

Appendix

Appendix 1: Revenue Generating Mechanisms

	Description	Advantages	Disadvantages
Agriculture Bushel Tax	A tax charged on each bushel of agriculture based products.	Creates new source of sustainable revenues. If products are shipped by road, a strong link exists between agriculture production and system usage.	Requires enabling legislation. Revenues would fluctuate based on production levels. Administration and collection system would need to be developed.
Alternative Fuel Vehicle Tax	A tax or additional registration fee charged on electric vehicles. Replaces lost fuel tax revenue associated with the use of electric vehicles.	Ensures that electric vehicles pay towards operations and maintenance of the highway system.	Requires enabling legislation. Potentially discourages the use of emerging efficient vehicle technologies.
Auto Rental Excise Tax	Percent tax on automobile rental fees.	Collection and administration process already in place.	Yield is minimal without a substantial increase in the tax. Potential negative impact on automobile rentals.

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Bonding	A written promise to repay borrowed money at a fixed rate on a fixed schedule.	<p>Allows earlier and faster construction of some facilities.</p> <p>Satisfies urgent infrastructure need that exceeds available finances.</p> <p>Avoids inflationary construction costs.</p>	<p>Requires enabling legislation.</p> <p>Requires state or community to extend payments for long periods of time.</p> <p>Does not generate new money.</p> <p>May cost more over time due to bond interest.</p> <p>Requires existing annual resources be used for debt service rather than new needs.</p> <p>May have a negative impact on statewide transportation decision-making.</p> <p>Poses staffing issues for government agencies and contractors due to significantly changing project expenditure levels.</p>
Container Tax	Fee imposed on containers moving through a designated geographic area.	Creates opportunity to generate revenue on shipments passing through the state.	<p>Requires enabling legislation.</p> <p>Does little to promote efficiency.</p> <p>Ongoing administrative costs.</p>
Development Impact Fee	Fee charged to developers for off-site infrastructure needs that arise as a result of new development.	<p>Additional source of funding to off-set increased needs due to new development.</p> <p>Places the cost of improvement on the development that caused the need.</p>	<p>Typically a local jurisdiction fee and is difficult to apply statewide.</p> <p>Potential negative impact on future development.</p> <p>Can be difficult to establish and administer.</p> <p>Can be an equity issue when costs are passed on to homeowners in the case of a housing development.</p>

	Description	Advantages	Disadvantages
Driver's License Fee	A fee charged for the privilege to operate a motor vehicle.	Collection and administration process already in place. Does not fluctuate with economic cycles.	Not proportional to system usage.
Energy Tax (Generation)	Cents per kWh tax on energy generation.	Moderate yield potential. Burden spread over large population (if passed to consumer).	Requires enabling legislation. New tax/fee. Administration and collection system would need to be developed.
Energy Tax (Use)	Cents per kWh tax on energy use.	Minor/moderate yield potential. Burden spread over large population.	Requires enabling legislation. New tax/fee. Administration and collection system would need to be developed. Marginally regressive as attached to necessity item.

	Description	Advantages	Disadvantages
Fee for New Registration	Percent fee that is imposed on the sale of new and used motor vehicles and trailers, as well as aircraft.	<p>Collection and administration process already in place.</p> <p>Provides revenue source based on ability to pay.</p> <p>Proportional to cost of motor vehicle or aircraft.</p>	<p>Not proportional to system usage.</p> <p>May discourage sales of motor vehicles and aircraft.</p> <p>Fluctuates with economic cycles.</p>
Fuel Tax	Cents per gallon tax on fuels, including some alternative fuels.	<p>Collection and administration process already in place.</p> <p>Generally proportional to system usage.</p> <p>Generates significant portion of revenue from out-of-state users.</p> <p>Paid by all users of the system.</p>	<p>Increased fuel efficiency results in lower revenue.</p> <p>Higher fuel prices lead to reduced consumption and reduced fuel tax collections.</p> <p>Fees are fixed and do not adjust for inflation.</p>
Gaming/Lottery Tax	Tax on wagering and/or gaming licenses. Tax on lottery sales.	<p>Collection and administration process already in place.</p> <p>Proportional tax – only pay tax if choose to play.</p> <p>Typically does not fluctuate with economic cycles.</p>	<p>Yield is minimal without a substantial increase in the tax.</p> <p>Need to modify enabling legislation.</p> <p>Competes with General Fund programs.</p>
Imported Oil Tax	A tax charged on imported oil based on either the volume or value of the imported oil.	<p>Could help promote U.S. energy production.</p>	<p>Requires enabling legislation.</p> <p>Imported oil can be used for purposes other than transportation.</p> <p>Could result in larger free trade issues.</p>

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Insurance Premium Tax	Percent tax on insurance premiums paid.	Collection and administration process already in place. Significant yield potential. Burden spread over large population.	Requires enabling legislation. Competing with General Fund programs. Potential negative impact on insurance business.
Interstate Logo Sign Fees	Annual fee charged for logo signs paid for by businesses advertising their location off an interstate interchange.	Would be easily implemented.	Requires enabling legislation. No link to highway use. Signs are intended to be a service to drivers rather than a source of revenue.
Oversize/Overweight Permits	A fee charged for permission to operate an oversized or overweight vehicle for a period of time.	Collection and administration process already in place. Current fees are relatively low.	Yield is minimal without a substantial increase in the tax. Need to modify enabling legislation.
Per-Mile Tax	Tax based on the vehicle miles traveled within a state.	Direct measure of actual costs incurred. Highly related to needs for capacity and system preservation because, as travel and revenue increase, the need for capacity and preservation improvements increases. May be graduated based on vehicle size, weight, emissions or other characteristics.	Requires enabling legislation. Administration and collection system would need to be developed. Potentially high administrative, compliance and infrastructure costs. Technology needs to mature. Privacy concerns.