



**Texas A&M
Transportation
Institute**

TRANSPORTATION FUNDING AND FINANCE 101: WHY FUNDING IS POLICY

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Coffee and Conversation - UNC



Funding vs. Finance

FUNDING

Transportation funding generally refers to **new money coming in** to pay for new transportation assets.

FINANCE

Transportation finance generally refers to **mechanisms that help leverage funding resources.**

Mode	Major Funding Mechanisms
Roadways	<ul style="list-style-type: none"> • federal and state motor fuel taxes • state vehicle registration fees • federal-, state-, and local-backed bonds (debt financing)
Public transit systems	<ul style="list-style-type: none"> • directly generated local revenues • federal motor fuel taxes and fees • state miscellaneous transportation-related revenues (not motor fuel taxes)
Airports	<ul style="list-style-type: none"> • state, federal and local grants and bonds • terminal concessions • parking fees • passenger ticket facility charges • landing fees
Ports	<ul style="list-style-type: none"> • direct shipper user fees • port area city and county property taxes
Freight networks (rail)	<ul style="list-style-type: none"> • private railroad dollars
Intercity passenger rail	<ul style="list-style-type: none"> • federal and state government funds



Highways/Roadways

FUNDING

- Federal and state motor fuels taxes
- State Vehicle Registration Fees
- License Fees
- Local Property Taxes
- Other

FINANCING

- Federal, state, and local backed bonds
- Credit programs
- Private equity



The image shows the interior of a public transportation vehicle, likely a bus or tram. In the foreground, there is a seat with a blue and orange geometric pattern. The background shows the driver's area with a steering wheel and a dashboard. The text "Public Transportation" is overlaid in the center in a large, bold, dark blue font.

Public Transportation

FUNDING

- Large systems are mostly funded
- through federal and local revenues
- State funding is mostly directed toward rural transit
- System revenues (e.g., farebox revenue)

