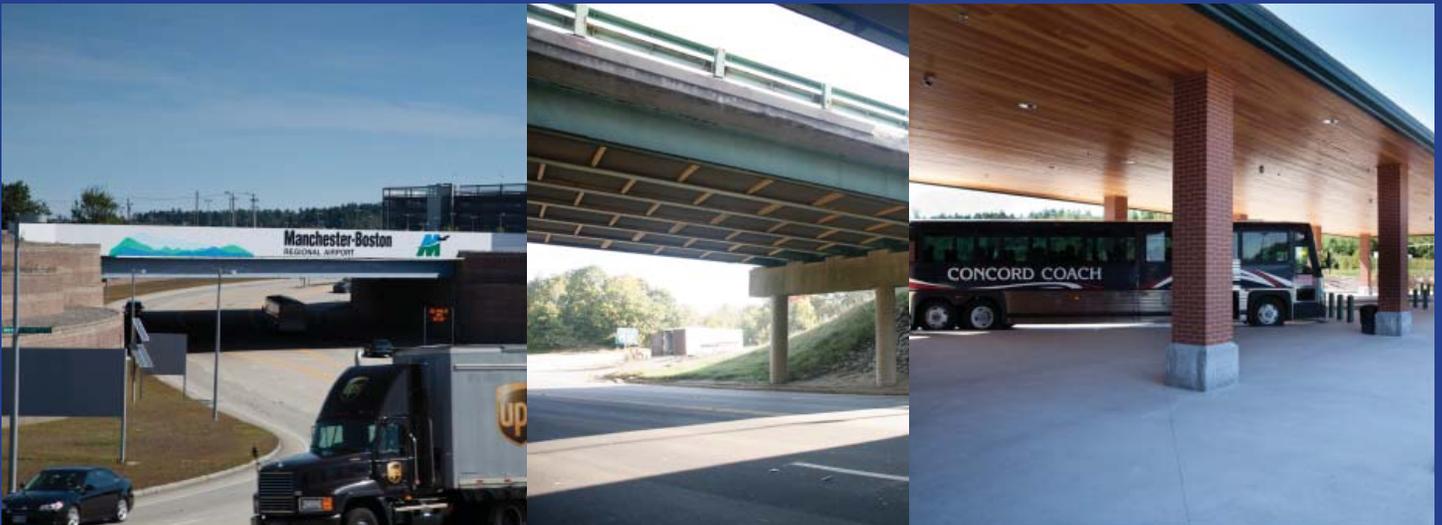




Campaign Choice:

Where do you **STAND**
on **TRANSPORTATION?**





A SAFER ROAD TO TOMORROW

A Safer Road to Tomorrow was launched in February 2004, and is a coalition of organizations that have a vested interest in the maintenance of New Hampshire's highway system. The coalition was created to inform the state's residents about the nature and scope of deficiencies in the state's highways and bridges, and their immediate and long-term impact on public safety, the economy, and quality of life. Through outreach to the driving public, associations, and other organizations, A Safer Road to Tomorrow helps educate residents on why the increased demand on roads, bridges, and highways are important to them and their families- both now and in the future.

A Safer Road to Tomorrow certifies that the information in the booklet obtained from the sources noted in the footnotes is accurate as of May 12, 2010. A Safer Road to Tomorrow is comprised of leading public and private transportation, construction, safety, law enforcement, and business organizations. They include: the NH Lodging and Restaurant Association, NH Good Roads Association, the NH Association of Chiefs of Police, the Safety & Health Council of Northern New England, the Business and Industry Association, and the Associated General Contractors of NH.



**Safety & Health Council
of Northern New England**



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Introduction ★★★★★

Elected officials and adequately funding our transportation system's needs go hand in hand. It is through the actions of our political leaders that money is allocated to maintain and improve our complex system. The strength of the nation directly depends on how well this system operates.

The Federal government, under the direction of Transportation Secretary Ray LaHood, is taking note, and has made "livability" one of the top priorities for the U.S. Department of Transportation. State Departments of Transportation have recognized the need for livability as well, improving roadways and designing transportation systems to meet the needs of the communities they serve. In return for making "livability" a transportation priority, the economy will improve, as will quality of life.

