

**NORTH DAKOTA TRANSPORTATION
FUNDING SYMPOSIUM**

March 14, 2018

**SOUTH DAKOTA'S
REVENUE INITIATIVES JOURNEY**

**Mike Vehle
Former South Dakota
State Senator**

South Dakota Road & Bridge Funding

- Constitution- All funds raised from Roads – goes to Roads
- Tradition-No General Funds are used for Roads & Bridges
- Gas Tax & Vehicle Excise Tax fund State Roads
- Registration Fees and Wheel Tax fund County & Township Roads + part of Property taxes
- Last prior increase 1999, Interim Study 2008 & 2009
- Interim Proposed increase failed 2009, 2010, & 2011

2

Road to Success

- Bipartisan Roads and Funding Task Force
- Alliance of interest groups – “Roads are Vital” Coalition (over 25 interest groups)
- Governor and SD Dept. of Transportation
- Determine **Need & set Goals** with credible evidence **before** discussing increasing **Taxes**
- Take it on the road – Rotary, Lions, state conventions of interest groups, media outlets, etc.
- Be flexible – Work compromises that don’t adversely affect end goal

Why Study Highway Needs and Financing?

- **\$55 Billion** worth of goods shipped to and from SD sites each year
- Provide vital support to SD’s economy and top industries – **Ag and Tourism**
- Deteriorating **current and future road** conditions
- Rapid increases in road infrastructure **costs**
- Federal Highway **Trust Fund solvency** issues and uncertainty surrounding future funding
- Chosen as the **number one priority topic** for an interim study by the Legislature

3

2014 Highway Needs and Financing Interim Committee

Subgroups:

- Yankton
- Aberdeen
- Sioux Falls
- Belle Fourche
- Watertown
- Rapid City

4

ROADS & BRIDGES

**“Everyone wants good roads ---
No one wants to pay for them”**

5

Problems/Solutions

Don't just come with Problems-
Give potential Solutions you feel are fair to all

6

South Dakota's 83,650 miles of roads is equivalent to 3.5 times around the world

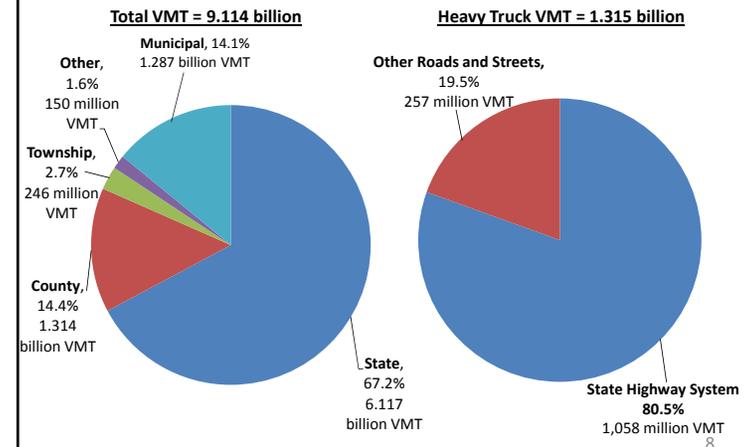


8,850 miles of state roads equals 3.6 trips between Los Angeles and New York



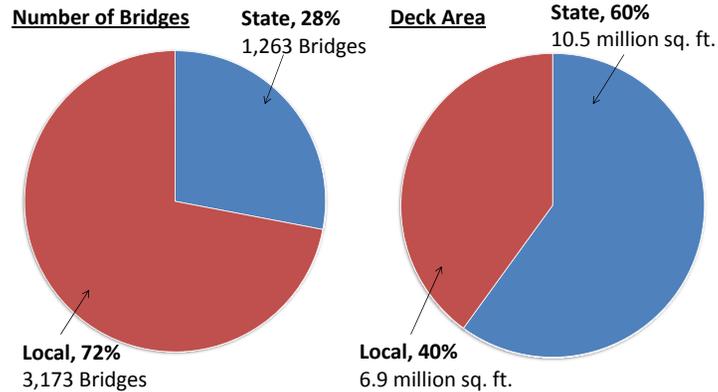
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CY 2013 Miles of Travel By Jurisdiction



