



Justin P. Wilson, Comptroller

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Comptroller Releases Report on Transportation Funding

The Comptroller's Offices of Research and Education Accountability (OREA) has completed a study focusing on the funding of Tennessee's highways and bridges. The report, which was requested by the General Assembly's Fiscal Review Committee, outlines challenges to the existing system, and reviews alternative funding methods.

The report is intended to provide objective analysis for state legislators to consider. It does not make recommendations, address the level of funding needed, or propose how funds should be spent.

The OREA study finds that Tennessee's fuel taxes have stagnated and are not expected to be sufficient to maintain existing infrastructure and meet long-term transportation demands. Tennessee relies heavily on fuel taxes to fund its highways and does not use debt financing, tolls, or general fund revenues. Tennessee does not hold any highway debt. Tennessee's gasoline tax rate (21.4 cents per gallon) was last raised in 1989; its diesel fuel tax rate (18.4 cents per gallon) was last raised in 1990.

Several transportation funding and financing options are examined in the report, including strengths and concerns for each option. Possible revenue options include:

- Motor Fuel Tax Rates
- Variable Rate and Indexed Fuel Tax Rates
- Vehicle Registration Fees
- Weight-Distance Tax
- Tolls
- General Funds
- Debt Financing
- Alternative Fuel Vehicles
- Local Funding Options
- Vehicle Miles Traveled (VMT) Tax
- Public-Private Partnerships

Tennessee's per capita revenue for highways in 2010 was the lowest of the 50 states; however, its roads are generally rated as being of good quality. Tennessee was 4th highest among 50 states in the percentage of roads in good condition and 13th lowest in percent of deficient bridges.

OREA is an agency within the Comptroller's Office that is charged with providing accurate and objective policy research and analysis for the Tennessee General Assembly and the public.

To view the full report online, go to: <http://www.comptroller.tn.gov/OREA/>

Media contact: John Dunn, Public Information Officer, (615) 401-7755 or john.dunn@cot.tn.gov

Tennessee Comptroller of the Treasury
State Capitol Nashville, TN 37243
Phone: (615) 741-2775
Email: comptroller.web@cot.tn.gov