONE, CAMPBELL, KENTON)	313,793	Payroll		Transit	6,954.5	\$22.16	[3]
Bernan & Fogg Road Dist (GALLATIN)		Property	0.10%	Roads			
Carvers Trail Road Dist (GALLATIN)		Property	0.10%	Roads			
Creekside Develop Road Dist (GALLATIN)		Property	0.10%	Roads			
Markland Park Road Dist (GALLATIN)		Property	0.10%	Roads			
Scenic View Road Dist (GALLATIN)		Property	0.10%	Roads			
Sugar Bay Road Dist (GALLATIN)		Property	0.10%	Roads			
Timberline Road Dist (GALLATIN)		Property	0.10%	Roads			
Pendleton Heights Road Maint (HENRY)		Property	0.10%	Roads			
Pollitt Circle Road Maint (HENRY)		Property	0.10%	Roads			
Rose Hill Road Maint (HENRY)		Property	0.10%	Roads			
Briarhill Road Dist (OLDHAM)		Property	0.10%	Roads			
Crystal Lake Sub Road Dist (OLDHAM)		Property	0.10%	Roads			
Lakewood Valley Road Dist (OLDHAM)		Property	0.10%	Roads			
Shelburn Oaks Road Dist (OLDHAM)		Property	0.10%	Roads			
Willow Creek Road Dist (OLDHAM)		Property	0.10%	Roads			
State Total	3,934,310	Payroll		Transit	32,795.2	\$8.34	

[1] Overall county payroll tax rate 2.25%.

[3] Payroll tax supports Transit Authority of Northern Kentucky.

[2] Overall county payroll tax rate 2.2%. 0.2% supports Transit Authority of River City.

Despite a strong home-rule tradition, local governments in Louisiana have limited authority to adopt local option taxes. Local governments do have the authority to levy dedicated property, sales, and gaming taxes in order to generate tax revenues to fund road maintenance and construction. More often, however, they choose to issue general obligation bonds. The state legislature tends to be cautious about delegating taxation powers.

The local taxes that do exist are not administered by the state, so no centralized information exists on tax rates and revenues. As a result, our analysis of this state provides only a partial picture of what is actually going on in the state. The limited information we do have suggests that local tax rates for transportation can be very high (a 2% sales tax in one county).

1. Fuel and Vehicle Taxes

Any municipality or parish may adopt a motor vehicle tax, based upon the vehicle's value.¹ This tax is administered locally and revenues may be used for highway maintenance and construction. Revenue estimates from this tax are not available.

Currently, the Louisiana state constitution prohibits local governments from levying motor fuel taxes. Although there has been some consideration of a local fuel tax among transportation planners in Louisiana, the state legislature is not considering the constitutional amendment specifically allowing a local option fuel tax that would be required.

2. Property Taxes and Assessments

Parishes, municipalities, and road districts may adopt any of a variety of *ad valorem* taxes to fund road and bridge improvements, street maintenance, transportation enterprises, or other transportation-related activities. All such taxes must be voter approved and earmarked for specific purposes. Orleans, Plaquemines and St. Bernard Parishes are among the parishes that have adopted *ad valorem* taxes to finance street and road maintenance, with revenues ranging between \$8 and \$39 per capita.² Jefferson Parish has two dedicated property taxes, one for public transit, and one for paratransit services for the mobility impaired.

3. Sales and Other Taxes

Local government subdivisions may levy a 3% sales tax if approved by the county legislative body and a majority of voters, or up to 5% more to finance public improvements.³ Every parish except Cameron has adopted a sales tax. At least seven parishes (Acadia, Assumption, East Baton Rouge, Jefferson, Lafourche, St. John the Baptist, and St. Tammany) and one municipality (Crowley) earmark a portion of their sales tax revenues for transportation-related purposes, with tax rates ranging from 0.5% to 2%.⁴ However, since all sales taxes must be earmarked, it is likely that at least a few of the many unidentified parish and municipal taxes are also set aside for roads or other purposes.

¹ Louisiana Revised Statutes § 33:2621.

² Regional Planning Commission, "Local Parish Street Financing in the Five Parishes of the Regional Planning Commission" (May 1998), Appendix A.

³ Louisiana Constitution, Article VI §§ 29-30.

⁴ Louisiana Association of Tax Administrators; Regional Planning Commission, "Local Parish Street Financing in the Five Parishes of the Regional Planning Commission" (May 1998).

The New Orleans Regional Transit Authority may adopt any tax with voter approval.⁵ It supports transit operations with a 1% sales tax.⁶ It also recently won approval to being collecting a 1% hotel tax that will help pay the local share of streetcar capital improvement projects.⁷ This new tax is expected to bring in about \$4.2 million annually, or about \$9 per district resident.

Local parishes are authorized by state law to levy a gaming tax. Since this tax authority has just recently been granted by the state, there is not much data available with regards to tax rates or revenues, nor are the permissible purposes well known at present. The only local government that has reported using these tax revenues for transportation purposes is the City of Gretna, which reported dedicating 1.74% of their net proceeds from riverboat gaming towards local street maintenance.⁸

⁵ Louisiana Revised Statutes, § 48:1664.

⁶ Letter from Regional Planning Commission (November 28, 2000).

⁷ Donze, "Streetcars Get Boost as Hotel Tax Kicks In," *The Times-Picayune* (August 1, 2000).

⁸ Regional Planning Commission, "Local Parish Street Financing in the Five Parishes of the Regional Planning Commission" (May 1998), p. 5.

LOUISIANA Overview of Parish, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
General	La.R.S. Sec. 48:1664	Any	Regional Transit Authority	1979	-	-	Transit	C
Sales	La. Const. Art. VI Sec 29; La.R.S. Sec. 33:2711 to 2714	Sales Tax	Any local government (special provisions for some cities)	1996	Up to 5%		As specified in voter proposition.	C
Vehicle	La.R.S. Sec. 33:2621	Motor Vehicle Taxes	Municipalities		<i>Any ad valorem tax</i>		General revenues?	B
Property	La.R.S. Sec. 33:3351, 3381	Street Improvement Assessments	Municipalities (populations > 500)		Special Assessments		Street improvements	C
	La.R.S. Sec. 39:555 and 39:617	Road District Tax	Road Districts		Any	Specified in ordinance	Repay bonds for road construction and repair	C
	La.R.S. Sec. 39:781	Special Taxes for Specified Enterprises	Any local government		Any		Transit, etc.	C
	La.R.S. Sec. 39:801	Special Taxes for Public Improvements	Any local government		Up to 10 mills	Up to 10 Years	Roads and Bridges	C
	La.R.S. Sec. 48:588	Special Tax for Maintenance	Parishes or Road Districts		Up to 5 mills	Up to 10 Years	Repay bonds; build or maintain roads or highways	C
	La. Const. Art VI Sec 26	Parish Ad Valorem Tax	Parishes	1990	Up to 4 mills*		As specified in voter proposition.	C
	La. Const. Art VI Sec 27	Municipal Ad Valorem Tax	Municipalities	1990	Up to 7 mills		As specified in voter proposition.	C
	La. Const. Art. VI Sec 32	Special Tax	Any local government	1995	Any		Construction and maintenance of public works	C

*Except in Orleans and Jackson Parishes which can levy ad valorem taxes of 7 and 5 mills respectively.

**Except in Orleans Parish where the ad valorem tax cannot exceed 2.5 mills.

A = State Law
B = County/Local Law
C = Popular Vote

LOUISIANA
Adopted Parish, District, and Local Transportation Taxes

Jurisdictions	Population 1997	Sales Taxes (1997)					Property Taxes			
		Rate (%)	Purposes	Revenues (\$1,000's)	Revs per capita	Notes	Rate (mills)	Purposes	Revenues (\$1,000's)	Revs per capita
Parishes:										
ACADIA	57,585	1.00%	Roads/Bridges			[1]				
ALLEN	23,804									
ASCENSION	69,961									
ASSUMPTION	22,837	0.50%	Roads							
AVOUELLES	40,664									
BEAUREGARD	31,833									
BIENVILLE	15,848									
BOSSIER	93,476									
CADDO	243,723									
CALCASIEU	179,221									
CALDWELL	10,339									
CAMERON	8,937									
CATAHOULA	11,034									
CLAIBORNE	17,008									
CONCORDIA	20,667									
DE SOTO	25,046									
EAST BATON ROUGE	394,195	0.50%	Streets	27,620.5	\$70.07					
EAST CARROLL	8,945									
EAST FELICIANA	20,800									
EVANGELINE	34,084									
FRANKLIN	22,101									
GRANT	18,612									
IBERIA	72,198									
IBERVILLE	31,146									
JACKSON	15,615									
JEFFERSON	451,179	0.50%	Roads	20,500.0	\$45.44	[4]	3.0	Transit [5]	3,750.0	\$8.31
JEFFERSON DAVIS	31,648									
LA SALLE	13,748									
LAFAYETTE	184,182									
LAFOURCHE	88,243	1.00%	Roads			[1]				
LINCOLN	41,593									
LIVINGSTON	85,537									
MADISON	13,031									
MOREHOUSE	31,700									
NATCHITOCHES	37,128									
ORLEANS	469,053						2.5	Streets	18,240.0	\$38.89
OUACHITA	146,973									
PLAQUEMINES	25,911							Roads	775.0	\$29.91
POINT COUPEE	23,582									
RAPIDES	126,363									
RED RIVER	9,640									
RICHLAND	20,933									
SABINE	23,766									
ST. BERNARD	66,297						3.24	Streets	528.0	\$7.96
ST. CHARLES	47,590									
ST. HELENA	9,662									
ST. JAMES	20,916									
ST. JOHN THE BAPTIST	41,900	0.75%	Roads/Econ. Dev.							
ST. LANDRY	83,314									
ST. MARTIN	46,802									
ST. MARY	56,938									
ST. TAMMANY	184,338	2.00%	Roads	14,200.0	\$77.03	[1]				
TANGIPAHOA	95,354									
TENSAS	6,700									
TERREBONNE	103,105									
UNION	21,812									
VERMILION	51,639									
VERNON	51,746									
WASHINGTON	43,170									
WEBSTER	42,621									
WEST BATON ROUGE	20,390									
WEST CARROLL	12,183									
WEST FELICIANA	13,269									
WINN	17,755									
Regional Transit Authority	480,260	1.00%	Transit	47,498.0	\$98.90	[2]				
Crowley (ACADIA)		0.50%	Streets							
Gretna (JEFFERSON)		1.74%	Streets			[3]				
State Total	4,351,390			109,818.5	\$25.24				23,293.0	\$5.35

[1] Unincorporated areas only. [2] The RTA serves parts of Jefferson, Orleans, St. Bernard, and St. Tammany parishes. [3] Gaming tax.
[4] 1/2% sales tax for bridges, streets and roads expires in 2006. Voters have approved another tax -- 7/8% for roads and sewers for 16 years, starting when the first tax expires. [5] 2 mills for transit services, 1 mill for paratransit for the disabled and seniors.

Like other New England states, Maine localities rely almost exclusively on general revenues and intergovernmental transfers, rather than earmarked local taxes. Even the one-third “local match” required for some state-funded road improvement programs can be paid out of state-provided revenue streams.¹ There have been no signs of a shift toward increased use of local option taxes in the state.

1. Fuel and Vehicle Taxes

Maine has no local option fuel or vehicle taxes.

It does have a uniform (non-local option) motor vehicle excise tax, based on the vehicle’s value and age, that is collected by the municipalities.² While the municipalities are not required to use these funds for transportation expenditures, most do voluntarily earmark the revenues for road improvements.

2. Property Taxes and Assessments

In general, once a transit district is established, it may direct local governments to levy property taxes to supply it with operating revenue.³ No centralized information is available on which such agencies may actually be receiving such revenues.

3. Sales and Other Taxes

None.

¹ Letter from Maine Municipal Association (November 3, 2000).

² 36 Maine Revised Statutes § 1482

³ 30A Maine Revised Statutes § 3517.

MAINE

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Property	30A M.R.S./3517	Transportation District Tax	Transportation Districts	1987			Transit operations	E

A = State Law
B = County/Local Law
C = Popular Vote
D = Majority of City Councils
E = Vote of agency or district

In Maryland, the state government plays a dominant role in transportation finance, even at the local level. Like other mid-Atlantic states, even its major transit agencies are directly financed and administered by the state. There has been some discussion in the state legislature about authorizing additional local option taxes in order to reduce local governments' reliance on state financial assistance, but these have not yet resulted in any major changes. Nonetheless, there is some local financing activity at the local level. However, as the state Department of Transportation does not monitor these efforts, there is no central source of information on them.

1. Fuel and Vehicle Taxes

There is no local option fuel tax in Maryland.

2. Property Taxes and assessments

Maryland has numerous special taxing districts authorized to impose property taxes and special assessments. The U.S. Census Bureau has identified five of these as highway districts.¹ We were not able to get data on their activities or revenues. Maryland also has a variety of other property-related taxes, including a local option real estate transfer tax, and a recordation tax.² However, these tax revenues go into each county's general fund and are not earmarked for transportation projects.

Because of the dearth of statewide information, we investigated the use of property taxes in the state's largest county, Montgomery. We found that dedicated property taxes do play a significant role in transportation finance in the county. Ride On, a public transit district serving Montgomery and Prince George's counties, receives revenues from a dedicated property tax in the two counties.³ In Montgomery County, this tax generated \$32.3 million in 1999 (about \$38 per capita).⁴ Montgomery County also has four special parking districts (collectively raising \$6.1 million from property tax levies), and a dedicated property tax for streets and highways.⁵

3. Sales and other taxes

State legislation requires all counties and the City of Baltimore to levy income taxes which must not exceed 60% of the state income tax rate.⁶ The rates that have been adopted range from 1.01% to 3.04% of income.⁷ These tax revenues are not earmarked for transportation related projects.

In addition, Montgomery County has a development impact tax that funds new highway construction in growing areas. In 1999, this tax raised \$1.4 million (about \$1.60 per capita).⁸

¹ U.S. Bureau of the Census, "1997 Census of Governments - Governments Integrated Directory"

² Maryland Tax-Property Code §§ 12, 13-3 and 13-5.

³ Montgomery County Code of Ordinances, § 87-14.

⁴ Montgomery County Maryland Department of Finance, *Comprehensive Annual Financial Report (Fiscal Year 1999)*, Statistical Section, Table 6a.

⁵ Montgomery County Code of Ordinances, § 68-44; Montgomery County Maryland Department of Finance, *Comprehensive Annual Financial Report (Fiscal Year 1999)*, Statistical Section, Table 6c.

⁶ Maryland Tax-General Code § 10-103.

⁷ Comptroller of Maryland, "A quick guide to taxes collected in Maryland."

⁸ Montgomery County Code of Ordinances, § 52-49; Montgomery County Maryland Department of Finance, *Comprehensive Annual Financial Report (Fiscal Year 1999)*, Exhibit E-2.

MARYLAND
Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Income	Tax-General Code/10-103	County Income Tax	Any county, Baltimore City	1957	<60% of state income tax	-	Any	B
Property	Md. Ann. Code/25A-5 (O)	Special Taxing Areas	Counties		Any	-	Any	B

A = State Law
 B = County/Local Law
 C = Popular Vote

Massachusetts' authority for local option taxes is limited to real and personal property taxes. Despite strict property tax limitations imposed by statewide voters in 1980 (known as "Proposition 2 1/2"), local governments continue to use property taxes as a dedicated revenue source for transportation projects. For example, regional transportation authorities throughout the state, such as the Boston metropolitan area's Massachusetts Bay Transportation Authority, rely upon dedicated property taxes to support their public transit operations.

1. Fuel and Vehicle taxes

The single most important source of locally-generated transportation tax revenue in Massachusetts is the motor vehicle excise tax, which is based upon the initial value and age of a car. In fiscal year 1998, this tax raised \$469.3 million statewide, or roughly \$76 per capita. These revenues are used exclusively for local highway and mass transit purposes.¹ However, since the tax is imposed by legislation at a uniform rate statewide, it does not meet the definition for a "local option" tax used in this study.

2. Property Taxes and assessments

Property taxes in Massachusetts are limited under Proposition 2 1/2, but it is still possible for local areas to vote to increase property taxes for capital investments and certain types of improvement districts.² Since the municipal capital expenditure levies tend to be built into general levies for reporting purposes, it is not possible to assess the extent or magnitude of these taxes. However, the state does maintain a database of the outcomes of the override votes. Our analysis indicates the amount of revenue generated this way is small: a total of 55 of 158 transportation-related votes over the past decade have passed, raising \$3.8 million. This works out to about 6¢ per capita per year.³

Dedicated property taxes also support the capital and operating expenses of regional transportation authorities across most of the state.⁴ The Massachusetts Bay Transportation Authority's service area around Boston covers 78 townships and over 30% of the state's population. Smaller transportation authorities cover 199 other townships, and serve an additional 62% of the state's population. Together, these agencies collectively raise over \$24 in property tax revenues for transit per capita.⁵

A much smaller property tax comes from the Small Town Road Assistance Program ("STRAP"), in which the state provides assistance to local governments with street repairs, and is repaid over a year with a dedicated local property tax.⁶ This tax generated only \$145,000 in local revenue in fiscal year 1998.

3. Sales and Other Taxes

None.

¹ *Constitution of the Commonwealth of Massachusetts*, Amendment LXXVIII; McCarthy, "Focus: Motor Vehicle Excise," Massachusetts Department of Revenue, Division of Local Services (October 1999).

² Massachusetts General Laws, §§ 40o and 59-21C(i 1/2).

³ Analysis based on data files from the Massachusetts Department of Revenue's "Municipal Data Bank," including "Capital Exclusion Votes, FY88 - FY99" and "Override Votes, FY90 - FY2000." We excluded bond issues, and votes dealing exclusively with personnel or equipment for the highways department.

⁴ Massachusetts General Laws, §§ 161A-8, 161A-9, 161B-9, 161B-10, and 161B-23.

⁵ Massachusetts Department of Revenue, Division of Local Services, "Municipal Data Bank – Fiscal Year 1998 'Cherry Sheets'" (1997).

⁶ Massachusetts Department of Revenue, Division of Local Services, "FY98 Cherry Sheet Manual" (Nov., 1997).

MASSACHUSETTS

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Property	MGL 40o	Business Improvement Districts		Any	-	Building and operating infrastructure for economic development**	B C*
	MGL 59-21C(i 1/2)	Cities		Any	-	Capital expenditures**	C
	MGL 161A-8, -9	Metropolitan Boston Transit Authority	1974	Any	-	Transit capital and operations	A
	MGL 161B-9, -10, -23	Regional Transit Authorities	1973	Any	-	Transit capital and operations	E
	Acts 1983, Ch. 637-32; Acts 1985, Ch. 811; Acts 1988, Ch. 15	Small Town Road Assistance Program	1983	Any	1 year	Reimburse state assistance with road improvements	B

*Requires approval of 60% of property owners, and 51% of assessed value in district

**Projects must be specified in advance

A = State Law

B = County/Local Law

C = Popular Vote

D = Majority of City Councils

E = Vote of agency or district

MASSACHUSETTS

Adopted County, District, and Local Transportation Taxes

Jurisdictions	1998 Population	Property Taxes			
		FY 1998 Revenues (\$1000's)			
		Transit: MBTA	Transit: RTAs	Roads: STRAP	Total Property \$/capita
Counties:					
BARNSTABLE	208,477				
BERKSHIRE	132,839				
BRISTOL	516,975				
DUKES	13,852				
ESSEX	700,370				
FRANKLIN	70,626				
HAMPDEN	439,336				
HAMPSHIRE	150,344				
MIDDLESEX	1,422,465				
NANTUCKET	7,891				
NORFOLK	642,089				
PLYMOUTH	467,041				
SUFFOLK	641,333				
WORCESTER	730,769				
Cities & Townships:					
Amherst	35,252		630.0		\$17.87
Andover	31,424		117.9		\$3.75
Arlington	43,431	2,785.8			\$64.14
Attleboro	39,557		162.4		\$4.11
Barnstable	45,187		193.5		\$4.28
Beverly	39,037	879.6			\$22.53
Billerica	39,594		97.9		\$2.47
Boston	555,447	58,550.4			\$105.41
Braintree	34,906	1,021.8			\$29.27
Brockton	93,173		1,420.4		\$15.24
Brookline	53,911	5,021.4			\$93.14
Cambridge	93,352	6,902.8			\$73.94
Chelmsford	33,776		154.7		\$4.58
Chicopee	54,049		335.0		\$6.20
Everett	34,922	2,040.5			\$58.43
Fall River	90,654		670.4		\$7.39
Falmouth	31,431		84.7		\$2.69
Fitchburg	40,011		369.2		\$9.23
Framingham	64,646	1,426.5			\$22.07
Haverhill	55,321		268.8		\$4.86
Holyoke	40,964		317.2		\$7.74
Lawrence	69,420		280.6		\$4.04
Leominster	40,208		345.4		\$8.59
Lowell	101,075		570.1		\$5.64
Lynn	81,075	2,032.7			\$25.07
Malden	52,644	3,202.7			\$60.84
Marlborough	33,278		35.9		\$1.08
Medford	55,981	3,741.4			\$66.83
Methuen	41,988		273.3		\$6.51
Natick	31,491	765.7			\$24.31
New Bedford	96,353		580.5		\$6.02
Newton	80,345	4,621.7			\$57.52
Peabody	49,204	1,035.4			\$21.04
Pittsfield	45,513		257.7		\$5.66
Plymouth	49,810		20.5		\$0.41
Quincy	85,752	3,639.9			\$42.45
Randolph	30,567	908.9			\$29.73
Revere	41,663	2,924.8			\$70.20
Salem	38,351	943.4			\$24.60

Jurisdictions	1998 Population	Property Taxes			
		FY 1998 Revenues (\$1000's)			Total Property \$/capita
		Transit: MBTA	Transit: RTAs	Roads: STRAP	
Somerville	74,100	4,695.9			\$63.37
Springfield	148,144		1,586.3		\$10.71
Taunton	52,553		193.6		\$3.68
Waltham	58,540	1,358.9			\$23.21
Watertown	32,435	2,051.2			\$63.24
Westfield	37,570		172.4		\$4.59
Weymouth	54,903	1,553.7			\$28.30
Woburn	37,070	966.1			\$26.06
Worcester	166,535		1,286.1		\$7.72
48 munis (pop > 30K)	3,236,613	113,071.1	10,424.3		\$38.16
303 munis (pop < 30K)	2,910,519	24,542.5	4,105.5	145.4	\$9.89
Totals (All 351 Municipalities)	6,147,132	137,613.5	14,529.9	145.4	\$24.77

There has been an ongoing debate in the state of Michigan regarding whether local governments should pay more for transportation projects than has historically been the case. It does appear, however, that there is an increasing overall trend in the use of dedicated local property taxes for both road and public transit investments.

Although we did not select Michigan as a survey state, we were able to get a comprehensive picture of local transportation finance for streets, roads, and highways because the state Department of Transportation was able to supply us with the data underlying its local highway finance report to the Federal Highway Administration. These files contain data on the revenues and expenditures of 535 municipalities and 83 counties in the state.

1. Fuel and Vehicle Taxes

None.

2. Property taxes and assessments

Cities and townships may levy property taxes for a variety of transportation-related public infrastructure projects.¹ Home-rule cities, metropolitan districts, and public transportation authorities may also levy property taxes to finance transit-related infrastructure and operations.² Local governments generally select the projects they intend to fund through local option taxes prior to receiving voter approval. These revenues generally tend to be allocated toward projects of purely local importance, as opposed to more major facilities that are funded through state or federal revenue streams. Across the state, counties and municipalities collected \$11 million (\$1.51 per capita) in revenues from dedicated property taxes and special assessments for street and highway-related purposes.³

In addition, transit operators in Bay City, Flint, Kalamazoo, Lansing, Saginaw, Ann Arbor and Detroit collectively report receiving \$28 million in revenues from dedicated local property taxes (about \$2.86 per capita).⁴

3. Sales and other taxes

Cities may levy income taxes at rates up to 1% by ordinance, and Detroit may go higher with voter approval.⁵ Detroit's 3% was the highest rate in the state in 1997, but a recent state law will ratchet this down to 2% over ten years. Other places with income taxes include Highland Park (2%), Saginaw (1.5%), Grand Rapids (1.3%), and 18 other cities (1%).⁶ Most of these taxes were adopted in the 1960s and '70s; they tend to be used as a source of general revenues, not earmarked for any specific purpose.

¹ Michigan Compiled Laws §§ 41.411, 41.722, 110.1, and 110.7.

² Michigan Compiled Laws §§ 117.4g, 119.4, and 124.468.

³ Michigan Department of Transportation, "Detailed Local Highway Finance Report (FHWA-536)," (1997).

⁴ Federal Transit Administration, *National Transit Database*, 1998.

⁵ Michigan Compiled Laws §§ 141.501 *et seq.*, 141.503(2).

⁶ Citizens Research Council of Michigan, "Outline of the Michigan Tax System," 2000.

MICHIGAN Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Income	M.C.L. 141.501 et seq.;	Uniform City	Cities	1964	1%	-	Any	B
	M.S.A. 5.3194(1) et seq. "	Income Tax Uniform City Income Tax	Detroit, Highland Park, Saginaw, Grand Rapids	1964	Add'l 2% [1]	-	Any	C
Property	M.C.L. 41.411		Townships and Villages	1923	Special assessments	40 years	Street paving, public transportation facilities	B, C*
	M.C.L. 41.722		Townships	1954	Special assessments	-	Construction and maintenance of roads, sidewalks, bike paths [3]	B, C*
	M.C.L. 110.1 - 110-6		4th Class Cities	1895	0.25%	-	Maint/Improvement of streets & bridges	B
	M.C.L. 110.7		4th Class Cities	1895		-	Street Repair	B
	M.C.L. 117.4g		Home Rule Cities	1909	0.17%	-	Capital and operating expenses of rapid transit system	C
	M.C.L. 119.4		Metropolitan Districts	1929	0.50%	-	Construction and maintenance of public utilities, including transit	C
	M.C.L. 124.468		Public Transportation Authorities	1986	0.50%	5 years	Public Transportation	B, C*

[1] Starting in 1999, this additional 2% is being reduced to an additional 1%

[2] Includes Wayne, Washtenaw, Livingston, Oakland, and Macomb counties

[3] Projects must be specified in advance

A = State Law

B = County/Local Law

C = Popular Vote

C* = Petition of Majority of Landowners

MICHIGAN

Adopted County, District, and Local Transportation Taxes

Jurisdictions	1997 Population	Property Taxes for Transportation			
		Purpose	1997 Property Tax Revenues (\$1,000)	1997 Special Assessments (\$1,000)	Total Revs per Capita
Counties:					
ALCONA	10,893				
ALGER	9,991				
ALLEGAN	100,488	Streets/Hwys	1,264.4	235.7	\$12.58
ALPENA	30,599	Streets/Hwys			\$7.70
ANTRIM	20,972				
ARENAC	16,354	Streets/Hwys		0.7	\$0.04
BARAGA	8,444	Streets/Hwys	192.8		\$22.84
BARRY	54,280				
BAY	110,396				
BENZIE	14,347				
BERRIEN	160,398				
BRANCH	43,768				
CALHOUN	139,463				
CASS	49,819				
CHARLEVOIX	24,099				
CHEBOYGAN	23,449				
CHIPPEWA	37,742	Streets/Hwys	285.4		\$7.56
CLARE	28,975				
CLINTON	62,870				
CRAWFORD	13,904				
DELTA	38,912				
DICKINSON	27,144				
EATON	100,369	Streets/Hwys		21.8	\$0.22
EMMET	28,349				
GENESEE	435,312	Streets/Hwys		922.2	\$2.12
GLADWIN	24,897	Streets/Hwys	741.3		\$29.78
GOGEBIC	17,518				
GRAND TRAVERSE	72,873	Streets/Hwys		20.1	\$0.28
GRATIOT	39,976				
HILLSDALE	46,392	Streets/Hwys		3.3	\$0.07
HOUGHTON	35,744	Streets/Hwys	284.7		\$7.97
HURON	35,298	Streets/Hwys	1,522.8		\$43.14
INGHAM	287,096				
IONIA	66,052				
IOSCO	25,572	Streets/Hwys		53.6	\$2.09
IRON	13,007				
ISABELLA	57,717				
JACKSON	155,498	Streets/Hwys		60.3	\$0.39
KALAMAZOO	229,476	Streets/Hwys		79.1	\$0.34
KALKASKA	15,427				
KENT	541,142				
KEWEENAW	2,056				
LAKE	10,155				
LAPEER	86,859				
LEELANAU	18,819	Streets/Hwys	501.8		\$26.66
LENAWEE	97,889				
LIVINGSTON	141,853	Streets/Hwys		200.7	\$1.42
LUCE	6,605				
MACKINAC	11,086				
MACOMB	783,031				
MANISTEE	23,275				
MARQUETTE	62,231	Streets/Hwys	1.0		\$0.02
MASON	27,774				
MECOSTA	39,394				
MENOMINEE	24,456				
MIDLAND	81,198	Streets/Hwys	1,800.0		\$22.17
MISSAUKEE	13,633				
MONROE	142,110	Streets/Hwys		33.5	\$0.24
MONTCALM	59,686				
MONTMORENCY	9,976				
MUSKEGON	165,916				

Jurisdictions	1997 Population	Property Taxes for Transportation			
		Purpose	1997 Property Tax Revenues (\$1,000)	1997 Special Assessments (\$1,000)	Total Revs per Capita
NEWAYGO	45,026				
OAKLAND	1,170,051	Streets/Hwys		1,904.3	\$1.63
OCEANA	24,659				
OGEMAW	20,945				
ONTONAGON	8,096	Streets/Hwys	567.9		\$70.15
OSCEOLA	22,025				
OSCODA	8,838				
OTSEGO	21,768				
OTTAWA	220,535				
PRESQUE ISLE	14,362				
ROSCOMMON	23,208				
SAGINAW	210,753				
SANILAC	42,717	Streets/Hwys	1,201.3		\$28.12
SCHOOLCRAFT	8,698				
SHIAWASSEE	72,318				
ST. CLAIR	157,494	Streets/Hwys	0.0		\$0.00
ST. JOSEPH	61,105	Streets/Hwys	632.8		\$10.36
TUSCOLA	57,955	Streets/Hwys	922.5		\$15.92
VAN BUREN	75,346	Streets/Hwys	1,222.4		\$16.22
WASHTENAW	299,288				
WAYNE	2,128,113	Streets/Hwys		98.9	\$0.05
WEXFORD	29,126				
Transit Districts:					
Ann Arbor-The Ride	189,205	Transit	2,586.1		\$13.67
Bay City-METRO	111,763	Transit	919.6		\$8.23
Detroit-SMART	4,246,712	Transit	15,803.8		\$3.72
Flint Mass Transp. Auth.	339,886	Transit	3,540.1		\$10.42
Kalamazoo-Metro	143,000	Transit	340.1		\$2.38
Lansing-Capital Area TA	241,751	Transit	4,477.1		\$18.52
Saginaw Transit System	162,301	Transit	255.9		\$1.58
State Total	9,785,450	Streets/Hwys	11,141.3	3,634	\$1.51
		Transit	27,922.8		\$2.85

Minnesota has been very cautious in its authorizations of local option taxes for the financing of transportation projects. The legislature has avoided granting local governments any general authority to levy local option taxes for transportation projects, aside from property taxes. Instead, it has enabled public votes on these taxes only through special legislative acts targeted at specific locations. Because Minnesota has high taxes overall, its legislators don't want to be seen as opening the door to them going any higher. Nonetheless, there has been a small recent trend toward increased use of sales taxes for capital improvements.

1. Fuel and Vehicle Taxes

Minnesota does not have a local option gas tax.

Cities and counties may adopt wheelage taxes,¹ which are flat vehicle registration fees. Cities may use these taxes for general revenues, and require voter approval. Counties can adopt them legislatively and use the revenues for highways, roads, and streets. Although major cities previously used this tax in the 1950s, no cities or counties levy it at this time.

Cities that have adopted a local option sales tax (see below) may also impose a \$20 vehicle sales/transfer tax. Those currently doing so include Mankato, Rochester, Two Harbors, Willmar, and Winona.² Revenues are typically earmarked for the same projects as the sales tax, so outside Rochester, none of these revenues are likely being used for transportation.

2. Property Taxes and Assessments

Minnesota counties and townships do not generally adopt dedicated property taxes for transportation purposes. All except two of the state's 87 counties issue debt to fund road and bridge projects, and annually set levies needed to provide funding for debt service. The other two, Hennepin and Ramsey counties, fund road improvements from their general revenues. Statewide, counties and townships raised \$357 million in property tax revenues in 1998 for highway purposes (\$76 per capita).³

Many different types of special districts may also impose property taxes, including the Twin Cities Metropolitan Council, three transit agencies, and eight regional railroad authorities, as well as airport commissions and port authorities.⁴

Excluding property taxes reimbursed by the state, the Metro Council levied property taxes across its seven-county service area that generated over \$9.1 million in 1998. One component of this was a \$7.4 million levy for regional transit services, while the remainder was levied for the purchase of highway rights-of-way. The largest component of the Metro Council's property tax levy, for general obligation

¹ Minnesota Statutes § 426.05, 163.051.

² Minnesota Department of Revenue, Tax Research Division, "Minnesota Tax Handbook: A Profile of State and Local Taxes In Minnesota," 1998 Edition. (March, 1999), p. 78.

³ Minnesota Department Of Transportation, "Statistical And Financial Information - Minnesota Townships By County," Fiscal Year 1998; Minnesota Department Of Transportation, "Statistical And Financial Information - Minnesota Counties," Fiscal Year 1998. Figures published by the Federal Highway Administration are somewhat higher because they include general revenue property taxes levied by cities.

⁴ Minnesota Statutes §§ 398A.04, 469.090, 473.167, 473.249, and 473.446; U.S. Bureau of the Census, *Census of Governments 1997*, Vol. 1, No. 1, Appendix A (1999).

debt, totaled \$21.8 million in 1998; transit-related borrowing accounts for about 13% of the current outstanding debt. In all, the council levied nearly \$11.9 million in property taxes for transportation in 1998 (\$4.76 per capita).⁵

Aside from the Metro Council, only three small transit agencies (based in Hastings, Mankato, and Monticello) receive dedicated property taxes. Their revenues total \$268,000 annually.⁶

3. Sales and Other Taxes

Minnesota authorizes certain cities and counties to levy sales taxes for specific public improvements, subject to voter approval.⁷ In all, one county and ten cities have adopted these taxes, mostly within the past decade.⁸ Of these, Rochester is the only major city to finance significant transportation improvements from its sales tax; approximately 14% of the revenues from its 1/2% sales tax is earmarked for improvements along Hwy. 52.⁹

St. Cloud may soon follow. In November, 2000, voters in the city of St. Cloud approved a ballot measure that would authorize the city to adopt a 1/2% sales tax. About 13% of the revenues are to be used for road projects, with the remainder supporting airport runway improvements, a library expansion, and parks. Since the state has not yet authorized St. Cloud to adopt a sales tax, implementation of this tax will need to wait for approval of the legislature.

State law directly imposes an “aggregate materials tax” on the severance of gravel, sand, and stone in certain counties. The tax rates are fixed by the state at 10¢ per cubic yard or 7¢ per ton in counties opting to levy the tax. One-tenth of the revenues are set aside for environmental restoration of abandoned mines; 60% goes to the county road and bridge fund; and the remaining 30% is distributed to cities and towns for road and bridge projects.¹⁰ In 1997, this tax generated \$2.7 million statewide,¹¹ or approximately \$1 per resident of the participating counties.

⁵ Based on data in Twin Cities Metropolitan Council, “Comprehensive Annual Financial Report, Year Ended December 31, 1999,” (June 2000). The Council’s revenues from property taxes were actually much higher, because of the state’s Homestead and Agricultural Credit Aid program, through which the state reimburses local taxing agencies for property taxes lost due to tax exemptions. We have not included these revenues because they were not paid by local taxpayers.

⁶ State of Minnesota, Office of the State Auditor, Government Information Division, “Revenues, Expenditures, and Debt of Minnesota Cities Over 2,500 in Population for the Year Ended December 31, 1998,” (July 2000).