8

Comparison of State and Local Bridges



9

Registration per Year by Vehicle Type 2008-2013

Year	Passenger	Pickup/ SUV/ Van	Trailer	Motorcycle Moped, ATV	Rec Vehicle (Motorhome)	Commercial	Non- Commercial Gross Weight Trucks	Total Registrations
2013	346,690	475,998	210,503	75,669	10,528	40,996	33,372	1,193,756
2012	349,567	462,108	205,166	73,310	10,485	40,229	32,903	1,173,768
2011	354,514	448,434	200,053	69,660	10,590	39,375	33,455	1,156,081
2010	421,342	370,615	194,841	65,686	10,767	38,774	32,696	1,134,721
2009	383,120	402,199	187,658	62,735	10,603	38,468	33,163	1,117,946
2008	415,821	357,800	180,108	58,508	10,459	40,268	31,148	1,094,112

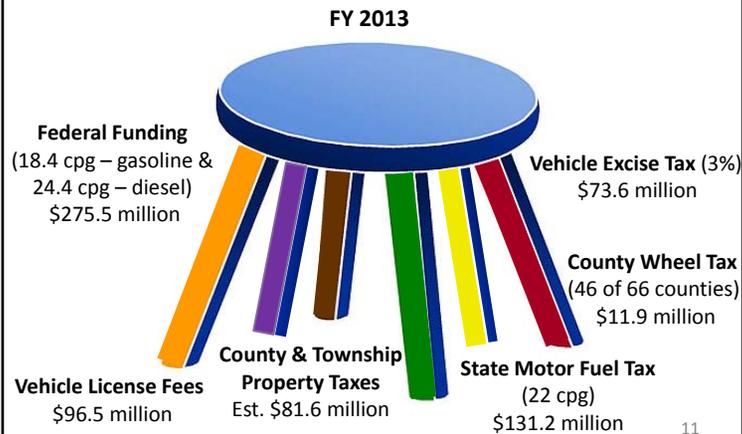
Notes:

- Passenger column includes cars only
- Trailer column includes all trailers and pull campers
- Rec Vehicle is a recreational vehicle with an engine
- Non-commercial gross weight trucks is ag vehicles

Number of hybrid and electric cars
titled and licensed:
-Hybrid vehicles: 4375
-Electric vehicles: 203

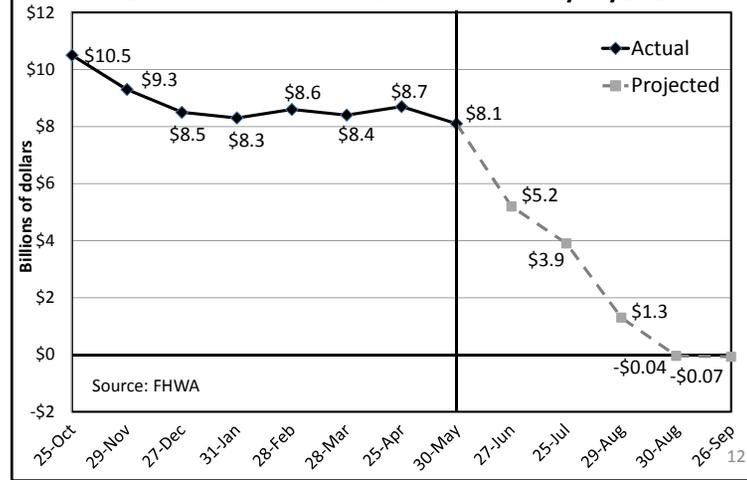
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Revenue: The 6 Legged Stool