More livable communities, better quality of life and a stronger economy happens more easily when all levels of government work together. Each level of government—federal, state, and local—must take responsibility for their part of the system. "The American people depend on Federal, state, and local governments and the private sector to deliver a transportation system that will keep us competitive in the World economy and meet our mobility needs".¹

Taking responsibility for the system means working proactively to increase investments for transportation. The Federal government must guide state Department of Transportations with strong leadership for funding. Federal funds for transportation projects make up a large part of New Hampshire's budget for completing projects. Without federal assistance, less and less projects would be completed each year. Increased federal funding is a key component to improving our transportation system.

It is also important for the state of New Hampshire to take responsibility and increase funding from our own revenue sources. While federal funding accounts for nearly 30% of funding, revenue from the road tolls and motor vehicle fees accounts for 40.25% of funding. This percentage shows that state funding is equally as important as federal funding, and the health of our transportation system relies on both sources working together.

¹ "Recommendations for the Federal Program." Transportation Invest in Our Future: Surface Transportation Policy Recommendations. American Association of State Highway and Transportation Officials, Washington, D.C., 2007. P. 67.

On the Issues... ★★★★★

Candidates are running for office, and if elected it will be part of their responsibilities to ensure the safety, well being, and economic prosperity of this state. With that comes a responsibility to maintain our infrastructure. Infrastructure is the link between goods and consumers, between work and home, and is, for many, the primary mode of travel. Citizens of New Hampshire want good roads to travel on, and government officials can make that happen.

Inaction causes as many problems as choosing the wrong solution. There are many excuses for not taking action to increase funding. These excuses do not offer long-term funding solutions, and are ultimately another roadblock in adequately funding our system.

Where Do You Stand... ★★

★ On transportation as a priority...

Efficient transportation is essential to the well being of a state and the country. A quality transportation system is necessary to maintain the economic health of our nation. “The U.S. transportation system—roads, rails, and ports—directly affects a business’s competitiveness and profitability. Today’s American consumer demands easy access to and quick transportation of goods. If goods have to take detours and less efficient routes, the cost of goods will rise, and that rise in cost is then passed onto the consumer in price. The result of an inadequate transportation system: “a less-competitive business environment, a slowdown of the nation’s economy, and a drop in our standard of living.”²

It is not just businesses that are concerned with the efficiency and maintenance of the system, the American people are as well. It is important to the American people to have safe reliable roads to carry them to and from work, on errands, and on vacation. According to a 2005 Traveler Opinion and Perception Survey conducted by the Federal Highway Administration, 70% of travelers commute to work and/or school typically four to five days per week. Furthermore, the survey showed that amount of non-work travel is more than double the amount of work travel. Of those polled, 52% said they are likely to support future transportation projects. These numbers illustrate how important a quality transportation system is to Americans.



Excuse #1: Unemployment is too high.

Response: While unemployment is at increasingly high levels, it is important to understand that by investing in our transportation system, we are investing in our workforce. More funds for repairs means increased projects and job creation. The construction industry is experiencing unemployment levels double that of the national average. Making transportation a priority and increasing investments means hundreds of new and saved jobs.

What’s more is that the job creation in one industry will spur job creation in other industries. Supply companies and other associated industries will see an increased demand for their products and services, stimulating growth in their sector. As these companies add jobs and maintain their workforce, there will be greater amounts of disposable income flowing into the economy. This disposable income will be spent in retail stores, auto dealers, on lodging, restaurants, etc. With increased investment, the entire economic food chain grows and becomes stronger.

² “Transportation Profitability Economic Competitiveness.” Transportation: Driving a Thriving Economy. American Association of State Highway and Transportation Officials, Washington, D.C. P. 3-4

Excuse #2: Highway funds are diverted.

Response: Over the past few years, the New Hampshire Legislature has worked to prevent diverting funds from the Highway Trust Fund for other nonrelated issues. Similarly, the Federal government has taken measures to prevent diversion. "Firewalls" have been built into the authorization legislation that prohibits the use of revenue collected on motor fuel taxes for other nonrelated expenses. Additionally, Article 6-a of New Hampshire's constitution expressly prohibits money coming from registration fees or the gas tax to be used for purposes other than construction, reconstruction, or maintenance of the highway system.

