



A \$1B Investment: Tying the Gas Tax to Inflation is Real Money

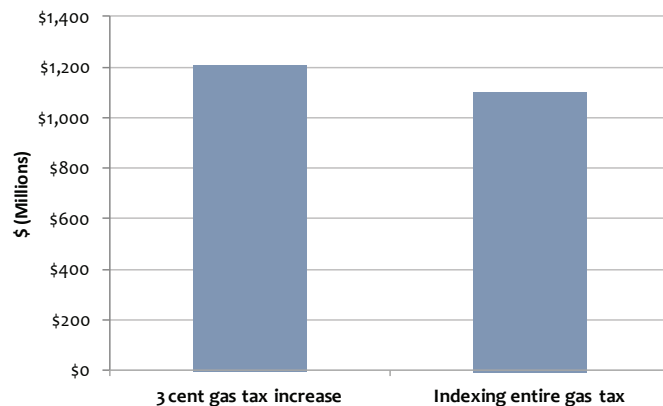
Ballot Initiative to Repeal Gas Tax Indexing

A group called “Tank the Gas Tax” has qualified a question for the November 2014 ballot that would repeal the indexing of gas tax to inflation. The referendum proponents have incorrectly stated that the indexing money goes to the General Fund, rather than for transportation.

What We Stand to Lose

If the indexing initiative passes, we will:

- 1) **Lose money for transportation.** Gas tax money is dedicated to transportation. Without indexing, we will lose over \$1B in the next 10 years. In addition, construction costs are expected to increase approximately 3% annually over the next several years. Without indexing, we will be unable to keep up with this growth in costs.
- 2) **Hurt our economy.** Losing money for transportation means that we won't have adequate resources for critical transportation investments that will grow jobs and the economy. For instance, if the legislature had not acted, Massachusetts could have faced losses of up to 15,000 jobs and as much as \$11 billion in increased operating costs due to a deteriorating transportation network.
- 3) **Continue the cycle of deferred maintenance.** 42% of Massachusetts's major roads are in either poor or mediocre condition and more than 50% of our bridges are either structurally deficient or functionally obsolete.
- 4) **Reverse the momentum for investing in infrastructure.** Legislators intended to invest significant new resources in our transportation system and spoke of the new law as an important first step that needs to be followed by further legislative actions to improve transportation. Rolling back a significant piece of transportation funding moves us in the wrong direction.



Indexing the entire gas tax generates over \$1 billion over the next ten years (FY14-FY25). Repealing it would result in a significant loss for transportation.

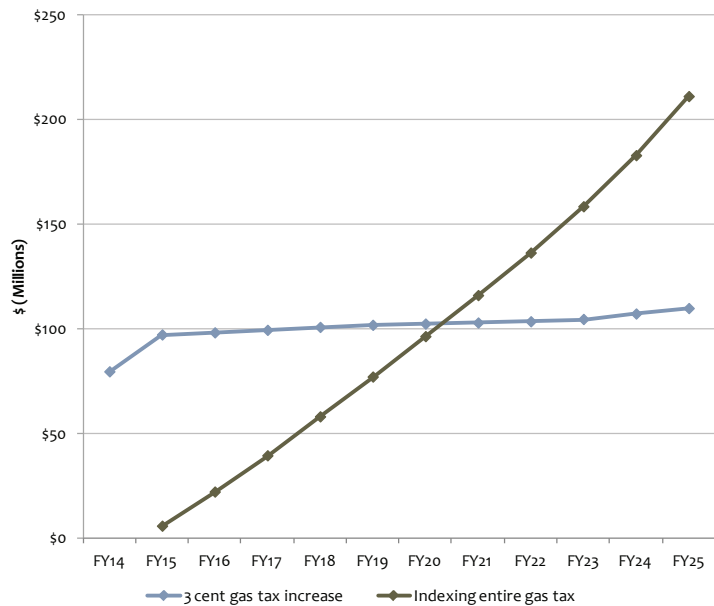
A \$1B Investment (cont'd)

Background

In July 2013, the legislature passed a financing bill that dedicates an average of \$600 million per year in new revenue to transportation. The money will be spent in every corner of our commonwealth, and used to repair our roads and bridges, invest in regional transit, ensure the MBTA is reliable and affordable, and make walking and biking safer.

An important provision in the new law pegs gas tax to inflation. When applied to the current rate of 24 cents per gallon, this provision will raise more than \$1B over the next 10 years and will prevent the value of gas tax revenues from depreciating over time, which is a reason Massachusetts hasn't been able to keep its transportation network in good shape.

Gas tax revenues are constitutionally protected for transportation. Revenues are deposited directly to the Commonwealth Transportation Fund, which acts as a lockbox for transportation money.



The value of the 3 cent gas tax increase compared to gas tax indexing from FY14 to FY25. Indexing the gas tax prevents it from depreciating over time.

The Opportunity

Campaigning against the repeal, while an unwelcome fight, is an opportunity to shape and mobilize public opinion. If we do it right, we can continue the momentum that has been building for investing in our transportation system. If residents vote down the question, our state's leaders will be further encouraged to take the future steps needed to build strong and reliable infrastructure in Massachusetts.

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