



TRANSPORTATION FUNDING

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THE PROBLEM: The Missouri Department of Transportation (MoDOT) will likely face funding shortfalls in the near future. New revenue will be needed, and it should be generated in a way that is both economically sound and fair to all Missourians.

THE SOLUTION: *User fees.*

User fees are about having the people who use things pay for them. That means the people driving on the roads are the ones who pay for the roads. Raising Missouri's fuel taxes—which haven't been raised since 1996—to account for inflation would raise hundreds of millions of dollars to help MoDOT maintain the state's road system in the near term. But other, long-term solutions, such as tolling on major interstates and bridges, can help keep infrastructure funding sustainable. Public-private partnerships (P3s) could also help raise funds. Furthermore, expanding MoDOT's use of design-build¹ could save roughly 20% per project.

WHO ELSE DOES IT? Various forms of tolling are either planned or implemented in many states. Dozens of projects are funded by P3s in more than 10 states.

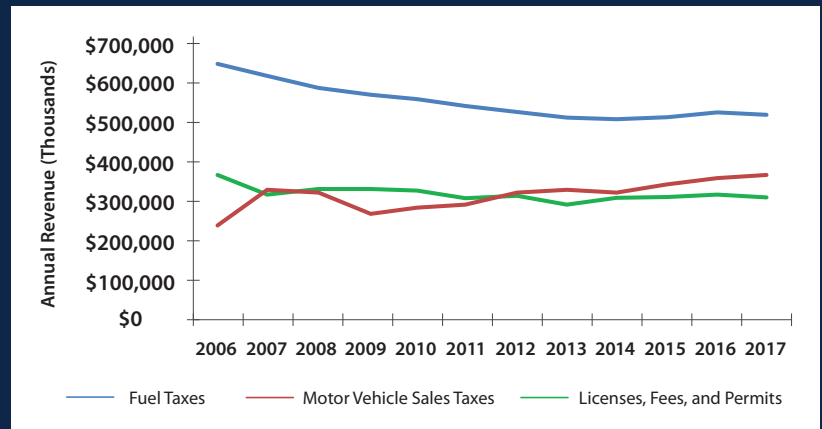
THE OPPORTUNITY: Missouri has the 3rd-lowest gas tax and the 3rd-lowest diesel fuel tax in the country. Adjusting these fuel taxes to inflation—raising them by less than 10 cents per gallon—would provide the funding necessary to keep Missouri's infrastructure in good repair. With I-70 soon requiring a full rebuild, simple tolling infrastructure and a design-build workflow could be implemented to help increase available capital and reduce costs.

KEY POINTS

- A robust and well-maintained transportation system is vital to a strong Missouri economy.

MISSOURI HIGHWAY USER-FEE REVENUE (2017 DOLLARS)

Fuel taxes, which aren't tied to inflation, have brought in less and less revenue over the past decade.



Source: Missouri Department of Transportation. 2017 Comprehensive Annual Financial Report.

- User fees are the most fair and economically sound way to fund major projects.
- Design-build and public-private partnerships bring the strengths of the free market to public infrastructure investment.
- User fees could prevent unfair special taxing districts from forming to fund wasteful projects.

SHOW-ME INSTITUTE RESOURCES

Policy Study: “Funding the Missouri Department of Transportation and the State Highway System”

Blog Post: “With MoDOT’s Tank Nearly Empty, a Fuel-Tax Increase Might Be the Answer”

¹Design-build is a project delivery method in which a single contractor both designs and builds an improvement. Overlapping these traditionally distinct project phases reduces costs and time to completion.