Article 6-a:

[Use of Certain Revenues Restricted to Highways.] All revenue in excess of the necessary cost of collection and administration accruing to the state from registration fees, operators' licenses, gasoline road tolls or any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels shall be appropriated and used exclusively for the construction, reconstruction and maintenance of public highways within this state, including the supervision of traffic thereon and payment of the interest and principal of obligations incurred for said purposes; and no part of such revenues shall, by transfer of funds or otherwise, be diverted to any other purpose whatsoever. November 29, 1938

★ On funding...the gas tax & registration fees...

The majority of New Hampshire's transportation funding comes from motor vehicle registration fees and the gas tax. In 2009, New Hampshire's legislature voted to raise the motor vehicle registration fees by \$30 for most vehicles, increasing that surcharge for heavier vehicles. This increase was meant to close a gap in funding for the highway system, but will sunset in 2011.

While the increase provides additional revenue for now, revenue from the Highway Fund's other source of funding, the gas tax, is decreasing. The rate of New Hampshire's gas tax has remained constant at \$0.18 since 1991. 1991 was the last time it increased, rising two cents from \$0.16. The federal gas tax was last increased in 1993 to \$0.183. Currently, the national average for gasoline taxes is \$0.477. This includes state and federal taxes. The table below shows New Hampshire's gas and diesel tax rates in comparison with the other New England states. The map on page 5 shows the current gas tax rates for each state in the country.

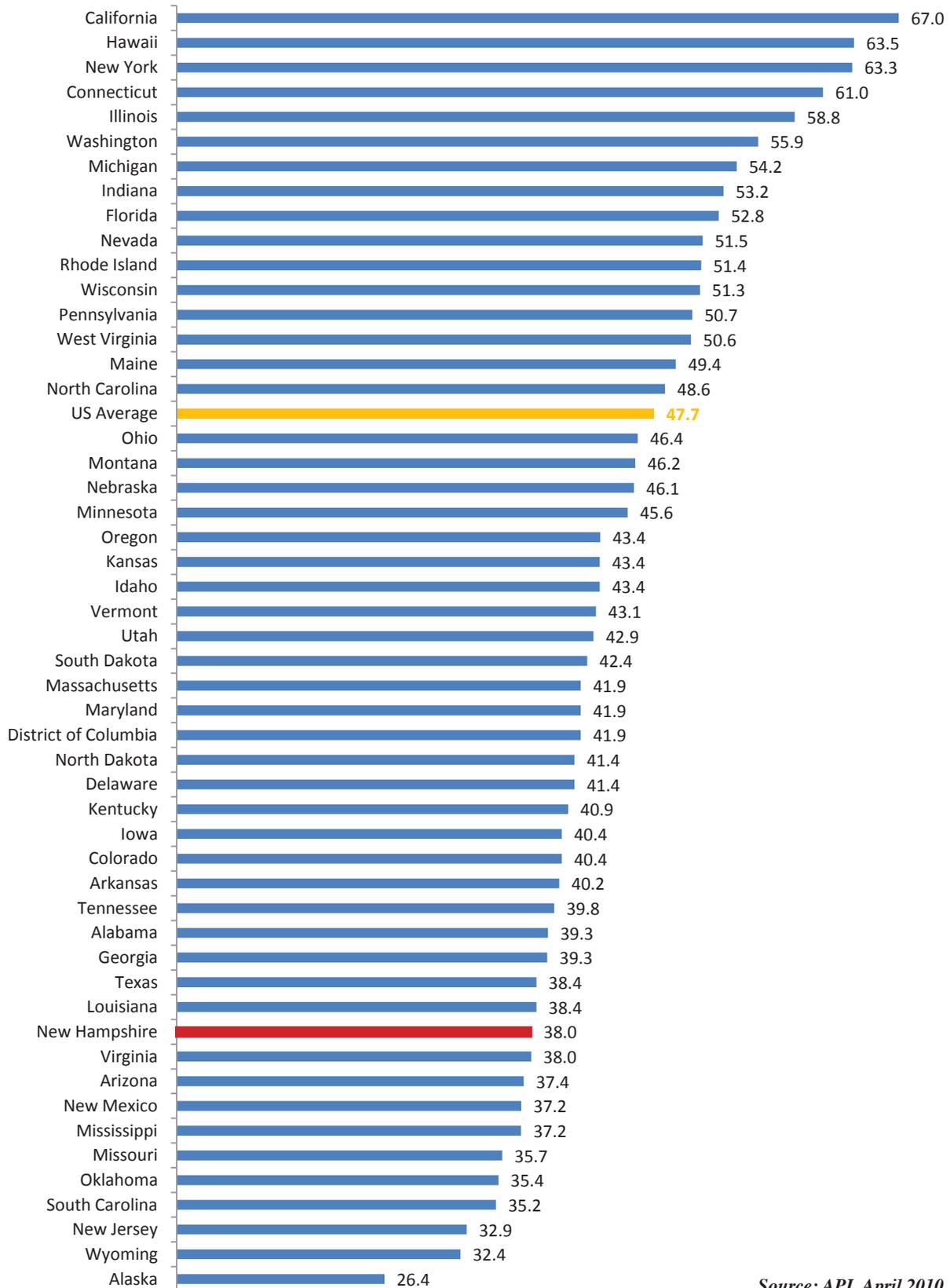
In the over fifteen years since either tax was increased, inflation and construction costs have risen; eroding the purchasing power of the gas tax revenue.