⁷ Minnesota Statutes § 297A.48.

⁸ Minnesota Department of Revenue, “Local city and county sales tax information,” (2000).

⁹ Letter from City of Rochester Finance Department (June 15, 2000).

¹⁰ Minnesota Statutes § 298.75.

¹¹ Minnesota Department of Revenue, Tax Research Division, “Minnesota Tax Handbook: A Profile of State and Local Taxes In Minnesota,” 1998 Edition. (March, 1999), p. 80.

MINNESOTA Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales		Capital Improv. Tax	City of Duluth	1969	1%	-	General revenues	
	Laws 1998-389.8.42	Capital Improv. Tax	City of Owatonna	1998	0.5%*	Completion of projects	Economic development, including road construction	C
	Laws 1998-389.8.43	Capital Improv. Tax	City of Rochester	1998	0.5%*	Completion of projects	Infrastructure, including highways	C
	M.S. 297A.48	Capital Improv. Tax	Any political subdivision, if authorized by a separate law	1997	-	Completion of projects	Specified capital improvements**	C
Vehicle	M.S. 163.051	Wheelage Tax	Metro Counties [1]	1972	Up to \$5/car	-	Const & maint hwy, roads, and streets (MN Const. XIV.7)	B
	M.S. 426.05	Wheelage Tax	Cities > 450,000	1921	Up to \$10/car, \$15/truck	5 years	General revenues	C
	M.S. 426.05	Wheelage Tax	Cities < 150,000	1921	Up to \$5/car, \$50/truck	1 year	General revenues	C
Property	M.S. 398A.04		Regional Railroad Authority	1980	0.04835%	-	Preserve/improve rail services and ROW	C
	M.S. 458A.01		St. Cloud Metropolitan Transit Commission [4]	1969	0.12089%	-	Build/operate transit system	E
	M.S. 458A.21		Duluth Transit Authority	1969	0.07253%	-	Operation of bus transit system	B
	M.S. 469.090		City Economic Development Authorities	1987	0.01813%	-	Improvements, incl streets and roads	C
	M.S. 473.167		Metropolitan Council [2]	1975	-	-	ROW for highway construction	E
	M.S. 473.249		Metropolitan Council [2]	1975	-	-	Transit, Sewage, Airports, etc	E
	M.S. 473.446	Special Assessments	Metropolitan Council Transit Taxing District [3]	1975	Varies by level of service	-	Construction and operation of transit and paratransit systems	E
Severance	M.S. 298.75	Aggregate Material Tax	Specified Counties	1980	10¢/yd ³ or 7¢/ton	-	Roads & bridges; environmental restoration	A

[1] "Metropolitan county" means any of the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington (M.S. 163.051.6)

[2] The Metropolitan Council includes the counties of Anoka, Carver, Dakota (excluding Northfield), Hennepin (excluding Hanover), Ramsey, Scott (excluding New Prague), and Washington. (M.S. 473.121.2)

[3] See M.S. 473.446.2 for the definition of this area

[4] Includes St. Cloud, Waite Park, and Sauk Rapids

*If this tax is adopted, cities may also adopt a \$20 motor vehicle sales excise tax.

**Projects must be specified in advance

A = State Law

B = County/Local Law

C = Popular Vote

D = Majority of City Councils

E = Vote of agency or district

MINNESOTA
Adopted County, District, and Local Transportation Taxes

Jurisdictions	1997 Population	Sales Taxes				Notes	Severance Tax		Property Taxes		
		Rate (%)	Year	1997 Revenues (\$1,000's)	1997 Revenues (\$1,000's)		Purpose	1998 County Revenues (\$1,000's)	1998 Town Revenues (\$1,000's)	Revs per capita	
Counties:											
AITKIN	13,839								1,031.9	704.5	\$125.47
ANOKA	286,646								6,035.2		\$21.05
BECKER	29,310						94.0	Roads	1,578.1	742.3	\$79.17
BELTRAMI	38,691								1,416.1	572.7	\$51.40
BENTON	33,709								1,215.2	400.2	\$47.92
BIG STONE	5,677						81.0	Roads	369.1	192.9	\$99.01
BLUE EARTH	53,678								3,378.1	1,125.2	\$83.90
BROWN	27,237								815.1	393.3	\$44.37
CARLTON	30,848								1,679.2	798.1	\$80.31
CARVER	63,130						63.0	Roads	46,587.0	538.6	\$746.48
CASS	25,878								25,243.0	1,117.8	\$1,018.65
CHIPPEWA	13,077								8,207.0	372.2	\$656.06
CHISAGO	39,559								21,889.5	812.0	\$573.87
CLAY	51,657						183.0	Roads	21,704.0	436.8	\$428.61
CLEARWATER	8,279								6,293.4	181.6	\$782.10
COOK	4,734	1%	1993		[2]				6,936.0	4.2	\$1,466.03
COTTONWOOD	12,137								8,743.3	385.6	\$752.16
CROW WING	51,097								47,149.1	1,200.2	\$946.23
DAKOTA	334,772						575.0	Roads	5,336.5	825.4	\$18.41
DODGE	17,048								597.1	216.1	\$47.70
DOUGLAS	30,714								1,428.3	866.6	\$74.72
FARIBAUT	16,409								996.7	768.3	\$107.56
FILLMORE	20,699								792.6	725.2	\$73.33
FREEBORN	31,588								950.8	609.4	\$49.39
GOODHUE	42,728								2,843.5	1,319.4	\$97.43
GRANT	6,162								465.4	189.5	\$106.29
HENNEPIN	1,054,817						357.0	Roads	[1]		\$0.00
HOUSTON	19,222								649.5	464.9	\$57.98
HUBBARD	16,669								1,178.9	692.2	\$112.25
ISANTI	29,506								952.9	1,096.7	\$69.46
ITASCA	43,576								4,070.3	787.0	\$111.47
JACKSON	11,654								853.1	639.4	\$128.06
KANABEC	13,976								936.7	212.3	\$82.21
KANDIYOHI	40,974								1,618.0	777.1	\$58.45
KITTSON	5,359						34.0	Roads	384.5	301.9	\$128.09
KOOCHICHING	15,189								346.4		\$22.81
LAC QUI PARLE	8,125								616.4	354.3	\$119.46
LAKE	10,672								744.0	151.2	\$83.88
LAKE OF THE WOODS	4,521						180.0	Roads	227.2		\$50.25
LE SUEUR	25,036								1,855.7	344.9	\$87.90
LINCOLN	6,593								662.6	238.3	\$136.64
LYON	24,444								1,137.0	381.9	\$62.14
MCLEOD	33,709								1,457.0	428.5	\$55.93
MAHNOMEN	5,111						3.0	Roads	214.1	109.5	\$63.32
MARSHALL	10,489						2.0	Roads	634.9	490.0	\$107.25
MARTIN	22,179								1,060.1	815.9	\$84.59
MEEKER	21,520								806.5	757.6	\$72.68
MILLE LACS	20,702								696.6	396.5	\$52.80
MORRISON	30,466								1,686.1	768.6	\$80.57
MOWER	37,082								1,481.6	950.6	\$65.59
MURRAY	9,555								592.6	445.4	\$108.63
NICOLLET	29,849								1,016.8	530.2	\$51.83
NOBLES	19,681								698.6	514.6	\$61.64
NORMAN	7,645						13.0	Roads	598.2	306.6	\$118.35
OLMSTED	114,548								5,754.2	1,256.9	\$61.21
OTTER TAIL	54,347								859.0	1,859.0	\$50.01
PENNINGTON	13,630						14.0	Roads	643.1	144.3	\$57.77
PINE	23,650								1,076.7	663.7	\$73.59
PIPESTONE	10,105								608.2	165.8	\$76.60
POLK	31,955						3.0	Roads	1,498.7	1,019.3	\$78.80
POPE	10,954								460.0	275.5	\$67.15
RAMSEY	484,761						42.0	Roads	[1]		
RED LAKE	4,328						35.0	Roads	297.3	133.8	\$99.60
REDWOOD	16,623								1,013.5	725.9	\$104.64
RENVILLE	17,048								1,302.3	733.0	\$119.39
RICE	53,582								1,423.3	742.3	\$40.42
ROCK	9,871								505.3	314.0	\$83.01
ROSEAU	16,275								661.4	293.2	\$58.65
ST LOUIS	194,687								12,385.3		\$63.62
SCOTT	76,332						285.0	Roads	5,613.1	781.0	\$83.77
SHERBURNE	57,996						186.0	Roads	2,709.0	933.5	\$62.81
SIBLEY	14,630						37.0	Roads	850.9	473.8	\$90.55

Jurisdictions	1997 Population	Sales Taxes				Notes	Severance Tax		Property Taxes		
		Rate (%)	Year	1997 Revenues (\$1,000's)	1997 Revenues (\$1,000's)		Purpose	1998 County Revenues (\$1,000's)	1998 Town Revenues (\$1,000's)	Revs per capita	
STEARNS	128,117					60.0	Roads	3,493.7	2,549.3	\$47.17	
STEELE	31,441							856.9	417.1	\$40.52	
STEVENS	10,088							555.4	255.4	\$80.37	
SWIFT	10,825							704.3	369.7	\$99.21	
TODD	24,012							1,208.2	710.7	\$79.91	
TRAVERSE	4,264							584.5	169.4	\$176.81	
WABASHA	20,684							886.6	438.6	\$64.07	
WADENA	12,976							528.5	203.0	\$56.37	
WASECA	18,497							1,120.5		\$60.58	
WASHINGTON	191,915					390.0	Roads	3,146.6	1,080.8	\$22.03	
WATONWAN	11,629							400.9	299.6	\$60.24	
WILKIN	7,384					19.0	Roads	728.2	195.1	\$125.03	
WINONA	48,293							1,909.9	541.4	\$50.76	
WRIGHT	83,053							2,013.0	2,193.3	\$50.65	
YELLOW MEDICINE	11,602							1,608.9	504.4	\$182.15	
Statewide Total:	4,687,726							2,656.0	308,264.6	48,897.1	

Jurisdictions	Population	Sales Taxes				Notes	Property Taxes			
		Rate (%)	Year	1997 Revenues (\$1,000's)	1998 Revenues (\$1,000's)		Purpose	Revs per capita		
Special Districts:										
Twin Cities Metropolitan Council	2,492,373							7,373.7	Regional Transit [6]	\$2.96
								1,726.7	Hwy ROW [6]	\$0.69
Cities:										
Duluth	82,013	1.0%	1973		[3]					
Hastings	17,113							15.0	Transit	\$0.87
Hermantown	7,757	0.5%	1996		[2, 5]					
Mankato	30,899	0.5%	1991		[2, 7]			235.9	Transit	\$7.64
Minneapolis	353,355	0.5%	1986		[2]					
Monticello	6,835							16.7	Transit	\$2.44
Proctor	2,923	0.5%								
Rochester	76,643	0.5%	1983	\$2,501.0	[4, 7]					
St. Paul	257,891	0.5%	1993		[2]					
Two Harbors	3,561	0.5%	1998		[2, 7]					
Willmar	18,815	0.5%	1997		[2, 7]					
Winona	24,527	0.5%	1998		[2, 7]					

[1] Minnesota's two largest counties do not have dedicated road levies; they use general revenues for road projects.

[2] Non-transportation capital projects: Hospital in Cook Co.; redevelopment in Mankato; public buildings in Hermantown; convention center in Minneapolis; civic center in St. Paul; wastewater facility in Two Harbors; libraries in Willmar; and lake dredging in Winona.

[3] General Revenues

[4] 41% of revenues used for highway projects

[5] Considering using funds as local match for a highway project

[6] Excludes state Homestead and Agricultural Credit Aid.

[7] City also imposes a \$20 Motor Vehicle Sales Tax

Property and vehicle taxes have proven to be the most important local option taxes for transportation finance in Mississippi. Based upon the very limited data available, it is not possible to discern an overall trend in the use of local option taxes in transportation finance in Mississippi.

1. Fuel and Vehicle Taxes

Three counties - Harrison, Hancock, and Jackson - have authority to levy a gas tax of up to 3¢ per gallon to pay for seawalls and the improvement and maintenance of oceanfront highways.¹ The tax has been adopted in all three areas, and raises about \$5.9 million each year (about \$16 per capita in these counties).²

Like in many other states, Mississippi taxes motor vehicles as personal property. However, instead of the revenues from this tax going to local governments' general funds, the proceeds can be earmarked for transportation purposes. In 1997, local governments across the state raised \$23 million (\$8.45 per capita), in highway revenues from taxes on motor vehicles.³

2. Property Taxes and Assessments

Cities, counties, special taxing districts, special improvement districts, road districts, and railroad authorities may issue bonds for a variety of transportation-related capital investments, backed by property taxes and special assessments. Depending on the circumstance, these may be adopted by ordinance, by majority voter approval, or by a 3/5 majority voter approval.⁴

Before 1989, local financing of roads was done through localized road districts and supervisors districts. Since then, counties have been asked to vote on whether they prefer to keep a decentralized or countywide system road administration.⁵

3. Sales and Other Taxes

None.

¹ Mississippi Code § 65-33-47.

² Mississippi State Tax Commission, "Seawall Tax Collections, Fiscal Year Ending June 30, 1998" (1999).

³ Mississippi Department of Transportation, "Local Highway Finance Report (FHWA-536)" (1997).

⁴ Mississippi Code §§ 19-9-9, 19-29-18, 21-33-301, 21-33-503, and 21-41-1.

⁵ Mississippi Code § 19-2-3.

MISSISSIPPI Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Gasoline	M.C. 65-33-47	Sea Wall Tax	Harrison, Hancock, and Jackson Counties	1928	3¢/gal	-	Repay bonds for seawall construction and protection of roads along the coast	B
Vehicle	M.C. 27-51	Ad Valorem Taxes on Motor Vehicles	Cities, Counties	1942	Same as local personal property tax rate*	-	General revenues	B
Property	M.C. 19-9-9	Special tax for bonds	Counties	1942	Any	-	Repay bonds on highways, roads, bridges	C (60%)
	M.C. 19-29-18	Ad Valorem Taxes for Railroad Properties	County or Regional Railroad Authorities	1981	0.20%	-	Improve and maintain railroad infrastructure	C (60%)
	M.C. 21-33-301	Special tax for bonds	Cities		Any	-	Repay bonds on streets, sidewalks, parking facilities, transit improvements	C (60%)
	M.C. 21-33-503	Local improvement taxing districts	Municipal Special Taxing Districts	1993	0.60%	-	Improvements, including streets and sidewalks	B**
	M.C. 21-41-1	Special improvement taxes	Municipal Special Improvement Districts	1924		-	Streets, highways, sidewalk improvements	
	M.C. 27-39-303	General county ad valorem tax levy	Counties	1987	Rate increases limited, but not absolute rates	-	General Purposes, Including Construction of Roads and Bridges	B
	M.C. 27-39-305	Countywide levy for const & maint of roads/bridges	Counties	1932	Rate increases limited, but not absolute rates	-	Roads and Bridges	B
	M.C. 27-39-307	Municipal general ad valorem tax levy	Cities	1932	Rate increases limited, but not absolute rates	-	General revenues	B
	M.C. 65-15-1	Levy for roads and bridges	Counties	1920		-	Roads and Bridges	B
	M.C. 65-19-33	Special road district tax	Road Districts	1914	0.30%	-	Roads and Bridges	C
M.C. 65-33-41	Special seawall bond tax	Harrison, Hancock, and Jackson Counties	1916	0.50%	-	Repay bonds for seawall construction and protection of roads along the coast	B	

* Assessed value is 30% of vehicle's list price, times depreciation factor based on age.

** Plus permission of owners of 70% of land value

A = State Law
B = County/Local Law
C = Popular Vote

The use of local option transportation taxes has been growing in Missouri. Voter-approved sales taxes are used extensively throughout the state to support road investments. They provide some support for transit as well, recent efforts to fund major new transit capital projects with sales taxes have been unsuccessful. Property taxes are also an important and growing funding source. Locally generated tax revenues tend to go towards projects that have a greater economic development potential, whereas state and federal funds are earmarked towards system preservation, safety, connectivity and expansion of the state system.

We selected Missouri as one of our survey states because of the unusually large role that local option taxes appear to play in its system of transportation finance, and because of the apparent ability of its rural areas to win voter approval for taxes as easily as its urban areas. As part of our research, we surveyed Missouri's 114 counties and its 20 largest cities. Responses were received from 34 counties (30% response rate) and 7 cities (35% response rate).¹ More complete data was not available from the state's Department of Transportation because their submissions to the Federal Highway Administration are also based on limited surveys.²

1. Fuel and Vehicle Taxes

Certain cities may levy local option vehicle license taxes to fund street maintenance. All vehicles of the same class must be taxed alike.³ Three cities (Kansas City, University City and St. Joseph) reported that they collect this tax. The vehicle license tax brings these cities an average of \$3 per resident per year, with the revenues primarily going for street maintenance, and their general funds.

2. Property Taxes and Assessments

Road districts are a very widespread mechanism for financing local road improvements throughout Missouri. With voter approval, they may levy benefit assessments or commit property tax revenues to back the issuance of bonds.⁴

As of 1997, there were 309 road districts in existence across the state.⁵ No centralized information is available on the activities or finances of these districts. In their responses to our surveys, fifteen counties supplied information on the districts within their boundaries. In all, these counties included 76 road districts that actively levy property taxes. On average, these districts tend to be quite small: on average, they raise just \$110,000 each annually from property taxes and special assessments. Their primary activities are road maintenance and paving.

Cities and counties may also choose to earmark part of their property tax levies for transportation purposes. Again, the state does not appear to collect this information. Our surveys found just nine counties and two cities that with dedicated, countywide levies for transportation. The counties all reported using the revenues for road and highway maintenance. Kansas City uses its small levy to help

¹ Responses were received from Andrew, Atchinson, Callaway, Camden, Carter, Christian, Clinton, Dallas, Dekalb, Greene, Harrison, Hickory, Jackson, Jasper, Johnson, Knox, Lafayette, Macon, Miller, Montgomery, Phelps, Platte, Polk, Pulaski, Reynolds, Ripley, St. Charles, Scott, Shannon, Shelby, Stone, Sullivan, Vernon and Worth Counties; and the cities of Chesterfield, Gladstone, Kansas City, O'Fallon, Raytown, St. Joseph and University City.

² Letter from Missouri Department of Transportation (August 2, 2000).

³ Revised Statutes of Missouri, § 94.410.

⁴ Revised Statutes of Missouri, ch. 233.

⁵ U.S. Bureau of the Census, "1997 Census of Governments - Governments Integrated Directory" (1998).

fund roads and streets. St. Joseph has a property tax that collects \$55 per capita to fund its park system, and a portion of these revenues go toward parkway maintenance and bicycle trails.

In 1990, Missouri broadened the capacity of local areas to self-organize to plan and finance their own transportation infrastructure. The state created two new types of special districts: transportation corporations, which were empowered to finance new infrastructure with bonds backed by tolls and other user charges; and transportation development districts, which can finance projects with revenues from dedicated property taxes and sales taxes. No limitations are placed on the types of transportation infrastructure these entities may finance.⁶ To date, nine transportation corporations and seven transportation districts have formed.

3. Sales and Other Taxes

Over the past three decades, Missouri has gradually expanded the legal authority for local governments to finance transportation projects and services with dedicated sales taxes. In 1971, Kansas City was given the option of adopting a sales tax for transit capital and operations.⁷ This was expanded to other cities and counties in the state in the 1980s, and the permissible uses of the taxes were expanded to include a broad range of capital improvements.⁸ In the 1990s, these powers were extended to special district governments, including county transit authorities and transportation development districts.⁹ In all cases, these taxes must be approved by the voters; if the taxes are accompanied by bonding authority, a four-sevenths majority approval is required.¹⁰

No centralized information is available on which types of sales taxes have been adopted in which locations, or how the revenues are used. Among the 35 counties for which we have information, 19 adopted sales taxes earmarked for transportation improvements. Tax rates ranged from 0.05% to 0.75%, with the most common rate being 0.5%. Most counties used the revenues for road maintenance, paving, or graveling. Only St. Louis County dedicates a sales tax for transit. The survey respondents combine to raise about \$132 million annually in sales taxes for transportation projects; this should be considered a significant underestimate of the actual figure, since 70% of counties did not respond to our survey.

All seven of the cities responding to our survey reported that they have dedicated sales taxes for transportation purposes. Several of these cities (Chesterfield, Gladstone, O'Fallon, Raytown, and St. Joseph) have dedicated taxes for roads and streets; others (Kansas City, St. Joseph, St. Louis) have taxes earmarked for public transit. Statewide data indicate that city sales taxes for transportation amount to \$123.6 annually (about \$23 per person).¹¹ It is not possible based on these data to determine the percentage of revenues used for any particular mode.

Most cities and counties reported that their sales taxes were limited to four or five years, and that they must periodically return to the voters to seek an extension of the tax. However few reported that their taxes are open-ended, and will continue until they are repealed by the voters.

The state's two largest metropolitan areas have actively pursued the use of sales taxes in order to fund public transit operations and major new capital investments in rail. The St. Louis region had some early

⁶ Revised Statutes of Missouri, §§ 238.200 *et seq.* and 238.300 *et seq.*; Hancock, "Transportation Financing, New Approaches in Missouri." *44th Annual Meeting, District 6, Compendium of Technical Papers.* (1991).

⁷ Revised Statutes of Missouri, § 92.402.

⁸ Revised Statutes of Missouri, §§ 67.700, 92.402, 94.577, 94.605, 94.660 and 94.705.

⁹ Revised Statutes of Missouri, §§ 238.235 and 238.410.

¹⁰ Missouri Constitution, Article 6, § 26(d).

¹¹ Missouri Department of Revenue, "Comprehensive Annual Financial Report, Fiscal Year 1998," (March, 1999).

successes funding transit with sales taxes. Before 1990, voters in St. Louis City and St. Louis County approved a 1/2% sales tax to fund transit services. They supplemented this in 1994 with an additional 1/4% sales tax that was to fund the operating costs and future extensions of the region's MetroLink light rail system. Across the river in Illinois, St. Clair County voters approved a 1/2% sales tax in 1993 to fund the eastward extension of MetroLink through East St. Louis; this project is currently under construction.¹²

In 1996, however, voters began to grow more resistant to increased taxation for transit. That year, voters in St. Charles County twice rejected 1/2% sales taxes to fund the northward expansion of MetroLink. The following year, in Missouri's St. Louis County and Illinois' Madison County, voters strongly rejected proposed sales tax increases for additional extensions.¹³

Various reasons were suggested for the voters' change of heart, including the lack of specificity of the proposals, and the more suburban nature of these counties. But another factor may have been a sense that earlier tax measures didn't deliver on their promises. Critics have argued that half of the revenues from St. Louis County's original 1/2% sales tax were diverted for road and streets purposes, and that planned extensions couldn't be funded from the 1/4% sales taxes because all of the revenues were needed to support existing operations.¹⁴

Kansas City has also seen proposals to fund light rail with sales taxes, but these efforts have received less support. In 1980, the city adopted a 1/2% sales tax to support transit services. In 1996, voters in a four-county area in Missouri and Kansas jointly approved a 1/8% sales tax to renovate the city's classic Union Station, and convert it into a science museum. The restoration effort, which was completed in 1999, included the creation of a new transit hub just outside the building.

However, on several occasions, voters rejected plans to use sales taxes to build a north-south light rail line that would have centered on this hub. In 1999, voters approved an eight-year extension of Kansas City's 1% capital improvements sales tax (of which 25% is earmarked for bridge improvements), but opposed an effort to set aside half of the revenues for light rail. Most recently, in November, 2000, voters rejected a two-decade, half-percent sales tax proposal that would have paid for a 32-mile light rail system.¹⁵

Other types of local taxes are also possible in Missouri. Three cities have the authority to levy a 1% local income tax.¹⁶ Only Kansas City and St. Louis have done so, and both use the revenues for general funds.

Finally, voters in Independence recently approved a new one-time "development excise tax," based on the traffic impacts of new construction, to will help fund street construction and improvements on the east side of their city.¹⁷

¹² Bi-State Development Agency, "Metrolink: The Next Step/St. Clair County Extension," (2000).

¹³ Dummit, "Transit Tax Fails Again in County," *St. Louis Post Dispatch*, November 6, 1996; Gauen and Hopgood, "Voters Reject MetroLink Tax; Opponents Said Plans For Tax Weren't Specific; Proponents Re-Group," *St. Louis Post Dispatch*, November 5, 1997.

¹⁴ Lyons, *Enhanced Planning Review of the Transportation Planning Process in the St. Louis Metropolitan Area*, Cambridge, Mass.: Volpe National Transportation Systems Center (1996); Ciruli, "Never a Smooth Ride With Voters: St. Louis Loses Expansion," Ciruli Associates (1997).

¹⁵ Spivak, "Signal at Union Station: 'Go'," *The Kansas City Star* (November 7, 1996); Horsley, "Chastain tries again on proposal," *The Kansas City Star* (October 7, 1999); Spivak and Horsley, "Voters OK tax for infrastructure, reject funding of light-rail plan," *The Kansas City Star* (November 3, 1999); Horsley, "Voters reject light rail," *The Kansas City Star* (November 8, 2000).

¹⁶ Revised Statutes of Missouri, § 92.120, 92.230.

¹⁷ Burnes, "Excise tax goes to Independence voters," *The Kansas City Star* (November 1, 2000).

MISSOURI Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Vehicle	R.S.Mo. 94.410	Vehicle License Tax	Cities	1909	Flat rates, by vehicle body type	-	Street maintenance	B
Property	R.S.Mo. 233		Special Road Districts	1909		-	Street, road, hwy, bridge improvements	C
	R.S.Mo. 238.207		Transportation Development Districts	1990	0.10%	-	Street, road, hwy, bridge, transit, parking improvements	C (4/7)
Sales	R.S.Mo. 67.700	Capital Improvements Sales Tax	Any county	1983	1/4% to 1/2%	-	Capital improvements	C
	R.S.Mo. 94.577	Capital Improvements Sales Tax	Any city outside St. Louis County	1987	1/8% to 1/2%	-	Capital improvements	C
	R.S.Mo. 94.890	Municipal Capital Improvement Sales Tax	Any cities inside St. Louis County	1995	0.5%	-	Capital improvements	C
	R.S.Mo. 92.402, 94.660	Public Transportation Sales Tax	Kansas City, St. Louis City, St. Louis County	1971	0.5%	-	Transit capital and operations	C
	R.S.Mo. 94.605	Transportation Sales Tax	Kansas City or St. Louis County	1983	Up to 1/2%	-	Streets, roads, bridges, transit	C
	R.S.Mo. 94.705	Transportation Sales Tax	Any city	1983	Up to 1/2%	-	Streets, roads, bridges, transit	C
	R.S.Mo. 238.235	Transportation Development District Sales Tax	Transportation Development Districts	1997	1/8% to 1%	-	Street, road, hwy, bridge, transit, parking*	C
	R.S.Mo. 238.410	County Transit Authority Sales Tax	County Transit Authority	1991	Up to 1%	-	Transit operations	C
Income	R.S.Mo. 92.230	Earnings Tax	Kansas City, St. Joseph	1963	1%	-	Any	B
	R.S.Mo. 92.120	Earnings Tax	St Louis	1953	1%	-	Any	B

Note: For all taxes, a 4/7 majority vote is needed if bonding authority is included.

*Projects must be chosen in advance

A = State Law
B = County/Local Law
C = Popular Vote

MISSOURI
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Pop. 1998	Property Taxes				Sales Taxes			
		Purposes	City/Cnty Tax Revs (\$1,000's)	Road Dst Tax Revs (\$1,000's)	Total revs per capita	Rate for Trans. (%)	Purposes	1997 Revenues (\$1,000's)	Revs per capita
Counties:									
ADAIR	24,241	Road/Bridge	350.3		\$14.45	-	-	-	-
ANDREW	15,551	Road/Bridge	603.6		\$38.82	0.375%	Paving / Gravel	251.5	\$16.17
ATCHISON	7,035	Road/Bridge	378.7	376.9	\$107.41	0.05%	Paving / Gravel	?	-
AUDRAIN	23,555	Road/Bridge	323.8		\$13.75	-	-	-	-
BARRY	33,179	Road/Bridge	64.8		\$1.95	-	-	-	-
BARTON	12,071	-	-	-	-	-	-	-	-
BATES	15,826	-	-	-	-	-	-	-	-
BENTON	16,955	Road/Bridge	240.8		\$14.20	-	-	-	-
BOLLINGER	11,552	Road/Bridge	160.0		\$13.85	-	-	-	-
BOONE	128,963								
BUCHANAN	81,799								
BUTLER	40,434	Road/Bridge	56.2		\$1.39		Road/Bridge Fund	599.0	\$14.81
CALDWELL	8,812	Road/Bridge	28.4		\$3.22	-	-	-	-
CALLAWAY	37,499	-	-	-	-	-	-	-	-
CAMDEN	33,936	Road/Bridge	607.9	137.7	\$21.97	-	-	-	-
CAPE GIRARDEAU	66,229								
CARROLL	10,201	-	-	-	-	-	-	-	-
CARTER	6,382	Road/Bridge	61.9		\$9.70	-	-	-	-
CASS	80,572								
CEDAR	13,195	Road/Bridge	79.3		\$6.01	-	-	-	-
CHARITON	8,654	-	-	-	-	-	-	-	-
CHRISTIAN	48,982	-	-	-	-	-	-	-	-
CLARK	7,449	Road/Bridge	366.4		\$49.19	-	-	-	-
CLAY	176,428								
CLINTON	19,050	Road/Bridge	528.3	40.0	\$29.83	0.50%	75% rd maint, 25% const	349.3	\$18.34
COLE	69,227								
COOPER	16,041	Road/Bridge	324.5		\$20.23		Road/Bridge Fund	666.5	\$41.55
CRAWFORD	22,295	Road/Bridge	266.8		\$11.97		Road/Bridge Fund	504.0	\$22.61
DADE	7,840	Road/Bridge	24.9		\$3.18	-	-	-	-
DALLAS	15,314	Road/Bridge	208.5		\$13.61	0.50%	Bridges/equip./paving	437.7	\$28.58
DAVISS	7,901	-	-	-	-	-	-	-	-
DEKALB	11,210	-	-	-	-	0.50%	Paving / Gravel	442.0	\$39.43
DENT	14,134	Road/Bridge	240.1		\$16.99	-	-	-	-
DOUGLAS	12,443	Road/Bridge	145.9		\$11.72	-	-	-	-
DUNKLIN	32,707	-	-	-	-		Road/Bridge Fund	103.7	\$3.17
FRANKLIN	91,852								
GASCONADE	14,824	Road/Bridge	305.4		\$20.60		Road/Bridge Fund	419.9	\$28.33
GENTRY	6,923	Road/Bridge	14.6		\$2.11	-	-	-	-
GREENE	226,574	-	-	-	-	0.25%	Roads	8,213.5	\$36.25
GRUNDY	10,189	Road/Bridge	36.7		\$3.60	-	-	-	-
HARRISON	8,466	-	-	-	-	0.50%	Paving / Gravel	370.5	\$43.77
HENRY	21,256	Road/Bridge	64.0		\$3.01	-	-	-	-
HICKORY	8,603	Road/Bridge	147.4		\$17.13	-	-	-	-
HOLT	5,539	Road/Bridge	248.5		\$44.86		Road/Bridge Fund	142.0	\$25.63
HOWARD	9,731	Road/Bridge	136.7		\$14.05		Road/Bridge Fund	187.9	\$19.31
HOWELL	35,748	Road/Bridge	26.0		\$0.73		Road/Bridge Fund	260.1	\$7.28
IRON	10,909	Road/Bridge	348.0		\$31.90	-	-	-	-
JACKSON	655,055	-	-	-	-	-	-	-	-
JASPER	99,620			1,999.0	\$20.07	0.25%	Road maint.	2,997.9	\$30.09
JEFFERSON	195,472								
JOHNSON	47,685	Road/Bridge	320.0		\$6.71	?	Bridges	-	-
KNOX	4,360	Road/Bridge	272.4		\$62.48	0.50%	Road maint.	109.0	\$24.99
LACLEDE	30,974	-	-	-	-	-	-	-	-
LAFAYETTE	32,670	Road/Bridge	116.1	1,583.3	\$52.02	0.50%	70% rd maint, 30% const	1,103.0	\$33.76
LAWRENCE	33,124	Road/Bridge	37.1		\$1.12		Road/Bridge Fund	928.5	\$28.03
LEWIS	10,194	Road/Bridge	198.1		\$19.43	-	-	-	-
LINCOLN	36,610	Road/Bridge	653.7		\$17.86		Road/Bridge Fund	1,214.1	\$33.16
LINN	13,796	Road/Bridge	39.9		\$2.89		Road/Bridge Fund	478.3	\$34.67
LIVINGSTON	14,140	Road/Bridge	66.4		\$4.70	-	-	-	-
MACON	15,329	Road/Bridge	406.7	642.1	\$68.42	0.50%	60% equip, 40% rd const.	476.4	\$31.08
MADISON	11,550	Road/Bridge	208.9		\$18.09	-	-	-	-
MARIES	8,433	Road/Bridge	99.3		\$11.78		Road/Bridge Fund	64.3	\$7.62
MARION	27,864	Road/Bridge	465.0		\$16.69	-	-	-	-
MCDONALD	20,010	-	-	-	-		Road/Bridge Fund	470.1	\$23.50
MERCER	3,982	Road/Bridge	89.2		\$22.39	-	-	-	-
MILLER	22,465	Road/Bridge	174.6	339.0	\$22.86	-	-	-	-
MISSISSIPPI	13,473	Road/Bridge	308.9		\$22.93		Road/Bridge Fund	144.8	\$10.75
MONITEAU	13,256	Road/Bridge	263.1		\$19.85	-	-	-	-
MONROE	9,039	Road/Bridge	22.5	114.8	\$15.18	0.17%	Bridges	24.1	\$2.66
MONTGOMERY	12,065	Road/Bridge	514.5		\$42.64	-	-	-	-
MORGAN	18,427	Road/Bridge	220.7		\$11.98	-	-	-	-
NEW MADRID	20,357	Road/Bridge	751.8		\$36.93	-	-	-	-
NEWTON	49,210	Road/Bridge	250.1		\$5.08	-	-	-	-
NODAWAY	20,712	Road/Bridge	94.4		\$4.56	-	-	-	-
OREGON	10,175	Road/Bridge	78.2		\$7.68	-	-	-	-
OSAGE	12,465	Road/Bridge	159.4		\$12.79	-	-	-	-
OZARK	9,913	Road/Bridge	132.7		\$13.39	-	-	-	-
PEMISCOT	21,448	Road/Bridge	365.2		\$17.03	-	-	-	-
PERRY	17,497	Road/Bridge	433.8		\$24.79	-	-	-	-
PETTIS	37,086								
PHELPS	38,555	Road/Bridge	209.3		\$5.43		Road/Bridge Fund	860.3	\$22.31
PIKE	16,395	Road/Bridge	307.9		\$18.78		Road/Bridge Fund	41.1	\$2.50
PLATTE	69,994			2,427.7	\$34.68	-	-	-	-
POLK	25,557	Road/Bridge	191.5	128.5	\$12.52	0.50%	Paving / Gravel	843.8	\$33.01

Jurisdictions	Pop. 1998	Property Taxes			Sales Taxes				
		Purposes	City/Cnty Tax Revs (\$1,000's)	Road Dst Tax Revs (\$1,000's)	Total revs per capita	Rate for Trans. (%)	Purposes	1997 Revenues (\$1,000's)	Revs per capita
PULASKI	39,331	Road/Bridge	267.5		\$6.80	-	-	-	-
PUTNAM	4,898	Road/Bridge	28.0		\$5.71	-	-	-	-
RALLS	8,876	Road/Bridge	262.2		\$29.54	-	Road/Bridge Fund	131.1	\$14.77
RANDOLPH	23,912	Road/Bridge	251.1		\$10.50	-	-	-	-
RAY	23,661	Road/Bridge	320.8		\$13.56	-	Road/Bridge Fund	864.2	\$36.52
REYNOLDS	6,648	Road/Bridge	19.5	170.2	\$28.53	-	-	-	-
RIPLEY	14,050			191.8	\$13.65	-	-	-	-
SALINE	22,668					-	-	-	-
SCHUYLER	4,454	Road/Bridge	184.1		\$41.33	-	-	-	-
SCOTLAND	4,821	Road/Bridge	259.1		\$53.75	-	Road/Bridge Fund	138.8	\$28.79
SCOTT	40,288	Road/Bridge	333.4	197.2	\$13.17	-	-	-	-
SHANNON	8,299	Road/Bridge	115.9	85.0	\$24.21	-	-	-	-
SHELBY	6,749	Road/Bridge	169.3	50.6	\$32.57	0.17%	Paving / Gravel	70.7	\$10.47
ST. CHARLES	272,101	-	-	-	-	0.50%	Roads	10,363.0	\$38.09
ST. CLAIR	9,070	Road/Bridge	192.7		\$21.24	-	-	-	-
ST. FRANCOIS	55,355					-	-	-	-
ST. LOUIS CITY (Ind)	338,946					0.50%	Transit	17,216.2	\$50.79
"						0.25%	Transit (Metrolink)	8,608.1	\$25.40
ST. LOUIS COUNTY	997,347	-	-	-	-	0.50%	1/2 Transit, 1/2 Roads	69,911.1	\$70.10
"		-	-	-	-	0.25%	Transit (Metrolink)	34,955.5	\$35.05
STE. GENEVIEVE	17,357	Road/Bridge	262.5		\$15.13	-	-	-	-
STODDARD	29,681	-	-	-	-	-	-	-	-
STONE	26,841	-	-	-	-	0.50%	Road maint.	1,377.5	\$51.32
SULLIVAN	6,998	-	-	43.0	\$6.14	-	-	-	-
TANEY	34,457	-	-	-	-	-	Road/Bridge Fund	506.6	\$14.70
TEXAS	22,373	-	-	-	-	-	-	-	-
VERNON	19,488	Road/Bridge	67.3		\$3.45	-	-	-	-
WARREN	24,512	Road/Bridge	432.7		\$17.65	-	-	-	-
WASHINGTON	23,042	Road/Bridge	338.9		\$14.71	-	Road/Bridge Fund	499.4	\$21.67
WAYNE	13,061	Road/Bridge	120.1		\$9.19	-	Road/Bridge Fund	336.2	\$25.74
WEBSTER	29,176	Road/Bridge	269.2		\$9.23	-	-	-	-
WORTH	2,289	Road/Bridge	160.5		\$70.14	-	-	-	-
WRIGHT	19,580	Road/Bridge	22.0		\$1.12	-	-	-	-
County Total:	5,437,562		17,916.4	8,526.7	\$4.86			167,681.9	\$30.84
Cities:									
Blue Springs	46,469					0.50%	?	2,420.6	\$52.09
Cape Girardeau	36,254					0.50%	?	3,552.6	\$97.99
Chesterfield	44,125					0.50%	Streets	1,665.2	\$37.74
Columbia	79,860					0.50%	?	6,429.5	\$80.51
Florissant	50,493					0.75%	?	-	-
Gladstone	28,152					0.50%	Streets/Sidewalks	1,415.7	\$50.29
Independence	116,785					-	-	-	-
Jefferson City	35,831					-	-	-	-
Joplin	44,903					0.50%	?	4,856.9	\$108.16
Kansas City	436,892	Road/street	190.3		\$0.44	0.50%	93% Transit, 7% Streets	29,159.5	\$66.74
Lee's Summit	66,741					0.50%	85% rd const, 15% maint	3,017.4	\$45.21
O'Fallon	35,792					0.50%	Streets	1,967.2	\$54.96
Raytown	29,569					0.50%	Streets	-	-
Springfield	143,704					0.125%	Misc.	3,605.2	\$25.09
St. Charles	58,766					-	-	-	-
St. Joseph	69,866	Parks/pkways	3,838.1		\$54.94	0.15%	Transit operations	1,336.8	\$19.13
"						0.70%	Streets	6,238.2	\$89.29
"						0.0025%	Transit cap, streets	22.3	\$0.32
St. Peters	51,702					-	-	4,564.8	\$88.29
University City	37,237					0.40%	?	1,800.0	\$48.34
Wildwood	30,967					-	-	-	-
19 Largest Cities:	1,444,108		4,028.4		\$2.79			72,052.0	\$49.89
1020 Other Cities:	3,993,454							51,571.1	\$12.91
State Total:	5,437,562		21,944.8	8,526.7	\$5.60		(Roads/Streets) (Transit)	167,103.4	\$30.73
								124,201.6	\$22.84

The City of St. Louis is independent, and is listed as a county. Blank rows indicate no data available; dashes indicate tax doesn't exist.
Source: Survey Results and Office of the State Auditor

Dedicated property taxes are an important source of transportation funding in Montana. Other than property taxes, we were not able to find any other local option transportation taxes. No local governments have enacted the state's new county gasoline tax, but if administrative difficulties are worked out in the future, this could become an important revenue source.

