Chapter 4: Recommendations

(1) **Make Traditional User Fees – Especially State Gasoline Taxes – More Flexible**: As of 2002, 30 states have prohibitions in their state constitutions or statutes on the expenditure of state gasoline taxes on public transportation services. These restrictions are arcane, outdated and are a large part of the reason voters are turning to ballot measures to help fund public transit.

(2) **Index Gasoline Taxes to Inflation**: If politicians are unwilling to raise gasoline taxes, states need to begin indexing gasoline taxes to at least match the increase in the consumer price index. Gasoline taxes may not play the dominant role in raising transportation revenues that they once did, but they should be maintained as an important part of the "user fee" financing structure.

(3) **Develop New User Fees to Supplement Gasoline Taxes**: While gasoline taxes are important in terms of being a "user fee," it's clear that their purchasing power and their political viability are eroding quickly. New forms of user fees must be developed as a means of providing additional transportation revenues and maximizing economic efficiency in the use of the transportation network. Possible user fees include road and bridge tolls, congestion pricing charges, a "vehicle miles traveled" (VMT) fee based on the distance driven, and energy taxes on vehicles with minimal fuel efficiency.

(4) **Avoid the "Trust Us" Approach**: One of the biggest problems that both stakeholder groups and many voters have with local financing measures is that they necessitate a basic trust of government and public agencies. One way to get around this mistrust is to end or discourage the practice of allowing large parts of funding measures to be left unaccounted for until after the election. At the very least, funding measures should specify specific program categories and purposes that funding will be distributed among. Measures should also contain performance measures and statistical analysis to substantiate promised benefits.

(5) **Require Greater Stakeholder Involvement**: Stakeholders and members of public interest groups should be closely involved in the development of transportation funding measures early on. An additional mechanism to ensure ongoing public involvement and encourage the trust of the voters (and the good will it takes to return to the voters in subsequent elections) is to establish citizen oversight committees that consist of both citizen appointees as well as specific interest groups. A good model is Alameda County's Measure B approved in 2000 that contained both a citizen advisory committee as well as a citizens' watchdog committee.

(6) **Apply a Social Equity Test for Non-User Fees**: Since general fund revenues are typically spent on health care, education and other social service programs, voters and officials must apply an "equity test" for non-user fee financing of transportation. The simple question is "who benefits and who pays?" In the case of poorer families paying sales taxes, it stands to reason that poorer families should also benefit from the programs and projects in the tax expenditure plan.

(7) **Encourage or Require Land Use Incentives in Funding Measures**: The missing component of all too many transportation financing measures is growth management and land use. Additional transportation investments will do nothing to meet future transportation needs if growth pressures and land use decisions are not closely coordinated. This must become a routine component of any responsible transportation finance measure and can help win additional voter and stakeholder support.