Because fuel tax rates are set as a fixed number of cents per gallon, they lose purchasing power as program costs increase. This has been the pattern for

State	Gasoline				Diesel				Notes & Comments
	State Excise Tax	Other State Taxes/Fees	Total State Taxes/Fees	Total State plus Federal	State Excise Tax	Other State Taxes/Fees	Total State Taxes/Fees	Total State plus Federal	
Maine	29.5	1.5	31.0	49.4	30.7	1.5	32.2	56.6	"Other Taxes" columns include for gasoline: .07 cpg for Coastal and Inland Water fund, 1.38 cpg for Groundwater Fund and 40 cpg/10,000 gallons for Petroleum Market Share Act. "Other Taxes" columns include for diesel: .07 cpg for Coastal and Inland Water Fund and .6 cpg for Groundwater Fund. Governor signed legislation in 2002 to index gasoline tax beginning 7/03. Based on indexing, gasoline and diesel taxes increased 1.1 cpg effective 07/01/09.
N. Hampshire	18.0	1.6	19.6	38.0	18.0	1.6	19.6	44.0	"Other Taxes" columns include 0.125 cpg for oil pollution control fund, and 1.5 cpg for UST cleanup fund.
Vermont	19.0	5.7	24.7	43.1	25.0	4.0	29.0	53.4	"Other Taxes" columns include 1 cpg license fee for UST fund for both gasoline and diesel and a motor fuel transportation infrastructure fee valued at 2% of the average ppg of gasoline, less taxes, in the immediately prior quarter (currently 4.7 cpg). A similar tax will be imposed is applied to diesel at a flat rate of 3 cpg.
Massachusetts	21.0	2.5	23.5	41.9	21.0	2.5	23.5	47.9	"Other Taxes" columns include 2.5 cpg UST fund tax.
Connecticut	25.0	17.6	42.6	61.0	45.1	0.0	45.1	69.5	"Other Taxes" column for gasoline includes gross receipts earnings tax collected at the wholesale level. The stated rate of the tax is 7% (though the effective rate is higher) on the gross earnings of first sale of specific petroleum products in the state. This rate is currently scheduled to increase on 7/1/13 to 8.1%. Diesel tax increased 1.7 cpg on 7/1/09 per 2007 legislation.
Rhode Island	32.0	1.0	33.0	51.4	32.0	1.0	33.0	57.4	"Other Taxes" columns include 1 cent per gallon environmental protection regulatory fee of which 0.5 cpg goes to the UST program and 0.5 cpg goes to the public transportation authority. Tax increased 2 cpg per budget passed on 6/30/09.