FINANCING

- Federal and local backed bonds
- Credit programs
- Private equity



Airports/Aviation

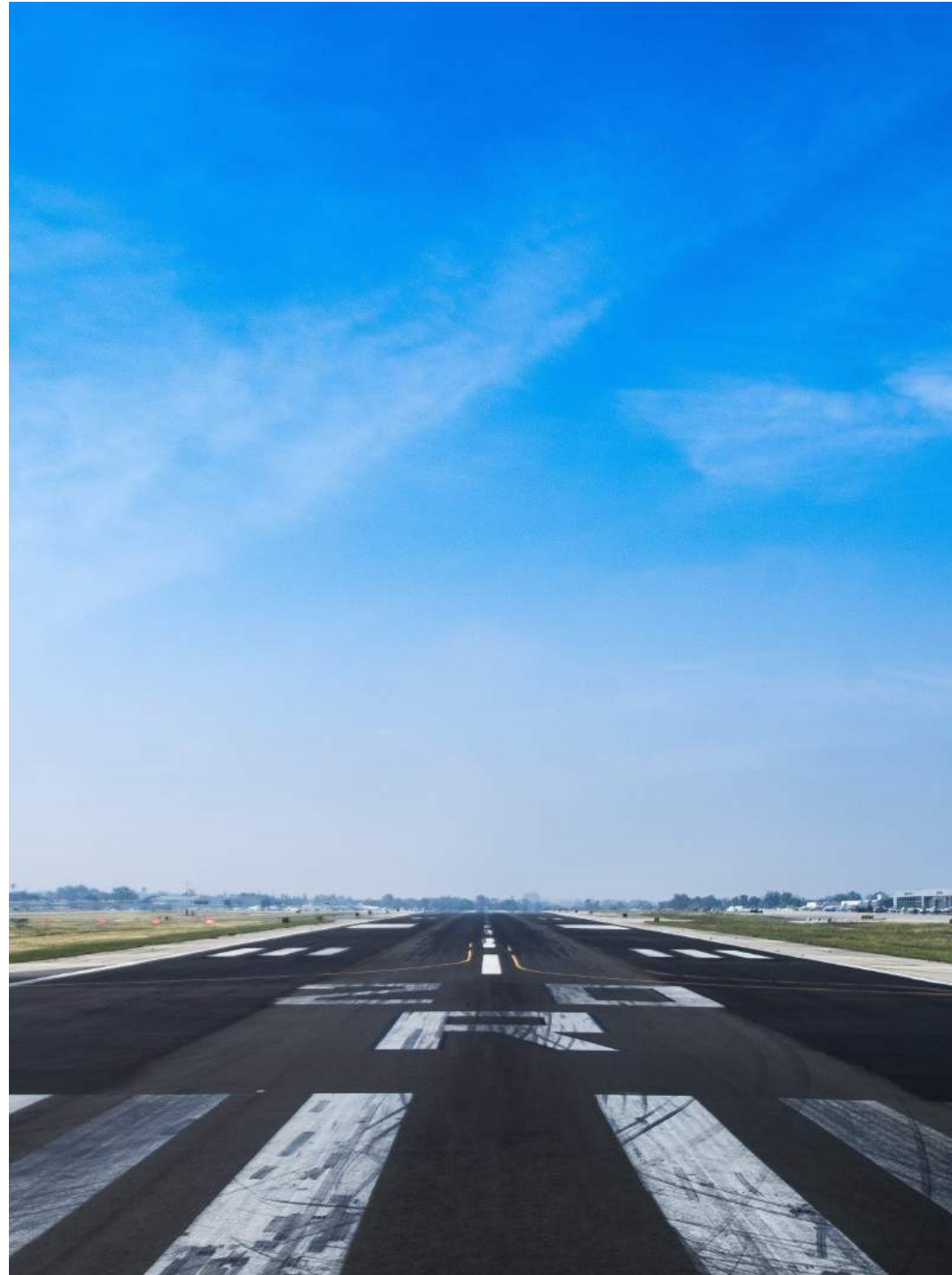


FUNDING

- Airport Improvement Grants
- Passenger Facility Charges
- State and Local Grants
- Parking
- Concessions
- Rental Car Operations
- Advertising

FINANCING

- Bonds (GR and GO)
- PFC-Backed Bonds
- Special Facility Bonds



A wide-angle photograph of a port area. In the foreground, a dark blue and white tugboat is moving through the water, leaving a white wake. To its right, a white and red tugboat is docked at a concrete pier. The pier extends into the distance, with several people visible on it. In the background, a large red and white cargo ship is docked at a long pier. Other smaller boats are scattered in the water. The sky is overcast and grey.

