The Cost of DOING NOTHING

An Informational Reference

June 2012
Highway FUNDING in Decline

Our gas tax is calculated based on our needs 20 years ago. Our bonding programs which have sustained our infrastructure over the past ten years are exhausted. The future of our highways is uncertain.

BY 2014:
• Current funding levels will barely be able to maintain our system.
• There will be ZERO MONEY for new construction.

FUEL EFFICIENCY

Fuel efficiency is beneficial, but not for highway funding. It reduces revenue for maintenance and does nothing to alleviate congestion even though fuel efficient cars cause the same wear and tear and congestion as their less efficient counterparts.

INFLATION

There are a lot of influences at play with a flat motor fuels tax, most notably inflation. The 20 cents that was deemed an appropriate investment in 1991 translates to 92 cents in today’s value.

DEBT AND DIVERSION

Because Texans have been borrowing money for the last decade to build their roads, debt and long-term obligations are at almost $1.3 billion per year, with over $15 billion left to pay. Team that with the $700 million in annual diversions from the State Highway Fund and over $2 billion of our annual taxes are already spent.

HIGHPWAY INVESTMENT VERSUS TOTAL DRIVER EXPENSES

<table>
<thead>
<tr>
<th>Condition</th>
<th>Total Cost</th>
<th>Annual Savings from Current Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>$232 (current)</td>
<td>$6,327</td>
<td>N/A</td>
</tr>
<tr>
<td>$406</td>
<td>$5,231</td>
<td>$1,096</td>
</tr>
<tr>
<td>$511</td>
<td>$4,739</td>
<td>$1,588</td>
</tr>
<tr>
<td>Continue 2010 Conditions</td>
<td>$4,286</td>
<td>$2,041</td>
</tr>
</tbody>
</table>

See below for definition of terms.

YOUR POCKETBOOK

Unacceptable Conditions: If highway funding does not improve, the average Texas household will pay an estimated $232 per year in taxes and fees for transportation between now and 2035. This includes fuel taxes, vehicle registration fees, tolls and other fees for construction and maintenance of the transportation system.

What can you expect with that investment? You pay almost $6,100 per year in vehicle maintenance and use costs, including extra travel time associated with traffic congestion and detours around deficient bridges, increased fuel purchases due to longer trips and stop-and-go traffic, and additional vehicle maintenance expenses due to rough roads.

Worst acceptable conditions: An additional $279 per household each year above the unacceptable conditions trend will return more than $1,860 per household in savings each year. Conditions will ensure Texas cities and rural areas are economically competitive with peer states.

Minimum competitive conditions: An additional $279 per household each year above the unacceptable conditions trend will return more than $1,860 per household in savings each year. Conditions will ensure Texas cities and rural areas are economically competitive with peer states.

Continue 2010 Conditions: An additional $402 per household each year is required to keep conditions as they were in 2010, but that investment returns $2,440 per household in benefits each year.

Resources:
Texas Department of Transportation, www.txdot.gov
Texas Transportation Institute, http://tti.tamu.edu
Texas 2030 Committee, http://texas2030committee.tamu.edu

Invest in Texas Highways.
What does it take to keep up with our investment? According to the Texas Transportation Institute and the 2030 Committee, highways need a minimum of $6 billion a year to slow deteriorating pavements and address mobility. Right now, only $2.8 billion is available for 2014 and 2015. At this level, the massive investment in our highway system will continue to erode, and with it so will our time, safety and economic competitiveness.

For an electronic version of this and other resources on highway funding, visit our website at [www.infrastructuretexas.org](http://www.infrastructuretexas.org)