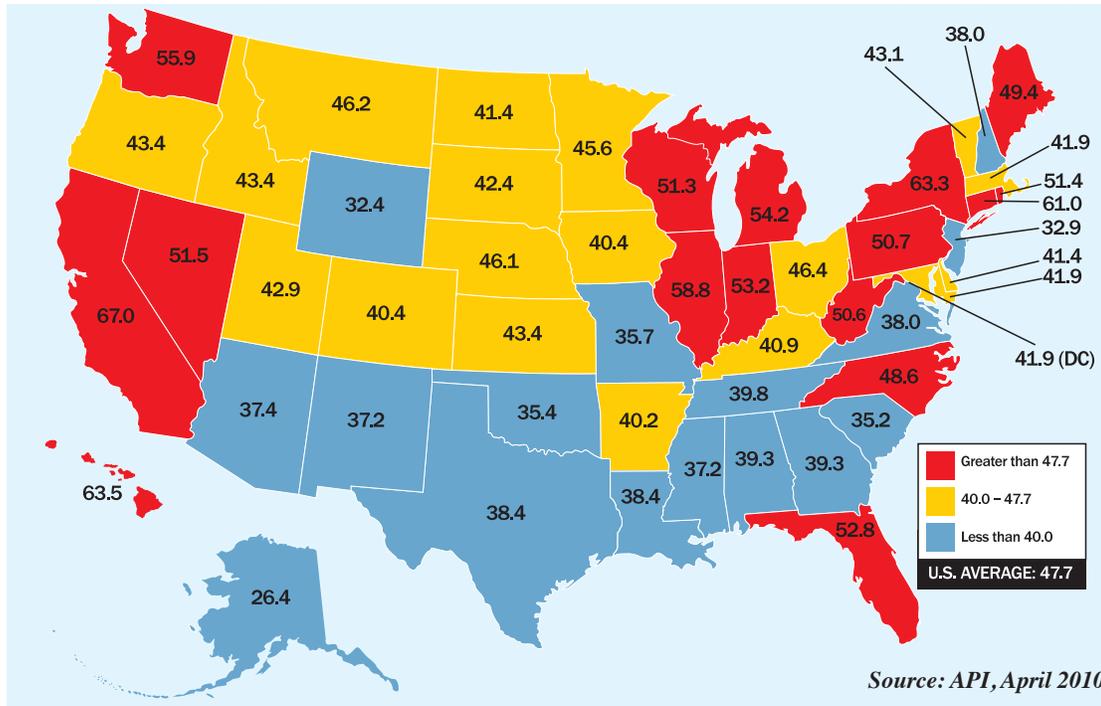
Source: API, April 2010

Gasoline Taxes as of April 2010 (includes Federal Taxes of 18.4 cpg)



Source: API, April 2010

Gasoline Taxes (combined local, state & federal cents per gallon)



the past 50 years. To deal with this problem, Congress has periodically adjusted fuel tax rates... In 1990, President Bush, Sr. agreed to sign a bill increasing fuel taxes 5 cents, and in 1993, President Clinton persuaded Congress to increase fuel taxes by 4.3 cents... The time is approaching when Congress will have to face the need to adjust the fuel tax rate again to restore the program's purchasing power.³

Excuse #3: Now is not the time.

Response: Now is the time to increase funding. A nation's economic power can be directly linked to its highway system. As our highway system crumbles, our economic power recedes as well. While long-term solutions are being discussed, the gas tax is still the most viable short-term mechanism. This means that in order for America to stay competitive with the global market, increased investment is needed to improve and expand our transportation system.

