

NEW HAMPSHIRE

Transportation Funding Initiative

Legislative Term: May 2013

Title of Legislation: Road Toll and Vehicle Registration Fee Increases (House Bill 617)

Sponsor of Legislation: House Public Works and Highways Committee Chair David Campbell (D-Nashua)

Background & Summary of Legislation: New Hampshire had the 9th lowest gasoline tax in the United States (18 cents). This bill proposed a half-billion dollar tax increase on gasoline over the course of a three year period; this would have created 800 jobs and raised the gas tax by 12 cents/gallon in order to generate funds to support transportation plans, including both highway and bridge construction projects.

Status of Legislation

Indefinitely Postponed. This bill was introduced on January 3, 2013, and it passed in the House on March 6, 2013. However, this bill was ultimately postponed indefinitely on May 23, 2013. Because this bill was indefinitely postponed, the New Hampshire state government cannot see another bill that relates to this subject matter for the next two years.

The House voted 207-163 in favor of HB 617. The Senate Ways and Means Committee chose to postpone this legislation; they voted 3-2 to classify the bill as interim study. The Senate voted 18-6 to “indefinitely postpone” this legislation. Ultimately, this bill died in the Senate, and although the House bill was added on to the proposed budget, it was later eliminated during internal negotiations.

Why HB 617 Failed & Lessons Learned

Lack of NH Senate Leadership Support. Despite the proposal’s support from a broad coalition of organizations in New Hampshire, HB 617 did not receive sufficient support from the state leadership from both parties. Although this house bill gained bipartisan support in the House, there was not adequate support in the Senate. As a direct result, policy makers who opposed the legislation were able to employ procedural maneuvers in order to stall and eventually kill the proposed legislation.

Political Retribution. Many people speculated that the Senate’s failure to pass the transportation bill was retribution for a Senate-endorsed bill that legalized a casino and was blocked by the House. Representative David Campbell (D-Nashua) said that “clearly the Senate today by its own admission is retaliating to the gambling vote in the House, a bill I supported...The Senate majority is ignoring the fact that the voters threw out three of the last four House majorities and two of the last four Senate majorities” (Landrigan, *The Telegraph* and DiStaso, *Union Leader*).

Minimal Support from Governor Hassan. Governor Maggie Hassan (D) did not endorse any specific plan or proposal (Landrigan), but she did commend Campbell (D) and Senator Chuck Morse (R) for recognizing the need for additional funds in order to support transportation improvement projects (Landrigan, *The Telegraph*). Nevertheless, successful transportation funding bills throughout the country have shared a common factor: governors are the champions for the passage of the transportation funding

packages. This bill not only lacked strong support from the top leadership from both parties in the Legislature, but the bill also lacked active support from Governor Hassan.

Proponents

Supporters of HB 617 argued that the gas tax increase would allow New Hampshire to finish the widening of Interstate 93. In addition, they believed that this new revenue would help maintain and fix New Hampshire's roads and bridges (Leubsdorf, 3/7/13).

- **A Safer Road to Tomorrow.**

This broad coalition is comprised of organizations from the public and private transportation sector, the construction industry, law enforcement, and more. A Safer Road to Tomorrow includes members from the Associated General Contractors of New Hampshire, the New Hampshire Lodging & Restaurant Association, the New Hampshire Association of Chiefs of Police, the Safety & Health Council of Northern New England, the New Hampshire Good Roads Association, and the Business & Industry Association

- DeMoulas Super Markets/Market Basket
- Nashua Mayor Donnalee Lozeau
- New Hampshire Motor Speedway
- Courtyard by Marriott
- New Hampshire Lodging & Restaurant Association
- NH Planner Association
- NH Association of Regional Planning Commissions
- City of Lebanon
- Associated General Contractors
- Greater Derry Londonderry Chamber of Commerce
- C&J Transportation
- Southern New Hampshire Planning Commission
- Councilor Raymond Burton
- Town of Northwood Selectman James Hadley
- Upper Valley Transportation Management Association
- New Hampshire Good Roads
- American Society of Civil Engineers NH
- American Council of Engineering Companies of NH
- Rockingham Planning Commission
- NH Municipal Association
- Continental Industries Inc.
- Tulley Automotive Group
- Weaver Brothers Construction
- Pike Industries
- NH Public Works Association
- Beck & Bellucci
- CWS Fence & Guardrail
- Beauregard Equipment
- R.M. Piper

- Town of Goffstown
- Aggregate Manufacturers Association
- D.R. Key Corp.
- Audley Construction
- Transport NH
- AARP
- City of Somersworth
- **New Hampshire Municipal Association:**

“Once again, we ask you to contact your legislators, especially those who serve on the Ways & Means Committee, and urge continued support for HB 617. As explained in Bulletin #10, projections show this bill would result in increased highway block grant funding for municipalities of \$3.6 million in 2014 to over \$13 million in 2017 and beyond, for a total increase of \$117 million over the next ten years” (*New Hampshire Municipal Association Legislative Bulletin*, March 8, 2013).