1. Fuel and Vehicle Taxes

In 1995, the state authorized counties to levy gasoline taxes of up to 2¢/gal if supported by a majority of voters.¹ Revenues must be used for construction and maintenance of roads. No counties have adopted these, in part because the state's existing taxation system (which administers the tax at the distributor level) doesn't track where in the state subsequent sales take place.²

In late 2000 voters approved the creation of a second new local option tax, a flat motor vehicle registration fee.³

Counties may also tax motor vehicles at up to 0.7% percent of their value annually, with proceeds used as a general revenue source and to fund county courts.⁴ These funds have not traditionally been used for transportation purposes.

2. Property Taxes and Assessments

A variety of local governments and special districts may adopt property taxes to fund transportation-related improvements, including municipal business improvement districts, special improvement districts, and street maintenance districts, urban transportation districts, road improvement districts, and railway authorities. Most of these require voter approval.

In 1998, counties road and bridge levies totaled \$23.3 million.⁵ We don't have information on the extent of funding for transportation-related districts at the sub-county level.

Three transit districts, Great Falls Transit, Billings Metropolitan Transit, and Missoula Mountain Line, report that they receive dedicated property tax revenues totaling \$4 million.⁶

3. Sales and Other Taxes

Only small resort towns may adopt a local option sales tax, which may be as high as 3%. The tax may be used for public facilities, including bridges, streets, and sidewalks. We do not have information on which areas have adopted this tax, but the net effect on statewide transportation funding is likely to be minor.

¹ Montana Code Annotated § 7-14-301.

² Letter from Montana Department of Transportation, (October 16, 2000).

³ Referendum LR-115, Section 38 (November 2000).

⁴ Montana Code Annotated § 61-3-537.

⁵ Montana Department of Revenue, "Guide to Taxes Administered by the Montana Department of Revenue," (January 1999), p. 74.

⁶ Federal Transit Administration, *National Transit Database* 1998.

MONTANA Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales	MCA 7-6-1503	Resort Tax (Sales Tax)	Resort communities (pop < 5,500)	1985	Up to 3%	-	Public facilities, incl. bridges, streets, sidewalks	C
Gasoline	MCA 7-14-301	Local Option Motor Fuel Excise Tax	Counties	1995	2¢/gal	-	Construction, Maintenance and Repair of Roads	B or C
Vehicles	MCA 61-3-537	Local Option Vehicle Tax	Counties	1987	Up to 0.7% of vehicle value	-	Courts, general revenues	B
	[1]	Local Option Flat Fee	Counties	2000	-	-	General Revenues	C
	MCA 15-24-301	Migratory Personal Property Tax	Counties	1953	Same as real property tax rate	-	General Revenues	B
Property	MCA 7-12-1133	Property Tax	Municipal Business Improvement Districts	1985		10 years	Streets, parking	C [2]
	MCA 7-12-4101	Property Tax	Special Improvement Districts	1913			Streets, parking	C [2]
	MCA 7-12-4402	Property Tax	Street Maintenance Districts	1897	-	-	Street maintenance	C [2]
	MCA 7-14-232	Property Tax	Urban Transportation Districts	1975	Up to 1.2%	-	"Transportation services"	C
	MCA 7-14-1633	Property Tax	Railway Authorities	1993	Up to 0.6%	-	Preservation/improvement of rail service and ROW [3]	C
	MCA 7-14-2502	Property Tax	Counties	1965	Up to 0.8%	-	Bridges	B
	MCA 7-14-2503							
	MCA 7-14-2504	Property Tax	Counties	1947	Up to 1%	-	Highways and bridges	C
	MCA 7-14-2807	Property Tax	Counties	1959	Up to 0.2%	-	Ferries	B
	MCA 7-14-2907	Property Tax	Road Improvement Districts	1989	-	-	Construction and maintenance of rural roads [3]	C
MCA 7-6-2531	Property Tax	Counties	1979	Any levy above the 5.5% maximum	2 years	Specified services and capital improvements [3]	C	

[1] Referendum LR-115 was approved by the voters in November, 2000.

[2] Majority of property owners and majority of assessed value

A = State Law
B = County/Local Law
C = Popular Vote

Nebraska makes use of local option taxes in transportation finance primarily for small projects. Typically, these are projects that are completed quickly, meet the minimum standards set by state or federal guidelines. Local option taxes seem to be a way for Nebraska to build projects more quickly and less expensively than if they were funded by state or federal monies, by avoiding costs associated with higher standards and consultant fees.

1. Fuel and Vehicle Taxes

Motor vehicle taxes are an important revenue local revenue source. Counties charge motor vehicle taxes (based upon vehicle age and value), and use the revenue to fund schools and other general purposes. They also charge motor vehicle fees (flat rates based on vehicle age, weight, and value), and use the revenue for road, bridge, and street purposes.¹ Since these taxes are imposed by the state and don't vary from county to county, they don't meet the definition of a local tax used in this study.

Cities and villages may adopt motor vehicle fees known as "wheel taxes" to fund street and road maintenance.² These are flat-rate fees that rise with vehicle weight. Just four cities (Arlington, Hastings, Lincoln, and Omaha) adopted this tax.³ Statewide revenues are about \$10.8 million annually (about \$6.50 per capita statewide).

2. Property Taxes and Assessments

Counties and municipalities have the authority to levy property taxes to generate revenue for public infrastructure projects, as do various kinds of improvement districts.⁴

Currently levying property taxes are one parking district, one railroad safety district, eight road improvement districts, and one transit district. Of these, the most significant are the Lancaster County Railroad Transportation Safety District, which raised \$2.8 million (nearly \$12 per capita) in fiscal year 2000 to improve at-grade crossings; and the Omaha Transit Authority, which raised over 5.9 million (\$16 per capita) for transit operations and capital costs. Nebraska also has 295 active sanitary and improvement districts, which may also fund streets and highways (among other types of projects). These collectively raise \$30.6 million through property taxes;⁵ Approximately 44% of these revenues were spent on road related expenses in 1999.⁶

3. Sales and Other Taxes

Municipalities may levy local option sales taxes of between 0.5% to 1.5% for general revenues, or to finance particular projects or economic development efforts.⁷ These taxes have been adopted by 96 cities.⁸ Some of these taxes may be earmarked for transportation projects, but we were not able to determine how prevalent this practice is. We did find some examples, however. In 1999, voters in the city of Fremont approved a 5-year, 0.5% sales tax, from which half of the revenues will be dedicated to widening and improving streets.⁹

¹ Revised Statutes of Nebraska §§ 60-3002 and 60-3007.

² Revised Statutes of Nebraska §§ 18-1214.

³ Letter from State of Nebraska Department of Roads (June 30, 2000).

⁴ Revised Statutes of Nebraska §§ 13-1311, 17-510, 31-340, and 39-1601.

⁵ State of Nebraska, Auditor of Public Accounts, "1999-2000 Budget Information Database" (June 2000).

⁶ Letter from Department of Roads, Division of Planning (November 9, 2000).

⁷ Revised Statutes of Nebraska § 77-27,142.

⁸ Nebraska Department of Revenue, "Local option sales and use tax rates, effective April 1, 2000."

⁹ Eiserer, "Voters OK Sales-Tax Increase to Fund Development Plan," *Omaha World-Herald* (May 12, 1999).

NEBRASKA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Sales	R.S.N. 77-27,142	Municipal sales tax	Municipalities	1969	.5%-1.5%	-	General revenues, specified projects, or economic development	C
Vehicle	R.S.N. 14-109; 18-1214	Wheel tax	Cities and villages	1963	Weight-based registration fee	-	Streets and roads	B
Property	R.S.N. 13-1311		Cities and counties	1971	1.70%	-	Infrastructure Projects	B
	R.S.N. 23-397		Counties	1982	Any	-	Bridges	B or C
	R.S.N. 14-1821		Metropolitan Transit Authority (cities with pop>300,000)	1957	0.10%	-	Public transit	E*
	R.S.N. 17-510		Street Improvement District	1879		-	Streets	C (60%)
	R.S.N. 31-340		Sanitary & Improvement District	1949		-	Roads, streets, highways, sidewalks	
	R.S.N. 39-1601		Road Improvement District	1957	0.035%	-	Roads	C (55%)

*Subject to annual approval by city councils

A = State Law
 B = County/Local Law
 C = Popular Vote
 D = Majority of City Councils
 E = Vote of agency or district

NEBRASKA

Adopted County, District, and Local Transportation Taxes

Jurisdictions	1999 Population	Property Taxes FY2000			Wheel Taxes for Streets FY1999	
		Revenues (\$1000s)	Purposes	Revs per capita	Revenues (\$1000s)	Revs per capita
Cities:						
Hastings	21,263				280.0	\$13.17
Omaha	386,742				8,211.0	\$21.23
Lincoln	215,928				2,333.0	\$10.80
Special Districts:						
Off-Street Parking District #1 (BUFFALO)		25.0	Parking			
Lancaster Co. RR Transportation Safety Dist	237,657	2,814.7	RR Safety	\$11.84		
Greeley County Road District #3		14.0	Roads			
Keith County Road District #1		0.2	Roads			
Scotts Bluff County Road District #2		0.4	Roads			
Scotts Bluff County Road District #6		1.7	Roads			
Sheridan County Road District #31		5.7	Roads			
Sheridan County Road District #33		10.3	Roads			
Sheridan County Road District #36		4.5	Roads			
Sheridan County Road District #43		5.5	Roads			
Omaha Transit Authority	371,291	5,904.5	Transit	\$15.90		
State Total:	1,666,028	8,786.6		\$5.27	10,824.0	\$6.50

Nevada has seen significantly growth in its use of local option transportation taxes. Over the past fourteen years, counties representing over 90% of the state's population have adopted dedicated sales taxes for transportation. Within the past decade, the state legislature has also authorized local option vehicle license, lodging, and development taxes to provide more local revenue for transportation projects. The state's two largest metropolitan areas have adopted packages of these taxes to finance major infrastructure initiatives. The Las Vegas region has enacted a package of six taxes generating \$166 million annually (\$136 per capita) for a beltway, streets, and transit investments. The Reno area has also assembled a diverse range of local revenue sources for transit, road construction, and a major rail safety project.

Because of its rapid growth and its increasing reliance on local option taxes, we chose Nevada as one of our twelve survey states. Unfortunately, the Nevada Department of Transportation was not able to supply local jurisdictions' highway finance reports, so we had to rely on what data was available from the state's Department of Taxation. As part of our research, we surveyed Nevada's 10 largest cities, and all 16 counties. We received valid survey responses from four cities (40% response rate) and three counties (19% response rate), and supplemented these results through direct follow-up contacts.¹

1. Fuel and Vehicle Taxes

Nevada counties may levy gasoline taxes of up to 9¢ per gallon, to be used for streets and highways.² All 16 counties and the state's one independent city have adopted the tax. The counties then fall into two groups: half levy the full 9¢ per gallon tax, and the other half levy just 4¢ per gallon.³ In all, this tax generates \$74 million statewide (about \$41 per capita).⁴ Survey respondents, although few in number, showed some diversity in how they used the revenues from this tax. Eureka County reported spending 60% on new highway capacity; Douglas and White Pine counties reported using 100% for local streets.

Nevada also authorizes its counties to adopt local option taxes on jet fuel, for aviation-related infrastructure. Clark County has adopted a 3¢ per gallon tax to fund airport access road projects.

Counties may also adopt a "vehicle privilege tax" of up to 1%, an annual assessment based on the vehicle's value and age.⁵ Three counties have adopted this supplemental tax, with two counties using it for general revenues. Clark County is using the \$18 per capita that this tax generates annual to help construct a beltway around Las Vegas.⁶

¹ Respondents included the cities of Las Vegas, North Las Vegas, Reno, and Winnemucca; and Douglas, Eureka, and White Pine counties. In addition to these survey responses, we gathered data from Churchill, Clark, and Washoe counties.

² Nevada Revised Statutes § 373.030.

³ Information on taxation rates is from State of Nevada, Department of Taxation, "Motor Vehicle Fuel Tax Collection and Distribution Statistics" (June 2000). The reason for this floor of 4¢ per gallon is an interesting one. The legislature created several new revenue sources for local governments, but then prevented the governments from receiving revenue from these taxes unless it had adopted a County Fuel Tax of at least four cents per gallon (Acts 1987, ch. 740, § 42(2) as cited in N.R.S. Annotated § 373.300).

⁴ State of Nevada, Department of Taxation, *Annual Report, Fiscal Year 1998-99* (January 2000), p. 39.

⁵ Nevada Revised Statutes § 371.045.

⁶ Nevada Department of Motor Vehicles and Public Safety, "New Nevada Resident Guide" (2000); Letter from Clark County Department of Finance (December 6, 2000).

2. Property Taxes and Assessments

In a few areas across the state, voters have approved dedicated property tax levies for street and road maintenance. Such levies have been adopted in two cities: Reno raises about \$111 per resident for street repairs, and North Las Vegas generates about \$23 per resident. In Douglas County, ten separate “general improvement districts” have voted to establish levies for rural road maintenance and repair.⁷ Eureka County has a countywide levy. Statewide, these taxes generate over \$21 million (\$12 per capita), but Reno’s levy accounts for most of this. Reno also has a separate special assessment district that raises fund for its downtown railroad grade separation project (see below).

3. Sales and Other Taxes

Nevada has authorized numerous local option sales taxes.⁸ Six counties have adopted a 1/4% tax that can be used for mass transit and/or road construction. In Carson City, Churchill, and Nye counties, the funds are used exclusively for road construction and maintenance. In White Pine County, 10% of the funds are used for transit, with the remainder split between highways and local streets. In Nevada’s two most populous counties, Clark and Washoe, the funds are used to support public transit operations.

Two areas have adopted sales taxes for railroad-related projects. Storey County has adopted a 1/4% tax to fund the Tricounty Railway Commission, which will use the funds to straighten and upgrade a rail link between Virginia City and Carson City. An 1/8% tax in Washoe County will re-grade railroad tracks in Reno to below street level, in order to increase capacity, improve safety, and promote economic development.

Statewide, sales taxes generated \$70.5 million in revenues for transportation projects in 1999, about \$39 per capita.

A variety of other tax options are also available. Voters may adopt lodging taxes up to 1% to raise funds for streets, highways, and transit.⁹ These has been approved in Clark and Douglas counties, in the city of Reno, and possibly others areas as well. In Clark County, revenues go to street and road improvements in areas of high tourism (around Las Vegas Boulevard); in Douglas County, they are used for highway maintenance; and Reno they help finance the railroad grade separation project. Revenues in Clark and Douglas counties are in the range of \$17-\$19 per capita.

Counties may also adopt development privilege taxes of up to \$500 per new home and 50¢ per square foot of new commercial space. Revenues can be used for growth-related projects, including the costs of sidewalks, streets, highways, and transit.¹⁰ Three counties have adopted this tax: Clark County uses its revenues to fund its beltway projects; Douglas and Washoe Counties use the revenues to fund capacity improvements to road and streets. Revenues from this tax range from \$4 per capita in Douglas County to \$41 per capita in Washoe County.

⁷ State of Nevada, Department of Taxation, “Fiscal Year 1999-2000 Property Tax Rates for Nevada Local Governments” (1999).

⁸ State of Nevada, Department of Taxation, “Tax Rates by County,” (1999).

⁹ Nevada Revised Statutes § 244.3351.

¹⁰ Nevada Revised Statutes § 278.710.

NEVADA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Gasoline	NRS 373.030	County Tax on Fuel	Any (w/street/highway plan)	1965	Up to 9¢/gal	-	Construction and maintenance of highways	B
Vehicle	NRS 371.045	Supplemental Vehicle Privilege Tax	Counties	1991	1% of assessed value	-	General revenues or streets and highways	C
Property	NRS 320.110	Road Maintenance Assessments	Road Maintenance Districts	1999		-	Road improvements	B (county)
	NRS 318.225	General Improvement Assessments	General Improvement Districts	1959		-	Streets and sidewalks	B (county)
Sales	NRS 377A.020	Sales Tax for Mass Transportation & Roads	Counties	1985	0.500%	-	Mass Transit & Roads	C
	NRS 377B	Sales Tax for Infrastructure	Counties	1997	0.125% in Washoe Co; Up to 0.25% elsewhere	Until 2025 or \$2.3B in revs.	Infrastructure (Water and waste mgmt-related)*	B(2/3)
	Stats 1997, ch. 506, sec. 23 Stats 1993, ch. 566	Sales Tax for RR Grade Separation Railroad Sales Tax	Washoe County Carson, Lyon, Storey Counties	1997 1993	0.125% 0.250%	- -	RR Grade Separation Tricounty Railway Commn	B B
Misc	NRS 244.3351	County lodging tax	Counties	1991	1% of gross receipts	-	Sidewalks, streets, highways, and transit	C
	NRS 278.710	County development privilege tax	Counties	1991	Up to \$500/house or 50¢/sq. ft.	-	Sidewalks, streets, and highways	C

*Projects must be specified in advance

A = State Law
B = County/Local Law
C = Popular Vote

NEVADA

Adopted County, District, and Local Transportation Sales & Fuel Taxes

Jurisdictions	Population 1999	Sales Taxes for Transportation					Motor Fuel Taxes			
		Rate (%)	Effective Date	Purpose	FY99 Revenue (\$1,000's)	Revs per capita	Notes	Rate (¢/gal)	FY99 Revenue (\$1,000's)	Revs per capita
CARSON CITY (Independent city)	50,046	0.25%	1988	Roads	1,837.4	\$36.71	[1]	9	3,154.0	\$63.02
CHURCHILL	23,405	0.25%	1986	Roads	553.0	\$23.63	[2]	9	681.3	\$29.11
CLARK	1,217,155	0.25%	1991	Transit	49,546.2	\$40.71	[3] [4a]	9	49,598.4	\$40.75
DOUGLAS	37,602						[2]	4	829.1	\$22.05
ELKO	45,465							4	1,175.7	\$25.86
ESMERALDA	1,121							4	21.2	\$18.91
EUREKA	1,854							4	75.9	\$40.94
HUMBOLDT	17,876							9	1,221.5	\$68.33
LANDER	6,709							4	175.9	\$26.22
LINCOLN	4,226							4	118.0	\$27.92
LYON	31,459							9	1,344.7	\$42.74
MINERAL	5,176							9	288.3	\$55.70
NYE	29,709	0.25%	1986	Roads	693.2	\$23.33		4	689.8	\$23.22
PERSHING	4,803							9	453.5	\$94.42
STOREY	2,988	0.25%	1996	Tricounty Railway	106.1	\$35.52	[5]	4	15.8	\$5.29
WASHOE	319,816	0.25%	1982	Transit	11,673.7	\$36.50	[2] [4b]	9	13,989.5	\$43.74
"	"	0.125%	1999	RR Grade Project	5,836.9	\$18.25				
WHITE PINE	9,843	0.25%	1986	10% Transit, 45% Hwy maint., 45% Streets	274.8	\$27.92	[6]	4	295.4	\$30.01
Total	1,809,253			(Streets/Roads)	3,331.0	\$1.84			74,128.0	\$40.97
				(Railroads)	5,943.0	\$3.28				
				(Transit)	61,247.4	\$33.85				

[1] Also has a 1/4% tax for open space

[2] Also has a 1/4% tax for general revenues

[3] Also has a 1/4% tax for flood control

[4a] Also has a 1/4% tax for infrastructure (Southern Nevada Water Authority)

[4b] Also has a 1/8% tax for infrastructure

[5] Also has a 1/4% tax for promotion of tourism

[6] Also has a 1/8% tax for school capital projects

NEVADA

Adopted County, District, and Local Transportation Property & Other Taxes

Jurisdictions	Population 1999	Property Taxes			Other Taxes for Transportation				
		Purpose	FY 2000 Revenue (\$1,000's)	Revs per capita	Type	Rate	Purpose	1999 Revenue (\$1,000's)	Revs per capita
Counties:									
CARSON CITY (Independent city)	50,046								
CHURCHILL	23,405								
CLARK	1,217,155				Lodging	1.0%	Streets & Roads	20,444.4	\$16.80
					Development	\$500/home	Highways (beltway)	24,349.2	\$20.00
					Vehicle		Highways (beltway)	22,642.1	\$18.60
DOUGLAS	37,602				Lodging	1.2%	Highway maint.	696.0	\$18.51
					Development	\$500/home	Streets	138.0	\$3.67
ELKO	45,465								
ESMERALDA	1,121								
EUREKA	1,854	Roads	598.5	\$322.82					
HUMBOLDT	17,876								
LANDER	6,709								
LINCOLN	4,226								
LYON	31,459								
MINERAL	5,176								
NYE	29,709								
PERSHING	4,803								
STOREY	2,988								
WASHOE	319,816				Development		Road construction	13,160.2	\$41.15
WHITE PINE	9,843								
Cities:									
N. Las Vegas (CLARK)	94,218	Streets	2,187.4	\$23.22					
Reno (WASHOE)	163,334	Streets	18,184.7	\$111.33	Lodging	1.0%	RR Grade Project		
Special Districts: [3]									
Cave Rock Estates GID		Roads	29.5						
Lakeridge GID		Roads	39.5						
Logan Creek GID		Roads	10.7						
Marla Bay GID		Roads	41.7						
Oliver Park GID		Roads	35.1						
Skyland GID		Roads	120.8						
Topaz Ranch Est GID		Roads	72.9						
Zephyr Cove GID		Roads	25.3						
Zephyr Heights GID		Roads	63.3						
Zephyr Knolls GID		Roads	16.0						
Statewide Total:	1,809,253		21,425.4	\$11.84	Lodging			21,140.4	\$11.68
					Development			37,647.4	\$20.81
					Vehicle			22,642.1	\$12.51

[1] Also has vehicle privilege tax that is used for general revenues

[2] Lodging and development privilege revenue data shown for 1997

Like other New England states, New Hampshire does not give its local governments much authority to adopt local option taxes. Nonetheless, it is interesting to note that the local property and vehicle taxes are among the highest in the nation in New Hampshire. Unfortunately, we were not able to find any sources of information on local transportation finance in New Hampshire, so we are not able to draw any conclusions about how these taxes are being used.

1. Fuel and Vehicle Taxes

Local jurisdictions may levy any of several types of vehicle registration taxes. The first of these, an *ad valorem* tax of up to 18 mills, based on a vehicle's age, is mandated at the same rate for all local governments under state law. A second *ad valorem* tax is a local option, and may be levied at up to 5 mills to raise funds for local parking facilities. Other local option registration taxes include flat fees that can be used to fund junk vehicle disposal programs, as well as general municipal transportation improvements.¹ Data on tax rates, revenues, and uses was not available.

2. Property taxes and assessments

Local governments rely heavily upon property taxes as a means of generating revenue, since they do not have many other taxation powers available. While local jurisdictions most likely put these tax revenues into their respective general funds, we do not have data available to determine whether municipal or county governments earmark a share of their property taxes for transportation projects.

3. Sales and other taxes

None.

¹ New Hampshire Revised Statutes Annotated §§ 261:153 and 261:154.

NEW HAMPSHIRE
Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Vehicle	RSA 261:153	Fees for Registration Permits	All cities and towns	1919	Up to 1.8% of vehicle value, rate based on vehicle age \$5 per heavy vehicle; \$3 per car	-	General revenues	A
	RSA 261:153(V)	Additional Registration Fee for Reclamation Trust Fund	Any city or town	1989		-	Motor vehicle disposal	B
	RSA 261:153(VI)	Additional Registration Fee for Transportation Improvements	Any city or town	1997	\$5 per vehicle	-	Roads, parking, bicycle facilities, transit capital/operations.	C
	RSA 261:154	Additional Registration Fee for Parking Facilities	Towns and cities (pop > 50,000)	1969	Up to 0.5% of vehicle value, rate based on vehicle age	-	Parking facilities	B(2/3) or C

A = State Law
 B = County/Local Law
 C = Popular Vote

According to federal statistics, New Jersey has the least dependence on local taxation in its system of transportation finance of any state in the nation. It relies to a greater extent than most other states on toll revenue for highway finance, and is perhaps unique in having a single, statewide transit agency, rather than an assortment of locally-based service providers. Its major regional transportation investments, such as the new Hudson-Bergen Light Rail line, tend to be funded by state-backed bonds. Even here, however, there are some small ways in which local taxation can finance transportation investments. The state does authorize some local option taxes that could generate transportation revenue, but these are rarely used.

1. Fuel and Vehicle Taxes

New Jersey does not have a local option gas tax. Municipalities may adopt parking taxes up to 15% as a general revenue source, but it is not known which areas have adopted this tax. Atlantic City does have a state-imposed Casino Parking Tax, which is used to fund public infrastructure improvements in the city.¹ In 1998, this tax raised \$15.3 million.²

2. Property taxes and assessments

Cities may impose special assessments on properties benefiting from local road projects,³ but no centralized statistics are available on these revenues.

3. Sales and Other Taxes

New Jersey law allows certain municipalities to adopt local sales taxes to fund public transit and other programs.⁴ However, none of these appear to have been adopted; the state instead has several areas (including Salem County and designated enterprise zones) where the sales tax rate has been cut in half. Counties may not adopt local sales taxes.

Cities may also adopt payroll taxes up to 1%, for use as general revenues, but none has done so.⁵

¹ New Jersey Public Statutes § 40:48C-6; Public Laws 1993, Chapter 159.

² New Jersey Division of Taxation, "1999 Annual Report" (2000), p. 21.

³ New Jersey Public Statutes § 40:56-48.

⁴ New Jersey Public Statutes § 40:48-8.15.

⁵ New Jersey Public Statutes § 40:48C-15.

NEW JERSEY

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales	NJPS 40:48-8.15	Retail sales tax in fourth class cities	Qualifying municipalities	1947	Up to 9%	-	Public transit and other purposes (see 40:37A-54)	C
Income	NJPS 40:48C-15	Payroll Tax	Any municipality	1970	Up to 1%	Until 2004	General revenues	B
Property	NJPS 40:56-48	Benefit assessments for road projects	Any municipality		Any		Road improvements	B
Parking	NJPS 40:48C-6	Parking Tax	Any municipality	1970	Up to 15%	Until 2004	General revenues	B
	P.L. 1993 Ch. 159	Atlantic City Casino Parking Fee	Atlantic City	1993	\$2 per day	-	Public Improvements	A

A = State Law
 B = County/Local Law
 C = Popular Vote

The dominant sources of revenues for local transportation investments in New Mexico are state motor fuel and motor vehicle taxes that are passed down to local governments. Until recently, these funds could be used however the cities and counties wished to use them, and as much as \$16 million statewide had been diverted into local general revenues. But in 1999, the state legislature passed a law requiring local governments to use their share of state gasoline tax distributions for transportation purposes.

Local option taxes have played a very small role in New Mexico transportation finance, but their use is starting to accelerate as the state grows more urbanized. So far, sales taxes have been the preferred revenue source. Earlier this decade, the state's capital adopted a dedicated sales tax for transit, and in the past year, its largest city followed suit with a tax earmarked for transit and road improvements.

1. Fuel and Vehicle Taxes

Four separate state statutes provide local jurisdictions with the authority to adopt gas taxes if approved by a majority of voters. All four apply only in counties with populations over 100,000 as of the most recent census (before the 2000 census, this included only Bernalillo and Dona Ana counties). Cities and the unincorporated parts of counties may adopt gas taxes up to 2¢ per gallon for any specified purpose.¹ In addition, counties may adopt a separate 2¢ gas taxes to fund vehicle emissions inspections programs, and to fund hospital services for the poor.² This is an unusual authorization, since most states require that gasoline tax revenues be used for transportation-related purposes. No areas have adopted these taxes.

2. Property taxes and assessments

County improvement districts may adopt property taxes of up to 2%; the revenues may be used for repaying bond debt from capital projects, including roads, streets, and sidewalks.³ Counties may also adopt special earmarked property taxes for road maintenance. Both of these authorizations are rarely used if at all; generally, counties choose to allocate funds to transportation projects on an annual budgeting basis.

3. Sales and other taxes

City and county gross receipts taxes (which replaced the earlier sales tax) may be used for a wide range of purposes, including roads, streets, and public transit.⁴ However, although the law does require a purpose to be specified, it does not prevent broadly defined purposes, such as “general revenues” or “capital projects” to be used. While some areas have chosen to be somewhat specific about how their gross receipts tax revenues may be used, most prefer to word their statutes broadly, to allow greater flexibility in the annual budgeting process.

Most local jurisdictions have adopted a gross receipts tax, with rates that range from 1/8% to over 11/4%, but no centralized information is available on which areas have adopted transportation-related earmarks. Nonetheless, it is clear that some areas are using local option taxes for significant new transportation investments. In 1991, Santa Fe voters approved a 1/4% gross receipts tax that it primarily used to funding transit services in the city. In 1999, voters in Albuquerque narrowly approved a 10-year, 1/4% sales tax

¹ New Mexico Statutes Annotated §§ 7-24A-5 and 7-24A-8.

² New Mexico Statutes Annotated §§ 7-24A-6.1 and 7-24B-4.

³ New Mexico Statutes Annotated § 4-55A-12.1.

⁴ New Mexico Statutes Annotated §§ 7-19D-9, 7-19D-11, 7-20E-11, and 7-20E-19.

to fund road, bus, and recreational trail projects. Most recently, in early 2000, a one-eighth percent sales tax to improve county roads was approved by Torrance County voters.⁵

Other areas have also budgeted gross receipts taxes for transportation projects. In 1999, seven counties and 19 cities allocated these revenues for their road or street funds. It is not known which if any of these appropriations resulted from legal earmarks. In all, local governments allocated \$15.7 million in gross receipts taxes for streets, roads, and public transit in 1999.⁶

⁵ Letter from City of Santa Fe (July 13, 2000); McClannahan, "Voters OK Sales-Tax Hike," *Albuquerque Journal* (January 13, 2000); Turnbull and Lumpkin, "Voters Give Road Tax Green Light," *Albuquerque Journal* (April 1, 1999).

⁶ These data include the Santa Fe tax, but not the Albuquerque and Torrance County taxes, which were not collected in 1999.