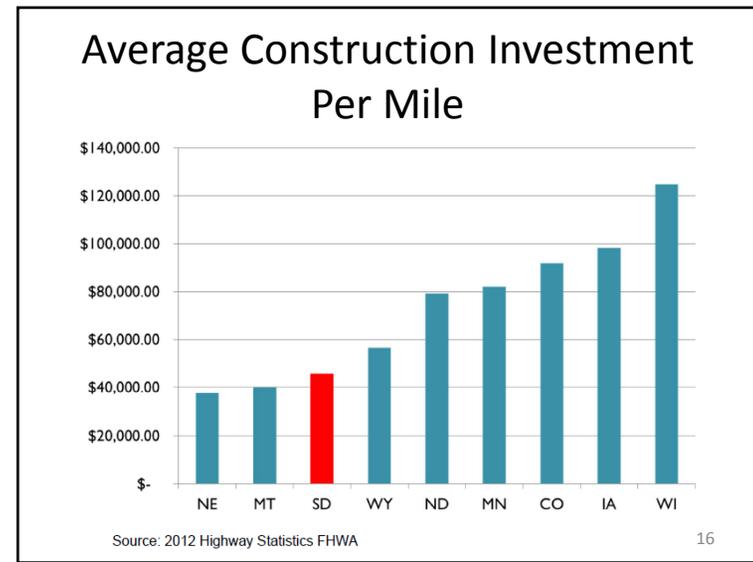
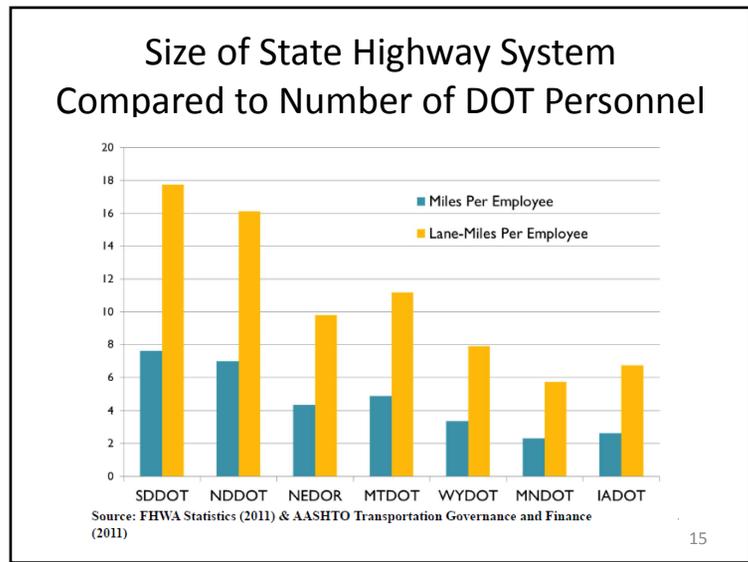
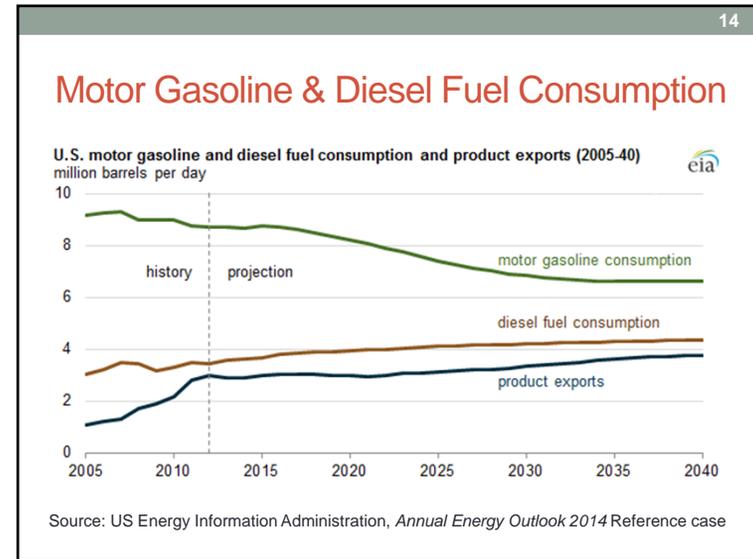
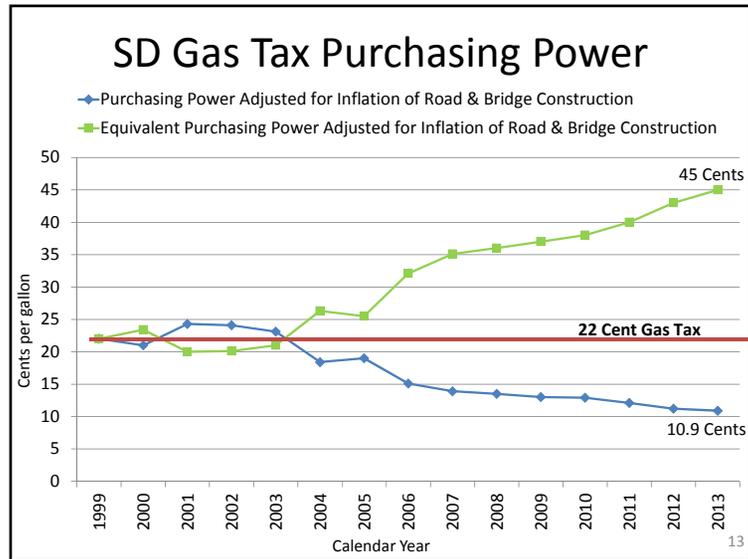