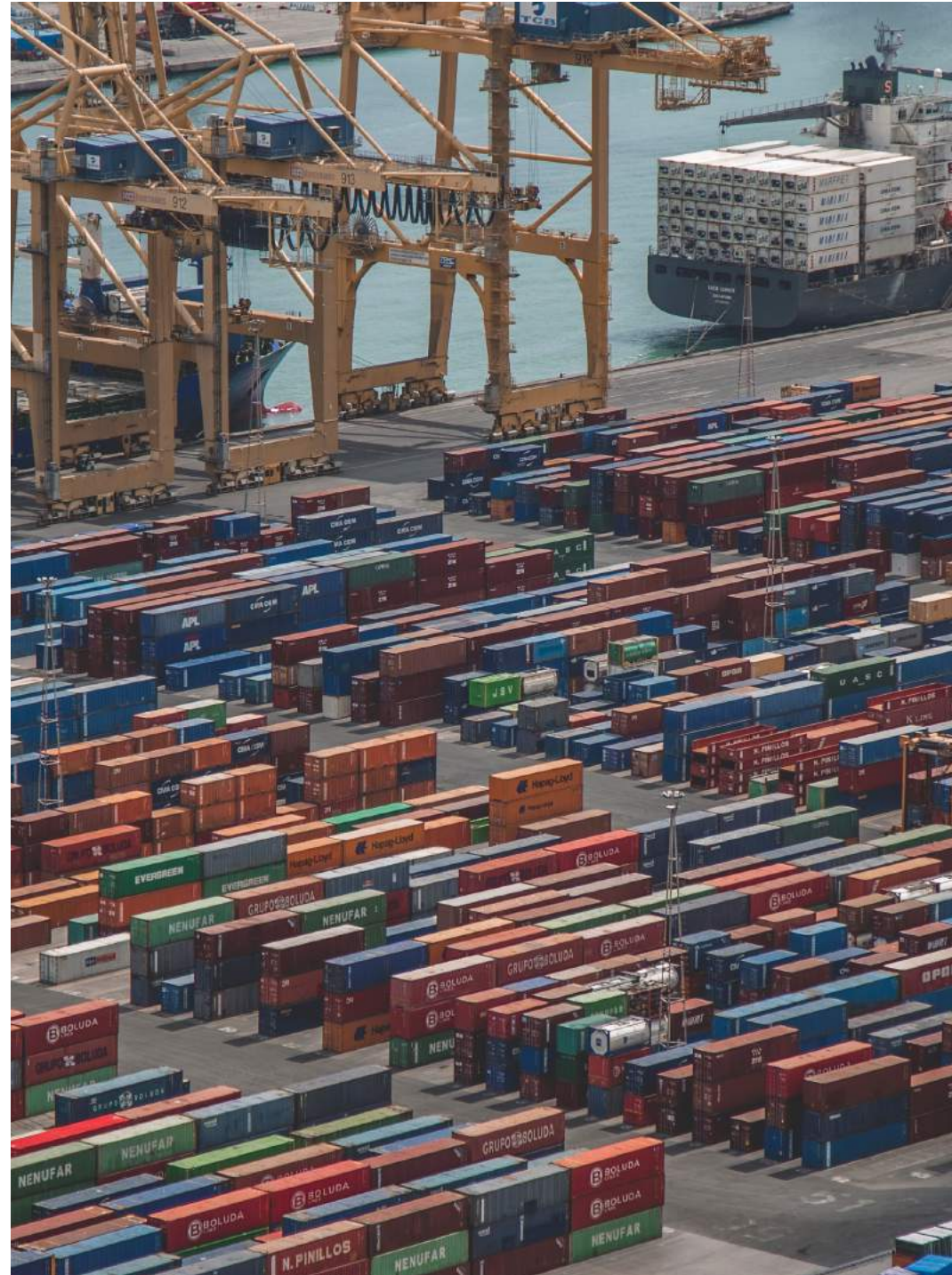
Ports/Waterways

FUNDING

- Mostly local sources (port districts), although some states do provide some funding support
- Fees collected on leases of port property
- IWTF (Waterways)
- HMTF (Ports)

FINANCING

- Bonds (GR and GO)
- Grants and Fees
- Other Sources





Freight Rail

FUNDING

- **Funded nearly fully by private investment (freight rail companies), although federal government and some state provide indirect funding assistance**

FINANCING

- **Federal Credit Assistance**
- **State Revolving Loans**
- **Private Activity Bonds (certain facilities only)**



The image shows the interior of a passenger train. The view is from a passenger's perspective, looking out through large windows. The landscape outside is a winter scene with snow-covered ground, evergreen trees, and mountains in the background. The train's interior features blue seats and overhead luggage racks. The text "Passenger Rail" is overlaid in the center of the image.

