

# FULLY FUND TRANSPORTATION

The future of Washington’s economic vitality depends on an efficient and innovative transportation system. Declining trends in transportation funding from the gas tax means that steps must be taken to Fully Fund Transportation.

This proposal serves as an alternative to the vehicle mileage tax, which faces steep technological challenges to implement, and raises serious concerns about privacy. This approach ensures an inflation-linked, fair, and relatively stable funding source for Washington’s transportation needs.

An analysis concludes that using the state sales tax on motor vehicles would generate \$15 billion over the next decade, and \$37 billion over 20 years in additional revenues on a total cash basis. If the revenue stream is bonded, the state can expect \$18-20 billion in bonds to use more immediately on transportation projects.

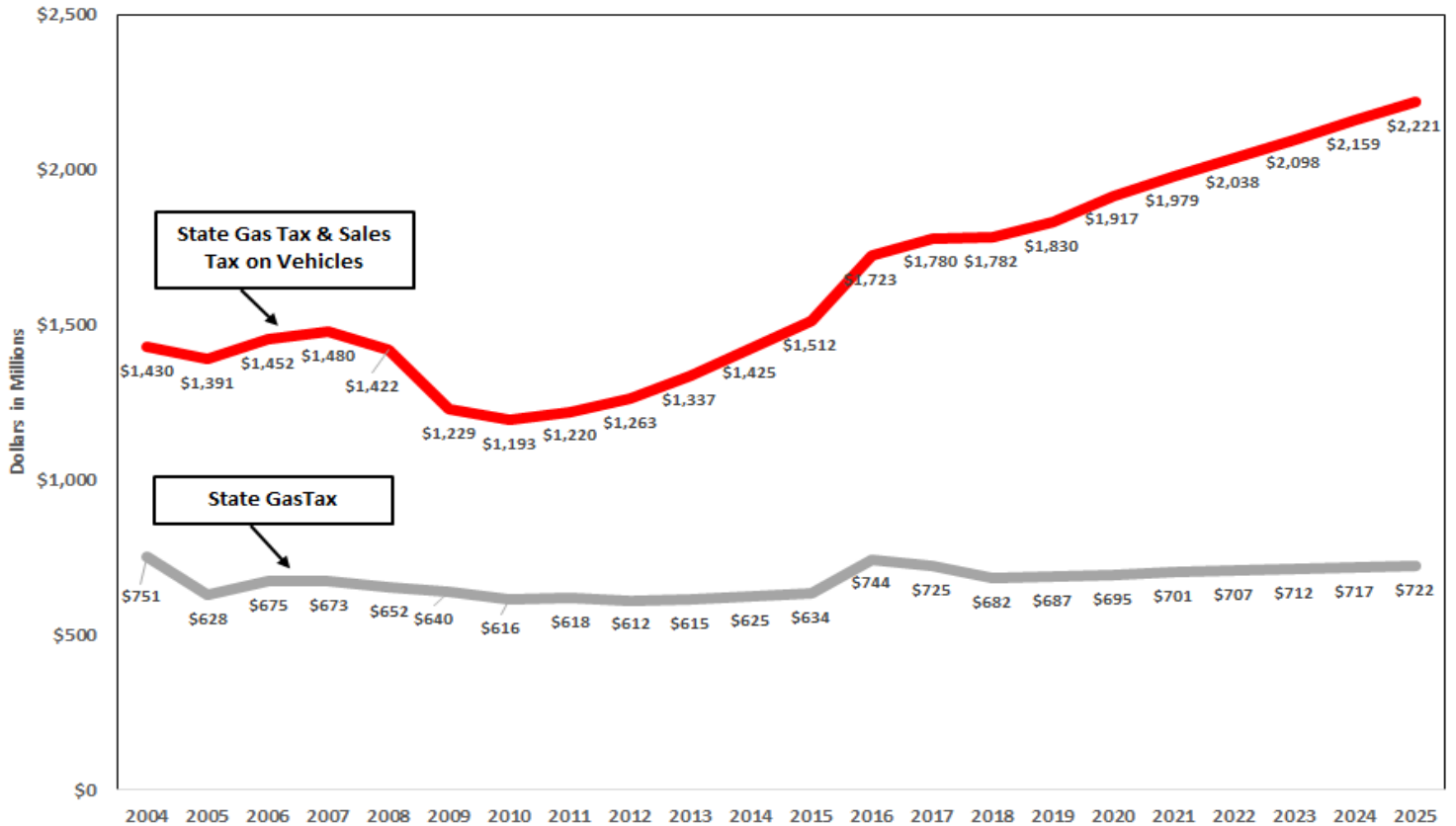
## Washington Dept. of Transportation Cost Inflation