NEW MEXICO Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Sales	NMSA 7-19D-9	Muni. Local Option Gross Receipts Tax	Municipalities	1978	Up to 1.25%	-	Any specified purpose	C
	NMSA 7-19D-11	Municipal Infrastructure Gross Receipts Tax	Municipalities	1991	Up to 0.25%	-	Streets, public transit	1st 1/8%: B 2nd 1/8%: C
	NMSA 7-20E-11	First 1/8% County Local Option Gross Receipts Tax	Counties	1983	0.125%	-	Roads, general revenues	C
	NMSA 7-20E-19	County Infrastructure Gross Receipts Tax	Counties	1998	Up to 0.125%	-	Infrastructure, incl. roads and transit	C
Gasoline	NMSA 7-24A-5	County Gasoline Tax	Unincorporated parts of counties (pop > 100,000)	1978	Up to 2¢/gal	-	Any specified purpose*	C
	NMSA 7-24A-6.1	Countywide Gasoline Tax	Counties (pop > 100,000)	1986	Up to 2¢/gal	-	Vehicle emissions inspection program*	C
	NMSA 7-24A-8	Municipal Gasoline Tax	Cities (in counties with pop > 100,000)	1978	Up to 2¢/gal	-	Any specified purpose*	C
	NMSA 7-24B-4	Special County Hospital Gasoline Tax	Counties	1987	Up to 2¢/gal	5 years	Operations of hospitals, including care for the poor	C
Property	NMSA 4-55A-12.1	Property Taxes	County Improvement Districts	1998	Up to 2%	-	Streets, roads, bridges, sidewalks, etc. (see 4-55A-4)*	C

*Purpose must be specified in advance

A = State Law
B = County/Local Law
C = Popular Vote

NEW MEXICO
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1999	Sales Taxes - FY 1999		Purposes	Transport. Revenues (\$1,000's)	Revs per capita	Notes
		Total Rate (%)	Rate for Transport (%)				
Counties:							
BERNALILLO	523,472	0.3750					
CATRON	2,862	0.1250					
CHAVES	62,394	0.9375	?	Roads	375.0	\$6.01	
CIBOLA	26,894	1.2500					
COLFAX	13,666	0.6250					
CURRY	43,570	0.3750					
DEBACA	2,359	0.6250					
DONA ANA	170,361	0.8125					
EDDY	53,122	0.6250	?	Roads	25.5	\$0.48	
GRANT	31,335	0.8125	?	Roads	521.7	\$16.65	
GUADALUPE	4,023	0.3750					
HARDING	854	0.2500					
HIDALGO	6,027	0.3750					
LEA	55,067	0.2500					
LINCOLN	16,778	0.1250					
LOS ALAMOS	18,281	1.0625					
LUNA	24,360	0.6875					
MCKINLEY	66,923	0.8750	?	Roads	276.2	\$4.13	
MORA	4,945	0.6250	?	Roads	33.3	\$6.73	
OTERO	54,185	0.6250					
QUAY	9,872	0.6250					
RIO ARRIBA	38,180	0.6250					
ROOSEVELT	17,416	0.2500					
SAN JUAN	109,899	0.7500					
SAN MIGUEL	28,488	0.8125					
SANDOVAL	90,253	0.7500					
SANTA FE	124,228	0.8750					
SIERRA	11,008	0.7500	?	Roads	16.6	\$1.51	
SOCORRO	16,500	0.5625					
TAOS	27,116	1.3125	?	Roads	446.0	\$16.45	
TORRANCE	16,408	0.6875	0.125	Roads			[1]
UNION	3,903	0.2500					
VALENCIA	65,095	0.8125					
Cities:							
Albuquerque (BERNALILLO)	420,578		0.250	76% Roads, 4% trails, 20% transit			[1]
Santa Fe (SANTA FE)	69,299		0.250	Transit	8,957.8	\$129.26	[2]
Other Cities				Streets	5,007.0		
State Total:	1,739,844			(Streets/Roads)	6,701.3	\$3.85	
				(Transit)	8,957.8	\$5.15	

[1] Tax first collected in 2000.

[2] Fiscal Year 1998, estimated from gross receipts data.

New York stands apart in its use of local transportation taxes in several respects. First, it has adopted taxes found in few other places, including a mortgage recording tax, and a corporate tax on businesses in the transportation industry. These taxes both play central roles in funding public transit across the state.

Another distinction is that New York is home to the nation's largest transportation taxing district, the Metropolitan Commuter Transportation District. This district serves nearly 12 million residents in the region surrounding New York City, and relies on dedicated sales, mortgage recording, and corporate franchise taxes. It derives over \$1.1 billion in revenues from these taxes annually (\$94 per capita in the district), which it uses to fund the operating and capital expenses of New York City's buses and subways, two commuter rail systems, and numerous suburban bus systems.

Finally, it should be noted that as in other Mid-Atlantic states, transportation planning and finance tend to be highly centralized in New York State. The state legislature itself imposes many of the "local" taxes that fund public transit, directly establishes the state's various user fee-financed transportation authorities, and periodically assembles packages of transportation projects to be financed by voter-approved statewide general revenue bonds. The actual degree of local control over transportation tax revenues is limited.

The use of local option taxes in New York State has been relatively stable over time. The only significant recent trend has been an increase in towns' use of property taxes and impact fees to fund road projects, but these remain small compared with other revenue sources.

Our research on New York included surveying the 20 largest cities, all 57 counties, and all five regional transportation authorities in the state. We received valid responses from three cities (15% response rate), 18 counties (30% response rate), and all five transportation authorities.¹ We were not able to obtain local highway finance data from the state government.

1. Fuel and Vehicle Taxes

New York's only local option fuel tax authorization is an obsolete provision for a 1¢ per gallon tax on leaded fuel in New York City.² Motor vehicle registration taxes are used for transportation purposes, but are imposed uniformly across the state.

Under their home rule powers, some local areas can adopt vehicle taxes and fees. In 1991, Suffolk County adopted a "use fee" on vehicle registrations. This fee was set at \$4 for passenger vehicles weighing less than 3,500 lbs., \$7 for vehicles over 3,500 lbs., and \$8 for trucks and buses. Revenues are earmarked for road maintenance.³

2. Property taxes and Assessments

New York State requires that all counties impose a 3/4% mortgage recording tax. In addition, counties lying within one of the state's five regional transportation districts must impose an additional 1/4% tax to support transit capital and operating costs.⁴ These districts include the Capital District Transportation District (in the Albany metropolitan area), the Niagara Frontier Transportation District (Buffalo), the Central New York Transportation District (Syracuse), the Rochester-Genesee Transportation District (Rochester), and the Metropolitan Commuter Transportation District (New York City). In all, the areas

¹ Respondents included the cities of Freeport, Yonkers, and White Plains; and the counties of Albany, Cortland, Franklin, Fulton, Hamilton, Herkimer, Livingston, Montgomery, Nassau, Onandaga, Oneida, Orange, Otsego, Rockland, Saratoga, Tompkins, Ulster, and Yates.

² New York Consolidated Laws Service, Tax § 284B.

³ Laws of Suffolk County, New York, § 363-2.

⁴ New York Consolidated Laws Service, Tax §§ 253(2), 261.

imposing this tax cover 21 counties plus New York City, and include 85% of the state's population. Together, these taxes generate \$231 million per year (\$13 per capita statewide).⁵

Property taxes used for transportation purposes tend to be built into general-purpose local levies on an annual basis, so aren't generally reported as earmarked special levies. However, a few local governments did report in their survey responses that they have enacted dedicated property tax levies, including 0.97 mills in Freeport for local streets, and 4.5 mills in Otsego County for highway and bridge maintenance, 0.6 mills and 0.5 mills for transit operation and highway maintenance respectively in Livingston County.

Townships have increasingly been adopting dedicated property taxes, special assessments, and development mitigation fees to fund street or highway projects, although the total contribution of these taxes is believed to remain small. These taxes often support projects that serve broader local policy objectives, including economic development and the mitigation of quality-of-life conflicts.⁶ We did not survey towns, and could not find a centralized source of data for the taxes they impose.

3. Sales and other taxes

Cities and counties generally have the authority to adopt general local option sales taxes up to three percent (four percent in New York City), but may exceed this limit on a temporary basis.⁷ Every county in the state has adopted a sales tax, with rates ranging from Westchester's 2.5% to Nassau's 4.25%. Other than New York City, 24 cities have also adopted sales taxes, ranging from 1 to 3%.⁸ These governments are not required to designate a purpose for the revenues from these taxes, and most have chosen to keep it a general revenue source or share the revenues with local municipalities or school districts. However, a few do use this tax as a revenue source for transportation. In 1991, Erie County adopted a dedicated 1/8% sales tax that helps fund transit operations in the Niagara Frontier Regional Transportation District. In addition, Herkimer County annually sets aside \$1 million from its sales tax revenues for highway maintenance and equipment.

In addition to these taxes, in 1981 the state imposed a 0.25% sales tax on seven counties plus the five boroughs of New York City to fund the Metropolitan Commuter Transportation District.⁹ In 1997, this tax raised nearly \$308 million (\$26 per resident of the district).¹⁰

Transportation and transmission companies (including trucking and local telephone companies) operating in the Metropolitan Commuter Transportation District must also pay a surcharge on their state franchise tax to support transit operations.¹¹ In the 1997-98 fiscal year, this tax generated \$601 million (\$50 per resident of this district).¹² A similar tax was authorized for Erie County, but has not been adopted.

Some local ordinances authorize income taxes. The City of Yonkers levies an income tax of 15% of the state tax. New York City levies graduated income taxes according to its own schedule.¹³ Neither of these taxes are earmarked for transportation-related purposes.

⁵ Data on revenues gathered from correspondence with individual regional transit authorities. Data for Metropolitan Commuter Transportation District from Metropolitan Transit Authority, "MTA 2000 Combined Amended Continuing Disclosure Filings, Vol. 1," (May 24, 2000), p. "TBTA 1991 Attachment 3-4."

⁶ Letter from New York State Department of Transportation (November 20, 2000).

⁷ New York Consolidated Laws Service, Tax §§ 1107 and 1108.

⁸ New York State, Department of Taxation and Finance, "Enactment and Effective Dates of Sales and Use Tax Rates," PUB-178A, (2000); New York State, Office of the State Comptroller, "Local Governments and Their Use of Sales Tax in New York State," (March 1998).

⁹ New York Consolidated Laws Service, Tax § 1109.

¹⁰ Estimate based on taxable sales data from New York State, Department of Taxation and Finance, Office of Tax Policy Analysis, "Taxable Sales and Purchases: 3/98 - 8/98" (2000).

¹¹ New York Consolidated Laws Service, Tax §§ 183-a and 184-a.

¹² Metropolitan Transit Authority, "MTA Dedicated Tax Fund Series 2000A Official Statement," (Feb. 10, 2000).

¹³ New York State Unconsolidated Laws § 92-81; New York Consolidated Laws Service, Tax § 1321.

NEW YORK Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Sales	NYCLS Tax/1107	Sales Tax	New York City	1975	4%	-	Municipal services	B
	NYCLS Tax/1108	Sales Tax	Cities (Pop < 1 million)	1975	3%	-	Municipal services	B
	NYCLS Tax/1109	Sales Tax	Metropolitan Commuter Transportation District*	1981	0.25%	-	Transit	A
Income	NYCLS Tax/1301 NYCLS Gen City/25-a	City Personal Income Tax	New York City	1975	Graduated rates	-	General Revenues	B
	NYCLS Tax/1321	City Income Tax Surcharge**	Yonkers	1984	Up to 19.5% of state income tax	-	General Revenues	B
Fuel	NYCLS Tax/284B	Leaded Fuel Tax	New York City	1971	1¢/gal on lead fuel	-	General Revenues	B
Property	NYCLS Tax/253(2)	Mortgage Recording Tax	Counties in regional transport. authorities	1969	0.25%	-	Mostly transit operations	A ***
	NYCLS Towns/292	Special Assessments for Street Improvements	Towns	1932		-	Street improvements	C ****
	NYCLS Highways/292	Property Tax	Towns	1936	0.33%	Annual	Maintenance and improvement of town highways	C
Other	NYCLS Tax//183-a, NYCLS Tax//184-a	Business Tax Surcharge on Transportation and Transmission Corporations	Metropolitan Commuter Transportation District*	1982	18% of the statewide tax on these corporations	Until 2001	Transit	A
	NYCLS Tax//186-d	Business Tax Surcharge on Transportation Corporations	Erie County	1990	Up to 3/4% of gross receipts in the county		Transit	B

* The Metropolitan Commuter Transportation District includes New York City and Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester counties.

** See NYSUL 92-81 for the implementation of this tax in Yonkers

*** May be repealed in some counties by ordinance

**** Requires signatures of resident landowners representing 50% of frontage, or all landowners representing 80% of frontage

A = State Law
B = County/Local Law
C = Popular Vote

NEW YORK
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1997	Sales Taxes				Mortgage Recording & Property Taxes				
		Rate (%)	1997 Taxable	Revenues (\$1,000's)	Revs per capita	Notes	Rate (%)	Type	Revenues (\$1,000's)	Revs per capita
Transit Districts:										
NYMCTD [1]	11,899,713	0.25%	123,126.2	307,815.5	\$25.87					
NFTA [2]	1,162,332					0.25%	MRT	213,900.0	\$17.98	[9]
CDTA [3]	789,329					0.25%	MRT	5,074.2	\$4.37	
RGTA [4]	983,277					0.25%	MRT	4,004.6	\$5.07	
CNYRTA [5]	667,782					0.25%	MRT	5,500.0	\$5.59	
						0.25%	MRT	2,474.0	\$3.70	
Counties:										
ALBANY	294,525					0.25%	MRT			[3]
ALLEGANY	50,823									
BROOME	198,080									
CATTARAUGUS	85,123									
CAYUGA	82,415					0.25%	MRT			[5]
CHAUTAUQUA	139,373									
CHEMUNG	92,549									
CHENANGO	51,617									
CLINTON	80,064									
COLUMBIA	63,288									
CORTLAND	48,137									
DELAWARE	46,462									
DUTCHESS	263,624	0.25%	2,668.8			0.25%	MRT			[1]
ERIE	942,832	0.125%		12389.3	\$13.14	0.25%	MRT			[2]
ESSEX	37,692									
FRANKLIN	49,091									
FULTON	53,427									
GENESEE	60,990					0.25%	MRT			[4]
GREENE	47,658									
HAMILTON	5,182									
HERKIMER	65,003	-		1000.0	\$15.38					[6]
JEFFERSON	112,397									
LEWIS	27,584									
LIVINGSTON	65,712					0.25%	MRT			[4]
"						0.11%	Property	2,109.6	\$32.10	[7]
MADISON	70,857									
MONROE	717,611					0.25%	MRT			[4]
MONTGOMERY	51,238									
NASSAU	1,299,372	0.25%	16,152.2			0.25%	MRT			[1]
NIAGARA	219,500					0.25%	MRT			[2]
ONEIDA	232,483									
ONONDAGA	460,671					0.25%	MRT			[5]
ONTARIO	99,654									
ORANGE	326,586	0.25%	3,307.2			0.25%	MRT			[1]
ORLEANS	44,827									
OSWEGO	124,696					0.25%	MRT			[5]
OTSEGO	60,686					0.45%	Property	7,624.2	\$61.14	[8]
PUTNAM	92,199	0.25%	673.2			0.25%	MRT			[1]
RENSSELAER	152,912					0.25%	MRT			[3]
ROCKLAND	278,331	0.25%	2,643.7			0.25%	MRT			[1]
SARATOGA	195,661					0.25%	MRT			[3]
SCHENECTADY	146,231					0.25%	MRT			[3]
SCHOHARIE	32,256									
SCHUYLER	19,067									
SENECA	32,165									
ST. LAWRENCE	113,663									
STEUBEN	98,362									
SUFFOLK	1,360,075	0.25%	16,271.2			0.25%	MRT			[1]
SULLIVAN	69,581									
TIOGA	52,367									
TOMPKINS	97,287									
ULSTER	166,920									
WARREN	61,268									
WASHINGTON	60,355									
WAYNE	94,633					0.25%	MRT			[4]
WESTCHESTER	896,625	0.25%	11,823.0			0.25%	MRT			[1]
WYOMING	44,331					0.25%	MRT			[4]
YATES	24,165									
NEW YORK CITY	7,382,901	0.25%	69,586.9			0.25%	MRT			[1]
State Total	18,143,184	Transit:		320,204.8	\$17.65			232,103.5	\$12.79	
		Roads:		1000.0	\$0.06			8,583.1	\$0.47	

- [1] The New York Metropolitan Commuter District covers New York City and Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester counties. The 1/4% sales tax and the 1/4% mortgage recording tax cover the entire district.
- [2] The Niagara-Frontier Transportation Authority serves the Buffalo metro area, and consists of Erie and Niagara counties. The 1/8% sales tax covers only Erie County; the 1/4% mortgage recording tax covers the entire district.
- [3] The Capital District Transportation Authority serves the Albany metro area, and consists of Albany, Rensselaer, Saratoga, and Schenectady counties. The 1/4% mortgage recording tax covers the entire district.
- [4] The Rochester-Genesee Transportation Auth. serves the Rochester metro area, and consists of Genesee, Livingston, Monroe, Wayne, and Wyoming counties. The 1/4% mortgage recording tax covers the entire district.
- [5] The Central NY Regional Transportation Authority serves the Syracuse metro area, and consists of Cayuga, Onondaga, and Oswego counties. The 1/4% mortgage recording tax covers the entire district.
- [6] Herkimer County sets aside \$1 million annually from its sales tax; 75% goes toward highway & bridge maint., and 25% toward purchases of equipment. The 1/4% mortgage recording tax covers the entire district.

Jurisdictions	Population 1997	Sales Taxes				Mortgage Recording & Property Taxes				
		Rate (%)	1997 Taxable Sales (\$M)	Revenues (\$1,000's)	Revs per capita	Notes	Rate (%)	Type	Revenues (\$1,000's)	Revs per capita

- The 1/8% sales tax covers only Erie County; the 1/4% mortgage recording tax covers the entire district.
- [3] The Capital District Transportation Authority serves the Albany metro area, and consists of Albany, Rensselaer, Saratoga, and Schenectady counties. The 1/4% mortgage recording tax covers the entire district.
- [4] The Rochester-Genesee Transportation Auth. serves the Rochester metro area, and consists of Genessee, Livingston, Monroe, Wayne, and Wyoming counties. The 1/4% mortgage recording tax covers the entire district.
- [5] The Central NY Regional Transportation Authority serves the Syracuse metro area, and consists of Cayuga, Onondaga, and Oswego counties. The 1/4% mortgage recording tax covers the entire district.
- [6] Herkimer County sets aside \$1 million annually from its sales tax; 75% goes toward highway & bridge maint., and 25% toward purchases of equipment. The 1/4% mortgage recording tax covers the entire district.

The use of local option taxes in North Carolina has traditionally been small. However, the state has been urbanizing rapidly, and pressure has been growing on local governments to find new ways of financing transportation improvements. Mecklenburg County's recent success in winning voter approval for a half-percent sales tax to fund capital investments in public transit has raised hopes in other counties that they may be able to follow suit.

1. Fuel and Vehicle Taxes

Towns, counties, and transportation authorities may levy local vehicle registration taxes up to \$5 to support public transit, and up to \$5 for any purpose.¹ Various types of transportation authorities may also adopt registration taxes up to \$5 to fund transit, as well as a 5% vehicle rental tax.² These taxes have been adopted in only a few locations. Triangle Transit, which serves Wake, Durham, and Orange counties, adopted the \$5 vehicle registration fee in 1991 to fund bus and rideshare programs. In 1998, it adopted the 5% vehicle rental tax to fund the planning and initial construction costs of a rail transit system. Charlotte's transit district also receives revenues from dedicated vehicle registration fees. No revenue data was available for these taxes.

2. Property Taxes and Assessments

Cities and counties may adopt dedicated property taxes to help repay revenue bonds, and to fund parking, transit, and road projects. It is not clear which cities and counties have adopted transportation-related taxes, because these are mixed in with general property taxes in the state publications. Transit agencies in Durham, Greensboro, and Winston-Salem are supported by dedicated local property taxes.³

In addition, various municipal service districts can fund pedestrian, bike, and parking facilities; and special assessment districts can fund street and sidewalk improvements. Although a list is available of municipal service and other special districts, it is not possible to tell which have these transportation-related functions.⁴

3. Sales and Other Taxes

Local governments may adopt general-purpose sales taxes.⁵ All counties have uniformly chosen to adopt the full 2% sales tax allowed by law, so this tax no longer fits our definition of a "local option" tax.

In 1997, the state authorized its largest county, Mecklenburg, to adopt an additional sales tax to fund public transit. The following year, the county's voters approved an additional 1/2% sales tax to fund the Charlotte Area Transit System. In fiscal year 2000, this tax raised \$53 million (approximately \$81 per capita). A planning process is currently underway to determine which of three technologies, commuter rail, light rail, or bus rapid transit will be built in each of the region's five major transit corridors with these funds. As a result of Mecklenburg County's success in winning voter approval for this additional sales tax, other North Carolina counties hope to gain authorization from the state general assembly to levy their own transportation sales taxes. One of the key policy issues in the North Carolina legislature is expected to be which, if any, counties besides Mecklenburg become authorized to levy such taxes.

¹ North Carolina General Statutes § 20-97.

² North Carolina General Statutes §§ 105-551 and 105-560.

³ Federal Transit Administration, *National Transit Database* 1998.

⁴ North Carolina Department of Revenue, Tax Research Division, "Property Tax Rates And Latest Year Of Revaluation For North Carolina Counties And Municipalities, Fiscal Year 1998-1999," (June 1999).

⁵ North Carolina General Statutes §§ 105-465, 105-483, and 105-498.

NORTH CAROLINA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max Duration	Purposes	Adoption Process
Sales	NCGS 105-465	Local Sales Tax	Counties	1971	1%*	-	General revenues	B or C
	NCGS 105-483	Supplemental Local Sales Tax**	Counties	1983	0.5%*	-	Schools, general revenues	B or C
	NCGS 105-498	Add'l Supplemental Local Sales Tax	Counties	1985	0.5%*	-	Schools, general revenues	B or C
	NCGS 105-502	Add'l Supplemental Local Sales Tax	Counties	1997	0.5%	-	Schools, or any other purpose	C
Vehicle	NCGS 105-551	Vehicle Rental Tax	Regional Public Trans. Auth. (160A-600) Regional Trans. Auth. (160A-630)	1997	Up to 5%	-	Transit capital and operations	B and E
	NCGS 105-560	Vehicle Reg. Fee	Public Transportation Auth. (160A-575) Regional Public Trans. Auth. (160A-600) Regional Trans. Auth. (160A-630)	1997	Up to \$5	-	Transit capital and operations	B and E
	NCGS 20-97(b)	Vehicle Reg. Fee	Counties and Towns	1937	Up to \$5	-	Any	B
	NCGS 20-97(c)	Vehicle Reg. Fee	Counties and Towns (Except Durham and towns in Gaston County)		Up to \$5	-	Transit capital and operations	B
Property	NCGS 159-97	Property Taxes	Counties and Cities	1973	Any	Specified on ballot	Supplement income for revenue bonds	C
	NCGS 153A-149, NCGS 160A-209	Property Taxes	Counties and Cities	1973	Up to 1.5%; higher if voter-approved	-	Parking, transit, rail ROWs, roads, etc.	B or C
	NCGS 153A-185, -205 NCGS 160A-216	Special Assessments	City and county special assessment areas	1963	Any	-	Streets, sidewalks	B
	NCSG 153A-301	Property Taxes	Service districts for street maintenance in coastal counties	1973	Up to 1.5%; higher if voter-approved	-	Street maintenance	B or C
	NCGS 160A-542	Property Taxes	Municipal service districts	1973	Up to 1.5%; higher if voter-approved	-	Pedestrian, bike, parking improvements	B or C
Other	NCGS 153A-155 NCGS 160A-215	Lodging Taxes	Counties and Cities	1997	Any	-	General revenues?	B

*Adopted by all counties
 **Revenues are reallocated among the counties

A = State Law
 B = County/Local Law
 C = Popular Vote
 D = Majority of City Councils
 E = Vote of agency or district

NORTH CAROLINA
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1998	Property Taxes		Other Taxes			Revenues (\$1,000's)
		Rate (1998-99)	Purpose	Rate (%)	Tax Type	Purpose	
Counties: MECKLENBURG	630,813			0.5%	Sales	Transit	53,000.0
Top 20 Cities:							
Asheville (BUNCOMBE)	63,031						
Burlington (ALAMANCE)	40,531	0.200%	[2]	.			
Cary (WAKE)	82,071						
Chapel Hill (DURHAM, ORANGE)	42,865	0.062%	Transit				
Charlotte (MECKLENBERG)	504,637	0.101%	[1, 1, 1]	\$5	Veh. Registration	Transit	?
Concord (CABARRUS)	34,617	0.220%	[1]				
Durham (DURHAM)	153,513						
Fayetteville (CUMBERLAND)	77,295						
Gastonia (GASTON)	56,977	0.200%	[1]				
Goldensboro (WAYNE)	40,909	0.190%	[1]				
Greensboro (GUILFORD)	197,910						
Greenville (PITT)	57,005						
High Point (GUILFORD)	76,117						
Jacksonville (ONSLOW)	68,380						
Kannapolis (CABARRUS)	36,975						
Raleigh (WAKE)	259,423						
Rocky Mount (EDGEcombe, NASH)	56,901	0.200%	[1]				
Wilmington (NEW HANOVER)	68,062						
Wilson (WILSON)	40,192	0.170%	[1]				
Winston-Salem (FORSYTH)	164,316						
Special Districts:							
Triangle Transit (DURHAM, ORANGE, WAKE)	902,570			\$5	Veh. Registration	Transit	?
"				5%	Vehicle Rental	Transit	?
State Total	7,650,759						

[1] downtown municipal service district

[2] downtown special district

Property taxes play an important role in transportation finance in North Dakota. They are primarily used to fund local road improvements that otherwise could not be built with the revenue streams passed down by the state (primarily motor vehicle taxes). Road maintenance efforts are typically funded out of local general revenues.

An ongoing policy issue in North Dakota surrounding local option taxes has been their inflexibility in light of changing needs. Local governments are constrained to use voter-approved tax revenues in accordance with voter-approved expenditure plans. However, escalating construction costs have stretched out the implementation of these expenditure plans for many years, and local governments have been unable to adapt their expenditure plans to reflect demographic changes, such as rural-to-urban migration. Local governments have called for more control over how these revenues are used.¹

1. Fuel and Vehicle Taxes

North Dakota law permits local gas and vehicle registration taxes,² but none have been adopted.

2. Property Taxes and Assessments

Property taxes may be assessed for any purpose by counties (up to 23 mills), and cities and townships (up to 18 mills) by ordinance; exceeding these limits requires voter approval. Funds for highway-related investments by counties and townships are channeled into any of five different funding pools (county road and bridge, county farm-to-market, county road, unorganized road and bridge, and town farm-to-market), which serve similar purposes but feature differing sets of constraints. Of these various taxes, the dominant one is the county farm-to-market road tax. It is used to fund a specific set of voter-approved road improvements, such as grading and paving key arterials.

In 1998, every county levied property taxes that funded least one of these funding categories. Statewide, revenues from these taxes totaled \$20.4 million (\$32 per capita).³

With voter approval, cities may levy property taxes to subsidize public transit operations.⁴ Currently, cities in four counties impose these taxes, raising a total of \$576,000 statewide for transit (about \$1 per capita).⁵ The largest agencies using these taxes are Bis-Man Transit and the Grand Forks City Bus.

3. Sales and Other Taxes

Home rule counties and cities may levy sales taxes, if so permitted in their charters.⁶ State law places no limitations on the use of the revenues. Cass County, the only county to adopt this tax, does not use its revenue for transportation purposes. Seventy-eight cities have adopted the tax, with rates ranging from one to two percent. Most cities use their revenues for general infrastructure costs and/or economic development. Some (including Bismarck and Minot) specifically earmark funds for streets and roads. No centralized information is available on which areas have dedicated their sales tax revenues transportation-related purposes.

¹ North Dakota Association of Counties, "Highway Construction and Funding," Resolution 2000-02.

² North Dakota Century Code, § 11-09.1-05.

³ Office of the State Tax Commissioner, "1998 Property Tax Statistical Report," Bismarck ND (1999).

⁴ North Dakota Century Code, § 57-15-55.

⁵ Office of the State Tax Commissioner, "1998 Property Tax Statistical Report," Bismarck ND (1999).

⁶ North Dakota Century Code, §§ 11-09.1-05 and 40-05.1-06.

NORTH DAKOTA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Permitted Rates	Purposes	Adoption Process
Fuel, Vehicle	NDCC 11-09.1-05	Motor fuel taxes, motor vehicle registration fees	Home Rule Counties	Any	Highway construction and maintenance (ND Const, Art. X, Sec. 11)	B
Sales	NDCC 11-09.1-05 NDCC 40-05.1-06	County Sales Tax City Sales Tax	Home Rule Counties Home Rule Cities	- -	Any Any	B B
Property	NDCC 11-11-55.1		Unincorporated Areas of Counties	Special Assessments	Improvements	C (60%)
	NDCC 24-05-01 NDCC 57-15-06.7(14)	County Road & Bridge Fund Levy	Counties > 2000 pop	*	Improvements to primary county highways	B
	NDCC 24-05-01 NDCC 57-15-06.7(14)	County Road Fund Levy	Counties > 2000 pop	Up to 5 mills	Improvements to primary county highways	C (60%)
	NDCC 57-15-22	Unorganized Road & Bridge Fund Levy	Unorganized townships/municipalities	Up to 18 mills	Roads and bridges	B
	NDCC 57-15-06.3(1) NDCC 57-15-06.7(17)	Farm to Market Road Fund Levy	Counties	Specified on ballot	Improvements to feeder and secondary roads***	C
	NDCC 57-15-19.4 NDCC 57-15-20.2(3)	Farm to Market Road Fund Levy	Townships/municipalities	**	Improvements to feeder and secondary roads	B
	NDCC 57-15-19.4 NDCC 57-15-20.2(3)	Farm to Market Road Fund Levy	Townships/municipalities	Up to 5 mills	Improvements to feeder and secondary roads	C
	NDCC 49-17.2-21 NDCC 57-15-28.1	Railroad Fund Levy	Regional Railroad Authorities	Up to 4 mills	Railroads	B
	NDCC 40-29-14	Sidewalk Special Fund Levy	Cities	-	Sidewalks	B
	NDCC 57-15-55	Aid for Public Transportation Systems Levy	Cities	Up to 5 mills	Transit services	C
	NDCC 40-60-02(2) NDCC 40-61-03.1; -10	Aid for Municipal Parking Facilities Levy	Municipal Parking Authorities	-	Parking	B

*State requires 0.25 mill minimum; counties may adopt any rate within 23 mill county limit

**Townships may adopt any rate within 18 mill township limit

***Projects must be specified in advance

A = State Law
B = County/Local Law
C = Popular Vote

NORTH DAKOTA
Adopted County Taxes for Transportation

Jurisdictions	Pop. (1998)	Property Taxes									Total		
		County Road & Bridge		County Farm-Market Roads		County Road		Unorg. Road & Bridge *		Town Farm-Market	City Transit	1998 Revs (\$1000)	Revs per capita
		Rate %	1998 Revs (\$1000)	Rate %	1998 Revs (\$1000)	Rate %	1998 Revs (\$1000)	Rate %	1998 Revs (\$1000)	1998 Revs (\$1000)	1999 Revs (\$1000)		
ADAMS	2,707	0.03%	1.6	1.65%	105.4			2.74%	45.5			152.5	\$56.32
BARNES	11,960	0.03%	6.1	2.46%	598.9					1.9		606.9	\$50.74
BENSON	6,851	0.50%	56.0	0.74%	250.0			1.05%	1.3			307.3	\$44.86
BILLINGS	1,068							3.23%	153.2			153.2	\$143.40
BOTTINEAU	7,300	0.46%	84.0	1.00%	183.7	0.79%	144.6			21.8		434.0	\$59.46
BOWMAN	3,303	0.50%	38.1					1.44%	15.0			53.1	\$16.08
BURKE	2,269	0.03%	2.0	1.06%	85.9			1.80%	1.1			89.0	\$39.24
BURLEIGH	66,906	0.03%	27.2					1.95%	138.8		171.9	337.9	\$5.05
CASS	116,888	0.03%	52.9	1.00%	2,117.9							2,170.9	\$18.57
CAVALIER	5,025	0.68%	126.1	1.35%	250.0	0.46%	85.0					461.2	\$91.78
DICKEY	5,653			1.70%	214.2							214.2	\$37.89
DIVIDE	2,368	0.59%	50.8	0.96%	82.0							132.7	\$56.05
DUNN	3,551	0.27%	27.3	1.00%	101.0			3.29%	315.6			444.0	\$125.03
EDDY	2,850	0.51%	27.6	1.88%	102.0							129.6	\$45.47
EMMONS	4,330	0.78%	90.0	1.09%	125.0	0.02%	2.5	3.44%	304.1			521.7	\$120.48
FOSTER	3,808	0.30%	27.2	1.11%	100.2							127.4	\$33.47
GOLDEN VALLEY	1,849	0.06%	2.6					3.15%	15.6			18.2	\$9.85
GRAND FORKS	66,781	0.03%	25.3	1.01%	1,020.8						338.9	1,384.9	\$20.74
GRANT	2,960			0.79%	58.4			2.57%	124.4			182.8	\$61.75
GRIGGS	2,846	0.87%	68.9	1.68%	132.3	0.50%	39.5					240.7	\$84.57
HETTINGER	2,906	0.03%	2.5	1.58%	115.9							118.4	\$40.75
KIDDER	2,882	0.73%	57.6			0.50%	39.8	1.80%	2.5			99.9	\$34.68
LA MOURE	4,775	0.79%	108.5	1.89%	258.8							367.3	\$76.91
LOGAN	2,349			0.95%	58.3			2.24%	74.4			132.7	\$56.48
MCHENRY	6,071	0.03%	3.6	1.33%	192.9	0.31%	44.5	2.01%	33.5			274.6	\$45.22
MCINTOSH	3,458	0.18%	14.9	1.53%	127.0			1.94%	121.3			263.2	\$76.12
MCKENZIE	5,683							1.84%	195.7			195.7	\$34.44
MCLEAN	9,712	0.02%	5.0	0.47%	99.6			1.33%	116.5			221.1	\$22.77
MERCER	9,399			1.50%	210.6			2.03%	177.6		11.0	399.2	\$42.47
MORTON	24,607	0.03%	10.7	0.79%	339.9			3.21%	829.3		54.2	1,234.1	\$50.15
MOUNTRAIL	6,593	0.03%	3.2	1.00%	129.4			2.17%	6.6			139.2	\$21.12
NELSON	3,725	0.78%	79.3	1.03%	105.5	0.82%	83.5					268.3	\$72.02
OLIVER	2,202	0.03%	1.1	1.01%	45.3			1.80%	76.4			122.9	\$55.79
PEMBINA	8,483	0.10%	25.6	1.00%	256.4					12.6		294.6	\$34.73
PIERCE	4,646	0.25%	26.4	1.21%	128.1			2.10%	69.7			224.1	\$48.24
RAMSEY	12,109	0.30%	131.1	1.15%	498.7							629.8	\$52.01
RANSOM	5,781	0.56%	69.8	1.23%	153.2							222.9	\$38.56
RENVILLE	2,814	0.11%	10.0	1.52%	133.5							143.5	\$50.98
RICHLAND	18,096	0.70%	254.9	1.77%	644.1							898.9	\$49.67
ROLETTE	14,148	0.04%	2.9	1.05%	176.5			2.27%	123.7			303.2	\$21.43
SARGENT	4,445	1.00%	115.6	1.50%	174.5							290.1	\$65.26
SHERIDAN	1,692	0.20%	11.1	1.20%	66.4			2.26%	45.3			122.7	\$72.50
SIOUX	4,148					0.03%	0.5	3.53%	60.7			61.2	\$14.75
SLOPE	880							1.80%	10.4			10.4	\$11.78
STARK	22,707	0.30%	84.3	1.00%	280.9			3.79%	395.7			760.8	\$33.51
STEELE	2,228	1.22%	110.1	1.20%	108.0	0.59%	53.0					271.2	\$121.71
STUTSMAN	20,981	1.44%	1,128.7	0.79%	309.5			1.99%	5.7			1,443.9	\$68.82
TOWNER	3,013	1.40%	140.0	1.00%	103.1							243.1	\$80.68
TRAILL	8,538	1.52%	306.3	2.00%	403.6	0.42%	83.8					793.7	\$92.96
WALSH	13,557	0.68%	185.5	1.50%	410.0	0.55%	150.5					745.9	\$55.02
WARD	58,540	0.03%	21.6	0.58%	499.7							521.3	\$8.91
WELLS	5,208	1.47%	204.2	0.61%	84.7							288.9	\$55.48
WILLIAMS	20,159	0.76%	243.9	1.49%	476.0			1.63%	6.6	6.5		733.1	\$36.36
TOTAL	637,808		4,072.4		12,117.6		727.4		3,466.0	42.8	575.9	21,002.0	\$32.93

Ohio has three major types of local option transportation taxes: sales taxes, vehicle registration fees and dedicated property taxes. To a much smaller extent, one metropolitan region uses property taxes to fund transportation improvements. Over the past decade, the state has seen significant growth in local governments' adoption of both sales taxes and vehicle fees. It has also seen the emergence of seven transportation improvement districts that fund projects through dedicated property and/or vehicle taxes.