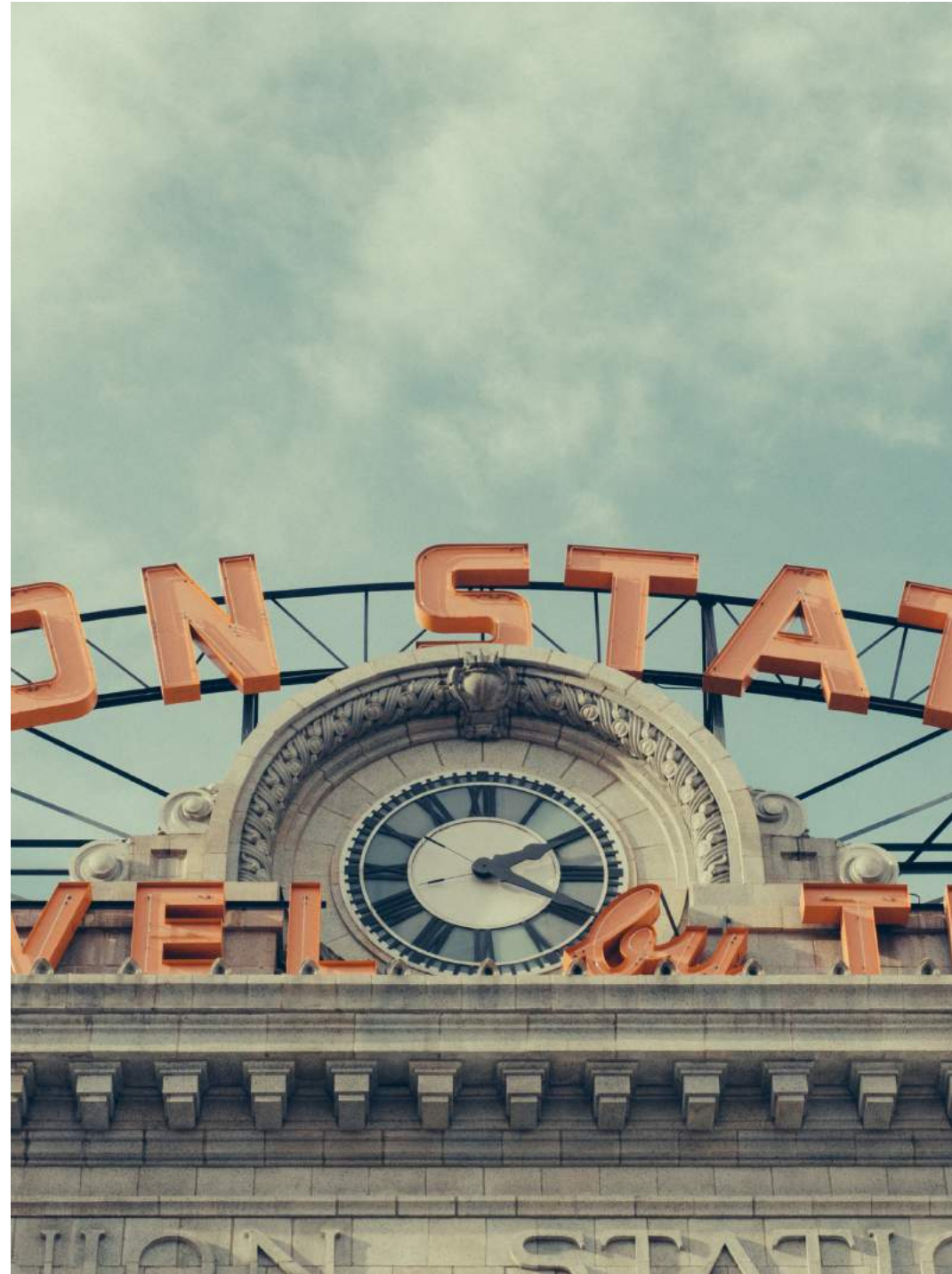
Passenger Rail

FUNDING

- National Railroad Passenger Corporation (AMTRAK) - ticket sales, government subsidy
- High-speed Intercity Passenger Rail Program (HSIPR)
- Other Grants

FINANCING

- Federal Credit Assistance
- State Revolving Loans
- Private Activity Bonds (certain facilities only)



A row of orange bicycles with white baskets, parked in a line. The bicycles are arranged in a perspective view, receding into the distance. The baskets have the word 'bika' and a logo on them. The background is slightly blurred, showing a paved surface.