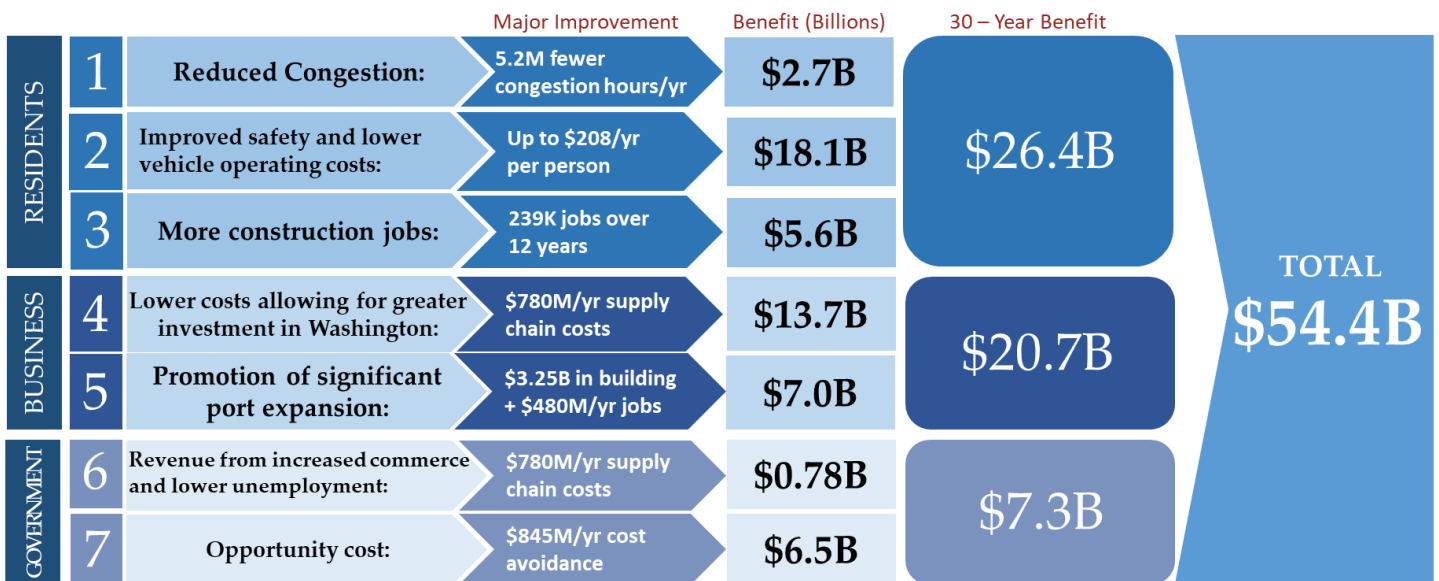
The graphs above demonstrate the problem. The costs of purchasing right-of-way (left graph) and construction costs (right graph) are increasing faster than what the state collects in gas taxes (see chart below). In fact, gas tax revenues are flat or declining. The state is currently looking to a mileage tax or other unrelated taxes to address this problem, but the connection between miles driven and infrastructure costs doesn't address the underlying cost driver - inflation. This proposal uses the existing taxes on the sale of motor vehicles, creating an inflation-linked funding source for transportation projects.

**\$10 BILLION INVESTMENT WOULD RESULT IN \$54.4 BILLION BENEFIT, SUPPORT 239,000 JOBS, AND \$2.6 BILLION IN TAX REVENUE**

## Historical & Projected Comparison of State Sales Tax on Vehicles and Gas Tax Revenues



## A \$54.4 BILLION BENEFIT FOR THE STATE'S ECONOMY



\*This analysis was derived from a similar study performed by the Boston Consulting Group for the Washington Roundtable for the 2015 Connecting Washington Package. That analysis assumed a \$7 billion package over 12 years by looking at the economic impact of seven major projects. The numbers in this analysis assume a \$10B investment over the same period.