We selected Ohio as one of our survey states because it is one of the two most populous in the Midwest, and because of the broad range of local option taxes it employs. We surveyed the 20 largest cities in the state, and all 88 counties. We received responses from 5 cities (25% response rate) and 25 counties (28% response rate).¹ Our analysis also relied on publications from the state Department of Taxation and the Legislative Budget Office.

1. Fuel and Vehicle Taxes

Cities, counties, townships, and transportation improvement districts may adopt vehicle license taxes at flat rates in increments of \$5 per vehicle, up to a maximum of \$20 in any particular location.² These taxes require voter approval, and revenues must be used for road, street, bridge, and highway projects.

Currently, about two-thirds of all counties, half of all municipalities, and one-quarter of all townships impose a vehicle license tax. The number of counties imposing the tax has remained roughly constant over the past decade, but there has been a steady rise among cities and towns. A recent study estimated that local governments raise \$138 million from this tax statewide (about \$12 per capita).³ In the survey responses we received, cities and counties indicated that they use the revenues from this tax primarily for maintenance and repair, rather than construction of new transportation facilities.

2. Property Taxes and Assessments

Counties, townships, municipalities, and transportation development districts may levy any of several categories of property taxes for road and highway maintenance and construction.⁴ Statewide, a total of five counties, 568 townships, and 52 other municipalities have adopted these taxes over all or part of their areas, raising over \$114 million (about \$10 per capita) annually for road construction and maintenance. For street maintenance, 47 municipalities have adopted dedicated property levies, collectively raising another \$5.2 million statewide.⁵

Regional transit authorities also may levy property taxes at rates up to 5 mills with voter approval.⁶ At least six transit agencies impose property taxes, or receive revenues from earmarked property taxes

¹ We received responses from the cities of Akron, Cleveland Heights, Columbus, Hamilton, and Lorain; and Ashland, Ashtabula, Athens, Auglaize, Brown, Clinton, Cuyahoga, Darke, Delaware, Fairfield, Hocking, Jefferson, Lawrence, Logan, Marion, Meigs, Montgomery, Muskingum, Ross, Sandusky, Seneca, Shelby, Van Wert, Vinton, and Washington counties.

² Ohio Revised Code § 4504 *et seq.*

³ Ohio Legislative Budget Office, *Local Transportation Needs and Funding Report* (September 2000), pp. 3 and 69.

⁴ Ohio Revised Code §§ 5521.09, 5540.031, 5555.48, 5555.95, and 5705.06

⁵ Estimates based on State of Ohio, Department of Taxation, "1999 Property Tax Rate Abstract by Taxing District," (2000) and State of Ohio, Department of Taxation, "1999 Real Property Abstract by Taxing District," (2000). Figures include taxes on real property, but not personal property. Totals including tangible personal property are expected to be approximately 35% higher.

⁶ Ohio Revised Code § 306.49.

imposed by local governments, including agencies in Canton, Steubenville, Toledo, Wheeling (West Virginia), and Youngstown areas, and in rural Muskingum County. We estimate that these taxes raise over \$10 million statewide.⁷

3. Sales and Other Taxes

Counties may adopt a sales tax up to 1.5% by ordinance, unless local residents petition for a vote, in which case, it requires majority voter approval.⁸ The statute says that revenues may be used for general purposes or for criminal justice, but it doesn't seem to prevent them from being earmarked for other purposes as well. All but two counties have adopted the tax, at levels ranging from 0.25% to 1.5%.⁹

In the survey responses we received, five counties reported that they have earmarked a portion of their sales tax for road and bridge projects. Delaware, Logan, and Shelby counties each adopted 0.5% road taxes with expiration dates, while Jefferson and Washington counties adopted 1% sales taxes that will continue indefinitely. Most of the revenues from these projects are either flexible or set aside for maintenance projects; however, Jefferson County's levy sets aside two-thirds of the revenue for new capital projects.

Transit authorities may also levy sales taxes up to 1.5 percent, with voter approval.¹⁰ Transit districts have adopted 0.25% sales taxes in the Columbus, Grand River, Canton, and Akron regions, 0.5% in the Dayton area, and 1% in greater Cleveland. Statewide, these taxes generated \$255 million in 1999, or about \$23 per capita. Revenues from these taxes support both transit operations and capital projects.

Cities may adopt local option income taxes up to 1% by ordinance, or higher with voter approval.¹¹ This tax has been adopted by 541 municipalities across the state.¹² In the case of a tax over 1%, a purpose for the tax must be specified. None of the surveyed cities reported dedicating any portion of their local income tax revenues for transportation-related services.

The sole exception appears to be Cincinnati, which imposes a 0.1% income tax for the construction and maintenance of transportation and other infrastructure, and 0.3% income tax to support the Southwest Ohio Regional Transit Authority. This tax generates over \$25 million annually for the transit agency (over half of its annual revenue), and is paid by all individuals who work in the city of Cincinnati, regardless of their place of residence.¹³

⁷ State of Ohio, Department of Taxation, *op. cit.*; Federal Transit Administration, *National Transit Database 1998*.

⁸ Ohio Revised Code § 5739.021.

⁹ State of Ohio, Department of Taxation, "County and Regional Transit Authority Permissive Sales and Use Tax Collections and Tax Rates, Calendar Year 1998 & 1999," (2000).

¹⁰ Ohio Revised Code § 5739.023.

¹¹ Ohio Revised Code § 718.01.

¹² State of Ohio, Department of Taxation, "Municipal Income Taxes: Tax Rates and Amounts Collected, by Municipality, Calendar Year 1998" (1999).

¹³ Cincinnati Municipal Code, §§ 311-2 and 311-71; Federal Transit Administration, *National Transit Database 1998*.

OHIO

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales	ORC 5739.021	County sales tax	Counties	1967	0.25%-1%	Specified on ballot	General revenues or criminal justice	B or C
	ORC 5739.023	Transit authority sales tax	Transit Authorities	1974	0.25%-1.5%	-	Transit	C
	ORC 5739.026	Additional county sales tax	Counties	1986	0.25%-0.5% on outboard motors	Specified on ballot	Capital improvements, transit operations	C
	ORC 5739.101	Resort sales tax	Resort Cities and Towns	1993	0.5-1.5%	-	General revenues	B
Income	ORC 718.01	Income Tax	Cities	1957	Any	-	Specified in local legislation	B or C*
	ORC 715.691, .70	Income Tax	Economic Dev. Districts**	1993	Same as highest municipal rate in district	-	Economic development and job creation	C
Vehicle	ORC 4504.02, .15, .16	County vehicle license tax	Counties	1967	\$5-\$15 per vehicle	-	Roads, streets, hwys***	C
	ORC 4504.06, .17, .171	City vehicle license tax	Cities	1967	\$5-\$15 per vehicle	-	Roads, streets, hwys	C
	ORC 4504.18	Township vehicle license tax	Townships	1987	\$5 per vehicle	-	Roads, streets	C
	ORC 4504.21	Transportation imp. district license tax	Transportation Improvement Dists.	1993	\$5-\$20 per vehicle	-	Roads, streets	C
Property	ORC 306.49	Property Taxes	Regional Transit Authority	1970	Up to 0.5%	10 years	Transit	C
	ORC 747.05	Special Assessments	Rapid Transit Commission	1953	Special assessments up to 50% of project cost	-	Parkways and boulevards	C
	ORC 5521.09	Property Taxes	Counties	1953	Up to 0.15%	-	Transportation projects in cooperation with ODOT	B or C*
	ORC 5540.031	Special Assessments	Transportation Improvement Dists.	1994	Special assessments up to 10% assessed value	-	Roads and highways	B
	ORC 5555.48	Property Taxes	Counties	1953	Up to 0.2%	-	County Road Improvements	B or C*
	ORC 5555.49	Property Taxes	Townships	1953	Up to 0.3%	-	County Road Improvements	B or C*
	ORC 5555.95	Property Taxes	Counties	1953	Up to 0.5%	-	Road Repairs	B or C*
	ORC 5705.06	Property Taxes	Counties and Townships	1953	Any	-	Const/maint. of hwys, roads, bridges	B or C*

*Requires public vote if total tax rate exceeds 1%

**This tax has not been adopted anywhere. [State Tax Guide]

***Projects must be specified in advance (ORC 4504.03)

A = State Law

B = County/Local Law

C = Popular Vote

Jurisdictions	Pop. 1999	Sales Taxes				Other						
		Rate (%)	Purpose	Year	1999 Revenue (\$1000)	Revs per capita	Type	Rate	Purpose	Year	1999 Revenue (\$1000)	Revs per capita
MIAMI	98,721						Property	0.0192%	Roads	1976	325.5	\$3.30
MONROE	15,454											
MONTGOMERY	565,866											
MORGAN	14,525											
MORROW	32,146											
MUSKINGUM	84,812											
NOBLE	14,810											
OTTAWA	41,281											
PAULDING	20,073											
PERRY	34,261											
PICKAWAY	53,431											
PIKE	27,988											
PORTAGE	151,579											
PREBLE	43,472											
PUTNAM	35,206											
RICHLAND	129,607											
ROSS	75,731											
SANDUSKY	61,810											
SCIOTO	80,353											
SENECA	59,768											
SHELBY	47,949	0.5%	Road Maint.		2,057.6	\$42.91						
STARK	373,174											
SUMMIT	537,856											
TRUMBULL	225,339											
TUSCARAWAS	88,773											
UNION	40,776											
VAN WERT	30,092											
VINTON	12,362											
WARREN	153,292											
WASHINGTON	63,029	1%	Road Maint.		5,270.9	\$83.63						
WAYNE	111,045											
WILLIAMS	37,755											
WOOD	120,292											
WYANDOT	22,921											
State Total	11,256,654		Roads		19,867.0	\$1.76			Roads		4,189.0	\$0.37
			Transit		254,906.3	\$22.64			Transit		35,427.9	\$3.15

[1] Proposed 1/2% sales tax for road construction defeated in 11/2000 election.

Oklahoma has seen a steady rise in the adoption of sales taxes over the past decade. In 1990, just 27 counties had adopted sales taxes; by now the figure has more than doubled to 60 counties. Although very little information is available on how these funds are used, it appears that a large share of these sales tax revenues is earmarked for transportation purposes.

1. Fuel and Vehicle Taxes

None.

2. Property Taxes and Assessments

Rural road improvement districts have the authority to levy property taxes up to 5 mills to repay bonds for the construction of roads, and up to 3 mills for road maintenance.¹ Both the bonds and the road maintenance levy must be approved by voters. These funds are generally assigned to a special account in the county's general fund (rather than an account on their own), so they aren't reported in the state's property tax data.²

3. Sales and Other Taxes

Counties may adopt local option sales taxes of up to 2%, for any specified purpose, on approval by a majority of voters.³ In addition, transportation authorities jointly created by cities, counties, and/or townships may also adopt sales taxes up to 2%.⁴ Hundreds of cities and 60 of the state's 77 counties have adopted sales taxes. The most recent survey of how sales taxes have been earmarked in Oklahoma showed that 14 counties had earmarked a portion of their revenues (between 57% and 100%) for roads and bridges, and one had earmarked a 1.3% of its revenues for public transit. In addition, 19 counties earmarked a share of their revenues for general capital improvements, which may include transportation projects.⁵ No local governments have adopted sales taxes on behalf of a transportation authority.⁶

The number of counties imposing sales taxes for transportation continues to rise. In November, 2000, voters in Garfield, Tulsa and Washington counties passed sales tax proposals to finance road, bridge and street improvement projects.⁷

¹ 19 Oklahoma Statutes §§ 902.15, 902.16.

² Willett, "Ad Valorem Tax Levies," Extension Facts F-795, Oklahoma Cooperative Extension Service, Oklahoma State University (1992).

³ 68 Oklahoma Statutes § 1370.

⁴ 68 Oklahoma Statutes § 1370.7.

⁵ Lansford, Ralstin, and Frye, "Adopting a County Sales Tax," Extension Facts F-763, Oklahoma Cooperative Extension Service, Oklahoma State University (1996).

⁶ Letter from Oklahoma Office of State Finance (October 17, 2000).

⁷ "Voters in Oklahoma decide local sales taxes," *Associated Press State & Local Wire* (November 8, 2000).

OKLAHOMA Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales	68 Okl. St./1370	Sales Tax	Counties	1983	Up to 2%	Any	Specified purposes, including capital improvements, county roads, etc.	C
	68 Okl. St./1370.7	Sales Tax	Transportation Authorities (created jointly by cities, towns, or counties)*	1995	Up to 2%	Any	Transportation projects	C
Property	19 Okl. St./902.15	Property Tax	Rural Road Improvement Districts		Up to 0.5%	-	Repay bonds for the construction of rural roads	C
	19 Okl. St./902.16	Property Tax	Rural Road Improvement Districts		Up to 0.3%	-	Maintenance of rural roads	C

* See sec. 60-176

A = State Law
B = County/Local Law
C = Popular Vote

Oregon is unusual in the breadth of different tax instruments it has authorized to fund transportation projects, particularly for public transit. However, despite a relatively liberal legal framework for the adoption of local option taxes, the state has not seen a major shift toward their widespread use. Voters seem willing to accept small transportation taxes, but tend to reject the larger taxes that would be able to fund major new infrastructure projects. Instead, there has been a shift toward local issuance of general revenue bonds.

1. Fuel and Vehicle Taxes

Cities and counties may adopt gasoline taxes by local ordinance. According to Oregon's constitution, all motor fuel and motor vehicle tax revenues must be used for the construction and maintenance of highways, roads, and streets.¹ Gasoline taxes have been adopted in Multnomah and Washington counties, and the cities of The Dalles, Tillamook, and Woodburn.² Together, these taxes generate, about \$8.6 million annually. Gas taxes have been proposed elsewhere, but have been defeated at the ballot.³

Counties, transportation districts, and the Portland area's Metropolitan Service District ("Metro") have the power to levy motor vehicle registration fees to fund various transportation projects, subject to voter approval.⁴ Voters in several counties considered adopting these fees in 1997, but all rejected the proposal.⁵

2. Property Taxes and Assessments

Counties and several types of county-established road districts may adopt property taxes for the construction and maintenance of county roads and bridges.⁶ In all, Oregon has 123 road districts, of which 86 receive revenues from dedicated local property taxes.⁷

Transit districts may use property taxes to fund their operations or repay debt.⁸ Currently, six transit districts (Basin, Hood River, Lincoln County, Rogue Valley, Salem Area, and Sunset Empire) receive property tax revenues to support operations. The Portland area's Tri-County Metropolitan Transit District ("Tri-Met," covering parts of Clackamas, Multnomah, and Washington counties) uses the revenue from its property tax to repay debt from the construction of its West Side Light Rail project. Together, transit property taxes generate \$19.4 million annually (about \$6 per capita averaged statewide).⁹

3. Sales and Other Taxes

¹ Constitution of Oregon, Article IX, § 3a.

² Oregon Department of Transportation, Fuels Tax Group, "Required Tax Disclosures and Current Tax Rates," (May, 2000).

³ Oliver, "Five counties reject transportation taxes," *The Oregonian* (November 5, 1997).

⁴ Oregon Revised Statutes, §§ 267.001, 268.503, and 801.041. While Metro has the authority to provide transportation services, it primarily serves as a transportation planning agency; Tri-Met is the main provider of transit in the region.

⁵ Oliver, *op. cit.*

⁶ Oregon Revised Statutes, §§ 368.705, 370.180, 371.065, and 371.336.

⁷ Oregon Department of Revenue, *Oregon Property Tax Statistics*, Fiscal Year 1998-99.

⁸ Oregon Revised Statutes, §§ 267.305 and 268.500.

⁹ Oregon Department of Revenue, *Oregon Property Tax Statistics*, Fiscal Year 1998-99.

Oregon does not have a state sales tax or a local option sales tax. However, unlike local governments in most other states, Oregon counties and cities have the power to devise their own non-property tax and other local revenue structures without specific state enabling legislation. As a result, Oregon cities and counties levy a wide variety of local taxes.¹⁰

Metro, transit districts, and transportation districts may levy income taxes of up to 1% or payroll and self-employment taxes of up to 0.6%.¹¹ No districts currently impose the income tax, but the payroll and self-employment taxes are collected by Tri-Met and the Lane County Transit District. These taxes generate rather high revenues: \$62 per capita in the Lane County district, and \$153 per capita in Tri-Met, for a total of \$165 million annually. Tri-Met is using its payroll taxes to help fund an extension of its light rail system to Portland's airport.

Hotel and motel taxes are another minor source of revenue for transportation finance. Of the many jurisdictions that impose the tax, just four (Lake Oswego, Lincoln City, Umatilla County, and Union County) dedicate the revenue to transportation projects. Together these taxes raise nearly \$1 million annually.

¹⁰ Oregon Revised Statutes, § 279.035; Letter from Association of Oregon Counties (December 20, 2000).

¹¹ Oregon Revised Statutes, §§ 267.370, 267.380, and 268.305.

OREGON

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
General	ORS 203.035	Home Rule Powers**	Cities, Counties	1973	Any	-	Roads, streets, highways	C
Vehicle	ORS 267.001; ORS 268.503; ORS 801.041, .042	Vehicle Registration Fees	Counties; Portland Metro; Transit or Transportation Districts	1989	Up to \$30 every two years	-	Roads, streets, highways	C
Property	ORS 267.305	Property Taxes	Transit Districts	1969	Specified at creation of district	-	Transit operations	C
	ORS 267.620	Property Taxes	Transportation Districts	1974	Up to 0.5%, higher for bonds	-	Transit operations, repay bonds	C
	ORS 267.310, .615	Property Taxes	Transit or Transportation Districts	1969	0.15%	-	Transit capital improvements	C
	ORS 268.500	Property Taxes	Portland Metro	1969	0.50%	-	Any*	C
	ORS 280.060	Property Taxes	Any political subdivision	1953	Any	10 years	Capital improvements	C
	ORS 368.705	Property Taxes	Counties	1963	Any	-	County roads and bridges	B
	ORS 370.180	Property Taxes	Counties	1963	Any	-	County roads and bridges	B
	ORS 371.065	Property Taxes	County Drainage Road Districts	1981	Any	-	Build, maintain roads	B
ORS 371.336	Property Taxes	County Special Road Districts, Road Assessment Districts	1961	Any	-	Build, maintain roads	E	
ORS 451.420, .540	Property Taxes	County Service Districts	1955	0.05%	-	Build/maintain roads, transportation systems	C	
Other	ORS 268.505	Income Tax	Portland Metro	1969	1.0%	-	Any*	C
	ORS 267.370, .615	Income Tax	Transit or Transportation Districts	1969	1.0%	-	Transit	C
	ORS 267.380, .385, .420, .615	Payroll & Self-Employment Tax	Transit or Transportation Districts	1969	0.6%	-	Transit	C
	ORS 267.360	Business License Fees	Transit or Transportation Districts	1969	-	-	Transit	C
	ORS 268.507	Metropolitan Service District Excise Tax	Portland Metro	1989	Excise tax on Metro facilities	-	Any*	B

*The Portland Metropolitan Service District ("Metro") funds transportation and land use planning; solid waste management; regional parks; zoo; and public facilities. It does not directly fund transportation construction, maintenance, or operations.

**These powers have been used to adopt gasoline taxes.

A = State Law
 B = County/Local Law
 C = Popular Vote
 D = Majority of City Councils
 E = Vote of agency or district

OREGON
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Pop. 1998	Transportation Property Taxes 1999			Other (FY 1999)					Note
		Purpose	Property Taxes (\$1000)	Special Assess. (\$1000)	Revs per capita	Type	Rate	Purpose	Revenue (\$1000)	
Counties:										
BAKER	16,411									
BENTON	77,823	Roads		29.7	\$0.38					
CLACKAMAS	334,773	Roads		7,282.7	\$21.75					
CLATSOP	35,364	Roads	1,636.1		\$46.26					
COLUMBIA	44,513	Roads	4.1		\$0.09					
COOS	62,156									
CROOK	17,295									
CURRY	21,071	Roads		3.1	\$0.15					
DESCHUTES	105,731	Roads		100.3	\$0.95					
DOUGLAS	101,839	Roads		5.9	\$0.06					
GILLIAM	2,020	Roads	310.5		\$153.70					
GRANT	8,037									
HARNEY	7,201									
HOOD RIVER	19,595									
JACKSON	173,243	Roads		36.9	\$0.21					
JEFFERSON	16,747	Roads	6.5		\$0.39					
JOSEPHINE	74,166									
KLAMATH	63,160									
LAKE	7,157									
LANE	313,344	Roads		170.6	\$0.54					
LINCOLN	45,282	Roads		9.3	\$0.21					
LINN	104,461									
MALHEUR	28,549	Roads		22.0	\$0.77					
MARION	268,910	Roads		107.8	\$0.40					
MORROW	9,953	Roads	1,398.1		\$140.47					
MULTNOMAH	630,573									
POLK	61,403	Roads		16.5	\$0.27					
SHERMAN	1,795	Roads	535.3		\$298.22					
TILLAMOOK	24,283	Roads		14.6	\$0.60					
UMATILLA	65,591									
UNION	24,874									
WALLOWA	7,334									
WASCO	23,101									
WASHINGTON	400,715	Roads	2,531.7	243.2	\$6.92	Gasoline	1¢/gal.	Roads	806.0	\$2.01
WHEELER	1,570									
YAMHILL	82,015									
Special Districts:										
Basin Transit District	18,561	Transit Oper.	651.1		\$35.08					
Hood River Co. TD	19,595	Transit Oper.	68.6		\$3.50					
Lane County TD	221,400					Payroll	0.6%	Transit	13,831.7	\$62.47 (1)
Lincoln County TD	45,282	Transit Oper.	338.5		\$7.48					
Rogue Valley TD	122,790	Transit Oper.	1,137.2		\$9.26					
Salem Area Mass TD	160,000	Transit Oper.	5,726.1		\$35.79					
Sunset Empire TD	21,000	Transit Oper.	429.9		\$20.47					
Tri County Metro TD ("Tri Met")	988,284	Transit Cap.	11,006.1		\$11.14	Payroll	0.618%	Transit	151,422.0	\$153.22 (1,2)
Port of Portland	-	Port Cap/Op	5,213.0							
Portland Metro Svc District ("Metro")	1,300,000	Gen. Revs	25,007.5		\$19.24	Excise	7.5%	Gen. Revs	7,877.2	\$6.06 (3)
Malheur Rd Dist #2		Roads	231.2							
Malheur Rd Dist #3		Roads	438.0							
Malheur Rd Dist #4		Roads	0.1							
Malheur Rd Dist #5		Roads	14.9							
Cities:										
Albany	38,832	Roads		490.3	\$12.63					
Ashland	18,095									
Beaverton	62,111	Roads	775.0	410.9	\$19.09					
Bend	34,321									
Canby	12,084									
Central Point	10,583									
Coos Bay	15,259									
Corvallis	50,202	Roads	654.5		\$13.04					
Dallas	12,331	Roads	106.5	45.8	\$12.35					
Eugene	128,240	Roads		1,827.3	\$14.25					
Forest Grove	15,200									
Gladstone	11,762	Roads	8.3		\$0.71					
Grants Pass	21,366									
Gresham	85,021									
Hermiston	11,514	Roads		27.4	\$2.38					

Jurisdictions	Pop. 1998	Transportation Property Taxes 1999				Other (FY 1999)					Note
		Purpose	Property Taxes (\$1000)	Special Assess. (\$1000)	Revs per capita	Type	Rate	Purpose	Revenue (\$1000)	Revs per capita	
Hillsboro	61,111										
Keizer	28,967	Roads		6.3	\$0.22						
Klamath Falls	18,538										
La Grande	12,060	Roads		1.7	\$0.14						
Lake Oswego	34,704										
Lebanon	12,471										
McMinnville	24,086	Roads		183.6	\$7.62						
Medford	57,156										
Milwaukie	19,895	Roads		8.7	\$0.44						
Newberg	16,962										
Ontario	10,848										
Oregon City	20,940										
Pendleton	16,060										
Portland	503,891	Roads		2,705.7	\$5.37						
Redmond	11,728										
Roseburg	19,289	Roads		871.0	\$45.16						
Salem	126,702	Roads	9,707.0		\$76.61						
Springfield	50,682	Roads		415.1	\$8.19						
The Dalles	11,211					Gasoline	1.5¢/gal		306.7	\$27.36	
Tigard	36,920										
Tillamook	4,327					Gasoline	3¢/gal.		?		
Troutdale	13,576										
Tualatin	19,978										
West Linn	21,202										
Wilsonville	13,124	Roads		2,002.3	\$152.56						
Woodburn	14,981					Gasoline	1¢/gal.		88.3	\$5.90	
STATE TOTAL	3,282,055	Roads	18,357.8	17,038.7	\$10.78	Gasoline		Roads	8,559.0	\$2.61	
		Transit	19,357.5	0.0	\$5.90	Payroll		Transit	165,253.7	\$50.35	

(1) Data for FY 1997. Includes Self-Employment Tax.

(2) The property tax funds the West Side light rail project. Data from 1998 National Transit Database.

(3) Excise tax applies only to Metro's own facilities and services

Like many other Northeastern states, Pennsylvania does not rely heavily on local option taxation. While the state encourages the creation of numerous sub-state entities (e.g. there were 65 parking authorities and 38 transit agencies in the state in 1997), these are typically financed by other means than dedicated local taxes. There has not been a trend toward increased use of local taxes in the state.

We selected Pennsylvania as one of our survey states because it is one of the most populous in the Northeast. As part of our research, we surveyed Pennsylvania's 20 largest cities and all 67 of its counties. We received surveys back from five cities (25% response rate) and 25 counties (37% response rate).¹ Our survey responses were completely unanimous: while some jurisdictions did levy local option taxes, none earmarked the revenues for transportation-related purposes.

1. Fuel and Vehicle Taxes

None.

2. Property Taxes and Assessments

Counties may adopt property taxes up to 2 mills to fund the construction and maintenance of roads and tunnels.² In addition, various types of municipalities may adopt 1% real estate transfers taxes to raise general revenues.³

Special district governments are important in Pennsylvania, but most do not have direct tax powers. The state has 11 road and highway districts, 38 transit districts, roughly 60 municipal authorities (some of whom may have transportation functions), and 65 parking authorities. Pennsylvania also has county and municipal transportation development districts, which (through their host governments) can impose special assessments to fund improvements to transportation facilities and services.⁴

None of the surveyed counties or cities report any property taxes that are earmarked for transportation, or any internal special districts that levy transportation taxes. Only one survey respondent, Mifflin County, volunteered that townships and boroughs within the county have dedicated property taxes for transportation.

3. Sales and Other Taxes

Local governments may adopt local option sales taxes up to 2%.⁵ Separate state legislation authorizes second class counties and the City of Philadelphia to levy local option sales taxes of up to 1%. Allegheny County is the only county that has actually adopted a sales tax. The revenues from its 1% sales tax are being used for civic and sports facilities. A 1/2% sales tax to fund capital improvements in a 5-county area around Philadelphia was debated in 1990, but was not adopted.⁶

¹ Respondents included the cities of Altoona, Harrisburg, Monroeville, Philadelphia, and State College; and Adams, Allegheny, Armstrong, Blair, Bradford, Butler, Cambria, Carbon, Clinton, Columbia, Cumberland, Elk, Juniata, Lackawanna, Lehigh, McKean, Mercer, Mifflin, Potter, Sullivan, Susquehanna, Union, Venango, Warren, and Washington counties.

² 16 Pennsylvania Statutes §§ 5901(g), 5903(d).

³ 53 Pennsylvania Statutes §§ 6902, 6908.

⁴ 53 Pennsylvania Statutes § 1623.

⁵ 53 Pennsylvania Statutes §§ 6902, 6908.

⁶ Demery, "U.S. Transit Funding" *Modern Tramway* (July 1990), p. 226.

Municipalities may also adopt local option income taxes up to 1%, with voter approval.⁷ In 1956, a local ordinance was passed amending the City of Philadelphia code to authorize the city to levy a 3.19% income tax. Pittsburgh has a similar local ordinance as part of their city code, although the maximum income tax rate in Pittsburgh is 1%. The state imposes no restrictions on the use of revenues from income taxes. All five of the cities responding to our survey had a local income tax, but none earmarked revenues for transportation.

⁷ 53 Pennsylvania Statutes §§ 6902, 6908; 53 Pennsylvania Statutes § 8703.

PENNSYLVANIA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
General	53 P.S. 6902	Any Income, License, Sales, or Real Estate Transfer Tax	Municipalities	1966	See 53 P.S. 6908	-	Any	B
Sales	53 P.S. 6902	Local Option Sales Tax	Municipalities		2%	-	Any	B
	53 P.S. 3152-B, 53 P.S. 3155-B	Local Option Sales Tax	Second Class Counties (800k-1.5M pop)		1%	-	-	C
	16 P.S. 6110-B	Local Option Sales Tax	Allegheny Regional Asset District		1%	-	Civic and sports facilities	-
Income	53 P.S. 6902	Income Tax	Municipalities		1%	-	Any	C
	City of Phil. Code	Income Tax	Philadelphia	1956	3.19%	-	-	B
	City of Pitt Code	Income Tax	Pittsburg		1%	-	-	B
Property	53 P.S. 1623	Special Assessments	Municipal Transport. Development Districts		Any	-	Build and operate transportation facilities and services	B
	53 P.S. 6902	Real Estate Transfer Tax	Municipalities		1%	-	Any	B
	53 P.S. 6930.2	Property Taxes	Redevelopment Districts	1990	Not Specified	-	Redevelopment Projects	B E
	16 P.S. 5901(g)	Property Taxes	Counties		0.20%	-	Road const/maint	B
	16 P.S. 5903(d)	Property Taxes	Counties		0.20%	-	Road const/maint	B

A = State Law
 B = County/Local Law
 C = Popular Vote
 D = Majority of City Councils
 E = Vote of agency or district

Rhode Island is one of a few states where the use of local option taxes appears to be declining. Local *ad valorem* motor vehicles taxes have been a significant source of local transportation revenue in Rhode Island, but this will soon change as these taxes are phased out. It is unclear how local governments will replace the revenue. There does not appear to be another local option tax on the horizon to replace it, so the money will most likely come from other forms of finance. In November, 2000, voters took a major step in that direction by approving a statewide bond measure for highways, bridges, and public transit.

1. Fuel and Vehicle Taxes

Cities and towns establish rates for motor vehicle excise taxes, which are annual *ad valorem* taxes.¹ Traditionally, Rhode Island's rates for these taxes have been among the highest in the nation, and these taxes have been a significant revenue source for local government. Current annual tax rates range from just under 1% in New Shoreham to over 7.6% in Providence.² These taxes are considered a general revenue source, and need not be used for transportation finance. However, some local governments voluntarily earmark a portion of their revenues, generating nearly \$12 per capita for road purposes statewide.

Recently, however, Rhode Island has experienced the same backlash against motor vehicle property taxes that has also been seen in Virginia, California, Washington, and other states: a law passed in 1998 will phase out these taxes on motor vehicles by Fiscal Year 2006.³

2. Property Taxes and Assessments

Rhode Island's method of dedicating property tax revenues for transportation projects is a cross between a local option tax and an annual appropriation. At an annual town meeting, voters may decide whether to earmark a portion of the township's annual property tax revenues for highway and bridge maintenance. This appropriation process can include increases in the tax rate.⁴ Cities and towns may also impose special assessments for sidewalk repairs and improvements.⁵

3. Sales and Other Taxes

None.

¹ Rhode Island General Laws 44-34-1.

² Rhode Island Public Expenditure Council, "1998 Property Tax Rates by Community" (1999).

³ Rhode Island Public Expenditure Council, "Property Taxes 2000 – Next Steps" (2000).

⁴ Rhode Island General Laws 24-5-3.

⁵ Rhode Island General Laws 24-7-4.

RHODE ISLAND Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Vehicle	RIGL 44-34-1*	Motor Vehicle Excise Tax	Cities and Towns	1978	Any	-	General Revenues	B
Property	RIGL 44-5-1	Property Tax	Cities and Towns		Any	-	General Revenues	C**
	RIGL 24-7-4	Property Tax	Towns, Assessment Districts		Special Assessments	-	Sidewalks	B
	RIGL 24-5-3	Property Tax	Towns		Any	-	Highway and bridge maintenance	C**

*Authority for this tax is repealed effective July 1, 2005.

**Voters approval is needed at annual town meeting to earmark revenues for highways, or to increase taxes by more than 5.5%.

A = State Law
B = County/Local Law
C = Popular Vote

South Carolina has a tradition of strong state control over the road network, so the local share of transportation expenses has been low. Growing local fiscal pressures have started to change this, as the state's traditional revenue streams have been unable to keep pace with population growth.

Sales taxes may be about to emerge as an important new revenue source in South Carolina. In the decade since county sales taxes were first authorized, they have been adopted in counties representing half of the state's population for general revenues or capital projects. In transportation, local governments have just started experimenting with optional taxes over the past three years, both to accelerate the construction of projects, and as a local match to leverage funds from the state infrastructure bank and other programs.

1. Fuel and Vehicle Taxes

Counties may adopt flat motor vehicle fees to pay for road maintenance. Although the legislature did not pass a statute that explicitly created this authority, it was found to exist under existing, broader statutes by a state court in 1992.¹ Since then, twelve counties and one city have adopted this tax, at rates ranging from \$5 to \$20 per vehicle.² Statewide, we estimate that counties generate \$11.3 million with this tax (\$3 per capita); we were not able to develop a comparable estimate for municipal revenues.³

Regional transportation authorities may also adopt flat vehicle registration fees to provide transit services.⁴ We do not believe that any of these taxes have been adopted.

Finally, local governments tax automobiles as personal property, with the revenues going into their general funds. No distinction appears to be made between automobiles and other personal property under the law, either in how they are assessed or how the revenues are used.

2. Property Taxes and Assessments

Local jurisdictions may levy a variety of special property taxes to fund street, sidewalk, parking, and highway projects. Counties and townships may adopt a "road tax" of up to 1 mill (townships can go to 2 mills for a limited time with voter approval).⁵ Information is not available on the extent to which these have been implemented, because these charges are incorporated into the governments' general property tax levies.

Localities may also establish any of a variety of special districts to handle more localized transportation improvements, including public works improvement districts, street and sidewalk improvement districts, municipal public improvement districts, and paving districts.⁶ State publications list ten road maintenance or improvement districts statewide, with tax rates between 0.161% and 1.5%.⁷

3. Sales and Other Taxes

¹ *Brown v. County of Horry* (S.C. 1992) 308 S.C. 180, 417 S.E.2d 565.

² State of South Carolina, Department of Commerce, "South Carolina Property Tax Rates Report" (2000).

³ Estimates were reached by multiplying vehicle registration data (from South Carolina Department of Public Safety) by the local tax rates (as reported by the South Carolina Department of Commerce).

⁴ South Carolina Code of Laws, § 58-25-60.

⁵ South Carolina Code of Laws, §§ 57-19-10 to 59-19-30.

⁶ South Carolina Code of Laws, §§ 4-35-10, 5-27-310, 5-37-30, and 57-21-10.

⁷ State of South Carolina, Department of Commerce, "South Carolina Property Tax Rates Report" (2000).

Three types of county sales taxes are authorized under South Carolina law, and all require majority voter approval to be enacted. The most basic of these is the 1% “Local Option Sales Tax,” which has no duration limit, and is used to supplement a county’s general revenues.⁸ It has been adopted in 28 of the state’s 46 counties since it was first authorized in 1991.