Public Officials in Support of HB 617:

- **House Public Works and Highways Committee Chair David Campbell (D).**

“New Hampshire does have an infrastructure crisis, and the problem is getting worse and more expensive each year... Over the last 22 years, Legislatures have chosen to neglect fixing New Hampshire’s roads and bridges, with opponents each time declaring that the state and its taxpayers could not afford to raise the gas tax. The fact is, we can’t afford not to” (Leubsdorf, 3/7/13).

- **Representative John Cloutier (D-Claremont).**

He said that in addition to the budget bill, this gas tax ““will be the most important piece of legislation that we pass this year, if not this term...I believe that today is finally the day when this House stands up and says that we’re going to invest in our infrastructure, we’re going to put a halt to the gradual deterioration of our infrastructure and we are going to return to New Hampshire’s traditional, bipartisan policy of caring for its roads and bridges” (Leubsdorf, 3/7/13).

- Representative Lisa Whittemore (D-Londonderry)

Opposition

Many Republicans opposed this proposed gas tax increase and said that this 83% increase in the gas tax would substantial burden on New Hampshire citizens.

- **House Republican Alliance.**
- **Americans For Prosperity**
- **Citizens for a Strong New Hampshire**
- **Senate Finance Committee Chair Sen. Chuck Morse, R-Salem.**
- **Representative Laurie Sanborn (R-Bedford).**

The proposed tax gas increase is a “stunning overreach of government. . . “safe roads and bridges are important to the people and the economy of New Hampshire. . .now is not the time to impose a whopping increase in the price of gasoline, at a time when prices are already soaring, paychecks are smaller, economic growth is anemic and New Hampshire’s middle class and working families are struggling to survive and make ends meet.” (Leubsdorf, 3/7/13).

- **Senate Majority Leader Jeb Bradley (R).** “This 67 percent increase in taxes is going to be felt by our constituents where it hurts them the most in their ability to feed their families, pay their mortgages, get to work” (Landrigan, *The Telegraph*).

Pro-HB 617 Advertising Materials

- A Safer Road to Tomorrow’s April 2013 Newsletter:
<http://www.saferoadsnh.com/Media/Newsletters/assets/Safer%20Roads%20Newsletter-%20April%202013.pdf>
- A Safer Road To Tomorrow’s July 2013 Newsletter:
<http://www.saferoadsnh.com/Media/Newsletters/assets/SaferRoadsNLJuly13.pdf>
- Brochure: *Why Should NH Municipalities Support HB 617?*
<http://www.saferoadsnh.com/Infrastructure/assets/2013%20Transportation%20Funding.pdf>

Brochure Excerpt:

Why should NH Municipalities support House Bill 617?

- In addition to the more than 1,600 miles of NH roads that are in need of major work, there are 353 municipal red-listed bridges that require major repair.
- Each year in NH, 10-12 municipal bridges are closed due to structural problems and safety concerns.
- When fully implemented in 2019, HB 617 would generate approximately \$18 million per year for local road repair and maintenance.
- Unlike other types of state government revenue sources, any revenue raised through the road toll is Constitutionally targeted to state and municipal roads. Taxpayers know where their money is being spent.
- The road toll is a true user fee- if you don't drive, you don't pay.
- The current lack of highway funding is creating deficits for towns and cities, and putting increased pressure on local property taxpayers.

Pro-HB 617 Marketing Materials by “A Safer Road To Tomorrow”:

Revenue Projections by A Safer Road To Tomorrow:

<http://www.saferoadsnh.com/Infrastructure/assets/NH%20DOT%20HB617%20REV%20PROJECTIONS.pdf>

Editorial: What Will A Gas Tax Increase REALLY Cost Citizens?

Raising the Gas Tax For The Greater Good

As proposed by House Bill 617

An efficient transportation system promotes better business and improves the quality of life for citizens and visitors. New Hampshire is coming close to losing a competitive edge over other states because of its crumbling infrastructure. More than one-third of roads and one-third of bridges are rated in poor condition. As roads fall into disrepair it becomes more expensive to fix them the longer repairs are delayed. As bridges go unattended, weight restrictions are posted increasing trucking routes because of detours around these bridges.