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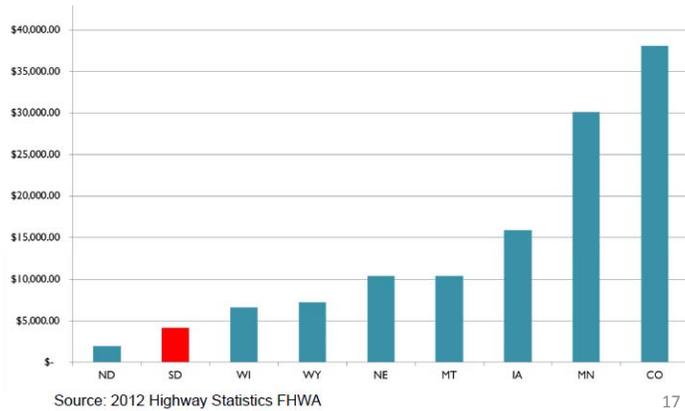
Federal Highway Trust Fund FY 2014 Projected Estimates for End-of-Month Cash Balances as of 5/30/2014



12

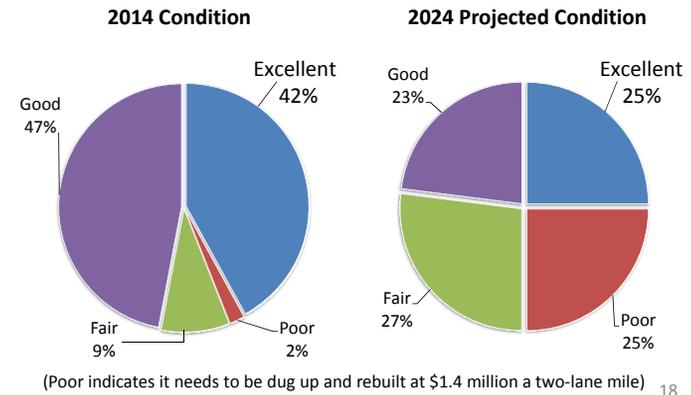


Roadway Maintenance Cost Per Mile



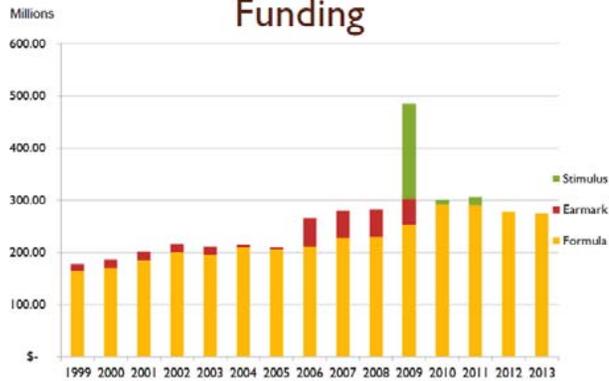
17

Current and Future State Pavement Condition



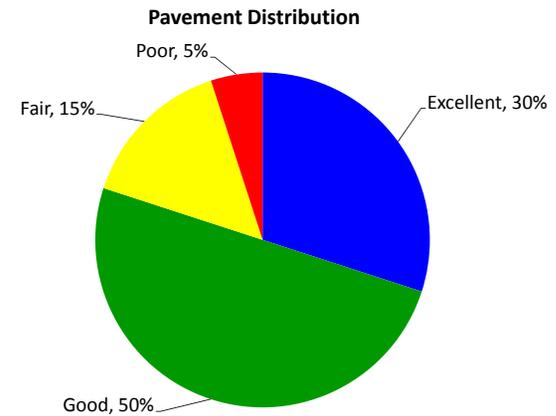
18

History of Federal Highway Funding



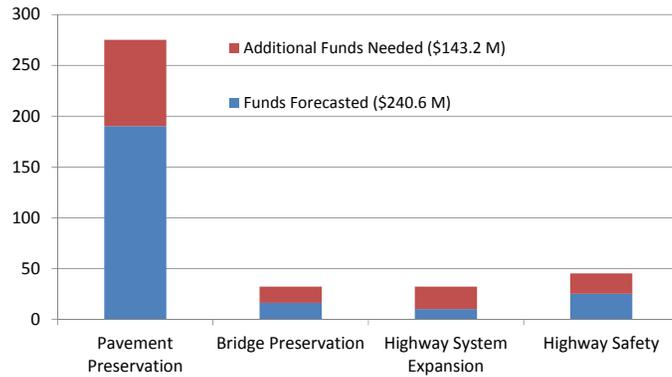
19

GOAL – Dashboard Indicator



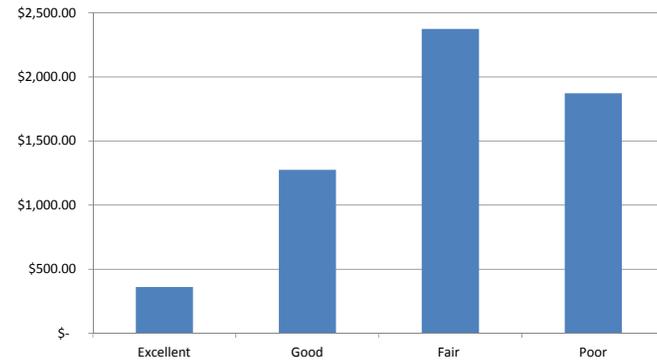
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State Highway Funding Needs



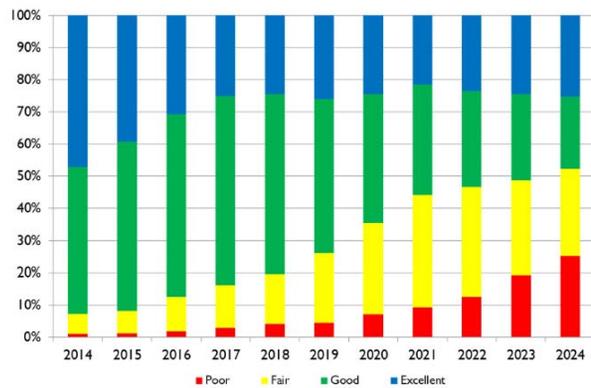
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Pavement Maintenance Costs



22

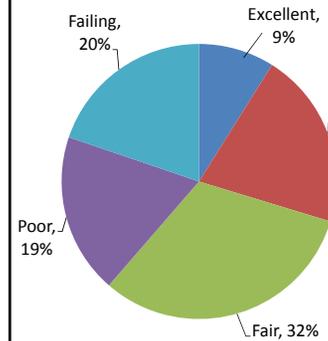
Future Pavement Condition



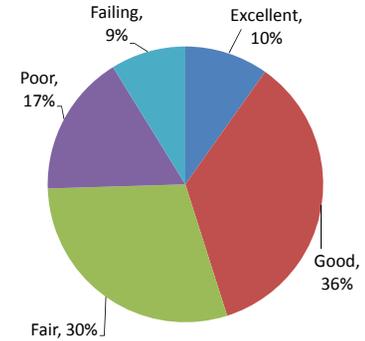
23

57 County Self-Assessed Surveys

Overall Condition of Paved Roads: 4.86 of 10



Overall Condition of Gravel Roads: 6.2 of 10



In addition, federally mandated bridge inspections show 28% of county structures are structurally deficient.

24



25

Structurally Deficient Functionally Obsolete

- Term is an indicator of when certain elements of a bridge need replacement or repair
- Classification does not necessarily mean bridge is unsafe
- **4.7% of state structures are structurally deficient**
- **28% of county structures are structurally deficient**
- Term refers to a substandard feature within a structure relative to its design
- Example: inadequate vertical or horizontal clearances
- Classification is not an indicator of safety
- **5.1% of state structures are functionally obsolete**
- **3% of county structures are functionally obsolete**