The “Capital Projects Sales Tax” is also 1%, and may be adopted for specified purposes, including highway, street, and bridge projects.⁹ This tax has a maximum duration of seven years, but the ordinances enacting it generally set the tax to expire when a fixed revenue target it reached. Since this tax was first authorized in 1997, it has been adopted in six counties, including Chester, Jasper, Newberry, Orangeburg, McCormick, and York. Of these, only York County has dedicated its revenues for transportation, a seven-year, \$99 million program of road improvements adopted in 1997.¹⁰

Another new tax, the “Transportation Authority Sales Tax” is also 1%, and may be imposed for up to 25 years for specified highway, street, and bridge projects. It, too, expires when its revenue target is reached. A county may not adopt both the capital projects sales tax and the transportation authority sales tax concurrently. Each project financed by the tax must be approved individually by the voters.¹¹ So far, only Beaufort County has adopted this tax. The single project funded by the tax, involving capacity improvements and bridge construction on a state highway, was completed under budget, enabling county officials to halt tax collections after less than two years, six months earlier than anticipated. In addition to contributing 29% of the project’s costs, the county has invested \$3 million in sales tax revenues to cover the cost of resurfacing 15 years in the future.¹²

More ambitious sales tax efforts may lie ahead. In November, 2000, voters in Charleston County narrowly rejected a 25-year, half-percent capital projects sales tax that would have been used to fund public transit, roads, and land conservation.¹³ It is likely that this effort will return to the ballot in two years in another form.

Finally, cities and counties may adopt a “hospitality fee” of up to 2% on meals and beverages, with revenues being used for tourism-related capital investments, which may include road projects. Horry County (surrounding Myrtle Beach) has adopted an expanded version of this tax: 2.5% on lodging, restaurants, admissions, and other tourism-oriented services. The first 1.5% of its tax is used to fund the county’s road plan; the second 1% of the tax is targeted to providing tourism-related infrastructure and services. This tax raises about \$2.76 million annually for roads, or \$16 per county resident. The city of Charleston also levies a hospitality fee, but has not specifically earmarked the revenues for transportation purposes.

⁸ South Carolina Code of Laws, § 4-10-20.

⁹ South Carolina Code of Laws, § 4-10-310.

¹⁰ York County, “One-Cent Sales and Use Tax Program,” (1999).

¹¹ South Carolina Code of Laws, § 4-37-30.

¹² Segal, “S.C. 170 tax may end by Dec. 1” *The Beaufort Gazette* (October 18, 2000).

¹³ Porter, “Sales tax plan too inclusive,” *Charleston Post and Courier* (November 11, 2000).

SOUTH CAROLINA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales	SCCL 4-10-20	Local Option Sales Tax	Counties	1990	1%	-	General revenues	C
	SCCL 4-10-310	Capital Projects Sales Tax	Counties	1997	1%	7 years	Specified projects, including highway, street, and bridge projects [3]	C
	SCCL 4-37-30	Transportation Auth. Sales Tax	Counties, Transport. Auth.	1995	1%	25 years	Highways, streets, and bridges [3]	C [2]
Vehicle	SCCL 58-25-60	Vehicle Registration Fees ("Wheel Taxes")	Regional Transport Auth.	1973	Flat fees per vehicle	-	Transit	B, C
	SCCL 4-9-30	Road Maintenance Fees	Counties	1992 [4]	Flat fees per vehicle	-	Road maintenance	B
Property	SCCL 4-35-10	Public Works Imp. Districts	Districts			-	Public works, roads, streets, and sidewalks, etc see 6-21-50	E [1]
	SCCL 5-27-310	Street/Sidewalk Imp. Districts	Cities		Special assessments	-	Streets and sidewalks	C
	SCCL 5-37-30	Municipal Public Imp. Districts	Districts	1999	Special assessments	-	Streets, roads, bridges, parking, pedestrian facilities	
	SCCL 57-19-10	Special Road Tax	Counties		Up to 0.1%	-	Highways, streets, and bridges	B
	SCCL 57-19-20; -30	Special Road Tax	Townships		Up to 0.2%	None (<0.1%) 2 yrs (>0.1%)	Highways, streets, and bridges	B (<0.1%) C (>0.1%)
	SCCL 57-19-210	Commutation Tax	Counties		?	-	Highway and bridge repair	B
	SCCL 57-21-10	Paving Districts Tax	Districts in counties > 70K		Any	Up to 20 years	Road paving	C
Other	SCCL 6-1-700	Local Hospitality Tax	Cities, Counties	1997	2% on meals and beverages	-	Tourism-related infrastructure, including roads	B

- [1] With written approval of property owners representing 2/3 of assessed value in district
 [2] Separate ballot questions for each individual project
 [3] Projects must be selected in advance
 [4] Authority for road maintenance fees was found to exist under this statute in Brown v. County of Horry (S.C. 1992) 308 S.C. 180, 417 S.E.2d 565.

- A = State Law
 B = County/Local Law
 C = Popular Vote
 D = Majority of City Councils
 E = Vote of agency or district

SOUTH CAROLINA
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1999	Capital Projects Sales Tax				Road Maintenance Fees (2000)			Prop. Tax Rate
		Rate (%)	Purpose	Revenues (\$1,000's)	Revs per Capita	Notes	Rate (\$/vehicle)	Revenues (\$1000)	
Counties:									
ABBEVILLE	24,681					3	\$10.30	226.2	\$9.17
AIKEN	135,401								
ALLENDALE	11,325					3			
ANDERSON	162,793								
BAMBERG	16,289					3			
BARNWELL	21,784					3			
BEAUFORT	112,973	1%	Roads	26,666.7	\$236.04	1	\$10.00	912.7	\$8.08
BERKELEY	142,300					3			
CALHOUN	14,236								
CHARLESTON	319,921					3			
CHEROKEE	50,074					3			
CHESTER	34,927	1%	Landfill			2, 3			
CHESTERFIELD	41,531					3	\$10.00	351.6	\$8.47
CLARENDON	30,901					3	\$15.00	348.3	\$11.27
COLLETON	37,659					3	\$18.00	549.1	\$14.58
DARLINGTON	66,488					3			
DILLON	29,718					3			
DORCHESTER	90,582								
EDGEFIELD	19,989					3			
FAIRFIELD	22,573								
FLORENCE	125,229					3	\$15.00	1,512.7	\$12.08
GEORGETOWN	54,934								
GREENVILLE	358,936						\$15.00	4,623.6	\$12.88
GREENWOOD	63,717								
HAMPTON	19,108					3			
HORRY	178,550					4			
JASPER	17,232	1%	Other			2, 3			
KERSHAW	49,291					3			
LANCASTER	59,577					3	\$15.00	777.6	\$13.05
LAURENS	63,360					3	\$13.00	723.3	\$11.42
LEE	20,315					3			
LEXINGTON	208,972								
MARION	34,475					3	\$20.00	493.0	\$14.30
MARLBORO	29,492					3	\$17.50	353.3	\$11.98
MCCORMICK	9,606					3			
NEWBERRY	34,385	1%	Sewer			2			
OCONEE	65,081								
ORANGEBURG	87,519	1%	Other			2			
PICKENS	108,126					3			
RICHLAND	307,279								
SALUDA	16,983					3			
SPARTANBURG	249,636								
SUMTER	112,412					3			
UNION	30,356								
WILLIAMSBURG	36,840					3	\$15.00	433.5	\$11.77
YORK	158,180	1%	Roads	14,179	\$89.64	2			
Cities:									
Laurens							\$5.00		
Special Districts:									
Sangaree Road Maint. District (BERKELEY)									.035 mills
Arcadian Shores Road Maint Dist. (HORRY)									.035 mills
Mt. Gilead Road Maint. District (HORRY)									.03 mills
Greenpond Road Maint. District (LAURENS)									.048 mills
Laurens Road Maint. District (LAURENS)									.128 mills
Autumn Lakes Road Imp. Dist (YORK)									.0161 mills
Gentry Woods Road Imp. Dist. (YORK)									.0434 mills
Old Concord Road Imp. Dist. (YORK)									.0227 mills
Saddlegate Road Imp. Dist. (YORK)									.0274 mills
Walnut Ridge Road Imp. Dist. (YORK)									.0146 mills
Woodstock Acres Road Imp. Dist. (YORK)									.0130 mills
STATE TOTALS	3,885,736			40,845.7	\$10.51			11,304.9	\$2.91

(1) 1% Transportation Authority Sales Tax, now expired
(2) 1% Capital Projects Sales Tax

(3) 1% General Purpose Sales Tax
(4) 2.5% Hospitality Fee

Reliance on local option taxes is relatively low in South Dakota. In recent years, there has been a trend toward increased reliance on intergovernmental transfers, as the state has been devolving an increasing share of its transportation tax revenues to local governments.¹

1. Fuel and Vehicle Taxes

Some cities are permitted to levy a 1¢ per gallon gasoline tax, to be used for streets, highways, and bridges.² Perhaps because cities may not adopt this tax if they also have a municipal sales tax (which generates far more revenue), no cities have chosen to adopt this tax.

Counties may adopt by ordinance a vehicle registration tax of up to \$4 per wheel (rates may vary with vehicle weight). Revenues from this tax are used for bridge and highway construction and maintenance. The first of these taxes was adopted in 1986; by 1998, this tax had been imposed in 30 of South Dakota's 66 counties, and raised a total of \$5.7 million statewide (\$7.80 per capita).

2. Property Taxes and Assessments

Several types of special district governments have the authority to levy property taxes and special assessments. South Dakota has 24 county and regional road districts, which have elected governing boards and may generate revenue for maintaining and paving county roads.³ Improvement districts also have elected boards, may levy property taxes (up to 1%) or special assessments to generate revenue for road and bridge projects, as well as other types of infrastructure (water, sewer, etc.).⁴ The state also has four Regional Railroad Authorities, which may levy ad valorem taxes of up to 0.24% for the purposes of preserving railroad services.⁵ No centralized information exists on the tax rates and revenues of these districts.

3. Sales and Other Taxes

South Dakota allows cities to adopt sales taxes up to 2%. The first percent of the sales tax may be used for general revenues. The second percent must be used for hospitals, emergency vehicles, or street reconstruction. Deeply indebted cities may also adopt a separate 1% sales tax to retire public debt.⁶ All jurisdictions have adopted sales taxes of at least 1%, and all of the state's twenty largest municipalities have adopted the full 2% tax.⁷ No data is available that identifies the portion of the revenues being used for local street repair.

¹ Howard, "The Role of Local Governments in Planning and Funding Transportation Improvements in South Dakota," South Dakota Association of County Commissioners, 1999.

² South Dakota Codified Laws § 10-52-2.2.

³ South Dakota Codified Laws § 31-12A-31; U.S. Census Bureau, *Government Integrated Directory* 1997.

⁴ South Dakota Codified Laws § 7-25A-7.

⁵ South Dakota Codified Laws § 49-17A-1; U.S. Census Bureau, *Government Integrated Directory* 1997.

⁶ South Dakota Codified Laws §§ 10-52-2 and 10-52-2.4.

⁷ State of South Dakota, Department of Revenue, *1999 Annual Report*.

SOUTH DAKOTA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Gasoline	SDCL 10-52-2.2*	Gasoline Tax	Class 2,3 Cities	1980	1¢/gal		Build, maintain highways, streets, bridges (SDCL 10-52-5.1)	B
Vehicle	SDCL 32-5A-1	Wheel Tax	Counties	1985	Up to \$4 per wheel, may vary by weight	-	Highway and bridge construction and maintenance	B
Sales	SDCL 10-52-2*	Municipal Sales Tax ("Non-ad valorem tax")	Cities	1969	Up to 2%	-	First 1% for general revenues; Second 1% for hospitals, ambulance, street repair	B
	SDCL 10-52-2.4	Municipal Sales Tax ("Additional non-ad valorem tax")	Cities	1981	1%	Until debt is eliminated	Debt retirement	B
Property	SDCL 31-12-27	Levy for Secondary Roads	All unincorporated parts of counties		Any	-	Road improvements in unincorporated areas	B
	SDCL 31-12A	Levy for Road District	County Road Districts	1977	Any (or special assessments)	-	Road improvements in unincorporated areas	C
	SDCL 7-25A-7	Property Taxes	Improvement Districts	1989	Up to 1% (or special assessments)	-	Plan and build infrastructure, including roads and bridges	C
	SDCL 49-17A-1	Property Taxes	Regional Railroad Authorities	1978	Up to 0.24%	-	Improving and preserving railroad services	B
Other	SDCL 9-55-2	Special assessments and/or business license and occupation taxes	Business Improvement Districts		-	-	Transit facilities, parking facilities, sidewalks**	B

*These two taxes may not be adopted in the same municipality

**Projects must be specified in advance

A = State Law
B = County/Local Law
C = Popular Vote

SOUTH DAKOTA
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1998	Wheel Tax		Revs per capita	Notes
		Rate (per wheel)	1998 Revenues (\$1,000's)		
Counties:					
AURORA	3,018				
BEADLE	17,134	\$2.00	164.2	\$9.58	
BENNETT	3,385	\$2.00	30.6	\$9.03	
BON HOMME	7,257				
BROOKINGS	25,956	\$2.00	225.4	\$8.68	
BROWN	35,399	\$2.00	291.5	\$8.24	
BRULE	5,530	\$2.00	52.7	\$9.53	
BUFFALO	1,755				
BUTTE	8,923	\$2.00	89.2	\$10.00	
CAMPBELL	1,877				
CHARLES MIX	9,305	\$1.50	54.7	\$5.88	
CLARK	4,336				
CLAY	13,192				
CODINGTON	25,433	\$2.00	258.0	\$10.15	
CORSON	4,181				
CUSTER	6,945	\$2.00-3.00	91.7	\$13.20	
DAVISON	17,732				
DAY	6,398	\$4.00	135.5	\$21.18	
DEUEL	4,502				
DEWEY	5,870				
DOUGLAS	3,517				
EDMUNDS	4,217				
FALL RIVER	6,868				
FAULK	2,518				
GRANT	8,051	\$2.00	159.3	\$19.79	
GREGORY	4,954				
HAAKON	2,359				
HAMLIN	5,323	\$2.00	51.5	\$9.67	
HAND	4,161				
HANSON	2,955				
HARDING	1,495				
HUGHES	15,348	\$2.00	143.7	\$9.36	
HUTCHINSON	8,049	\$3.00	124.7	\$15.49	
HYDE	1,618				
JACKSON	2,907				
JERAULD	2,209	\$2.00	26.0	\$11.79	
JONES	1,227				
KINGSBURY	5,761				
LAKE	10,679	\$3.00	155.5	\$14.56	
LAWRENCE	21,913				
LINCOLN	20,448	\$2.00	175.7	\$8.59	
LYMAN	3,775				
MARSHALL	4,556				
MCCOOK	5,612	\$4.00	114.4	\$20.39	
MCPHERSON	2,734				
MEADE	21,614				
MELLETTE	2,040	\$2.00	16.8	\$8.23	
MINER	2,808	\$4.00	61.0	\$21.74	
MINNEHAHA	140,397	\$4.00	2,360.2	\$16.81	
MOODY	6,496				
PENNINGTON	87,323				
PERKINS	3,492	\$2.00	45.5	\$13.02	
POTTER	2,866				
ROBERTS	9,863	\$2.00	96.5	\$9.78	
SANBORN	2,719				

Jurisdictions	Population 1998	Wheel Tax		1998 Revenues (\$1,000's)	Revs per capita	Notes
		Rate (per wheel)				
SHANNON	12,198	\$2.00-3.00		48.5	\$3.98	
SPINK	7,548	\$2.00		79.6	\$10.55	
STANLEY	2,924					
SULLY	1,477					
TODD	9,295					
TRIPP	6,723	\$2.00		70.0	\$10.41	
TURNER	8,620	\$2.00		91.0	\$10.55	
UNION	12,260	\$4.00		248.5	\$20.27	
WALWORTH	5,595	\$2.00		60.2	\$10.75	
YANKTON	20,989	\$4.00		213.1	\$10.15	
ZIEBACH	2,160					
State Total	730,789			5,735.4	\$7.85	

Local option taxes play a relatively small role in transportation finance in Tennessee, and their use has remained roughly constant in recent years. However, Tennessee is a state that does use local option taxes for other purposes, so the recent establishment of an optional gasoline tax may be a sign of the door opening to their greater use in transportation in the future.

A unique feature of Tennessee's approach to local transportation finance is its "maintenance of effort" policy. This requires local governments to provide funding each year at least as high as their average over the previous five years, or risk losing state funding. This policy may have the effect of discouraging the use of temporary dedicated taxes for major transportation projects.

1. Fuel and Vehicle Taxes

The state legislature recently authorized cities and counties to levy a 1¢/gallon gasoline tax to finance public transit services, subject to voter approval.¹ Memphis and Nashville have been considering new investments in light and commuter rail systems, and have pushed for the creation of a new revenue sources. However, a one penny per gallon tax may not be enough to finance the local share of major capital investment project, and so far no areas have adopted this tax.

Counties may also adopt flat vehicle registration taxes (called "vehicle privilege" or "wheel" taxes), upon majority voter approval or a two-thirds vote by the county board. These taxes may be used for any specified purpose. Currently, 49 of the state's 95 counties impose this tax; of these, 20 earmark at least some of the revenue for road and highway purposes, and three others appropriate some of their general revenues from this tax for roads. Together, these taxes raise about \$10.8 million for transportation (about \$2 per capita statewide). Other common uses of vehicle privilege tax revenue are school facilities, general revenues, and debt relief.²

2. Property Taxes and Assessments

Counties and county-established road improvement districts may adopt property taxes in order to repay bonds issued for improving roads and bridges.³ Statewide, local governments raise about \$34 million (\$6.22 per capita) for highways from dedicated property taxes.⁴

3. Sales and Other Taxes

Cities and counties may levy sales taxes up to 2.75%, with voter approval. Half of the revenue is used to support schools, and the other half is used as a general revenue source.⁵ All 95 counties have adopted taxes of at least 1%. Nine counties earmark a small portion of their revenues for road purposes, generating a total of \$8.2 million statewide (\$1.50 per capita).⁶

¹ Tennessee Code, § 67-3-2104.

² County Technical Assistance Service, "Tennessee County Tax Statistics," Institute for Public Service, University of Tennessee, Nashville (2000); Tennessee County Highway Officials Association, "Certification of Road Revenues, FY 99-00" (2000).

³ Tennessee Code, §§ 54-9 and 54-12.

⁴ Tennessee County Highway Officials Association, "Certification of Road Revenues, FY 99-00" (2000).

⁵ Tennessee Code, § 67-6-702.

⁶ Tennessee County Highway Officials Association, "Certification of Road Revenues, FY 99-00" (2000).

Counties (with a two-thirds legislative vote) may adopt a severance tax on sand, gravel, limestone, and other minerals of up to 15¢ per ton.⁷ Across the state, 40 counties have adopted this tax and dedicated the revenues for the construction and maintenance of county roads; 10 others use the revenues for other purposes. The county option mineral severance tax raises about \$4.7 million statewide annually (about 85¢ per capita).⁸

Tennessee also has a severance tax on coal that funds county transportation projects, but this tax is imposed by the state and is not a local option.⁹

⁷ Tennessee Code, § 67-7-201.

⁸ County Technical Assistance Service, “Tennessee County Tax Statistics,” Institute for Public Service, University of Tennessee, Nashville (2000); Tennessee County Highway Officials Association, “Certification of Road Revenues, FY 99-00” (2000).

⁹ Tennessee Code, § 67-7-101.

TENNESSEE

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales	T.C.A. 67-6-702	Local Option Sales Tax	Any city or county	1963	up to 2.75%	-	50% for schools; 50% general revenues	C
Gasoline	T.C.A. 67-3-2104	Gasoline Tax for Local Transportation Funding	Any city or county	1997	up to 1¢/gal	-	Public transit services*	C
Vehicle	T.C.A. 5-8-102	County Motor Vehicle Privilege Tax ("Wheel Tax")	Any county		Any flat rate	-	Any specified purpose	B (2/3) or C
Property	T.C.A. 9-21-107	Property Tax for Transportation Bonds	Any county	1913	Any	-	Repay bonds for roads or bridges**	B
	T.C.A. 54-12	Property tax or special assessments	Road improvement districts	1919	Any	-	Repay bonds for roads or bridges**	B
Other	T.C.A. 67-7-201	County Mineral Severance Tax	Any county	1984	Up to 15¢/ton on sand, gravel, sandstone, chert, or limestone	-	Construction and maintenance of county roads	B (2/3)

*Sevier County may use funds for street repair

**Projects must be specified in advance

A = State Law

B = County/Local Law

C = Popular Vote

TENNESSEE

Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1999	Vehicle Privilege (Wheel) Taxes - FY '00				Sales Tax		Severance Tax	
		Rate for hwys (\$/veh)	Hwy. Revs (\$1,000's)	Revs Per Capita	Non-hwy taxes (\$/veh.)	Hwy. Revs (\$1,000's)	Revs Per Capita	Hwy. Revs (\$1,000's)	Revs Per Capita
ANDERSON	71,004					115.0	\$1.62	80.0	\$1.13
BEDFORD	34,905							83.7	\$2.40
BENTON	16,497							200.0	\$12.12
BLEDSON	10,945							[1]	
BLOUNT	102,785					1968.7	\$19.15	93.6	\$0.91
BRADLEY	84,126								
CAMPBELL	38,466				\$35			154.5	\$4.02
CANNON	12,248				\$10			34.1	\$2.79
CARROLL	29,450	\$10	250.0	\$8.49				28.0	\$0.95
CARTER	53,299							145.0	\$2.72
CHEATHAM	36,128	\$50	302.4	\$8.37				3.0	\$0.08
CHESTER	14,859				\$15				
CLAIBORNE	29,747							92.0	\$3.09
CLAY	7,268							17.5	\$2.41
COCKE	32,291							14.8	\$0.46
COFFEE	46,355							96.0	\$2.07
CROCKETT	14,077	\$32	307.1	\$21.82	\$38				
CUMBERLAND	45,326							155.0	\$3.42
DAVIDSON	530,050				\$35				
DE KALB	16,174							24.0	\$1.48
DECATUR	10,788							30.0	\$2.78
DICKSON	43,017	\$10	331.0	\$7.69	\$20	80.0	\$1.86		
DYER	36,725				\$40				
FAYETTE	31,441	\$20	543.4	\$17.28	\$5			[1]	
FENTRESS	16,357				\$25				
FRANKLIN	37,826							90.0	\$2.38
GIBSON	48,030	\$20	770.0	\$16.03	\$5	150.0	\$3.12		
GILES	29,036								
GRAINGER	20,219								
GREENE	60,900		521.0	\$8.56	\$20			205.0	\$3.37
GRUNDY	14,046								
HAMBLEN	54,201				\$27				
HAMILTON	294,720								
HANCOCK	6,767				\$20				
HARDEMAN	24,451	\$30	570.0	\$23.31					
HARDIN	25,247	\$5.50	107.0	\$4.24	\$5.50			[1]	
HAWKINS	50,109				\$20			90.0	\$1.80
HAYWOOD	19,416	\$10	142.0	\$7.31	\$20			[1]	
HENDERSON	24,767				\$20				
HENRY	30,091		380.0	\$12.63	\$15				
HICKMAN	21,283				\$30.50			[1]	
HOUSTON	7,888				\$15				
HUMPHREYS	17,192								
JACKSON	9,643				\$15			[1]	
JEFFERSON	45,104				\$25				
JOHNSON	16,736	\$5	72.0	\$4.30	\$15			25.0	\$1.49
KNOX	376,039					2489.3	\$6.62		
LAKE	8,131				\$32				
LAUDERDALE	24,234	\$5	72.0	\$2.97	\$50				
LAWRENCE	39,626				\$25	95.0	\$2.40	72.0	\$1.82
LEWIS	11,127				\$20				
LINCOLN	29,773	\$12.50	319.4	\$10.73	\$12.50				
LOUDON	39,892							65.0	\$1.63
MACON	18,542				\$30				
MADISON	86,752							44.0	\$0.51
MARION	26,907							50.0	\$1.86
MARSHALL	26,423	\$7.50	140.0	\$5.30	\$17.50			65.0	\$2.46
MAURY	70,440	\$12.50	0.0	\$0.00	\$12.50			275.0	\$3.90
MCMINN	46,395							70.0	\$1.51
MCNAIRY	24,312				\$20			35.0	\$1.44
MEIGS	10,134								
MONROE	35,576				\$25			90.0	\$2.53
MONTGOMERY	129,411				\$30			255.0	\$1.97
MOORE	5,140								
MORGAN	18,689								
OBION	32,240	\$10	250.0	\$7.75	\$20			35.0	\$1.09
OVERTON	19,654				\$30			35.9	\$1.83
PERRY	7,560							37.3	\$4.93
PICKETT	4,711								
POLK	15,094							[1]	
PUTNAM	59,735							200.0	\$3.35
RHEA	28,116							140.0	\$4.98

Jurisdictions	Population 1999	Vehicle Privilege (Wheel) Taxes - FY '00				Sales Tax		Severance Tax	
		Rate for hwys (\$/veh)	Hwy. Revs (\$1,000's)	Revs Per Capita	Non-hwy taxes (\$/veh.)	Hwy. Revs (\$1,000's)	Revs Per Capita	Hwy. Revs (\$1,000's)	Revs Per Capita
ROANE	50,008							9.0	\$0.18
ROBERTSON	54,861	\$15	712.1	\$12.98	\$20			188.9	\$3.44
RUTHERFORD	171,401	\$20	1310.0	\$7.64	\$10	530.0	\$3.09	400.0	\$2.33
SCOTT	20,239								
SEQUATCHIE	10,846							70.8	\$6.53
SEVIER	65,783								
SHELBY	873,000				\$25				
SMITH	16,771								
STEWART	11,759							[1]	
SULLIVAN	150,231					2500.0	\$16.64		
SUMNER	126,009	\$15	1323.7	\$10.50	\$35			150.0	\$1.19
TIPTON	48,348	\$15	595.0	\$12.31	\$15				
TROUSDALE	6,971							[1]	
UNICOI	17,310							31.0	\$1.79
UNION	16,584								
VAN BUREN	5,008								
WARREN	36,421				\$30			80.0	\$2.20
WASHINGTON	102,814								
WAYNE	16,413				\$10				
WEAKLEY	32,952	\$15	376.0	\$11.41	\$5			125.0	\$3.79
WHITE	22,864							70.0	\$3.06
WILLIAMSON	123,793		1500.0	\$12.12	\$25	350.0	\$2.83	250.0	\$2.02
WILSON	86,496				\$25			175.0	\$2.02
State Total	5,483,535		10,894.2	\$1.99		8,278.0	\$1.51	4,680.1	\$0.85

[1] These counties have a mineral severance tax earmarked for highways, but had zero revenue in FY 2000.

Although property taxes and vehicle taxes make important contributions to local transportation finance in Texas, sales taxes are having the greatest impact. Sales taxes as high as 1% have been adopted in eight of the state's largest metropolitan areas. Overall, most of the revenues are being used to fund transit operations, but in the state's two largest metropolitan areas, they are being used to help fund major public transportation capital projects. The adoption of transportation sales taxes in Texas peaked in the 1980s, and has held roughly constant since.

As part of our research, we surveyed Texas' 85 largest counties and 20 largest cities. We received responses from 17 counties and nine cities.¹ We also used received data from the Texas Department of Transportation detailing transportation revenues for all cities and counties in the state for 1998.

1. Fuel and Vehicle Taxes

Counties may adopt a flat vehicle registration fee (up to \$10 annually), to provide revenues for their road and bridge funds.² Of the state's 254 counties, 198 have adopted the full \$10 tax, 36 have adopted the tax at lower levels, and 20 have not adopted the tax. Statewide, this tax generates about \$156 million annually (\$8 per capita).³ In addition to the road and bridge tax, several counties have adopted small additional vehicle taxes for other purposes, including registration automation systems and child safety programs.

Metropolitan rapid transit authorities may also impose a vehicle emissions tax to fund transit infrastructure and services,⁴ but this tax has not been implemented anywhere in the state.

2. Property Taxes and Assessments

Several different mechanisms are provided for local governments to use property taxes and special assessments for transportation services. Generally, counties and road districts may impose property taxes necessary to repay bonds that they have issued. With voter approval, counties or their subdivisions may adopt a property tax up to 0.15% to fund road maintenance, and counties may adopt a property tax up to 0.3% to build or maintain "farm-to-market and lateral roads."⁵

Just under half of all Texas counties levy a property tax for their Farm-to-Market Road Funds. In 1998, these levies raised approximately \$4.42 per capita statewide, 88% of which was used for road maintenance and operations, and 12% of which was used to repay debt on capital projects. Tax rates in the state's less-populated counties tend to be higher than those in more populous counties. About a third of all counties levied a property tax for their local Road & Bridge Funds, raising an additional \$2.90 per capita, nearly all of which was used for road maintenance.⁶

¹ We received responses from Bastrop, Brazos, Brown, Burnet, Cherokee, Comal, Coryell, Dallas, Gregg, Hidalgo, Hopkins, Hunt, Jefferson, Lamar, Marion, Montgomery, and Rusk counties; and the cities of Arlington, Amarillo, Brownsville, Corpus Christi, Dallas, Grand Prairie, Houston, Irving, and Mesquite.

² Texas Transportation Code, § 502.172.

³ Texas Department of Transportation, Vehicle Titles and Registration Division, "Schedule of Texas Registration Fees," Fee Chart 1C (October 1999).

⁴ Texas Transportation Code, § 451.414.

⁵ Texas Transportation Code, §§ 256.051-256.054; Texas Constitution, Article VIII, § 1-a. "Farm-to-market roads" are secondary roads that mostly serve rural traffic (see Transportation Code § 256.008).

⁶ State of Texas, Controller of Public Accounts, "1998 County Tax Rates," (Unpublished data on road tax rates).

Counties may also establish road utility districts, which upon voter approval may issue bonds for road construction, or levy special property taxes for road maintenance.⁷ There are currently 22 such districts in the state with active tax levies, but these revenues these raise collectively are small compared with those raised by the other taxes. About 1/4 of their revenues are used for maintenance and operations, and 3/4 are used to service debt on capital investments.⁸

Some cities have started to adopt “user fees” to raise funds for local street repair. In Beaumont, this has been a flat charge of \$3 per parcel, but the city is contemplating a shift to a system based on trip generation. Austin already has such a charge in place, and Arlington is considering adopting one.

3. Sales and Other Taxes

Local option sales taxes are an important and widespread source of local finance in Texas. Texas provides several different local sales and use taxes. In general, the Tax Code authorizes cities and counties to adopt sales and use taxes for any purpose other than repaying bonds. The sum of all local taxes in a given area (including special district taxes) may not exceed 2%, and all tax increases are subject to voter approval. Only cities not located in transit or transportation districts may adopt an additional tax for the purpose of repaying bonds.⁹ This in effect makes it difficult to use these sales taxes to build large transportation infrastructure projects, but in principle doesn’t rule out their use for transportation purposes entirely.

Approximately 47% of the state’s counties have adopted a general-purpose local option sales tax.¹⁰ Most of the county taxes treat these taxes as sources of general revenue (i.e. general property tax offsets), some do voluntarily earmark a portion of the revenues for transportation purposes. For example, Coryell County reported that it dedicates about one-fifth of its 1/2% sales tax to road and bridge maintenance and repair.

Another variety of sales tax used extensively in Texas enables cities to fund economic, industrial, or sports facility development corporations, which provide facilities and supporting infrastructure to major development projects. With voter approval, these municipal agencies may adopt sales taxes up to 1/2%, provided total local taxes are kept under two percent.¹¹ At least some of the 446 cities that levy this tax statewide are using it for transportation investments related to economic development. For example, the City of Mesquite has earmarked about 1/3 of its new half-percent sales tax for transportation projects.

However, the largest transportation use of sales taxes in Texas is for public transportation. Metropolitan rapid transit authorities and municipal transit departments may adopt sales taxes to provide transit services and related infrastructure. In addition, regional transportation authorities may use them to fund transit services as well as paratransit, vanpool, parking, and rideshare services and facilities.¹²

Under these various laws, a total of eight city, regional, or county transportation authorities have been created, in Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Laredo, and San Antonio. Tax rates vary from 1/4% to 1%. Approximately one-fourth of the revenues is used for capital projects; the

⁷ Texas Transportation Code, §§ 441.191 and 441.192.

⁸ State of Texas, Controller of Public Accounts, Property Tax Division, Unpublished data on road utility districts (2000).

⁹ Texas Tax Code, §§ 321.101 and 323.001.

¹⁰ State of Texas, Controller of Public Accounts, “County Sales and Use Tax,” (2000); State of Texas, Controller of Public Accounts, “City Sales and Use Tax Rates,” (2000).

¹¹ Texas Revised Civil Statutes, Article 83-5190.6, §§ 4A and 4B.

¹² Texas Transportation Code, §§ 451.404, 452.401, 453.401, and 457.301. Municipal rapid transit authorities may adopt any kind of tax except a property tax. (Texas Transportation Code, § 451.401).

other three-fourths fund transit operations. Together, these eight districts raised over \$862 million in sales taxes in 1998 (\$44 per capita statewide).¹³

At the time its 1% sales tax was first approved in 1978, Houston planned to build a \$1.8 billion, 18-mile heavy rail line.¹⁴ Since then, Houston Metro instead decided to extend its network of bus services, and concentrate its capital efforts on building a system of express bus and high occupancy vehicle lanes. This system currently extends over 88 miles (with another 23 miles expected to be completed in the next few years),¹⁵ and is particularly noteworthy for the unique manner in which it has integrated ridesharing into the transit system. Today, Houston Metro is preparing to break ground on a 7.5-mile light rail system, which will be partially financed with the sales tax revenues.

The Dallas area also saw its sales tax play a pivotal role in financing new transit infrastructure. In 1983, Dallas metropolitan voters approved a 1% sales tax for transit construction and operation by a vote of 58%. In the late 1980s, however, rail construction was put on hold amid public concerns about long-term debt, and federal money was withdrawn from the project. Voters decided not to allow long-term borrowing to build light rail, but also defeated most proposals for outlying municipalities to withdraw from the district. This qualified reaffirmation of the light rail plan provided the transit authority with the necessary support to begin construction, and ground was broken for the first HOV and light rail projects in 1990. The first 20-mile phase of the planned 115-mile rail network system opened in early 1997. Overall transit ridership in the Dallas region has doubled since 1996. The success of this first phase has contributed to public confidence in the agency, and voters recently approved long-term borrowing for the next phase of construction.¹⁶

Voters in other regions have rejected proposal to use sales taxes to fund light rail projects, including San Antonio and Austin, where ballot initiatives were recently defeated. The San Antonio measure, which would have increased the sales tax by 1/4%, lost overwhelmingly in May, 2000. The Austin measure, which would have earmarked a share of the existing 1% sales tax for light rail construction, lost narrowly in November, 2000.

¹³ State of Texas, Controller of Public Accounts, "Monthly Local Sales and Use Tax Allocation Historical Summary by Local Jurisdiction," (2000).

¹⁴ Demery, "A Retrospect of Rail Transit Financing Votes in the U.S. 1962-1994," *Headlights*. (Jan.-Feb.1996).

¹⁵ Metropolitan Transit Authority of Harris County, "Guide to Using Houston's High Occupancy Vehicle Lanes" (2000).

¹⁶ Demery, *op. cit.*; Dallas Area Rapid Transit, "DART Overview and History" (2000); Doclar, "Voters OK faster expansion of light rail; Dallas and 12 area cities commit a 1-cent sales tax for 30 years to pay for DART growth," *Fort Worth Star-Telegram* (August 13, 2000).

