

TRANSPORTATION FUNDING IN NEW HAMPSHIRE

Investment in New Hampshire's roads, highways and bridges is funded by local, state and federal governments. A lack of sufficient funding at all levels will make it difficult to adequately maintain and improve the state's existing transportation system.

Revenue from New Hampshire's motor fuel tax – a critical source of state transportation funding - is likely to erode as a result of increasing vehicle fuel efficiency and the increasing use of electric vehicles. The average fuel efficiency of U.S. passenger vehicles increased from 20 miles per gallon in 2010 to 24.5 miles per gallon in 2020. Average fuel efficiency is expected to increase another 31 percent by 2030, to 32 miles per gallon, and increase 51 percent by 2040, to 37 miles per gallon.ⁱ The share of electric vehicles of total passenger vehicle sales in the U.S. is expected to increase to five percent by 2023 and 60 percent by 2040, by which time they will represent approximately 30 percent of the passenger vehicle fleet.ⁱⁱ

In addition to state funds, the federal government is a critical source of funding for New Hampshire's roads, highways, bridges and transit systems and provides a significant return in road and bridge funding based on the revenue generated in the state by the federal motor fuel tax.

Most federal funds for highway and transit improvements in New Hampshire are provided by federal highway user fees, largely an 18.4 cents-per-gallon tax on gasoline and a 24.4 cents-per-gallon tax on diesel fuel. Since 2008 revenue into the federal Highway Trust Fund has been inadequate to support legislatively set funding levels so Congress has transferred approximately \$53 billion in general funds and an additional \$2 billion from a related trust fund into the federal Highway Trust Fund.ⁱⁱⁱ

Signed into law in December 2015, the five-year [Fixing America's Surface Transportation Act \(FAST Act\)](#) was scheduled to expire on September 30, 2020. Congress extended the legislation for one year to September 30, 2021. The FAST Act provides modest increases in federal highway and transit spending. The bill also provides states with greater funding certainty and streamlines the federal project approval process. But, the FAST Act does not provide adequate funding to meet the nation's need for highway and transit improvements and does not include a long-term and sustainable funding source.

The FAST-Act is a major source of funding for road, highway and bridge repairs in New Hampshire. Throughout the FAST-Act – fiscal years 2016 to 2021 – the program will provide \$1.1 billion to New Hampshire for road repairs and improvements, an average of \$176 million per year.^{iv}

Federal funds are a critical source of highway investment in New Hampshire and represent a significant share of funds used by the state for major road, highway and bridge repairs and improvements. From 2015 to 2019, federal funds provided for highway improvements were the equivalent of 60 percent of the amount of New Hampshire state capital outlays on road, highway and bridge projects, including construction, engineering and right-of-way acquisition.^v From 2015 to 2019, the federal government provided \$1.22 for road improvements in New Hampshire for every \$1.00 state motorists paid in federal highway user fees, including the federal state motor fuel tax.^{vi}

New Hampshire federal-aid eligible roads, bridges and highways include the most critical routes in the state, including the Interstate Highway System, major highways and important rural and urban routes. Federal-aid eligible roadways in New Hampshire account for 24 percent of state lane-miles and carry 87 percent of all vehicle miles of travel in the state.^{vii} Fifty-three percent of New Hampshire's bridges by count, and 83 percent of bridges measured by deck area are eligible for Federal aid.^{viii}

According to the [Status of the Nation's Highways, Bridges, and Transit, 23rd Edition](#), submitted to Congress by the United States Department of Transportation (USDOT) in 2019, the nation faces a \$786 billion backlog in needed repairs and improvements to the nation's roads, highways and bridges.^{ix} This backlog includes \$435 billion for highway rehabilitation; \$125 billion for bridge rehabilitation; \$120 billion for system expansion and \$106 billion for system enhancement.^x The USDOT report found that the nation's current \$105 billion investment in roads, highways and bridges by all levels of government should be increased by 29 percent to \$136 billion annually to improve the conditions of roads, highways and bridges, relieve traffic congestion and improve traffic safety.

ⁱ KPMG. (2019). Evaluating Sustainable Transportation Funding Options.

ⁱⁱ BloombergNEF (2019) New Energy Outlook 2019. <https://about.bnef.com/new-energy-outlook/>

ⁱⁱⁱ "Surface Transportation Reauthorization and the Solvency of the Highway Trust Fund," presentation by Jim Tymon, American Association of State Highway and Transportation Officials (2014).

^{iv} U.S. Department of Transportation (2020). Estimated FY 2016-2020 Apportionments Under the Fixing America's Surface Transportation Act. <https://www.fhwa.dot.gov/fastact/funding.cfm>

^v TRIP analysis of Federal Highway Administration data (2020). Charts SF-1, SF-2 in Highway Statistics 2018. <https://www.fhwa.dot.gov/policyinformation/statistics/2018/>

^{vi} Ibid.

^{vii} TRIP analysis of Federal Highway Administration data (2020). Charts VM-2, VM-3, HM-48, HM-60 in Highway Statistics 2019. <https://www.fhwa.dot.gov/policyinformation/statistics/2018/>

^{viii} TRIP analysis of Federal Highway Administration National Bridge Inventory data (2020).

<https://www.fhwa.dot.gov/bridge/fc.cfm> All bridges excluding bridges classified as local or rural collector are eligible for federal aid.

^{ix} Status of the Nation's Highways, Bridges, and Transit, 23rd Edition (2019). United States Department of Transportation. <https://www.fhwa.dot.gov/policy/23cpr/>

^x Ibid.