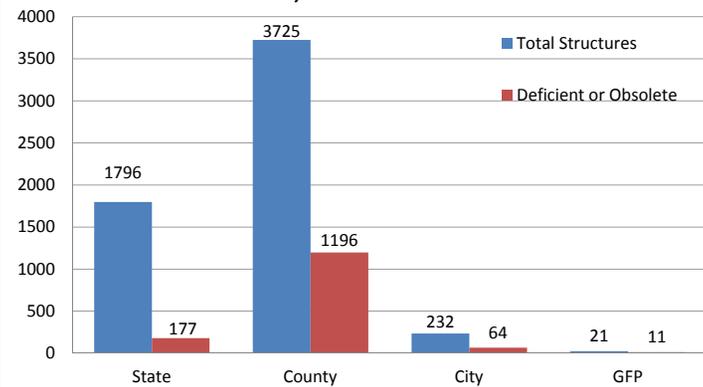
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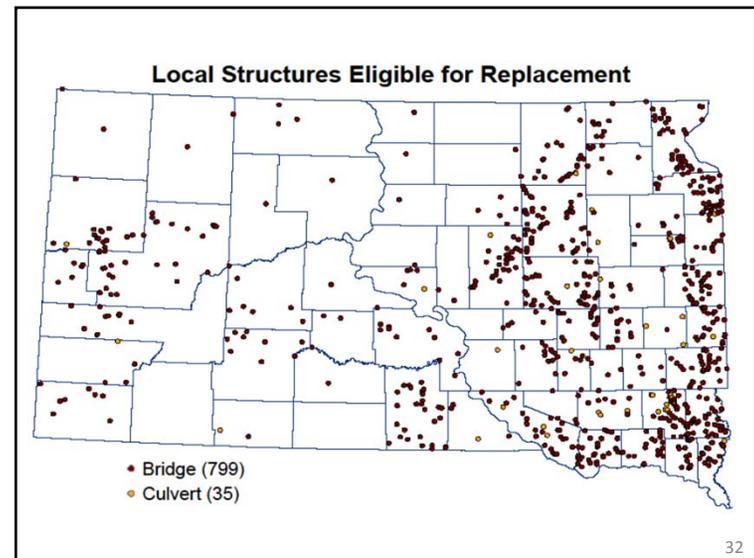
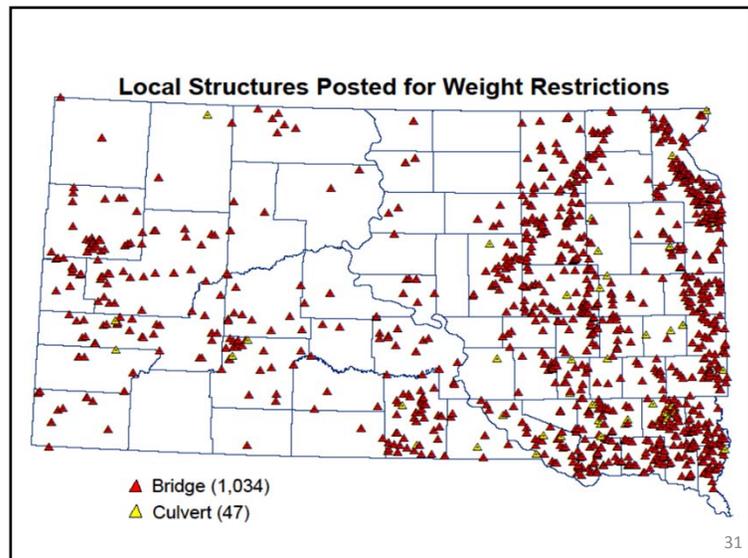
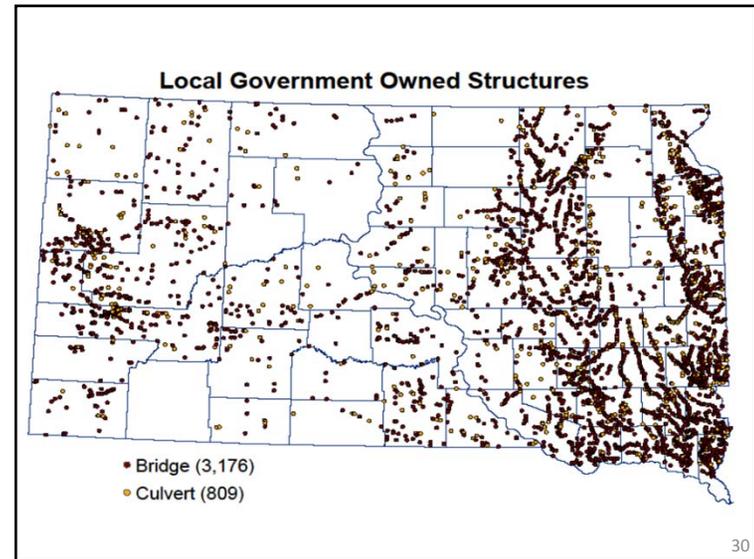
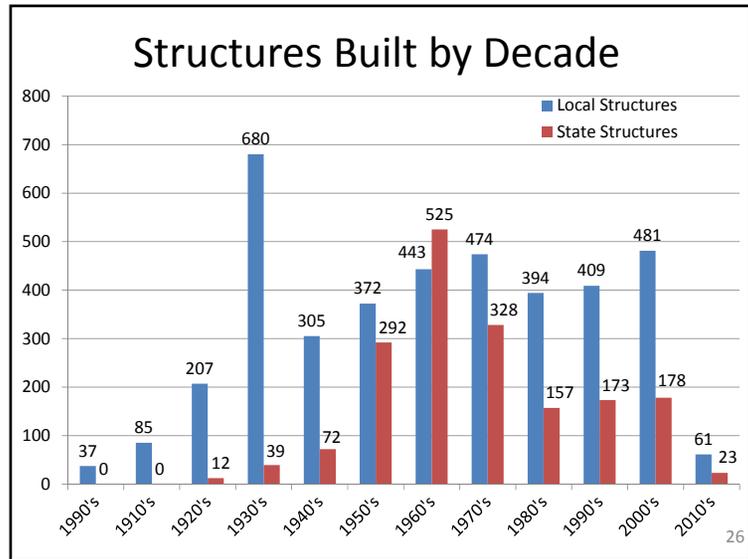
27

