



TRANSPORTATION INFRASTRUCTURE

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THE PROBLEM: The Missouri Department of Transportation (MoDOT) will likely face funding shortfalls in the near future. The state will need to generate new revenue in fair and economically sound ways.

THE SOLUTION: *User fees.*

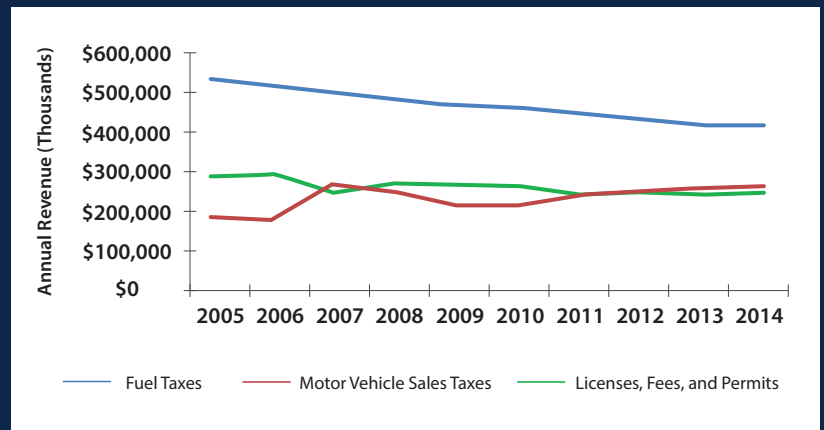
User fees connect the costs of goods and services to those who consume those goods and services. That means the people driving on the roads are the ones who pay for the roads. User fees are fair and constitute sound economic policy. In the short- to medium-term, adjusting fuel taxes (which haven't been raised since 1996) to inflation would raise enough funds for MoDOT to continue improving and maintaining the state's road system. 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 boost capital funds. Furthermore, expanding MoDOT's use of design-build could save roughly 20% per project.¹

WHO ELSE DOES IT? Various forms of tolling are either planned or implemented in many states. Dozens of projects are funded by P3's in more than 10 states. Design-build has been shown to reduce costs in state and federal projects.

THE OPPORTUNITY: Missouri has the 5th-lowest gas tax and the 4th-lowest diesel fuel tax in the country. Simply adjusting these fuel taxes to inflation—raising them by less than 10 cents a 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 design-build procedures could be implemented to help increase capital investment and lower costs.

MISSOURI HIGHWAY USER-FEE REVENUE (2014 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. 2014 Comprehensive Annual Financial Report.

KEY POINTS

- A robust and well-maintained transportation system is vital to a strong Missouri economy.
- User fees assign the largest share of the cost burden for major projects to the people who benefit the most from them.
- 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.

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.

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