The simple solution of course is to fix the roads and bridges and improve New Hampshire's infrastructure. However, that solution is not so simple when the available funding is considered. New Hampshire is investing less than 1% in one of its most important assets, as current funding sources do not allow for a more robust investment. The state earns its revenue for infrastructure maintenance primarily through the gas tax, or road toll, assessed on each gallon of gasoline sold in the state. This user fee charges motorists who drive significant distances more, and those who travel shorter distances less. New Hampshire's state gasoline tax has been at a stagnant 18 cents per gallon for the last two decades. With current gas prices, the tax represents just 5% of the cost of a gallon of gasoline.

Meanwhile, the purchasing power of the revenue earned from the fee has eroded. While the gas tax has remained the same, the price of asphalt, the primary material used in paving, has skyrocketed more than 400%. What this means is that the state can only afford to re-pave some roads, and those that require major re-construction are often delayed.

A solution has been proposed that will provide a long-term financial plan to support New Hampshire's infrastructure. House Bill 617 proposes a 12 cent increase in the gas tax, spread out over three years. Increasing the gas tax four cents each year will minimize the overall impact to citizens, will generating revenue to sufficiently support seven key transportation areas. Each cent of the increase goes towards the improvement of the infrastructure, none of the revenue earned will go towards any other function.

The chart below shows the dispersion of the projected revenue from the increase:

Projected Revenue Dispersion of HB 617

Program Area	Total Amount	Average Annual Amount	Cents Received
State Aid Bridge/Highway	85,000,000.00	8,500,000.000	1.25 cents
Maintenance & Preservation	223,900,000.00	22,390,00.00	3.29 cents
Bridges	111,700,000.00	11,170,000.00	1.64 cents
Pavement	99,500,000.00	9,950,000.00	1.46 cents
I-93 (Debt Service)	198,000,000.00	19,800,000.00	2.91 cents
Ten Year Plan	659,728.00	65,972.80	0.01 cents
Block Grant Aid (Municipalities)	98,012,690.00	9,801,269.00	1.44 cents
Revenue Total	816,771,418.00	81,677,241.80	12 cents

The total amounts for each program area were provided by the Department of Transportation, the Department used a ten-year time frame. Dividing the total amount over ten years yields the average annual amount. Each penny of the increase generates approximately \$6.8 million in revenue. Because the increase is phased in over time, the average revenue earned per penny is lower than if it were increased 12 cents at one time. [View the one-page fact sheet on this chart here.](#)

What Will A Gas Tax Increase REALLY Cost Citizens?

Actually, the better question is what will it save citizens. With a moderate, phased-in increase as proposed by House Bill 617, citizens will save time, and believe it or not money. With more than a third of roads and bridges rates in poor condition, citizens likely pay more than they realize for subpar infrastructure. How much time is wasted sitting in traffic on congested roads? How much time is wasted traveling detours because roads and bridges are in such bad condition they can no longer be used? When you hit an unexpected pothole or other damage on the roadway, how much will it cost to replace a popped tire? New alignment? What if the windshield cracked too?

In 2012, a report by USA Today estimated that citizens throw-away about \$100 billion each year on lost time and wasted fuel from sitting in traffic. Think that New Hampshire is too small to be affected by this statistic? In just over twenty years, the number of vehicle miles travelled increased 29%, and in another ten years it is expected to increase an additional 25%. This means that the traffic and population will keep growing, increasing lost time and wasted fuel unless improvements are made.

Now, let's talk about the extra repairs vehicles need because of the current condition of the roads and bridges. In New Hampshire, the average citizen spends an extra \$323 PER YEAR on extra vehicle operating costs, according to analysis by The Road Information Program (TRIP). This includes that new alignment, increased fuel consumption, tire wear, and more. For citizens living in Southern New Hampshire, that cost jumps to \$503 per year. As the number of roads in poor condition is increasing by 90 miles each year, that number is sure to go up too.

Adding the lost time and increased repair costs together, and citizens are looking at one expensive bill each year. How can that be reduced? Fix the roads and bridges of course, but with what funds? While the gasoline tax has remained constant at 18 cents over the last two decades, the cost of asphalt used for paving has skyrocketed. Similarly, the purchasing power from the gas tax has dropped 40% in that time. That means, only some roads and bridges get repaired, and the ones that cost over \$1 million, like bad roads, do not or are postponed.

So let's assume the increase goes through, how will it affect citizens at the pump? Will they have to choose between a gallon of milk or a gallon of gasoline? Not likely, as gasoline station owners know that in order to make sales they must be competitive. Furthermore, when the full increase is implemented (12 cents over three years), the state gas tax will only amount to 8% of the cost of a gallon of gasoline. If the price of a gallon increases, that percentage decreases.

Text of Legislation: <http://openstates.org/nh/bills/2013/HB617/documents/NHD00004094/>

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“Editorial: What Will A Gas Tax Increase REALLY Cost Citizens?”

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