Bicycle & Pedestrian

FUNDING

- Mostly through federal and local (municipal) programs
- Federal and state grants tend to be competitive rather than formula-based
- Non-profit/advocacy

FINANCING

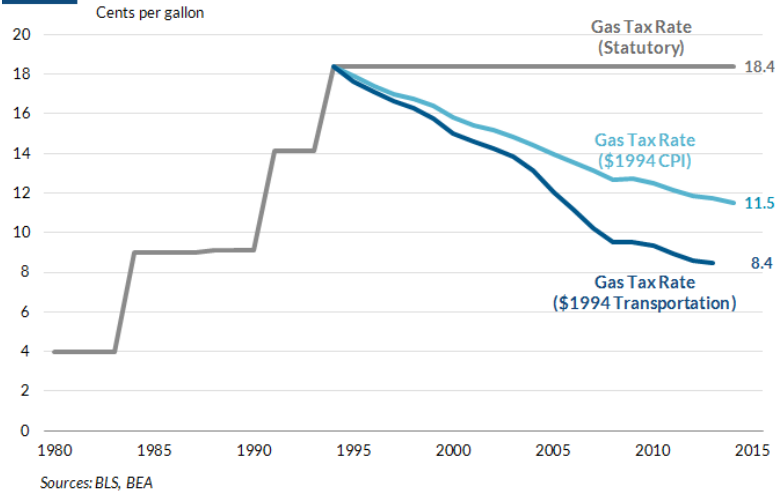
- State, county, and municipal bonds
- Non-profit/advocacy



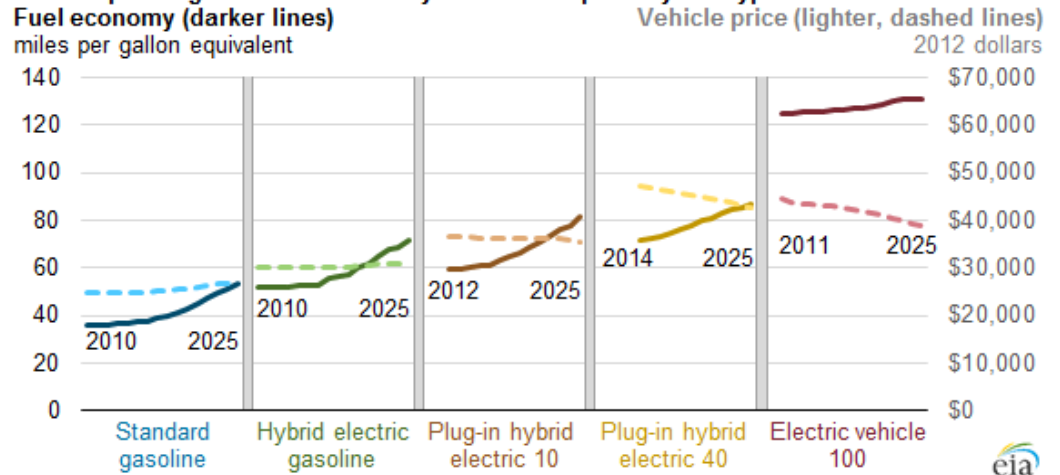
From Pay-as-you-Go to?