At its beginning, America's highway system laid the foundation for our country to become the number one economic power in the world. As globalization increases, more emphasis is placed on how quickly goods can reach their destination. To remain the world leader, America needs a transportation system that can support increased globalization. Other parts of the world—China, India, and the European Union—are improving their infrastructures at rapid speeds. They are spending billions of dollars on transportation systems, realizing that improving their

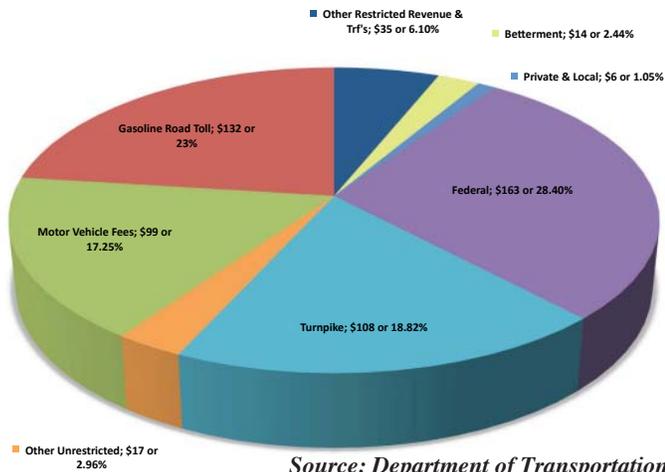
systems is the key to economic stability. If America does not take action soon, our nation risks losing the top position.

Excuse #4: Gas prices are too high.

Response: The price of gasoline is largely determined by market forces. Gas prices generally rise or fall depending on the supply and demand during a given period. Conversely, taxes are a fixed number dependent on the level of investment needed. The rate of the gas tax does account for a portion of the price, but is not the deciding factor in its overall price to consumers. For example, New Hampshire's neighboring state of Maine has a state gas tax of 28.4 cents per gallon, and at times their gas prices are very comparable to New Hampshire's.

This example illustrates that the price of gasoline is largely determined by competition, supply, and demand. This point is verified by a 2005 report by the Federal Trade Commission (FTC). Their report, "Gas Price Changes: The Dynamic of Supply, Demand and Competition" looked at how these three factors determine the price of gasoline the ultimate consumer will pay. They concluded that the price of gasoline is ultimately determined by basic economic principles. Therefore, it can be surmised that raising the gas tax to increase investments will not dramatically raise gas prices.

³ "Transportation Revenue Needs." Transportation Invest in Our Future: Surface Transportation Policy Recommendations. American Association of State Highway and Transportation Officials, Washington, D.C., 2007. P. 51-52.



Source: Department of Transportation

★ On Reauthorization...

The Federal government plays large role in developing transportation policies for the nation. It is through their direction that states receive money to fund projects and improve the system. In 2005, President George W. Bush established the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). This act outlined investments in particular program areas designed to improve our infrastructure, guaranteeing federal funding for five years. Additionally, it dictated federal transportation funding, and guided states when planning for improvements.

The Federal government must continually provide a safe and efficient national road network focused on international trade, economic development, defense, national security, safety, and motorist mobility in order to maintain America's economic power. Increased federal funding is needed for America to correct the congestion and safety issues occurring now. However, like New Hampshire's gas tax revenue, revenue from the motor fuel tax has decreased significantly over the years, not keeping pace with spending levels.