TEXAS

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Sales	Transport Code 451.404; 452.401	Sales and Use Tax	Metropolitan rapid transit authorities, Regional transportation authorities		Up to 1%	-	Transit plus paratransit, vanpool, parking, and rideshare facilities	C
	Transport Code 453.401	Sales and Use Tax	Municipal transit departments		Up to 1/2%	-	Transit	C
	Transport Code 457.301	Sales and Use Tax	County mass transit authorities		Up to 1/2%	-	Transit, streets	C
	Tax Code 321.101(a)	Municipal Sales & Use Tax	Any City	1987	Up to 1/2%	-	Any purpose except bonds	C
	Tax Code 321.101(b)	Additional Municipal Sales and Use Tax	Any city not in a transit or transportation district	1987	Up to 1/2%	-	Repaying bonds*	C
	Tax Code 323.001	County Sales & Use Tax	Any County	1987	Up to 1%	-	Any purpose except bonds	C
	TRCS 83-5190.6/4A; TRCS 83-5190.6/4B	Economic and Industrial Development Sales Tax	Cities meeting various size requirements	1989	Up to 1/2%	-	Capital and maintenance costs of projects serving economic development	C
Vehicle	Transport Code 451.414	Vehicle Emissions Tax	Metropolitan rapid transit authorities		Varies by Engine Size	-	Transit	C
	Transport Code 502.172	Optional County Vehicle Registration Fee	Counties		Up to \$10/veh.	-	County road & bridge fund	B
Property	Transport Code 253.003		Unincorporated subdivisions		Special assessments	-	Construction or repair of subdiv. or access roads*	C
	Transport Code 256.051	County, Precinct, and Road District Bond Tax	County, precinct, or road districts		Sufficient to repay bonds	-	Repaying bonds for road construction*	B
	Transport Code 256.052	Special Road Tax	County, or county subdistrict		Up to 0.15%	-	Road maintenance	C
	Transport Code 256.054; Tx Const., Art. VIII, Sec. 1-a	Additional County Tax for County Roads	Any county	1932	Up to 0.3%	-	Construction/maint. of "farm-to-market and lateral roads"	C
	Transport Code 441.191	Road Utility District Bond Tax	Road Utility Districts		Sufficient to repay bonds	-	Repaying bonds for road construction	B
	Transport Code 441.192	Road Maintenance Tax	Road Utility Districts		Up to 0.25%	-	Road maintenance	C

*Projects must be specified in advance.

A = State Law
 B = County/Local Law
 C = Popular Vote

Jurisdictions	Population 1998	Property Tax: 1998 Revenues (\$1000)						Total	Revs per capita (1998)	Vehicle Regis. Fees
		Farm to Market: Maint. & Oper	Farm to Market: Interest & Sinking	Road & Bridge: Maint & Oper.	Road & Bridge: Interest & Sinking	Road Util. District: Maint. & Oper.	Road Util. District: Interest & Sinking			
LIBERTY	65,154								\$10.00	
LIMESTONE	20,747	191.1		192.4			383.5	\$18.48	\$10.00	
LUBBOCK	228,220								\$10.00	
MATAGORDA	37,987								\$10.00	
MAVERICK	47,660								\$11.00	
MCLENNAN	203,214	888.7					888.7	\$4.37	\$10.00	
MEDINA	36,910	542.1					542.1	\$14.69	\$5.00	
MIDLAND	119,120								\$10.00	
MILAM	24,197								\$10.00	
MONTGOMERY	271,801								\$10.00	
NACOGDOCHES	56,243								\$10.00	
NAVARRO	41,600	101.2		942.9			1,044.1	\$25.10	\$10.00	
NUECES	315,723	245.8					245.8	\$0.78	\$10.00	
ORANGE	84,769	210.1		1,915.0			2,125.1	\$25.07	\$10.00	
PALO PINTO	25,889			338.8			338.8	\$13.09	\$10.00	
PANOLA	23,047	257.2					257.2	\$11.16	\$10.00	
PARKER	82,266			2,947.6			2,947.6	\$35.83	\$10.00	
POLK	50,182								\$11.50	
POTTER	108,289								\$10.00	
RANDALL	98,779								\$10.00	
ROCKWALL	37,202								\$10.00	
RUSK	45,743	506.4		684.1			1,190.5	\$26.03	\$10.00	
SAN JACINTO	21,828	861.2		351.9			1,213.1	\$55.58	\$11.50	
SAN PATRICIO	70,737	1,208.9		172.6			1,381.5	\$19.53	\$10.00	
SHELBY	22,882			438.1			438.1	\$19.15	\$10.00	
SMITH	168,070								\$10.00	
STARR	55,443	1,540.3					1,540.3	\$27.78	\$10.00	
TARRANT	1,354,040								\$10.00	
TAYLOR	122,036								\$10.00	
TITUS	25,423								\$10.00	
TOM GREEN	102,685								\$10.00	
TRAVIS	709,182								\$11.50	
TYLER	20,373	908.2					908.2	\$44.58	\$5.00	
UPSHUR	35,821								\$10.00	
UVALDE	25,448	60.1					60.1	\$2.36	\$10.00	
VAL VERDE	43,637	147.5					147.5	\$3.38	\$10.00	
VAN ZANDT	43,961								\$10.00	
VICTORIA	81,672			1,898.2			1,898.2	\$23.24	\$5.00	
WALKER	54,802								\$10.00	
WALLER	27,248	270.2					270.2	\$9.92	\$10.00	
WASHINGTON	29,119	1,729.7					1,729.7	\$59.40	\$10.00	
WEBB	186,798	36.0	250.0				286.0	\$1.53	\$11.50	
WHARTON	40,120	1,691.4		1,437.6			3,129.0	\$77.99	\$10.00	
WICHITA	128,497								\$10.00	
WILLIAMSON	223,665	4,655.5					4,655.5	\$20.81	\$11.50	
WILSON	31,304								\$10.00	
WISE	44,326	1,582.3					1,582.3	\$35.70	\$10.00	
WOOD	34,317								\$10.00	
111 Counties with Pop. > 20,000	18,484,789	51,935.5	10,088.8	42,487.8	1,985.3	0.0	106,497.5	\$5.76		
143 Counties with Pop. < 20,000	1,227,600	25,049.5	86.0	12,634.5	94.4	0.0	37,864.4	\$30.84		
22 Road Utility Districts		0.0	0.0	0.0	0.0	786.0	2,147.4	2,933.4		
STATEWIDE TOTAL	19,712,389	76,985.1	10,174.8	55,122.2	2,079.8	786.0	147,295.3	\$7.47	156,000.0	

Local highway finance in Utah has not relied heavily on local option taxes. Sales taxes for roads have been adopted only in a few areas, and most local road costs are paid out of general revenues. This may soon change, however. Cities have recently been authorized to adopt sales taxes for highways, and more than a dozen have already done so. County governments have also started to call for more revenue options, including a voter-approved motor fuel tax, a sales tax on motor fuel, or a broad-based sales tax.¹

In public transit, however, local option sales taxes have become the dominant funding source. They have been approved by voters covering 84% of the state's population, and are contributing to both operating and capital investments. Recently, voters in three counties around Salt Lake City approved an additional sales tax that will fund major new public transit initiatives.

1. Fuel and Vehicle Taxes

None.

2. Property Taxes and Assessments

A variety of types of special districts—including county service areas, public transit districts, special service areas, parking and business improvement districts, and special road districts—can property taxes to raise revenue for transportation-related infrastructure and services. Across the state, 15 service districts have been classified by the census as road districts.² The revenue that these districts raise is small, and is primarily used for small road extension, paving, and safety projects. There were no special road districts in the state that imposed property taxes in 1999.³

3. Sales and Other Taxes

Any city or county may levy 1/4% local option sales taxes on behalf of a transit district in its jurisdiction, subject to voter approval.⁴ In addition, any city or county may adopt an additional 1/4% sales tax to fund the construction of fixed guideway transit.⁵

The first quarter-percent transit sales tax has been adopted throughout the Salt Lake City metropolitan area, including parts of eight counties, and is the dominant non-federal source of transit funds in the state. It generates over \$59 million annually, or \$28 per resident of the state.⁶

The effort to adopt the second transit tax for rail construction has been more difficult. In 1990, the Utah Transit Authority developed a proposal to build a 20-mile light rail system costing \$225 million, which would have been funded in part through this tax. In 1992, Salt Lake County voters rejected the proposed tax increase, but UTA was able to build the project anyway because it found an alternate local source of funding.⁷ In 2000, voters in Davis, Salt Lake, and Weber counties finally approved a second 1/4% sales

¹ Utah Association of Counties, "Position Statement: Local Government Funding Needs," (2000).

² U.S. Bureau of the Census, "1997 Census of Governments - Governments Integrated Directory."

³ Letter from Utah Department of Taxation (September 27, 2000).

⁴ Utah Code Annotated, § 59-12-501.

⁵ Utah Code Annotated, § 59-12-502.

⁶ Utah State Tax Commission, "Annual Report, Fiscal Year 1998-99" (1999).

⁷ Demery (March 1990), p. 76; Demery (January-February 1996), p. 11.

tax to fund further light rail and commuter rail construction, more frequent bus and rail service, and highway projects. The specific rail construction projects to be funded by the tax are yet to be decided.⁸

In 1997, the legislature created a new municipal highway tax, a 1/4% sales tax available to cities that have not adopted a transit tax.⁹ Because many cities are just starting to phase this tax in, it is difficult to tell how important a source of highway revenues this tax will become. As of 1999, nineteen cities had adopted the tax statewide, generating a total of \$2.2 million.¹⁰ As mentioned above, the state's counties have called for similar taxing authority.

Utah also has three general-purpose local option taxes. Any city or county may adopt a general-purpose "local option" sales tax up to 1%. All jurisdictions have adopted this at a uniform 1% rate across the state. In addition, counties may adopt a general-purpose 1/4% "county option" tax (24 of 29 counties have done so), and towns may also adopt a 1/4% "town option" tax (only one has done so).¹¹

⁸ Loomis, "Voter Support Of Transit Tax Could Mean Clout in D.C." *The Salt Lake Tribune* (November 9, 2000).

⁹ Utah Code Annotated, §. 59-12-1001.

¹⁰ Utah State Tax Commission, "Annual Report, Fiscal Year 1998-99" (1999).

¹¹ Utah Code Annotated, §§ 59-12-203, 59-12-1102, and 59-12-1301; Utah State Tax Commission, "Taxes and Fees Administered by the Utah State Tax Commission" (1999).

UTAH

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Sales	UCA 59-12-203	Local Option Sales and Use Tax	Any county, city, or town	1959	1.00%	-	General Revenues	B
	UCA 59-12-1102	County Option Sales and Use Tax	Any county	1997	0.25%	-	General Revenues	C
	UCA 59-12-1301	Town Option Sales and Use Tax	Any town	1998	1.00%	-	General Revenues	B
	UCA 59-12-501	Public Transit Tax	Any county or city in a public transit district	1988	0.25%	-	Public transit district	C
	UCA 59-12-502	Public Transit Tax	Any county or city in a public transit district	1990	0.25%	-	To fund a fixed guideway public transit system [1]	C
	UCA 59-12-1001	Municipal Highway Tax	Any city without a public transit district tax	1997	0.25%	-	Construction and maintenance of highways	C
Vehicle	UCA 59-12-502	Vehicle rental tax	Any county	1990	Up to 4%	-	Tourism promotion	B
Property	UCA 17A-2-401 ff.	Property tax	County service areas	1969	Up to 0.14%	-	Services, including streets, roads, and sidewalks	C
	UCA 17A-2-1044	Property tax	Public Transit Districts	1969	Up to 0.04%	Annual	Transit	C
	UCA 17A-2-1322	Property tax	Special Service Areas	1975	Any	Must be specified	Services, including streets, roads, and sidewalks	C
	UCA 17A-3-404	Property tax	Parking and Business Improvement Districts	1979		-	Parking	B
	UCA 17A-3-1202	Special assessments	Special Road Districts	1909		-	Road paving	B

[1] In "1st class counties" (Salt Lake County) 25% of revenues must go toward improvements on I-15

A = State Law
 B = County/Local Law
 C = Popular Vote

UTAH

Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1998	Sales Taxes (FY 1998-99)				Notes
		Rate (%)	Purposes	Revenues (\$1,000's)	Revs per capita	
Counties:						
BEAVER	5,901					
BOX ELDER	41,930					
CACHE	87,227	0.25%	Transit			[1]
CARBON	21,021					
DAGGETT	722					
DAVIS	233,600	0.25%	Transit	5,856.2	\$25.07	[2]
DUCHESNE	14,514					
EMERY	11,013					
GARFIELD	4,294					
GRAND	8,070					
IRON	28,777					
JUAB	7,602					
KANE	6,219					
MILLARD	12,280					
MORGAN	7,032					
PIUTE	1,407					
RICH	1,858					
SALT LAKE	845,913	0.25%	Transit	35,798.1	\$42.32	[2]
SAN JUAN	13,640					
SANPETE	21,590					
SEVIER	18,435					
SUMMIT	26,798					
TOOELE	33,474					
UINTAH	25,637					
UTAH	339,904					
WASATCH	13,273					
WASHINGTON	82,276					
WAYNE	2,358					
WEBER	183,797	0.25%	Transit	5,614.3	\$30.55	[2]
Cities:						
Alpine (UTAH)	5,418	0.25%	Transit	33.8	\$6.24	
American Fork (UTAH)	19,215	0.25%	Transit	725.6	\$37.76	
Brian Head (IRON)	40,427	0.25%	Highways	28.4	\$0.70	
Brigham (BOX ELDER)	16,960	0.25%	Transit	473.5	\$27.92	
Cedar City (IRON)	18,953					
Cedar Hills (UTAH)	2,486	0.25%	Transit	6.0	\$2.41	
Centerville (DAVIS)	14,811					*
Clearfield (DAVIS)	25,877					*
Clinton (DAVIS)	11,514					*
Draper (SALT LAKE)	19,147					*
East Green River (GRAND)		0.25%	Highways	21.1		
Ephraim (SANPETE)	4,486	0.25%	Highways	40.4	\$9.00	
Erda/Lakepoint/Lincoln/ Stansbury Park (TOOELE)		0.25%	Transit	81.9		
Farmington (DAVIS)	11,175					*
Grantsville (TOOELE)	5,528	0.25%	Transit			
Green River (EMERY)	911	0.25%	Highways	22.6	\$24.85	
Gunnison (SANPETE)	2,101	0.25%	Highways			
Heber (WASATCH)	5,872	0.25%	Highways	66.3	\$11.28	
Highland (UTAH)	6,315	0.25%	Transit	66.5	\$10.53	
Hurricane (WASHINGTON)	7,193	0.25%	Highways	46.4	\$6.45	

Jurisdictions	Population 1998	Sales Taxes (FY 1998-99)				Notes
		Rate (%)	Purposes	Revenues (\$1,000's)	Revs per capita	
Ivins (WASHINGTON)	4,319	0.25%	Highways	1.0	\$0.24	
Kaysville (DAVIS)	19,118					*
La Verkin (WASHINGTON)	3,388	0.25%	Highways	5.0	\$1.47	
Layton (DAVIS)	55,112					*
Lehi (UTAH)	15,297	0.25%	Transit	327.7	\$21.42	
Lindon (UTAH)	6,380	0.25%	Transit	285.6	\$44.77	
Logan (CACHE)	40,272	0.25%	Transit	1,309.3	\$32.51	
Mapleton (UTAH)	4,804	0.25%	Transit	36.1	\$7.51	
Midvale (SALT LAKE)	11,628					*
Moab (GRAND)	4,485	0.25%	Highways	257.1	\$57.33	
Murray (SALT LAKE)	33,167					*
Nephi (JUAB)	4,519	0.25%	Highways	116.8	\$25.84	
North Ogden (WEBER)	14,811					*
Ogden (WEBER)	66,507					*
Orem (UTAH)	78,937	0.25%	Transit	3,435.2	\$43.52	
Park City (SUMMIT)	6,504	0.25%	Transit	983.2	\$151.16	
Payson (UTAH)	10,951	0.25%	Transit	190.8	\$17.42	
Perry (BOX ELDER)	2,023	0.25%	Transit	29.5	\$14.57	
Pleasant Grove (UTAH)	20,491	0.25%	Transit	221.8	\$10.82	
Price (CARBON)	8,834	0.25%	Highways	161.0	\$18.23	
Provo (UTAH)	110,419	0.25%	Transit	2,590.4	\$23.46	
Richfield (SEVIER)	6,880	0.25%	Highways	332.8	\$48.36	
Riverton (SALT LAKE)	20,410					*
Roosevelt (DUCHESNE)	4,314	0.25%	Highways	171.8	\$39.83	
Roy (WEBER)	31,441					*
Salem (UTAH)	3,275	0.25%	Transit	31.5	\$9.61	
Salina (SEVIER)	2,119	0.25%	Highways	65.2	\$30.75	
Salt Lake City (SALT LAKE)	174,348					*
Sandy (SALT LAKE)	99,186					*
Santa Clara (WASHINGTON)	4,407	0.25%	Highways	6.8	\$1.55	
South Jordan (SALT LAKE)	26,414					*
South Ogden (WEBER)	14,671					*
Spanish Fork (UTAH)	15,555	0.25%	Transit	538.9	\$34.65	
Springville (UTAH)	15,944	0.25%	Transit	313.9	\$19.69	
St. George (WASHINGTON)	46,186	0.25%	Highways	659.8	\$14.29	
Taylorsville (SALT LAKE)	56,753					*
Tooele City (TOOELE)	16,748	0.25%	Transit	482.7	\$28.82	
Vernal (UINTAH)	7,366	0.25%	Highways	139.8	\$18.97	
Washington City (WASHINGTON)	6,906	0.25%	Highways	12.1	\$1.76	
West Jordan (SALT LAKE)	60,804					*
West Valley City (SALT LAKE)	99,372					*
Willard (BOX ELDER)	1,535	0.25%	Transit	27.0	\$17.60	
State Total	2,100,562		Highways	2,217.3	\$1.06	
			Transit	59,459.5	\$28.31	

*County has 1/4% sales tax for transit

[1] Voters approved creation of new transit district with 1/4% sales tax in 11/2000

[2] Voters approved increasing tax to 1/2% in 11/2000

Like other New England states, Vermont does not have a tradition of local option taxation. It appears not to have any laws on the books that specifically enable the adoption of local taxes for transportation-related purposes. Nonetheless, a very high share of its non-federal highway revenues comes from local property taxes; whether or not these are earmarked is open to varying interpretations.

Vermont is just beginning to experiment with a wider variety of local option taxes. Under legislation adopted in 1997, certain municipalities may seek voter approval of sales taxes, lodging taxes, and meal and alcoholic beverage taxes. The use of these taxes for transportation purposes still lies in the future.

1. Fuel and Vehicle Taxes

None.

2. Property Taxes and Assessments

State law requires towns to maintain town highways in accordance with state public safety standards.¹ In their annual budgeting processes, townships must designate specific property taxation rates for the highway portions of their budgets.² However, towns report their property tax rates to the state government as an aggregate figure, so there is no centralized source of information on the specific tax rates currently being levied for highways by the townships.

Townships may also establish special highway districts. The state's annual report on property taxation lists four such districts, in the towns of Barton, Essex, Northfield, and Orleans.³ The revenues from these districts account for approximately 2% of the total highway-related property tax revenues in the state.

Regional Transit Authorities also may impose property taxes to subsidize their operations,⁴ but none are currently doing so.

3. Sales and Other Taxes

Vermont only recently began to allow experiments with other local option taxes. Under a new state law, with majority voter approval municipalities may adopt local option sales, lodging, meals, and alcoholic beverage taxes.⁵ The purpose of the tax was to help municipalities adjust to a new education finance law, which apparently put strains on other components of some localities' budgets. Authorization for these taxes expires in 2004. No municipalities have adopted these taxes and specifically earmarked the revenues for transportation.⁶

¹ 19 Vermont Statutes Annotated § 304.

² 24 Vermont Statutes Annotated § 1521.

³ State of Vermont, Department of Taxes, Division of Property Valuation and Review, "2000 Annual Report: Taxes and Tax Rates," (2000).

⁴ 24 Vermont Statutes Annotated § 5108.

⁵ 24 Vermont Statutes Annotated § 138.

⁶ Letter from Vermont Agency of Transportation (November 15, 2000).

VERMONT

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Property	24 V.S.A. 1521		Townships, Cities, and Villages		Any	Annual	Town highways*	B
	24 V.S.A. 3251		Townships, Cities, and Villages	1969	Special Assessments		Any public improvements*	C
	24 V.S.A. 5108		Regional Transit Authorities	1975	Any property tax	Annual	Transit operations	E
Sales	24 V.S.A. 138	Sales Tax; Room Tax; Meal & Beverage Tax	Townships, Cities, and Villages meeting certain fiscal criteria	1997	1%	Until 2004	Municipal services	C

*Projects must be specified in advance

A = State Law
 B = County/Local Law
 C = Popular Vote
 D = Majority of City Councils
 E = Vote of agency or district

VERMONT

Adopted County, District, and Local Transportation Taxes

Jurisdictions	Property Taxes				
	Rate (%)	Purposes	Revenues (\$1,000's)	Revs per capita	Notes
Counties: ADDISON BENNINGTON CALEDONIA CHITTENDEN ESSEX FRANKLIN GRAND ISLE LAMOILLE ORANGE ORLEANS RUTLAND WASHINGTON WINDHAM WINDSOR					
Special Districts: Essex Town Hwy District Barton Hwy District Orleans Hwy District Northfield Town Hwy District			537.5 299.5 26.6 520.1		

Virginia is one of a handful of states in which the state government operates most of the road system, including secondary roads. Local governments play a small role in financing the transportation system, except for two counties and the state's 40 independent cities, which build and operate their own road and street systems. In general, the legislature has been reluctant to delegate taxation authority to local governments.

The major exception to this has been Washington, D.C. suburbs and exurbs in Northern Virginia, which has seen the state's most rapid growth. To cope with the region's growing transportation problems, its local governments have demanded greater authority to finance their own infrastructure projects, with mixed success. They have succeeded in creating two regional transportation commissions, which use dedicated gasoline taxes to fund highways and public transit. Local governments in the region have also been granted authority to adopt local vehicle license taxes, but have not yet exercised this power. Recently, some Northern Virginia legislators have floated proposals to fund transportation investments with local-option income taxes, or a regional half-percent sales tax, but so far these proposals have been opposed by the governor.¹

1. Fuel and Vehicle Taxes

State law imposes a 2% excise tax on motor fuel sales in Northern Virginia cities and counties belonging to a transportation commission that operates heavy rail transit.² Two such commissions exist at present. The Northern Virginia Transportation Commission (NVTC), which covers three counties (Arlington, Fairfax, and Loudoun) and three independent cities (Alexandria, Fairfax, and Falls Church), serves a population of 1.42 million. Further to the west, the Potomac and Rappahannock Transportation Commission (PRTC) covers two counties (Prince William and Stafford) and three independent cities (Fredericksburg, Manassas, and Manassas Park) and serves 420,000 people. Both agencies raise about \$12 per capita from this tax.

The two commissions use their gas tax revenues in different ways. Most of the NVTC's revenues (85%) are used to meet its member jurisdictions' obligations to contribute to debt service and operating subsidies for the Washington Metropolitan Area Transportation Authority (WMATA). In Loudon County, which is not served by WMATA, the revenues are used to fund the county's transportation plans, which include both highway and transit components.³

The PRTC uses most of its revenues to fund a commuter rail system, the Virginia Railway Express (VRE). Of the total revenues, 64% is used for operations of the VRE, and 23% is used for debt service on its capital costs. The remainder is used for highway projects and operations of a bus system.⁴

Until recently, local jurisdictions have had the authority to levy personal property taxes on motor vehicles to raise general revenues. This "car tax" became a key issue in the 1997 gubernatorial election, and legislation was passed in 1998 that will phase it out.⁵

¹ Melton, "Gilmore Vetoes Local Taxing Power; Revenue From Insurance Favored for Road Improvements," *The Washington Post* (April 9, 2000); Melton, "Gilmore, N. Va. Still at Odds on Transportation; Governor Opposes Local Tax," *The Washington Post* (December 12, 2000).

² Code of Virginia, § 58.1-1720.

³ Letter from Northern Virginia Transportation Commission (September 25, 2000).

⁴ Letter from Potomac & Rappahannock Transportation Commission (October 3, 2000).

⁵ Code of Virginia, §§ 58.1-3500 ff and 58.1-3523 ff.

A second, less controversial general revenue tax on automobiles is the vehicle license tax. This tax can be set at any flat rate, up to the rates charged by the state. This tax has been adopted in nearly every county, and raises about \$16 per capita on average.⁶

Finally, cities and counties served by WMATA may adopt an additional charge of up to \$5 per vehicle to help finance their share of Metro's operations, but none has adopted this tax.⁷

2. Property Taxes and Assessments

Local governments may create service districts to operate parking facilities, build and maintain roads and streets, or provide public transit services, among other activities. They may adopt special property taxes in order to finance these projects.⁸ No centralized information is available on which of the state's many public service districts focus on transportation-related activities.

Cities and counties may impose a one-time real property tax of 0.05% when a deed is first issued. The state has a similar tax, some revenues from which are earmarked for roads; however, the local version of this tax is used for general revenues.⁹ Of the state's 95 counties, 77 have adopted this tax.¹⁰

3. Sales and Other Taxes

Cities and counties may levy general-purpose local option sales taxes of 1 percent.¹¹ Every county across the state has adopted this tax at a uniform rate, and none earmark any share of the revenues for transportation purposes. Virginia also has a statewide 0.5% sales tax that raises about one-fifth of the state's transportation revenues.

Cities and counties may also adopt severance taxes to fund road projects that benefit mineral extraction operations. The tax may be set at up to 1% of the gross receipts of coal and gas companies, with revenues put into a special road improvement fund, which is controlled by a joint government/industry committee.¹² The funds may also be used to improve other local roads and streets, or to build water supply infrastructure. In 1999, one city (Norton) and eight counties (Buchanan, Dickinson, Lee, Pulaski, Russell, Scott, Tazewell, and Wise) had this tax in place.¹³

In addition, cities and counties may tax the gross receipts of businesses mining coal, natural gas, or oil for general revenues, but doing so prevents them from imposing property taxes on the full value of privately held mineral lands.¹⁴

Counties with populations greater than 500,000 (or their neighboring counties and cities) may levy a local option income tax of 1% for up to 5 years, subject to voter approval. Revenues may be used for construction, operation, and maintenance of any transportation facilities, including transit, highways, airports, and ports.¹⁵ No counties currently impose this tax.

⁶ Code of Virginia, § 46.2-752; Commonwealth of Virginia, Auditor of Public Accounts, "Comparative Report of Local Government Revenues and Expenditures." (2000).

⁷ Code of Virginia, § 46.2-753; Letter from Virginia Department of Transportation (December 12, 2000).

⁸ Code of Virginia, § 15.2-2400 ff.

⁹ Code of Virginia, § 58.1-814.

¹⁰ Knapp, "1999 Tax Rates: Virginia's Cities, Counties, and Selected Towns," Weldon Cooper Center for Public Service, University of Virginia, Charlottesville (December 1999), Table 19.1.

¹¹ Code of Virginia, § 58.1-605.

¹² Code of Virginia, § 58.1-3713.

¹³ Knapp, *op. cit.*, Table 18.1.

¹⁴ Code of Virginia, §§ 58.1-3712 and 58.1-3286.

¹⁵ Code of Virginia, § 58.1-540.

VIRGINIA

Overview of County, District, and Local Transportation Tax Laws

	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Gasoline	Sec. 58.1-1720	Motor Fuel Sales Tax	Transportation districts operating rapid heavy rail or located in N. VA	1980	2%	-	Operating and capital costs of transit systems; plus other "transportation" purposes	A
Vehicle	Sec. 58.1-3500	Ad valorem tax on personal property	Cities, counties, and towns		Any	-	General revenues	B
	Sec. 46.2-752	Vehicle license taxes	Cities, counties, and towns		Up to state's rate (\$23 if < 2 tons; \$28 if > 2 tons)	-	General revenues	B
	Sec. 46.2-753	Vehicle license taxes	Alexandria, Arlington, Fairfax City & County, and Falls Church	1974	Up to \$5	-	Transit operations (WMATA)	B
Property	Sec. 15.2-2400	Property taxes and special assessments	A service district created by a county, city, or town	1962	Any	-	Services, including parking, streets/roads, public transit [1]	B (C*)
	Sec. 58.1-814; Sec. 58.1-3800	Deed recordation tax	Cities, counties, and towns	1958	0.05% of property value	-	General revenues	B
Sales	Sec. 58.1-605	Local Sales Tax	Cities and counties	1966	1%	-	General Revenues	B
Income	Sec. 58.1-540	Local Income Tax	Counties (pop > 500,000) and adjacent cities/counties	1989	1/4% to 1%	5 years	Transportation facilities (incl hwys, transit, airports, and ports)	C
Severance	Sec. 58.1-3712; Sec. 58.1-3714	Minerals gross receipts tax	Cities and counties	1973	1% on coal or gas businesses; 0.5% on oil	-	General revenues, economic development	B
	Sec. 58.1-3713	Local coal and gas road improvement tax	Cities and counties	1978	1% of gross receipts of coal or gas businesses	-	Road improvements (Coal and Gas Road Improvement Fund) [2]	B

* Supermajority voter approval needed for special assessments
 [1] Projects must be selected in advance
 [2] Projects are selected by joint government/industry committee

A = State Law
 B = County/Local Law
 C = Popular Vote

VIRGINIA
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1999	Vehicle License Tax		Other						
		1999 Revenues (\$1,000's)	Revs per capita	Type	Rate	Purposes	1999 Revenues (\$1,000's)	Revs per capita	Notes	
Special Taxing Districts:										
Northern Virginia Transportation Commission	1,424,880			Gasoline	2%	Transit/Roads	17,149.5	\$12.04	[1]	
Potomac and Rappahannock Trans. Commn	424,216			Gasoline	2%	Transit/Roads	5,206.6	\$12.27	[2]	
Hunter Mill Rt. 28 Dist. (FAIRFAX)				Property	0.2%	Roads				
Sully Rt. 28 Dist. (FAIRFAX)				Property	0.2%	Roads				
Transportation District (JAMES CITY)				Property	0.1%	Roads				
Route 28 District (LOUDOUN)				Property	0.2%	Roads				
234 Bypass District (PRINCE WILLIAM)				Property	0.02%	Roads				
Prince William Parkway District (PR. WILLIAM)				Property	0.2%	Roads				
Counties:										
ACCOMACK	32,121	282.5	\$8.80							
ALBEMARLE	80,145	1,373.1	\$17.13							
ALLEGHANY	12,152	256.1	\$21.07							
AMELIA	10,601	211.9	\$19.99							
AMHERST	30,351	635.4	\$20.94							
APPOMATTOX	13,317	262.4	\$19.71							
ARLINGTON	174,848	204.7	\$1.17						[1]	
AUGUSTA	61,166	1,275.8	\$20.86							
BATH	4,926	30.5	\$6.19							
BEDFORD	57,537	1,207.3	\$20.98							
BLAND	6,795	104.4	\$15.37							
BOTETOURT	29,184	601.3	\$20.60							
BRUNSWICK	18,340	297.0	\$16.19							
BUCHANAN	28,477	-	-	Severance	1%	Roads	7,384.9	\$259.33		
BUCKINGHAM	14,754	228.9	\$15.52							
CAMPBELL	50,345	1,068.7	\$21.23							
CAROLINE	22,075	431.3	\$19.54							
CARROLL	27,808	462.2	\$16.62							
CHARLES CITY	7,240	143.4	\$19.81							
CHARLOTTE	12,414	207.3	\$16.70							
CHESTERFIELD	253,365	4,672.3	\$18.44							
CLARKE	12,838	179.2	\$13.96							
CRAIG	4,942	97.8	\$19.79							
CULPEPER	33,562	433.8	\$12.93							
CUMBERLAND	7,876	158.5	\$20.12							
DICKINSON	16,716	-	-	Severance	1%	Roads	2,923.1	\$174.87		
DINWIDDIE	25,663	404.1	\$15.75							
ESSEX	9,121	183.2	\$20.08							
FAIRFAX	945,717	16,817.9	\$17.78						[1]	
FAUQUER	55,206	1,119.3	\$20.27							
FLOYD	13,260	338.2	\$25.50							
FLUVANNA	19,622	320.7	\$16.34							
FRANKLIN	45,220	845.8	\$18.70							
FREDERICK	56,555	867.9	\$15.35							
GILES	16,315	135.9	\$8.33							
GLOUCESTER	35,463	565.2	\$15.94							
GOOCHLAND	17,651	415.9	\$23.56							
GRAYSON	16,451	140.6	\$8.55							
GREENE	14,685	302.7	\$20.61							
GREENSVILLE	11,332	157.9	\$13.94							
HALIFAX	36,920	626.6	\$16.97							
HANOVER	85,410	1,853.1	\$21.70							
HENRICO	244,652	5,008.2	\$20.47							
HENRY	55,634	1,029.7	\$18.51							
HIGHLAND	2,480	40.8	\$16.45							
ISLE OF WIGHT	29,632	405.8	\$13.69							
JAMES CITY	45,945	41.8	\$0.91							
KING AND QUEEN	6,540	122.0	\$18.65							
KING GEORGE	17,681	325.5	\$18.41							
KING WILLIAM	13,048	177.4	\$13.60							
LANCASTER	11,349	171.7	\$15.13							
LEE	23,821	167.0	\$7.01	Severance	1%	Roads	325.8	\$13.68		
LOUDOUN	156,284	2,618.8	\$16.76						[1]	
LOUISA	25,029	314.7	\$12.57							
LUNENBURG	11,789	147.3	\$12.49							
MADISON	12,627	287.7	\$22.78							
MATHEWS	9,255	181.3	\$19.59							
MECKLENBURG	30,991	579.0	\$18.68							
MIDDLESEX	9,771	141.8	\$14.51							
MONTGOMERY	76,997	482.9	\$6.27							
NELSON	14,186	260.4	\$18.36							
NEW KENT	13,218	260.2	\$19.69							
NORTHAMPTON	12,810	176.6	\$13.78							
NORTHUMBERLAND	11,668	292.3	\$25.05							
NOTTOWAY	15,291	129.3	\$8.45							
ORANGE	25,759	381.2	\$14.80							
PAGE	23,165	121.4	\$5.24							
PATRICK	18,529	418.0	\$22.56							
PITTSYLVANIA	56,760	1,283.2	\$22.61							
POWHATAN	22,409	387.2	\$17.28							
PRINCE EDWARD	19,245	192.0	\$9.98							

Jurisdictions	Population 1999	Vehicle License Tax		Other					
		1999 Revenues (\$1,000's)	Revs per capita	Type	Rate	Purposes	1999 Revenues (\$1,000's)	Revs per capita	Notes
PRINCE GEORGE	28,812	443.0	\$15.37						
PRINCE WILLIAM	270,841	2,229.0	\$8.23						[2]
PULASKI	34,401	415.9	\$12.09	Severance	1%	Roads	0.0	\$0.00	
RAPPAHANNOCK	7,664	158.5	\$20.69						
RICHMOND	8,745	150.8	\$17.24						
ROANOKE	81,163	1,605.5	\$19.78						
ROCKBRIDGE	19,542	382.6	\$19.58						
ROCKINGHAM	63,078	981.9	\$15.57						
RUSSELL	28,728	273.2	\$9.51	Severance	1%	Roads	984.0	\$34.25	
SCOTT	22,506	381.6	\$16.95	Severance	1%	Roads	1.0	\$0.04	
SHENANDOAH	35,141	566.5	\$16.12						
SMYTH	32,692	291.3	\$8.91						
SOUTHAMPTON	17,678	284.1	\$16.07						
SPOTSYLVANIA	87,361	1,454.1	\$16.64						
STAFFORD	93,160	1,492.9	\$16.02						[2]
SURRY	6,484	54.2	\$8.36						
SUSSEX	12,345	174.4	\$14.12						
TAZEWELL	46,343	263.3	\$5.68	Severance	1%	Roads	912.1	\$19.68	
WARREN	30,620	338.2	\$11.04						
WASHINGTON	49,791	682.6	\$13.71						
WESTMORELAND	16,259	328.1	\$20.18						
WISE	40,194	102.5	\$2.55	Severance	1%	Roads	5,478.4	\$136.30	
WYTHE	26,511	329.5	\$12.43						
YORK	58,433	1,029.4	\$17.62						
Independent Cities (not in counties)									
Alexandria	117,390	2,040.2	\$17.38						[1]
Chesapeake	202,759	3,581.5	\$17.66						
Hampton	137,193	2,103.2	\$15.33						
Newport News	179,138	3,098.7	\$17.30						
Norfolk	225,875	3,307.6	\$14.64						
Portsmouth	98,305	1,629.0	\$16.57						
Richmond	189,700	3,258.1	\$17.17						
Roanoke	93,357	1,739.1	\$18.63						
Suffolk	64,805	1,018.4	\$15.72						
Virginia Beach	433,461	6,947.8	\$16.03						
Total of 10 largest cities	1,741,983	28,723.6	\$16.49						
Total of 30 smallest cities	567,386	8,176.2	\$14.41						
Towns Over 10,000									
Blacksburg (MONTGOMERY)	34,458	263.4	\$7.65						
Christiansburg (MONTGOMERY)	16,615	274.7	\$16.53						
Front Royal (WARREN)	13,677	193.6	\$14.15						
Herndon (FAIRFAX)	19,197	291.2	\$15.17						[1]
Leesburg (LOUDON)	26,820	499.3	\$18.62						[1]
Vienna (FAIRFAX)	17,226	252.0	\$14.63						[1]
Total of 6 largest towns	127,993	1,774.3	\$13.86						
Total of next 27 towns	150,309	1,729.6	\$11.51						
State Total	6,872,912	110,883.0	\$16.13	Severance			18,009.3	\$2.62	
				Gasoline			22,356.1	\$3.25	

[1] The NVTC covers the counties of Arlington, Fairfax, and Loudon; and the cities of Alexandria, Fairfax, and Falls Church.