Total Number of Structures* vs. Structurally Deficient or Functionally Obsolete

1,448 = 25%



*Structure = 20 feet or longer 28



County Bridge Needs

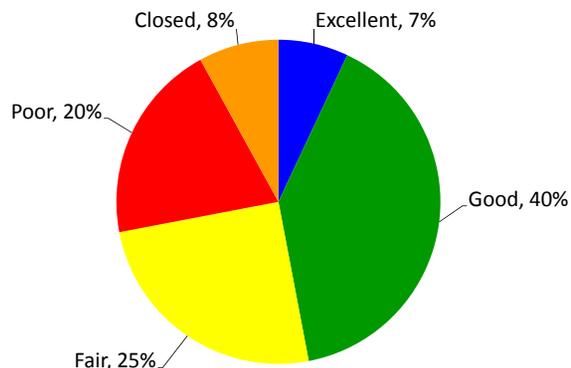
- 1045 Structures to be replaced
- Average cost of \$230,000
- **\$240,350,000 to replace**
- **Current bridge construction money** for 2014 is \$5.9 million
- 26 bridges could be replaced yearly
- **Equates to 2.5%** of deficient bridges

33



34

Current Township Road Condition Assessment



35

Township Funding Needs

ESTIMATED ANNUAL COST TO MAINTAIN CURRENT CONDITIONS

*Based on 31,230 Total Miles

PerCent	Condition	Total Miles	Cost to Maintain	Total
7%	Excellent	2,186	\$ 2,800.00	\$ 6,121,080.00
40%	Good	12,492	\$ 1,800.00	\$ 22,485,600.00
25%	Fair	7,808	\$ 1,000.00	\$ 7,807,500.00
20%	Poor	6,246	\$ 500.00	\$ 3,123,000.00
8%	Closed	2,498	\$ -	\$ -
TOTALS:		31,230		\$ 39,537,180.00

2013 Revenue Available: \$ 27,000,000.00

Current Shortfall: \$ 12,537,180.00

ESTIMATED ANNUAL COST TO MAINTAIN TARGET CONDITIONS

*Based on 31,230 Total Miles

PerCent	Condition	Miles	Cost to Maintain	Total
25%	Excellent	7,808	\$ 2,800.00	\$ 21,861,000.00
35%	Good	10,931	\$ 1,800.00	\$ 19,674,900.00
40%	Fair	12,492	\$ 1,000.00	\$ 12,492,000.00
TOTALS:		31,230		\$ 54,027,900.00

