

Moving Ohio into the 21st Century

Creative funding for tomorrow's economic foundation

A Briefing Paper

(see position paper for full details)

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The challenge

- From 1990-2000, vehicle miles in Ohio rose 15 percent, but the state's population grew less than 1 percent;
- Up to half of our urban freeways are congested, while many roads/bridges are in unsatisfactory condition;
- Ohio has a 10-year backlog of unfunded road and bridge repairs, despite a new gas-tax increase;
- The state lacks transportation alternatives to share the traffic burden, with little or no state funding for them;
- Gas tax revenues may level off or even decline as fuel costs rise, and more fuel-efficient vehicles are bought;
- Ohio may not be able to afford to maintain new or widened highways once they are completed.

Diversify Ohio's transport infrastructure

- Since 1980, rail freight traffic nationwide has grown 64 percent; lack of private financing to boost capacity is forcing more heavy, pavement-damaging trucks onto Ohio's roads;
- State funding for transit in Ohio has fallen by more than 60 percent since 2001, even as motorists look to transit as gas prices spike;
- Most airports in Ohio have seen passenger traffic decline due to increased security and fuel prices;
- Ohio has been unable to find a "painless" way to finance development of fast, fuel-efficient passenger trains serving cities, towns and airports in this densely populated region.

Solution: lease the Ohio Turnpike

- In 2004, the Chicago Skyway was leased to a private consortium for a one-time payment of \$1.8 billion while in 2006, the same consortium won \$3.85 billion bid to lease the Indiana Toll Road;
- The Ohio Turnpike might be leased for about \$8 billion, based on the Chicago and Indiana leases;
- In communist China, a new interstate highway system is being financed by private leases, while capitalist America continues to build, maintain and operate highways via government processes;
- Leasing the Ohio Turnpike would provide the state with significant resources to create jobs by diversifying its transportation system and without raising taxes;
- Diversifying Ohio's transportation system would reduce the strain on existing, aging highways and reduce pressure for new highway capacity which future gas taxes may not be able to afford.

Proposed use of lease funds

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| Urban Road/Bridge Reconstruction Program | \$3.5 billion |
| Ohio Hub System (high-speed freight and passenger rail). . . | \$2.5 billion |
| Public Transit/Jobs-Access Trust Fund. | \$1.0 billion |
| Rural Road Safety Enhancement Fund | \$0.5 billion |
| Short-Line/Regional/Tourist Railroad Development Fund. . . . | <u>\$0.5 billion</u> |
| | \$8.0 billion |

Conclusion

A diverse, interconnected transportation system allows each mode to do what it does most efficiently. That translates into reduced costs and enhanced convenience for travelers and shippers, making Ohio a more attractive place to live, visit and do business. Using Ohio's 20th-century transportation investments to build for the 21st century is the most catalytic and cost-effective job-creation program the state can undertake.