[2] The PRTC covers the counties of Prince William and Stafford, and the cities of Fredericksburg, Manassas, and Manassas Park.

Note: Virginia's 40 largest cities are independent, not contained within counties.

Washington authorizes a wider range of local option taxes than perhaps any other state. Many of these taxes have been authorized and adopted in the past decade. With the recent repeal of the state's motor vehicle excise tax, an important revenue source for public transit, the trend toward increased reliance on sales taxes and other local option taxes is likely to continue into the future.

As in many other western states, ballot-box decision-making plays a central role in Washington State's approach to local transportation finance and planning. In the year 2000 alone, Seattle voters earmarked funds to begin planning for a monorail system, King County voters approved a new sales tax for public transit, and statewide voters rejected a proposal to require that 90% of all transportation revenues (including taxes currently designated for transit) support road-related investments.

Because of Washington's dynamic climate for local option taxes, we selected it to be one of our twelve survey states. We received responses from eight cities and eight counties, out of the 39 counties and 20 cities we surveyed.¹ We also received data from the state Department of Transportation detailing transportation revenues for all 39 counties and 278 cities for 1997.

1. Fuel and Vehicle Taxes

Local gasoline taxes play a very small role in Washington. With voter approval, counties may adopt a motor fuel tax at 10% of the state rate. In addition, cities located along the Canadian border may adopt a tax between 0.1¢ and 1¢ per gallon. Both of these taxes require approval by a majority of voters and the county legislative body. Funds may only be used for "highway purposes" as defined in the state constitution, which includes streets, highways, and ferries.² Just three small cities (Blaine, Nooksack, and Sumas), and one transit district (Port Roberts Transit District) have adopted this tax, all at the full 1¢ per gallon rate.³ Spokane and Snohomish counties have held votes on whether to adopt gasoline taxes, but both measures were defeated.⁴

A variety of local vehicle taxes are authorized under Washington law. First, counties and cities may adopt flat "vehicle license fees" (up to \$15 annually) for any transportation purpose.⁵ Cities must seek voter approval to adopt this tax, but counties may skip this step. As of 1997, this tax had been adopted in four counties (Douglas, King, Pierce, and Snohomish) and 70 cities statewide.

Cities, counties, and transportation districts may also adopt *ad valorem* "motor vehicle excise taxes" to raise revenues for transit facilities or high-occupancy vehicle lanes.⁶ The only jurisdiction currently levying this tax is the Regional Transit Authority (known locally as "Sound Transit," the RTA covers parts of King, Pierce, and Snohomish counties in the Seattle metropolitan area). Voters approved a 0.3% motor vehicle excise tax (along with a 0.8% excise tax on vehicle rentals) in 1996 to help Sound Transit fund light rail projects. In 1980, voters in Clark County had approved a 0.725% motor vehicle excise tax to fund transit operations, but this tax was repealed by the state legislature in 2000.⁷

¹ Responses were received from Asotin, Clark, Columbia, Ferry, Kitsap, Lewis, Mason, and Whitman counties; and the cities of Bremerton, Kent, Kirkland, Redmond, Renton, Richland, Shoreline, and Tacoma.

² Revised Code of Washington, §§ 82.80.010 and 82.47.202; Constitution of Washington, Article II, Section 40.

³ State of Washington, Department of Transportation, Detailed Local Highway Finance Report (1997).

⁴ Municipal Research and Services Center of Washington, "A Revenue Guide for Washington Cities and Towns" (1999), p. 37.

⁵ Revised Code of Washington, § 82.80.020.

⁶ Revised Code of Washington, §§ 35.58.273, 81.100.060, 81.104.160.

⁷ Electronic mail correspondence from C-TRAN (June 30, 2000).

In November, 1999, Washington voters adopted Initiative 695, which repealed the statewide motor vehicle excise tax. While this measure did not affect local option vehicle excise taxes, it did have a significant impact on local finance, since the fees constituted an important source of state aid for public transit. The elimination of this revenue source has led local governments to search for alternatives, creating additional pressures to adopt local option taxes. Several counties are considering sales tax increases to fund public transit, to replace revenues previously provided by the state motor vehicle excise tax.⁸

Cities and counties may adopt parking taxes to help finance their 6-year transportation plans.⁹ In 1997, Douglas County, Bainbridge Island, Seatac and Lynden imposed this tax, raising a total of \$2.6 million. Bremerton noted in its survey response that it adopted this tax effective January 1, 2000, with revenues going to repair local streets.

2. Property Taxes and Assessments

Property taxes the most significant local source of transportation funding in Washington. The greatest share of these revenues is generated by county road taxes, which are imposed on the unincorporated areas of every county.¹⁰ Rates change annually according to the expenditure needs identified by the county legislative body; in 1997, they ranged between 0.8 and 2.25 mills and raised between \$50 and \$250 per capita.¹¹ Our surveys showed some variation in how the revenues were used, with three putting the majority of the revenues toward highway operations and maintenance; three splitting them among maintenance and new construction; and one putting the majority of funds toward highway patrols.

Property taxes may be also imposed by county rail districts, transportation benefit districts, and road and bridge service districts to help retire their general obligation bond debt.¹² However, none of these districts currently impose property taxes.¹³

Kirkland was the only city that reported having a dedicated portion of property tax for transportation, with a 0.0398% property tax set aside for street maintenance.

A half-percent real estate transfer tax may be adopted by any city or county for capital projects. Revenues from this tax are not earmarked for specific types of projects; they are put into a capital projects fund, which can be used for streets, highways, and bridges, as well as projects not related to transportation. In 1997, one county (Franklin) and 36 cities statewide used this tax to generate transportation revenue, generating roughly \$2 for every person in the state for transportation purposes.¹⁴

3. Sales and Other Taxes

Sales taxes are a very significant source of revenue for transit operations and for providing the local share of new transit infrastructure projects. The state authorizes two different sales taxes that support public transit. One sales tax funds the provision of “high capacity transportation services,” or public transit that

⁸ Sanchez and Garber, “No light rail in sales tax plan” *Seattle Times* (September 12, 2000); Hopkins and Lange, “Local Taxes, Bonds Await Voters” *Seattle Post-Intelligencer* (September 14, 2000).

⁹ Revised Code of Washington, § 82.80.030.

¹⁰ Revised Code of Washington, § 36.88.010.

¹¹ State of Washington, Department of Revenue, “Property Tax Statistics 1997.”

¹² Revised Code of Washington, §§ 36.60.040, 36.73.060, and 36.83.030.

¹³ State of Washington, Department of Revenue, *Tax Reference Manual*, (January, 1999).

¹⁴ State of Washington, Department of Transportation, Detailed Local Highway Finance Report (1997).

operates on an exclusive right-of-way.¹⁵ In 1996, voters in the three-county Seattle region approved a 0.4% sales tax to fund construction of the first phase of a Sound Transit light rail line that will eventually link Seattle and Tacoma. This project culminated a long effort to fund rail in the region, including unsuccessful bond votes in 1968 and 1970, and an unsuccessful sales tax vote in 1995.¹⁶ Also in 1995, Clark County voters rejected by a 2-1 margin a 0.3% sales tax increase that would have extended Portland's light rail system northward across the Columbia River.¹⁷

The other sales tax funds more general transit capital or operating expenses. It allows any city, county, public transportation benefit area or county transportation authority to adopt a tax of 0.1-0.6% for the operations, maintenance, or routine capital needs of public transit systems, with voter approval.¹⁸ This tax has been adopted by 23 transit districts statewide, generating \$320 million, or \$57 per capita. Voters in King County have approved increases in this tax three times: 0.3% effective in 1973, another 0.3% effective 1982, and a final 0.2% effective 2001. Together, the county and transit district taxes combine for a 1.2% transit sales tax rate in King County.

Washington has several other authorizations for local sales taxes, two of which may be used for transportation-related investments. First, cities and counties may implement a 0.5% local option sales tax for any purpose. Most cities, and all except four counties, impose the maximum rates allowed by law. Rural counties may also adopt special sales taxes of up to 0.08% for up to 25 years in order to finance public facilities (including bridges, roads, and other infrastructure). Although this tax has been adopted by 23 counties, it is not seen as an additional tax by consumers since it is credited against the state tax.¹⁹

Taxation of businesses is an unusual feature of local transportation finance in Washington. These "business and occupation taxes" and "business license fees" take a wide variety of forms, including taxation based on gross proceeds, type of business activity, number of employees, and floor area. The proceeds from these taxes often go toward general municipal revenues, but when they are earmarked for transportation they are usually aimed at relieving peak-hour congestion. The employer tax, for example, charges \$2 per employee per month in order to fund "high-capacity transportation" projects, or to fund HOV lanes, commuter rail, or vanpools. Employers engaged in trip reduction efforts may be exempt from these taxes.²⁰

Two other local option taxes were formerly important in Washington. Cities once imposed "utility charges" per household or per employee to fund street and transit services, but these were recently struck down by a court decision. Cities also previously relied on a \$1 "household tax," but this has since been replaced in all but three cities (Kent, Moses Lake, Prosser) by sales taxes and vehicle license fees.

¹⁵ Revised Code of Washington, § 81.104.170.

¹⁶ Sound Transit, "Regional Transit History and Chronology" (2000); Demery, "A Retrospect of Rail Transit Financing Votes in the US 1962-1994," *Headlights* (March-April 1996).

¹⁷ Penhale, "Vote is a Rail Disaster; But Clark County Transit Different, Backers Here Say," *Seattle Post-Intelligencer* (February 9, 1995).

¹⁸ Revised Code of Washington, § 82.14.045.

¹⁹ Revised Code of Washington, §§ 82.14.030 and 82.14.370; State of Washington, Department of Revenue, *Tax Reference Manual*, (January, 1999).

²⁰ Revised Code of Washington §§ 35.21.710, 35.21.870, 35.95.040, 81.100.030, and 81.104.150; State of Washington, Department of Revenue, *Tax Reference Manual*, (January, 1999).

WASHINGTON

Overview of County, District, and Local Transportation Tax Laws - Part 1

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Gasoline	RCW 82.80.010	Motor Vehicle Fuel Tax	Any county	1990	10% of State Rate	-	"Highway purposes" [5, 7]	B C
	RCW 82.47.020	Border Area Motor Vehicle Fuel Tax	Border Area Jurisdictions within 10 mi of Canada	1991	0.1 - 1 ¢/gal	-	"Highway purposes" [5, 7]	B C
Vehicle	RCW 35.58.273	Sales and Use Tax on Rental Cars	Metropolitan municipalities [2]	1987	Up to 1.944% [4]	-	Transit capital, incl. facilities & rolling stock [6]	C
	RCW 81.104.160(2)	Sales and Use Tax on Rental Cars	RTA [3]	1992	Up to 2.172%	-	"High capacity" transit services [1]	
	RCW 35.58.273	Motor Vehicle Excise Tax	Metropolitan municipalities [2]	1987	Up to 0.725% of value [4]	-	Transit capital, incl. facilities & rolling stock [6]	C
	RCW 81.100.060	Motor Vehicle Excise Tax	King, Pierce, or Snohomish Counties	1990	Up to 0.3% of value	-	HOV lanes, commuter rail, car/vanpool services [5]	C
	RCW 81.104.160	Motor Vehicle Excise Tax	Any city, public trans benefit area, county trans auth., metropolitan municipality [2], or RTA [3]	1990	Up to 0.8% of value	-	"High capacity" transit services [1]	C
	RCW 82.80.020	Vehicle License Fee	Any county, some cities	1990	\$15 per vehicle	-	Any transportation purpose as defined by RCW 82.80.070 [5]	B (counties) C (cities)
	RCW 82.80.030	Commercial Parking Tax	Any county or city	1990	Any	-	"	B
Sales	RCW 81.104.170	High-Capacity Transportation Systems Sales and Use Tax	Any city, public trans benefit area, county trans auth., metropolitan municipality [2], or RTA [3]	1990	up to 1%	-	"High capacity" transit services [1]	C
	RCW 82.14.030	Local Option Retail Sales & Use Tax	Any city or county	1970	up to 0.5%	-	Any	B
	RCW 82.14.045	Public Transportation Systems Sales and Use Tax	Any city, county, public trans benefit area, county trans authority, metropolitan municipality [2]	1971	up to 0.6%	-	Operations, maintenance, or capital needs of public transit systems	B C
	RCW 82.14.370	Rural Counties Public Facilities Sales and Use Tax	Rural counties (<100 pop/mi ²)	1997	up to 0.04% [4]	25 years	Public facilities, including bridges, roads, infrastructure [5]	B

WASHINGTON Overview of County, District, and Local Transportation Tax Laws - Part 2

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Property	RCW 36.60.040; RCW 36.73.060; RCW 36.83.030	Excess Property Tax Levies	County rail districts; transportation benefit districts; road and bridge service districts	1983; 1987	Taxes over the 10 mill limit	-	Retiring general-obligation bond debt [6]	C
	RCW 36.88.010; RCW 84.52.043	County Road Taxes and Special Assessments	County road imp. districts (unincorporated areas)	1951	Up to 2.25 mills	-	Street and highway improvements [6]	B for prop. tax; C for assessment
	RCW 82.46.010 RCW 35.43.040	Real Estate Transfer Tax	Any county or city	1982	Up to 1/2%	-	Capital projects, including streets, highways, bridges	B C
Misc	RCW 81.100.030	Employer Tax	King, Pierce, or Snohomish Counties	1990	\$2 per employee/mo except employers engaged in trip reduction efforts	-	HOV lanes, commuter rail, car/vanpool services [5]	C
	RCW 81.104.150	Employer Tax	Any city, public trans benefit area, county trans auth., metropolitan municipality [2], or RTA [3]	1990	\$2 per employee/mo.	-	"High capacity" transit services [1]	C
	RCW 35.95.040; RCW 35.21.710; RCW 35.21.870	Business and Occupation Taxes	Any city, county, public trans benefit area, county trans authority, metropolitan municipality [2]	1965	Up to 0.2% of gross proceeds; 6% for utilities	-	Municipal transit systems or general revenues	C
	RCW 35.95.040	Local Household Tax	Any county or city	1965	\$1 per household	-	Municipal transit systems	C

[1] "High capacity transportation service" = public transportation services operating on exclusive rights of way, including on HOV lanes. (RCW 81.104.015)

[2] "Metropolitan Municipality" refers to the former metro gov't for the Seattle area. This entity no longer exists, and has been absorbed by King County.

[3] RTA = Regional Transit Authority (parts of King, Pierce, and Snohomish counties)

[4] The value of this tax is credited against the excise tax levied by the state, so it is not really an additional tax paid by individuals.

[5] Projects selected in ongoing 6-year planning process, must be consistent with MPO plans

[6] Projects must be selected in advance

[7] "Highway purposes" as defined by Article II, Sec. 40 of the Constitution includes streets, highways, and ferries

A = State Law

B = County/Local Law

C = Popular Vote

WASHINGTON
Adopted County, District, and Local Transportation Taxes - Part 1

Jurisdictions	Population 1997	Unincorp. Pop. 1997	Sales Taxes for Transit			County Road Taxes		
			Rate (%)	1997 Revenues (\$1,000's)	Revs per capita	Rate (mills)	1997 Revenues (\$1,000's)	Revs per capita
Counties:								
ADAMS	15,800	7,757				2.050	1,117.5	\$144.07
ASOTIN	19,700	11,724				1.577	598.0	\$51.00
BENTON	134,100	34,555				1.957	2,915.0	\$84.36
CHELAN	62,200	27,939				1.801	3,704.4	\$132.59
CLALLAM	66,400	39,675	0.3%	10,808.0	\$162.77	1.908	4,068.8	\$102.55
CLARK	316,800	160,907				1.969	22,760.0	\$141.45
COLUMBIA	4,200	1,472				2.250	334.8	\$227.44
COWLITZ	92,000	39,413				1.850	6,566.2	\$166.60
DOUGLAS	30,800	21,176				1.864	2,175.3	\$102.72
FERRY	7,300	6,260				2.250	595.8	\$95.18
FRANKLIN	43,900	15,215				2.100	1,857.2	\$122.07
GARFIELD	2,400	955				2.250	199.8	\$209.19
GRANT	68,300	34,455	0.2%	1,065.5	\$15.60	2.250	4,423.3	\$128.38
GRAYS HARBOR	68,300	26,925	0.3%	1,909.9	\$27.96	2.043	2,482.6	\$92.20
ISLAND	71,600	48,710	0.3%	1,383.7	\$19.33	1.029	4,600.3	\$94.44
JEFFERSON	26,300	17,970	0.3%	719.6	\$27.36	1.259	1,963.5	\$109.27
KING	1,646,200	432,084	0.6%	184,162.3	\$111.87	1.736	45,586.0	\$105.50
KITSAP	229,400	158,740	0.5%	9,853.1	\$42.95	1.766	13,766.3	\$86.72
KITTITAS	31,500	13,534				1.915	1,901.9	\$140.53
KLICKITAT	19,000	12,799				2.250	1,480.3	\$115.66
LEWIS	68,300	41,777				2.138	4,855.0	\$116.21
LINCOLN	9,800	4,127				2.070	1,037.4	\$251.37
MASON	47,900	40,130	0.2%	629.5	\$13.14	1.921	4,914.1	\$122.46
OKANOGAN	38,400	22,908				2.093	2,206.3	\$96.31
PACIFIC	21,300	14,375	0.3%	468.5	\$21.99	1.644	1,564.8	\$108.86
PEND OREILLE	11,200	8,117				2.250	1,249.2	\$153.90
PIERCE	674,300	301,196				2.210	29,575.5	\$98.19
SAN JUAN	12,500	10,625				0.795	1,919.5	\$180.66
SKAGIT	96,900	45,893				1.944	6,438.8	\$140.30
SKAMANIA	9,900	8,151				1.770	771.7	\$94.68
SNOHOMISH	551,200	275,810				1.762	25,621.3	\$92.89
SPOKANE	409,900	199,088				2.039	17,426.3	\$87.53
STEVENS	37,400	27,972				1.748	2,275.2	\$81.34
THURSTON	197,600	113,130	0.3%	6,535.9	\$33.08	2.008	11,099.5	\$98.11
WAHKIAKUM	3,900	3,355				1.820	298.0	\$88.84
WALLA WALLA	54,000	16,375				2.242	2,661.8	\$162.55
WHATCOM	156,200	72,402				2.157	11,099.8	\$153.31
WHITMAN	41,200	6,673				2.250	1,414.9	\$212.03
YAKIMA	208,700	93,017				2.065	7,692.1	\$82.70
Special Districts:								
Benton-Franklin PTBA [1]	178,000		0.3%	5,839.1	\$32.80			
Chelan-Douglas PTBA	93,000		0.4%	4,747.6	\$51.05			
Clark PTBA	313,632		0.3%	10,411.7	\$33.20			
Cowlitz PTBA	92,000		0.1%	765.8	\$8.32			
Lewis PTBA	68,300		0.1%	493.3	\$7.22			
Pierce PTBA	613,613		0.3%	19,867.3	\$32.38			
Skagit PTBA	96,900		0.2%	2,463.8	\$25.43			
Snohomish PTBA	457,496		0.6%	25,973.4	\$56.77			
Spokane PTBA	364,811		0.3%	14,771.0	\$40.49			
Walla Walla PTBA	54,000		0.3%	1,233.3	\$22.84			
Whatcom PTBA	156,200		0.3%	5,774.6	\$36.97			
Regional Transit Authority [2]	2,440,945		0.4%	81,262.2	\$33.29			
Yakima Transit	64,560		0.3%	3,652.6	\$56.58			
Everett Transit	86,822		0.3%	6,383.1	\$73.52			
STATE TOTAL	5,606,800	2,417,386		401,174.9	\$71.55		257,218.5	\$106.40

[1] PTBA = Public Transportation Benefit Area

[2] The RTA sales tax fund the transit capital projects (light rail construction), not operations

WASHINGTON

Adopted County, District, and Local Transportation Taxes - Part 2

Jurisdictions	Population 1997	Fuel and Vehicle Taxes 1997 Revenues (\$1000)				Other Taxes 1997 Revs. (\$1000)		Total (\$1000)	Revs per capita
		Vehicle License Fee	Motor Veh. Excise Tax	Gasoline Taxes	Parking Taxes	Real Estate Excise Tax	Business License & Occ. Taxes		
Counties:									
DOUGLAS COUNTY	30,800	47.1			82.7			129.8	\$4.21
KING COUNTY	1,646,200	5,551.0						5,551.0	\$3.37
PIERCE COUNTY	674,300	3,103.8						3,103.8	\$4.60
SNOHOMISH COUNTY	551,200	2,994.4						2,994.4	\$5.43
Special Districts:									
Clark Public Trans. Benefit Area	316,693		10,632.8					10,632.8	\$33.57
Point Roberts Transit District				50.4				50.4	
Regional Transit Authority	2,440,945		48,800.0					48,800.0	\$19.99
Cities:									
Auburn (KING)	36,854							0.0	\$0.00
Belleveue (KING)	101,333	888.7				3,018.5	1,114.7	5,021.9	\$49.56
Bellingham (WHATCOM)	60,912					1,180.4		1,180.4	\$19.38
Bremerton (KITSAP)	38,600							0.0	\$0.00
Burien (KING)	27,033	238.4						238.4	\$8.82
Des Moines (KING)	21,300	224.9				492.2		717.1	\$33.67
Edmonds (SNOHOMISH)	32,622	259.0						259.0	\$7.94
Everett (SNOHOMISH)	86,822	605.6						605.6	\$6.97
Federal Way (KING)	73,611	645.3					1,268.4	1,913.6	\$26.00
Kennewick (BENTON)	50,110							0.0	\$0.00
Kent (KING)	44,126						1,529.8	1,529.8	\$34.67
Kirkland (KING)	44,559	369.6						369.6	\$8.30
Lacey (THURSTON)	28,471					347.3	565.4	912.7	\$32.06
Lakewood (PIERCE)	64,328							0.0	\$0.00
Longview (COWLITZ)	33,652					170.2		170.2	\$5.06
Lynnwood (SNOHOMISH)	32,206	240.2						240.2	\$7.46
Mercer Island (KING)	21,300	178.4				402.5	47.8	628.7	\$29.52
Mount Vernon (SKAGIT)	22,283							0.0	\$0.00
Mountlake Terr. (SNOHOMISH)	20,540	147.2				145.0	15.0	307.2	\$14.96
Oak Harbor (ISLAND)	20,259							0.0	\$0.00
Olympia (THURSTON)	39,215					746.5		746.5	\$19.04
Pasco (FRANKLIN)	26,516						363.7	363.7	\$13.72
Pullman (WHITMAN)	24,817					110.5	241.6	352.2	\$14.19
Puyallup (PIERCE)	28,707	198.6						198.6	\$6.92
Redmond (KING)	43,136	350.1					2,440.3	2,790.4	\$64.69
Renton (KING)	45,786	387.0					1,777.8	2,164.8	\$47.28
Richland (BENTON)	37,290							0.0	\$0.00
Seatac (KING)	22,649	198.0			2,408.8	193.1		2,799.8	\$123.62
Seattle (KING)	533,508	4,585.5				280.6		4,866.1	\$9.12
Shoreline (KING)	51,486	425.6						425.6	\$8.27
Spokane (SPOKANE)	184,457					1,216.8		1,216.8	\$6.60
Tacoma (PIERCE)	178,885	1,985.3						1,985.3	\$11.10
University Place (PIERCE)	31,455	200.2						200.2	\$6.37
Vancouver (CLARK)	69,721							0.0	\$0.00
Walla Walla (WALLA WALLA)	28,462							0.0	\$0.00
Wenatchee (CHELAN)	23,736					104.2		104.2	\$4.39
Yakima (YAKIMA)	63,510					360.0		360.0	\$5.67
37 Cities (Pop > 20,000)	2,294,257	12,127.7	0.0	0.0	2,408.8	8,767.7	9,364.5	32,668.7	\$14.24
All Other Cities	3,312,543	1,938.7	0.0	382.9	27.4	2,867.4	266.8	5,483.3	\$1.66
Total for all Cities	5,606,800	14,066.4	0.0	382.9	2,436.3	11,635.1	9,631.3	38,152.0	\$6.80
STATE TOTAL	5,606,800	25,762.8	59,432.8	433.3	2,519.0	11,635.1	9,631.3	109,414.2	\$19.51

In general, West Virginia tends not to rely on local option taxes to fund road infrastructure, aside from property taxes. It is also one of only four states with no system of locally-controlled highways. In public transit, however, local property taxes play an important role.

1. Fuel and Vehicle Taxes

None.

2. Property Taxes and Assessments

With 60% voter approval, cities and counties can adopt special property tax levies beyond the ordinary legal limits for up to three years for purposes that are specified in advance. The maximum rates of these special levies depend on the type of property and the level of government adopting the tax.¹ Although public transit authorities cannot impose property taxes of their own, local governments can levy them on their behalf. A total of seven transit districts statewide are currently supported by these taxes, but no centralized information on their tax revenues is available.²

Without voter approval, counties may adopt property taxes on their unincorporated areas up to 0.25%, in order to help fund the construction and maintenance of roads.³ The state publishes data on property tax rates, but this does not provide information on which taxes are used for these purposes.⁴

3. Sales and Other Taxes

None.

¹ West Virginia State Code, § 11-8-16.

² West Virginia State Auditor's Office, Public Utilities Division, "2000 Levy Rates"; Letter from West Virginia Dept. of Transportation, Division of Public Transit (December 21, 2000).

³ West Virginia State Code, § 17-10-23.

⁴ West Virginia State Auditor's Office, Public Utilities Division, "2000 Levy Rates." Thirteen counties and numerous townships have "excess levies" that are used for special purposes, but the publication doesn't specify what they're used for.

WEST VIRGINIA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Property	W.V.S.C. 11-8-16	"Special/additional" property levies	C, M	Up to 0.143% for counties; Up to 0.125% for cities	3 years	Any*	C (60%)
	W.V.S.C. 17-10-23	Levy on property outside municipalities	C	Up to 0.25% on unincorporated areas	-	Construction and maintenance of roads	B

* Projects must be specified in advance

A = State Law
 B = County/Local Law
 C = Popular Vote

Wisconsin has a long tradition of efforts to reduce the local tax burden by providing state aid to local governments. As a result, its reliance on local option taxes has historically been low.¹ The major local taxes, the sales and property taxes, have primarily been used as a source of general revenues.

Recently, however, targeted local option taxes have received a considerable amount of study and debate. In the early 1990s, a Regional Transportation Authority was created for the seven-county Milwaukee metropolitan area.² The authority was to report to the legislature on transportation infrastructure and finance proposals, including whether the region should adopt a tax to fund transit and highway projects. Its proposal for a 5¢ per gallon gasoline tax and a 0.4% sales tax was rejected by the suburban counties. Subsequent proposals for wheel taxes, gasoline taxes, and fuel storage taxes have also been unsuccessful so far.³ However, the legislature has recently authorized dedicated local option sales taxes for convention centers, stadiums, and tourism-related services, so special taxes for transportation-related investments may not be far behind. A recent proposal would allow sales taxes up to 0.5% for counties and metropolitan cities to fund public transit.⁴

1. Fuel and Vehicle Taxes

Cities and counties have the authority to levy flat registration fees to fund transportation projects.⁵ This has been adopted in only two small cities statewide: Beloit, which adopted a \$10 fee in 1986, and Sheboygan, which adopted a \$10 fee in 1990. Together, these two cities raised about \$578,000 from this tax in 1997. Two other cities and one county had adopted the tax earlier, and since repealed it.⁶

2. Property Taxes and Assessments

Counties may adopt property taxes up to 2 mills to fund improvements to their own network of roads, or to promote improvements to state highways. Similarly, cities and towns may choose to adopt property taxes up to 2 mills in order to contribute to projects being undertaken by counties.⁷ However, the general practice in most jurisdictions is not to earmark specific millage rates for road improvements or transit services, but simply to fund such investments out of general revenues.

3. Sales and Other Taxes

The state code authorizes counties to levy local option sales taxes of up to a half percent when approved by the county legislative body. Revenues can only be used to reduce property taxes, or be distributed to local governments.⁸ They can be allocated to transportation projects as part of an annual appropriations process, but not earmarked on an ongoing basis. Of the state's 72 counties, 54 have adopted this tax since the tax was first authorized in 1985. In addition, five counties in the Milwaukee region have adopted a special 0.1% tax dedicated to financing a professional baseball park, and two municipalities have adopted a special 0.5% sales tax for resort areas.

¹ Wisconsin Taxpayers Alliance, "Revenue Options for Wisconsin Municipalities," (September 1998).

² Wisconsin Statutes, § 59.58(6).

³ "Highway Committee Votes No on Regional Plan," *Wisconsin State Journal* (December 18, 1992); Sandler, "Ament Seeks Regional Transportation Authority," *Milwaukee Journal Sentinel* (August 5, 1996); Sandler, "Ament Proposes Gas Taxes of \$40 Million," *Milwaukee Journal Sentinel* (July 28, 1998).

⁴ Letter from Wisconsin Transportation Builders Association (December 14, 2000).

⁵ Wisconsin Statutes, § 341.35.

⁶ Runde, *Local Government Revenue Options*, Informational Paper #15, Madison: Wisconsin Legislative Fiscal Bureau (1999).

⁷ Wisconsin Statutes, §§ 83.605 and 83.14.

⁸ Wisconsin Statutes, § 77.70.

**WISCONSIN
Overview of County, District, and Local Transportation Tax Laws**

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales	W.S. 77.70	County Sales and Use Tax	Counties	1985	0.5%	-	Reduction of property taxes or distribution to cities	B
Vehicle	W.S. 341.35	Local Vehicle Registration Fees	Cities, Counties	1967	Any flat registration fees	-	"Transportation-related purposes"	B
Property	W.S. 83.065; 83.14	County Road and Bridge Fund	Cities, Counties	1993	Up to 2 mills	-	Improvements to roads more than 18 feet wide	B

A = State Law
B = County/Local Law
C = Popular Vote

Wyoming relies very little on local option transportation taxes. Local governments have traditionally received road funding from statewide vehicle registration fees, the state gasoline tax, and state severance taxes. However, the legislature's recent decision to shift the state's mineral tax revenues from county highways into the state's general fund may prompt a search for other local transportation revenue sources.

1. Fuel and Vehicle Taxes

Wyoming does not have local option gasoline taxes. It does have a "county vehicle registration fee," but this is charged at a state-imposed uniform rate,¹ so it was not considered in this study.

2. Property Taxes and Assessments

There are three forms of property taxes that Wyoming counties may adopt for transportation projects. First, within an overall property tax rate cap of 12 mills, counties may adopt special levies for road and bridge purposes.² Just three counties impose this tax (Hot Springs, Sublette, and Sweetwater), raising between \$54 and \$106 per capita.³

Counties may also establish Improvement and Service Districts, which can impose special assessments to finance and provide streets, sidewalks, water supply, and other improvements, as long as objections are not registered by land owners responsible for more than 30% of the total payments.⁴ Wyoming has 60 of these districts, of which one-fourth have been identified as highway districts by the Census Bureau. Finance data for these districts was not readily available.

Finally, counties may create Regional Transportation Authorities, which plan and subsidize intercity transportation services (including buses and air services). Subject to voter approval every four years, these can adopt property taxes up to 0.5 mills. In 1999, no Regional Transportation Authorities were operating in Wyoming.

3. Sales and Other Taxes

With voter approval, counties may adopt "special-purpose" sales taxes for capital improvements of up to 1%.⁵ Plans for the expenditure of revenues must be specified in advance, and the tax typically remains in place for only 2-4 years. Seven counties (Albany, Carbon, Fremont, Goshen, Niobrara, Sheridan, and Teton) have adopted a 1% tax.⁶ Most of these counties are currently using the revenue for non-transportation purposes, but there are some exceptions. Albany County is using a share of its revenues for road and bridge equipment, and Sheridan County has allocated some funds for road projects. Teton County is using some of its revenues for road and sidewalk improvements, and to build greenways and bicycle paths. In 1991, Laramie County adopted a capital facilities tax, in part to fund greenway projects in the Cheyenne area; five years later, the tax was not renewed by the voters.⁷

Counties may also levy general-purpose local sales taxes of up to 1% when approved by a majority of voters. Of Wyoming's 23 counties, 18 have adopted a general-purpose sales tax.

¹ Wyoming Statutes, § 31-3-101.

² Wyoming Statutes, § 39-13-104.

³ State of Wyoming, Department of Revenue, "1999 Annual Report: Ad Valorem Tax Division."

⁴ Wyoming Statutes, § 18-12-117.

⁵ Wyoming Statutes, § 39-15-204.

⁶ Wyoming Department of Revenue, "Sales/Use Tax Rate History for Counties With Option Taxes," (2000).

⁷ Dennis E. Curran, "Cheyenne Voters Reject Proposed 1 Percent Tax," *Northern Colorado Business Report* (1996).

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Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Sales	W.S. 39-15-204	Local Sales Tax	Counties		0.5% or 1%	-	General Purpose	C
	W.S. 39-15-204	Local Sales Tax	Counties		0.5% or 1%	-	Special Purpose (Capital)**	C
Property	W.S. 18-12-117		County Improvement and Service Districts	1977	Special Assessments	-	Improvements, including streets and sidewalks**	C*
	W.S. 18-14-103	Regional Transportation Authority Levy	Regional Transportation Authorities	1987	Up to 0.5 mills	4 years	Plan and provide intercity transportation services	C
	W.S. 39-13-104	County Ad Valorem Tax	County General Fund		up to 12 mills	-	General purposes, including roads and bridges	B

*Must have approval of property owners responsible for 70% of the value of the total assessment.

**Projects must be specified in advance

A = State Law
 B = County/Local Law
 C = Popular Vote

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Adopted County, District, and Local Transportation Taxes

Counties	1999 Population	Capital Projects Sales Taxes			Property				
		Rate (1999)	Purposes	Total Revenues (\$1,000s) [2]	Notes	Rate (1999)	Purposes	Revenue (\$1,000's)	Revs per capita
ALBANY	29060	1%	Some for road equipment	3,590.5	[1]				
BIG HORN	11214				[1]				
CAMPBELL	32727				[1]				
CARBON	15437	1%	?	2,616.2	[1]				
CONVERSE	12396				[1]				
CROOK	5778				[1]				
FREMONT	36191	1%	Other	4,128.6					
GOSHEN	12651	1%	Other	1,183.6					
HOT SPRINGS	4475				[1]	0.3720%	Road & Bridge	243.5	\$54.41
JOHNSON	6858				[1]				
LARAMIE	78877				[1]				
LINCOLN	13998				[1]				
NATRONA	63157				[1]				
NIOBRARA	2684	1%	Other	234.4	[1]				
PARK	25500								
PLATTE	8612				[1]				
SHERIDAN	25090	1%	Some for Roads	3,176.1	[1]				
SUBLETTE	5811					0.1621%	Road & Bridge	614.8	\$105.80
SWEETWATER	39322				[1]	0.2278%	Road & Bridge	2,520.0	\$64.09
TETON	14532	1%	Some for Roads	6,734.9	[1]				
UNITA	20288				[1]				
WASHAKIE	8541								
WESTON	6403				[1]				
State Total	479602							3,378.2	\$7.04

[1] This county also has a 1% General Purpose Sales Tax

[2] These figures include revenues for non-transportation capital projects