Inflation Has Decreased the Real Value of the Gas Tax Rate Since 1994

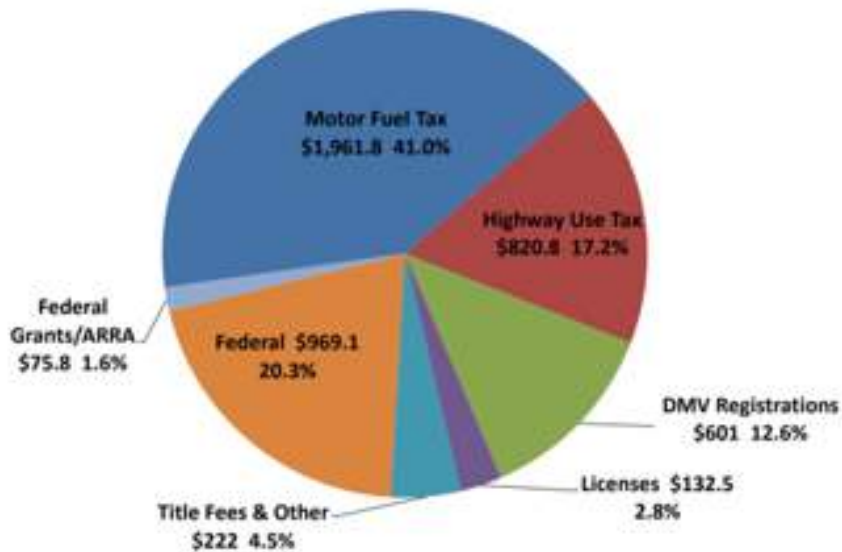


Midsize passenger car fuel economy and vehicle price by fuel type

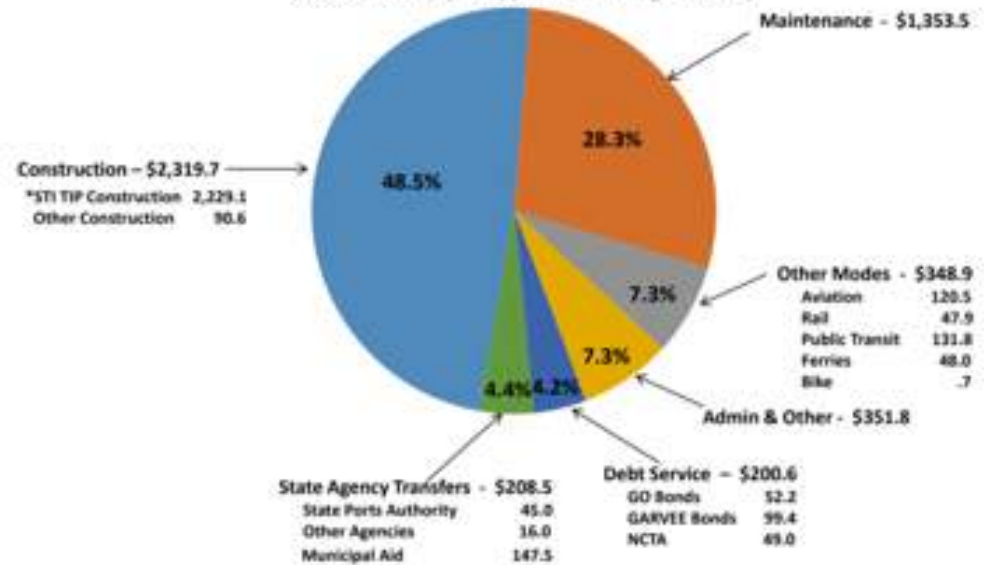


Funding as Policy

**NCDOT Revenue Sources
SFY2018 - \$4.8 Billion**
(Excludes Receipt Supported Funding of \$0.1B)



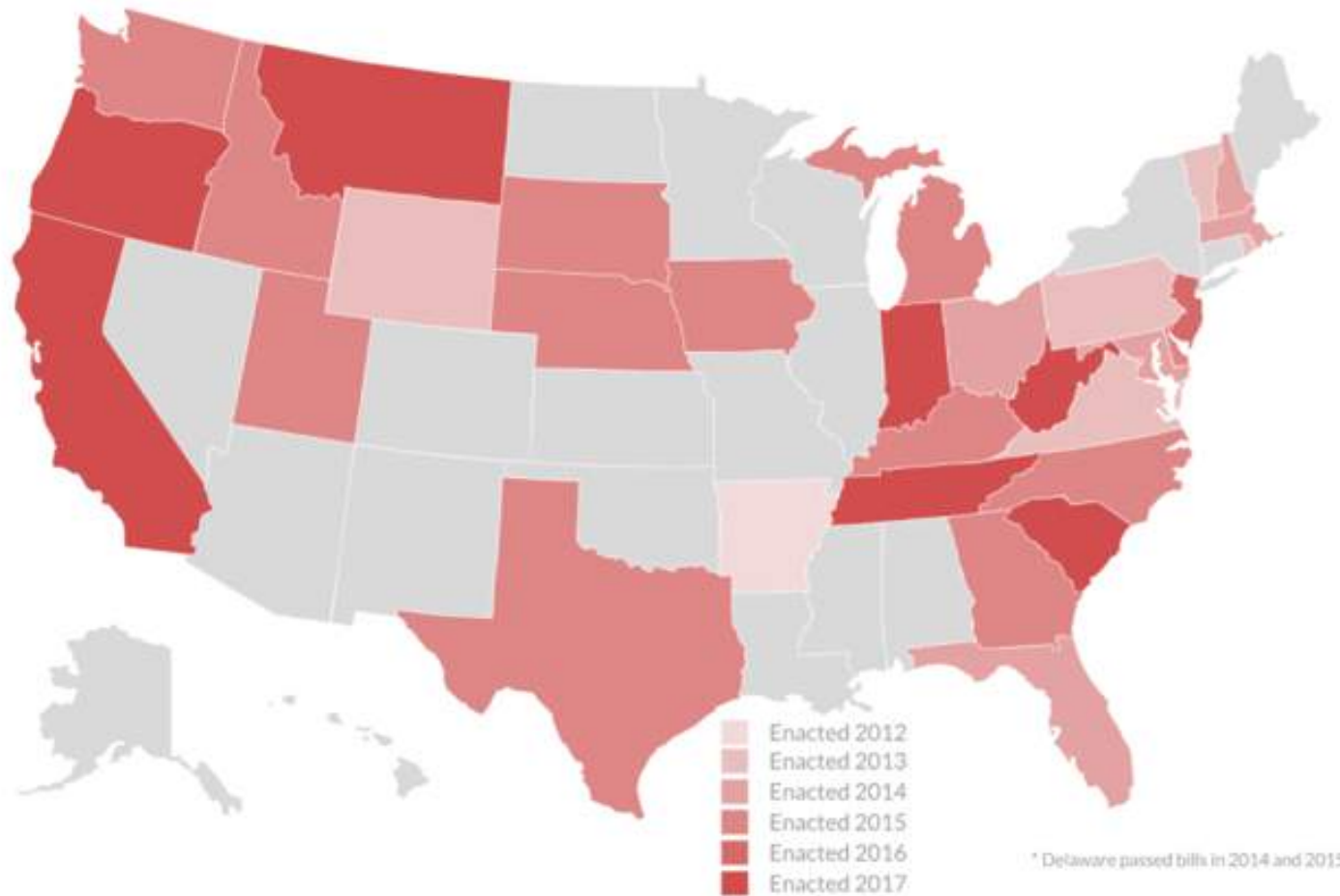
**Uses of 2017-18 NCDOT Appropriations
Total Funding = \$4.8 Billion**
(Excludes Receipt Supported Funding of \$0.1B)



(\$ in millions)

Funding as Policy

Successful state plans to raise additional transportation revenue, 2012-



Source: Data compiled by Transportation for America, 2018.

Looking Ahead

- Possible expansion of private credit programs
- Incentivize "innovative" approaches to congestion mitigation
- "Liberalize" tolling policy
- Fund port/waterway projects
- Changes to environmental review process

Photo Credits

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- Union station - Photo by Andrew Preble on Unsplash
- Union pacific train - Photo by Levi Saunders on Unsplash
- Docked bikes - Photo by Brent Cox on Unsplash
- Bike lane - Photo by Brandon Wong on Unsplash
- White house - Photo by David Everett Strickler on Unsplash



THANK YOU!



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