Annual Increase Needed: \$ 14,600,000.00

ESTIMATED COST TO UPGRADE TO TARGET CONDITIONS

	Miles	Cost to Upgrade/Mile	Total Cost
Good to Excellent	5622	\$ 12,132.00	= \$ 68,206,104.00
Fair to Good	4060	\$ 10,500.00	= \$ 42,630,000.00
Poor to Fair	6246	\$ 8,700.00	= \$ 54,340,200.00
		Total	\$ 165,176,304.00

Increased Maintenance for Target Conditions = \$ 14,600,000.00

Total Cost to Upgrade & Maintain Target Conditions = \$ 179,176,304.00

Annualized Over 10 Years (Approx.) = \$ 18,000,000.00 Per Year

TOTAL FUNDING INCREASE NEEDED TO UPDATE & MAINTAIN CURRENT AND TARGET CONDITIONS = \$ 30,500,000.00

36



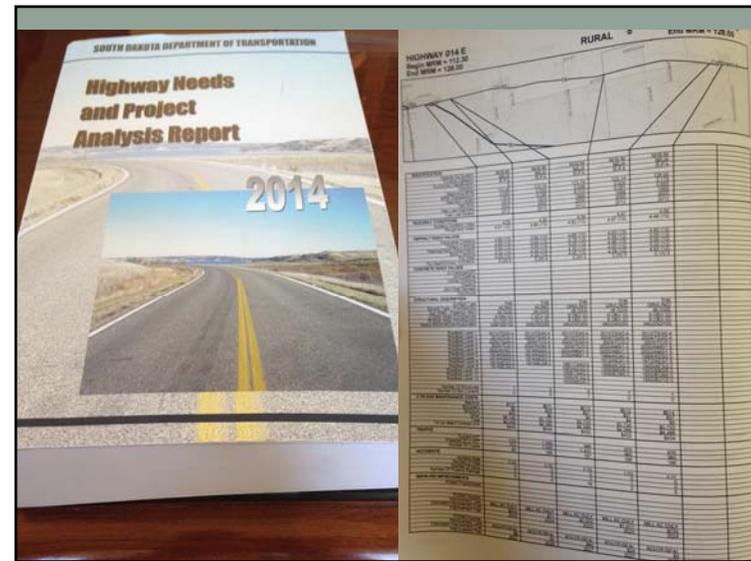
What does it mean to you

- 3% of \$2.50 = 7.5 cents
- 7 cents on Dyed Diesel
- 15,000 miles/year
- Divided by 23 mpg =
- 652 gallons times
- 7.5 cents = \$48.91
- Divided by 52 weeks/yr
- Equals **94 cents a week**
- Corn uses 5 gallons of fuel per acre to produce corn.
- \$.07 X 5gallons =
- \$.35 per acre divided by
- 135 Bu/A yield =
- \$.0026 or **¼ cent /Bu.**
- On 3 sections 1920 A x 135=270 semi truckloads

Non-Funding Options

- Other Options
 - Vacate or close roads and bridges
 - Grind oil roads to gravel

39



SB1: Comprehensive Solution

Sections	Revenue Source and Explanation
1-2	Local Bridge Improvement Grant Fund
3	County Highway and Bridge Improvement Plan (Annually Updated)
4	Annually Allocates \$7 million of Motor Vehicle Registration Fees to the Bridge Grant Fund
5-6	Motor Vehicle Excise Tax (1% increase, from 3% to 4%)
7-8	Motor Fuel Tax (6 cents per gallon increase)
9	Ethyl Alcohol and Methyl Alcohol (6 cents per gallon increase)
10-11	Biodiesel and Biodiesel Blends (move incentive from Session Laws to Codified Laws)
12-19	Motor Vehicle Registration Fees (20% increase)
16	Noncommercial Motor Vehicle Registration Fees (over 10 Ton - Assessed 70%/80% of Commercial Rate)
20-21	Property Taxation - amend SDCL 10-12-13 (graduated levies \$1.20, \$.90, & \$.60 per thousand dollars of taxable valuation)
22-23	Township Capital Outlay Levy (\$.50 per thousand dollars of taxable valuation)
24	Wheel Tax (\$1.00 increase per wheel)
24	Wheel Tax (provides additional wheels to be taxed - maximum of 12 wheels)
25	Move speed limit on interstate from 75 mph to 80 mph
26-29	Repeal the Provisions regarding an Inventory Tax on Motor Fuel when the Rate is Adjusted
30	Emergency Clause

**If you got it, a road
brought it. Not much is
parachuted
in!**