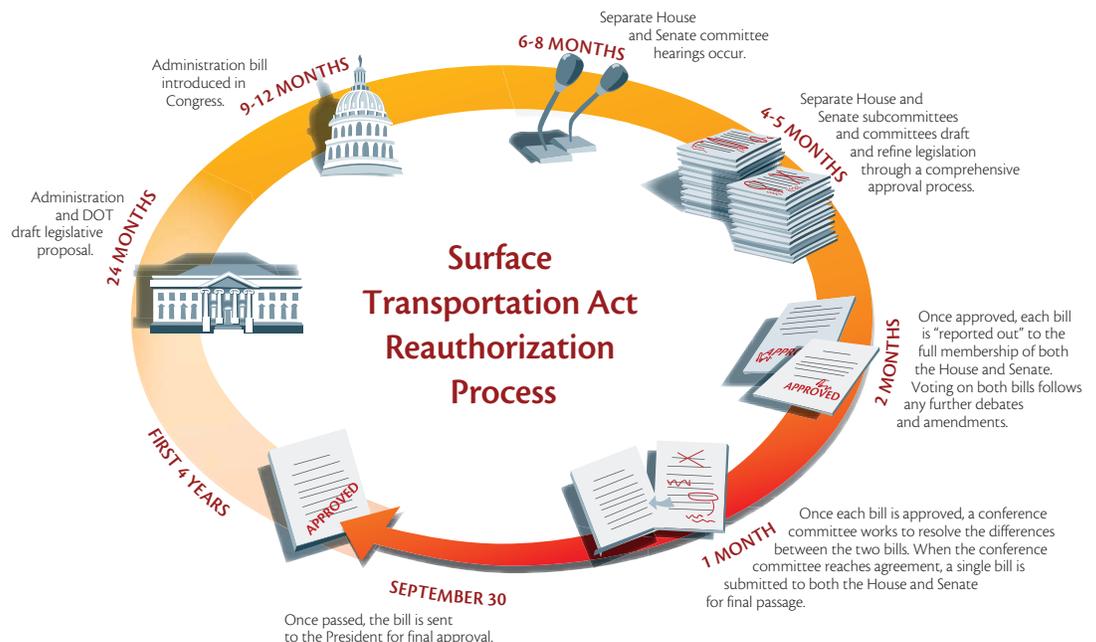
What is needed now is a new authorization that will support transportation in the 21st century. SAFETEA-LU will expire on December 31, 2010; that leaves Congress just 8 short months to draft new legislation. The U.S. Senate EPW Committee has taken the first step towards making new legislation a reality. In order for a new authorization to take effect, it must complete the legislative process.

Excuse #5: Let's wait and see what the federal government does.

Response: New Hampshire cannot rely solely on the Federal government to make all transportation and funding decisions. New Hampshire has specific needs that cannot always be met just by direction from the Federal government. The system, both nationally and local, works best when each level of government funds their share.

The pie chart above shows the revenue sources for New Hampshire's transportation system. While federal funding is the largest slice of the pie, state revenue makes up the largest portion with its two sources—gas tax and registration fees. In fact, for the past 10 to 15 years, the Federal government has historically funded 45% of states' transportation needs. This leaves a remaining 55% for the states to fund.

With over half of the revenue the responsibility of the state, it is evident that states cannot solely depend on federal funding and direction. State transportation departments must develop policies and goals to improve and maintain their systems. These policies and goals must include ways to increase funding, so that states can proactively support the nation, keeping the economy stable and prosperous.



Source: Transportation for Tomorrow Coalition

Excuse #6: The federal government will increase our state allocation...

Response: The Federal government is losing revenue from the gas tax as well. Spending has far exceeded the revenue that is in the National Highway Trust Fund. Additionally, more fuel efficient cars are now on the road. This is underscored by the recent Administration announcement to achieve a standard 35.5 miles per gallon by 2016. These outside factors have eroded purchasing power, and further points out that the Federal government is not capable of funding each states transportation system in their entirety.

Secondly, while the stimulus money was a welcome and much needed boost, it was only a boost. These funds were not meant to replace any existing state or federal funding for the long term, but rather to be used as a one time supplement to stimulate the economy. Next year, it is likely that there will not be more stimulus funds, but there will still be transportation needs. State transportation departments will need to take the lead to prioritize their needs and find solutions to meet those needs.

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How do YOU plan to fund ★★★ NH’s transportation system...

Transportation is a priority for many Americans, and should consistently be a top priority for our elected officials. They are the decision makers for each state and the nation as a whole, and it is important that they understand the transportation needs of the citizens. Transportation needs are growing—people are driving and travelling more, globalization is on the rise—and these needs have to be met. The only way to effectively meet those needs is when each level works together and funds their historic portion. By making transportation a priority at each level of the government and increasing investments, our economy will strengthen.

Strengthening our economy through transportation investments and improvements is substantially supported through facts. Increasing investment means more projects, which will put more people back to work. This brings more income into the marketplace, driving the economy up.

Now, as a candidate for a New Hampshire office, it is your turn to make the tough decisions on how you will support our system, quality of life, state, and nation. What is your choice:

Do nothing

Bond

Public-Private Partnerships

Toll Increases

Registration Fee Increase

Gas Tax Increase

Vehicle Miles Travelled

Energy Tax **Alternative Fuel Tax**

Increase Federal Funding Allocation

Other: _____



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